

MINUTES

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION

ADMINISTRATIVE COMMITTEE

Thursday, February 24, 2005

1:30 p.m.

SEWRPC Office Building
Commissioners' Conference Room
W239 N1812 Rockwood Drive
Waukesha, Wisconsin

Present:

Excused:

Committee Members:

Robert A. Brooks, Vice-Chairman
Thomas H. Buestrin
Allen L. Morrison
Adelene Robinson
Daniel S. Schmidt

William R. Drew
Richard A. Hansen
Linda J. Seemeyer
Paul G. Vrakas, Chairman
Gustav W. Wirth, Jr.

Absent:

Staff:

Philip C. Evenson
Loretta Watson

Executive Director
Executive Secretary

ROLL CALL

Vice-Chairman Brooks called the meeting to order at 1:30 p.m. Roll call was taken and a quorum declared present. Mr. Evenson noted for the record that Commissioners Drew, Hansen, Seemeyer, Vrakas, and Wirth had asked to be excused.

APPROVAL OF MINUTES OF DECEMBER 21, 2004, MEETING

On a motion by Mr. Schmidt, seconded by Mr. Morrison, and carried unanimously, the minutes of the Administrative Committee meeting held on December 21, 2004, were approved as published.

APPROVAL OF DISBURSEMENTS

Vice-Chairman Brooks asked Mr. Evenson to review with the Committee the recent disbursements.

2004 Reporting Period No. 26

Mr. Evenson distributed copies of the Check Register for the 26th financial reporting period of 2004, December 13 to December 26.

For the benefit of the newer Commissioners, Mr. Buestrin noted that it has long been Commission practice to review all Commission expenditures in detail in order that individual members of the Commission have a good idea as to Commission expenditure patterns. In response to an inquiry by Mr. Brooks, Mr. Evenson indicated that the Commission retains an outside firm to conduct an audit of Commission accounts on an annual basis. Owing to the fact that the Commission receives substantial Federal and State funds, the Commission audit is subject to oversight by Federal and State auditors. The financial audit for calendar year 2004 is scheduled to be presented to the Administrative Committee at the meeting scheduled for March 31, 2005.

There being no further questions or comments, on a motion by Mr. Morrison, seconded by Ms. Robinson, and carried unanimously, the Commission disbursements for the 26th reporting period of 2004 were approved.

Vice-Chairman Brooks, Mr. Buestrin, and Mr. Evenson then affixed their signatures to the Check Register for the 26th reporting period of 2004 (copy attached to Official Minutes).

2005 Reporting Period No. 1

Mr. Evenson distributed copies of the Check Register for the 1st financial reporting period of 2005, December 27 to January 9.

In response to a question by Mr. Schmidt, Mr. Evenson indicated that the payment to Four Seasons Landscape Maintenance listed on page 2 of the Register was for snow plowing and ice control services. Four Seasons Landscape, he said, also performs lawn cutting services for the Commission. In response to a question by Mr. Brooks, Mr. Evenson indicated that the Commission has a fleet of nine vehicles. Primarily for convenience, he noted, most Commission automotive maintenance work is performed by Jerry's Automotive Services located about 1.5 miles from the Commission offices. In response to a question by Ms. Robinson, Mr. Evenson indicated that the payment listed on page 1 of the Register to the City of Milwaukee represented work done by the City to upgrade its base maps to Milwaukee County/SEWRPC mapping standards, the funds involved being provided by Milwaukee County and passed through the Commission to the City of Milwaukee. In response to a follow up question by Ms. Robinson, Mr. Evenson indicated that the payment listed on page 1 of the Register to the City of Pewaukee represented the annual payment made in lieu of property taxes on the Rockwood Drive property building. The Commission agreed to make that annual payment when the City of Pewaukee agreed to issue industrial revenue bonds to help the Commission acquire the building.

There being no further questions or comments, on a motion by Ms. Robinson, seconded by Mr. Schmidt, and carried unanimously, the Commission disbursements for the 1st reporting period of 2005 were approved.

Vice-Chairman Brooks, Mr. Buestrin, and Mr. Evenson then affixed their signatures to the Check Register for the 1st reporting period of 2005 (copy attached to Official Minutes).

2005 Reporting Period No. 2

Mr. Evenson distributed copies of the Check Register for the 2nd financial reporting period of 2005, January 10 to January 23. He noted in particular the payment listed on page 1 of the Register to the Association of Metropolitan Planning Organizations, noting that the Commission belongs to two national organizations. This particular organization focuses on metropolitan transportation planning which is an important part of the Commission's annual work program.

