

VILLAGE OF GRAFTON

FINANCE COMMITTEE MEETING MINUTES

JULY 5, 2011

President Jim Brunnquell called the Finance Committee meeting to order at 5:00 p.m.

Finance Committee members present: Jim Brunnquell, Richard Rieck, and Susan Meinecke

Finance Committee members absent: Jim Grant

Staff/Officials present: Village Administrator Darrell Hofland, Finance Director Paul Styduhar, Administrative Assistant Rachel Reiss, Director of Public Works/Village Engineer Dave Murphy, Village Clerk Teri Dylak, Administrative Assistant Melissa Depies, and Director of Planning and Development Michael Rambousek

HEAR PERSONS REQUESTING TO BE HEARD

None.

There was a consensus of the Committee to discuss Old Business.

OLD BUSINESS

Economic Development Revolving Loan Program update

Finance Director Styduhar stated Shady Lady has close their business. Shady Lady has a \$150,000 loan through the Village's Revolving Loan Program.

Mr. Guy Morter, Shady Lady, stated he was very optimistic when the loan was approved from the Village. Since then, many of the customers of Shady Lady filed for bankruptcy. There just was not enough revenue to cover the expenses.

Mr. Brunnquell stated the process for the loan default will go through staff. Mr. Brunnquell wished Mr. Morter luck in his future endeavors.

PAID TIME OFF POLICY

Administrator Hofland stated the Village will be going through some transitions in the next year as many collective bargaining agreements become obsolete. In an effort to bring Village employee benefits closer to private sector benefits, a Paid Time Off (PTO) Policy is being proposed. This policy will reduce costs for new hires and reduce liability of the Village at the time of employee separation from service.

The policy has two components, a vacation / minor illness as well as a medical leave bank for State and Federal FMLA purposes.

Similar to the current policy, the hope and effort is for time off to be scheduled in advance. The PTO would also be available for instances of minor illness. If an employee has limited health issues, there would now be an opportunity to take more vacation time. It is the employee's responsibility to manage their PTO hours.

The medical leave bank is for short term disability. The difference from the current policy is that there will be no monetary conversion or payout at the time the employee separates from the Village.

There is still an opportunity to carry over hours from one year to another. The first year will be a transition year. Employees will receive their earned vacation on January 1, and begin accruing current hours at the same time. Due to the possibility of employees reaching the maximum early in the year the maximum allowed balance will be waived until December 31, 2012.

Employees will have an option to convert their existing sick leave hours, at a rate of 50 percent, for future medical related expenses at the time of separation from the Village. Employees will have the choice of how much of their earned time is converted for future medical expenses and how much would go into the medical leave bank. An employee with more than 400 hours can put more into the medical leave bank. As they draw on the hours they cannot accrue more time unless they fall below the 400 hour maximum. If the employee chooses to convert time to the medical leave bank, there will be no cash value at the end of employment.

Director of Public Works/Village Engineer Dave Murphy questioned where this policy came from. President Brunnquell stated this is recognition of what is happening at the State level. This comprehensive PTO policy is fair and competitive with the private market.

Mr. Murphy requested that the Finance Committee allow employees to stay in the current system. The current system is like short term disability insurance for employees. Currently only one employee in the Village has disability insurance paid by the Village.

Mr. Murphy stated this policy could also be a hardship on the department in the first year. Employees will have the opportunity to have almost double the time off. President Brunnquell stated this should not be a problem if the department properly manages the PTO requests.

Village Clerk Teri Dylak questioned the medical leave bank. If an employee does not have enough time available for the 12 weeks of FMLA, will the employee be allowed time without pay for the FMLA instance? Administrator Hofland stated if there is an FMLA eligible illness, the employee will be allowed the time off.

President Brunnquell suggested the medical leave bank be increased to 480 hours to cover a 12 week FMLA event.

Administrative Assistant Melissa Depies stated Section 7F regarding three unscheduled days. How can the Village ask for a doctor's excuse for an emergency that does not require a doctor? Mr. Styduhar stated the unscheduled time is allowed at the discretion of management.

Trustee Meinecke stated that this policy takes the responsibility of managing time away from the employees.

Administrator Hofland stated the policy needs to include a provision that provides management with the ability to address a potential abusive situation and has consequences to the employee for the abuse. Currently the Village reserves the right to request a return to work after three days.

Clerk Dylak stated many employees do not go to the doctor for a cold or the flu.

President Brunnuell suggested that some of the information in the policy is employment related versus PTO related. The employment related information could be separated from the PTO policy.

Trustee Meinecke stated there are inconsistencies in the policy. The policy should be reviewed by a human resource consultant.

Trustee Rieck stated the Board needs to work with employees.

Administrative Assistant Rachel Reiss stated that the State of Wisconsin and Village have been working toward bringing employee benefits closer to private sector employees. Ms. Reiss questioned if the Village would be looking at bringing salaries more in line with the private sector.

Trustee Meinecke requested staff look at short and long term disability insurance for the employees in lieu of the medical leave bank.

President Brunnuell stated this will be reviewed again at the August Finance Committee meeting.

CONDUIT BOND POLICY

Finance Director Styduhar stated the Internal Revenue Service (IRS) has increased its auditing activity of conduit financings. In an audit, the municipal issuer of a conduit bond financing, not the borrower, is treated as the issuer and therefore the Village would become directly involved in the audit process, potentially incurring significant staff costs and legal expenses. Generally the provision that the borrower is responsible for all issuer costs of an IRS audit is included in the borrowing documents. Including the provision directly in the Village's Conduit Revenue Bond Policy ensures that the Village will not be responsible for IRS audit costs.

Motion by Trustee Rieck, seconded by Trustee Meinecke, to recommend the Village Board approve the updated Conduit Revenue Bond Policy as presented. Approved unanimously.

NEW BUSINESS

None

ADJOURN

Motion by Trustee Meinecke, seconded by Trustee Rieck, to adjourn at 5:54 p.m. Approved unanimously.