There being no questions or comments, on a motion by Mr. Schmidt, seconded by Ms. Robinson, and carried unanimously, the Commission disbursements for the 2nd reporting period of 2005 were approved.

Vice-Chairman Brooks, Mr. Buestrin, and Mr. Evenson then affixed their signatures to the Check Register for the 2nd reporting period of 2005 (copy attached to Official Minutes).

2005 Reporting Period No. 3

Mr. Evenson distributed copies of the Check Register for the 3rd financial reporting period of 2005, January 24 to February 6.

In response to an inquiry by Ms. Robinson, Mr. Evenson indicated that the payment listed on page 5 of the Register to Wisconsin SCTF represented a court ordered payment of child support to a State Trust Fund established to help administer the child support program.

There being no further questions or comments, on a motion by Mr. Morrison, seconded by Mr. Schmidt, and carried unanimously, the Commission disbursements for the 3rd reporting period of 2005 were approved.

Vice-Chairman Brooks, Mr. Buestrin, and Mr. Evenson then affixed their signatures to the Check Register for the 3rd reporting period of 2005 (copy attached to Official Minutes).

REVIEW OF STATEMENT OF REVENUES AND EXPENDITURES FOR PERIOD ENDING FEBRUARY 6, 2005

Copies of the Statement of Projected Revenues and Expenditures for the period ending February 6, 2005, were distributed for Committee review. Vice-Chairman Brooks asked Mr. Evenson to review with the Committee the financial status of the Commission accounts as of the end of that period.

In reviewing the Statement with the Committee, Mr. Evenson commented that the period covered represented about 10 percent of calendar year 2005. As he reviewed the Statement, he called attention to the following items:

1. The revenue entries on the Statement reflect the budgeted amounts set forth in the Commission's overall work program approved by the Commission late in 2004. Most of the revenues are secure; however, as is the case annually, certain Federal Transit Administration funds and the anticipated funds from the Wisconsin Department of Natural Resources have yet to be secured, as do certain service agreement funds from the Milwaukee Metropolitan Sewerage District. The one significant problem to report involves the 2005 regional orthophotography program. Owing to a legislatively imposed cap of certain categorical funds for transportation planning, the Wisconsin Department of Transportation has informed the Commission that it will be unable to provide substantial

requested State funding for the orthophotography program in time for contracts to be executed to ensure a spring flight and data capture project. The Commission staff continues to work with the Wisconsin Department of Transportation and the counties in addressing this unanticipated situation.

2. The expenditure data on the Statement reflects three full reporting periods, or about six weeks. The mathematical projections from that short experience base reflected on the Statement should be discounted somewhat and considered subject to change. As the year goes by, staff costs increase and consultant expenditures are incurred. At present, however, the analysis identifies a substantial year end surplus of nearly \$900,000.
3. The liability, operating, and reserve accounts reported on the Statement continue to reflect the findings of the 2003 audit report. These accounts will be adjusted upon completion of the audit for 2004.
4. The Commission had on hand as of February 6, 2005, about \$4.3 million. This includes about \$541,000 in unearned revenues provided to the Commission in advance of expenditures. These funds are invested in the State of Wisconsin Local Government Investment Pool, which is presently paying 2.11 percent interest; in several certificates of deposit at banks throughout the Region; and in savings and checking accounts at Johnson Bank.

Following a brief discussion, on a motion by Mr. Morrison, seconded by Mr. Schmidt, and carried unanimously, the Statement of Projected Revenues and Expenditures for the period ending February 6, 2005, was accepted to be placed on file (copy attached to Official Minutes).

CONSIDERATION OF STAFF RECOMMENDATION TO DEAL WITH ISSUE CREATED BY THE OCCURRENCE OF 27 PAYROLL DATES IN A CALENDAR YEAR

Mr. Evenson reported to the Committee a situation which arose near the end of 2004 created by the fact that the Commission had to meet 27 payroll dates during the calendar year rather than the normal 26 payroll dates. The significance of having an extra payroll date during a calendar year did not become readily apparent until it was too late to make an appropriate adjustment. Accordingly, Mr. Evenson continued, after discussing this matter with Chairman Buestrin, it was determined to meet the 27th payroll of the year and then make appropriate adjustments to payroll salaries during calendar year 2005. The amount of overpayment to each employee during calendar year 2004 was determined and then divided by 26 to ascertain the reduction in the bi-weekly payroll amount to be taken throughout calendar year 2005. In effect, the employees received an extra payroll check during calendar year 2004 and were "paying" that amount back in 26 equal installments during calendar year 2005. From a bookkeeping perspective, the 27th payroll has been treated as a pre-paid 2005 expense, with the Business Manager directed to book 1/26th of the total payroll amount at the end of each payroll period during 2005.

Mr. Evenson indicated that this was the first time since the Commission converted from a twice-a-month payroll in the mid 1990's to a bi-weekly payroll system that a 27th payroll date occurred. In most years there will be only 26 payroll dates. About every eleven or twelve years, however, there will be 27 payroll dates in the calendar year owing to the irregular nature of the calendar. Mr. Evenson indicated that by the terms of the Commission personnel regulations, each full time Commission employee earns a fixed annual salary, although in some calendar years there are 260 work days, some calendar years 261 work days, and other calendar years 262 work days. The bi-weekly nature of the payroll system inevitably results in the periodic occurrence of a 27th payroll day.

There are, Mr. Evenson continued, two basic alternatives to address this situation while keeping intact the concept of annual salaries. One alternative would be to convert an employee's annual salary to a bi-weekly amount. Since on average there are 26.09 bi-weekly payroll days in any given year, an employee's salary under this approach would have to be divided by 26.09 rather than the nominal divider of 26.00. Under such an approach, an employee would earn a little less than the annual salary amount from an IRS standpoint, but would be made whole each time a 27th payroll date occurred. The other basic approach, he said, would be to continue the historic practice of dividing an employee's salary by 26, but modify that practice by dividing an employee's salary by 27 in any year in which an extra payroll date occurs. Such an extra date would next occur in 2016 and then again in 2027. Also, under this approach those employees eligible for overtime would continue to use an hourly rate calculated on the basis of an employee's salary divided by 26. Mr. Evenson concluded his remarks by stating that the Commission staff preferred the latter approach.

In the ensuing discussion, both Ms. Robinson and Mr. Schmidt indicated that some county and local governments simply convert annual salaries to hourly rates for all employees and, thereby, avoid the problem encountered by the Commission last year. Under such a system, an employee's annual amount earned would vary slightly from year to year dependent upon the vagaries of the calendar. Mr. Schmidt noted that because most governments make salary adjustments on the first of the year, any adjustments in hourly pay owing to the number of hours expected to be worked in the coming year would be subsumed in the resulting calculation of new hourly pay rates. Mr. Buestrin commented that the problem encountered in 2004 will not occur again for many years and that perhaps the best way to approach the situation is to leave Commission personnel and payroll policies as is, noting for the record that the Commission Business Manager should be alert to those situations where 27 payrolls are scheduled to occur in a given calendar year and simply make the appropriate adjustment at the beginning of that year.

At end of the discussion, on a motion by Mr. Schmidt, seconded by Ms. Robinson, and carried unanimously, the Committee determined to recommend no changes to the current Commission personnel regulations and payroll system, but simply advise future Commissions to appropriately deal with the 27th payroll period problem when that situation arises in the future.

CONSIDERATION OF PROPOSED AMENDMENT TO COMMISSION FLEXIBLE BENEFITS PLAN REQUIRED BY CHANGES IN FEDERAL LAW

Mr. Evenson recalled that the Commission has established a Flexible Benefits Plan in order to make available to employees certain tax-advantaged situations such as the payment of dependent care expense with pre-tax salary dollars. The Commission uses the firm now known as HCap Strategies, Inc., a Mequon based consulting firm, which has provided the Commission with all necessary IRS approved plan materials. HCap has notified the Commission that new Federal requirements make it necessary to amend the Commission's Flexible Benefits Plan document. Copies of the proposed plan amendment and a summary of the modifications to the present plan were provided to Committee members with the agenda for the meeting (copies attached to Official Minutes). Mr. Evenson indicated that in reviewing these materials, the amendment seems to clarify certain definitions and further clarifies the basis for continued health care coverage under the Federal COBRA Act.

After a brief discussion, it was moved by Mr. Schmidt, seconded by Mr. Morrison, and carried unanimously to approve the proposed amendment to the Commission's Flexible Benefits Plan as submitted by HCap Strategies, Inc.

CORRESPONDENCE/ANNOUNCEMENTS

Mr. Evenson reported that there was no correspondence to be brought to the attention of the Committee. He announced, however, that the Commission's check signing machine, which was purchased in 1996 and which has been subject to frequent breakdowns, needs to be replaced with more up-to-date technology.

After a brief discussion during which Mr. Evenson reported that the Commission's Business Manager evaluated several alternatives, on a motion by Mr. Buestrin, seconded by Mr. Schmidt, and carried unanimously, the Business Manager was authorized to replace the check signing machine at a cost not to exceed \$2,000.

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 2:30 p.m. on a motion by Ms. Robinson, seconded by Mr. Morrison, and carried unanimously.

Respectfully submitted,

Philip C. Evenson
Deputy Secretary

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Attachments