



W I S C O N S I N

**CITY OF ELKHORN  
COMMON COUNCIL MEETING AGENDA**

**June 17, 2019 ~ 5:30 p.m.**

**Council Chambers, City Hall, 9 S. Broad St., Elkhorn, Wisconsin**

- 1) **Call to Order**
- 2) **Pledge of Allegiance**
- 3) **Roll Call**
- 4) **Public Comment** *Although the public may speak on any item that is not included on this agenda as a "Public Hearing or Forum", the Council may not respond or discuss the issue brought forward at this time. In accordance with open meeting laws the Council must notice an item on the agenda to allow discussion on that matter. Your comments will be considered and may be placed on a future agenda for further discussion.*
- 5) **Consent Agenda** *(One motion & a second will approve all of the following items listed. Any item may be pulled from the list and handled separately.)*
  - a) Council Meeting Minutes: June 3, 2019 and Committee Meeting Minutes: Human Resources June 3, 2019; Financial & Judicial June 10, 2019; Municipal Services & Utilities June 10, 2019
- 6) **Bills Payable**
  - i) Consideration and recommendation to pay
- 7) **Report of City Officers**
  - a) Mayor
    - i) Jeff Voss Request for Approval to Create an Elks Club
    - ii) 2020 Census Proclamation
  - b) City Administrator
- 8) **Liaison Report on Meetings**
  - a) Fire Advisory
  - b) Library
  - c) Recreation Advisory
  - d) Chamber
  - e) Fire/EMS Advisory Steering
- 9) **Committee Reports**
  - a) Human Resources
    - i) Possible action on recommendation to advertise and fill Engineering Technician position
    - ii) Discussion and possible action on recommended changes to Donated Medical Leave Bank Program
  - b) Finance & Judicial
    - i) Committee recommendation to approve Fidelity Security for the City's employee group health insurance renewal (Contract Renewal under New Business)
    - ii) Committee support to update the CIP Policies and Procedures Plan (Resolution under New Business)
    - iii) Committee support to update the Vehicle/Equipment Replacement Program (Resolution under New Business)
    - iv) Committee support to update the Financial Management Performance Standards Manual (Resolution under New Business)
  - c) Municipal Services & Utilities
    - i) Continued discussion regarding Sump Pump Ordinance updates

**10) Unfinished Business**

- a) City Hall Design Services: Approval of Kehoe-Henry Contract

**11) New Business**

- a) Resolution 19-06 A Resolution to Adopt Revised Capital Improvement Planning Guidelines
- b) Resolution 19-07 A Resolution to Adopt Revision to Financial Management Policies and Standards of Performance
- c) Resolution 19-08 A Resolution to Adopt Revised Vehicle/Equipment Replacement Plan
- d) Employee Group Health Insurance Renewal
  - i) Possible approval of contract renewal with EDU Fidelity Security

**12) Adjourn into Closed Session**

Pursuant to Wisconsin Statute 19.85(1)(c) "considering employment, promotion, compensation or performance evaluation of data of any public employee over which the governmental body has jurisdiction or exercises responsibility."

**13) Reconvene in Open Session** for possible action on Closed Session items

**14) Adjourn**

DATED at Elkhorn, Wisconsin, this 14<sup>th</sup> day of June 2019

Cairie L. Virrueta, City Clerk

Should you have any questions or comments regarding any items on this agenda, please contact the City Clerk's office at 723-2219. Upon reasonable notice to the City Clerk, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services.

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**CITY OF ELKHORN COMMON COUNCIL**  
**MEETING MINUTES**  
**June 3, 2019**  
**COUNCIL CHAMBERS, 9 S. BROAD ST., ELKHORN, WI 53121**

The Common Council meeting was called to order by Mayor Reynolds at 5:30 p.m. in the Council Chambers followed by the Pledge of Allegiance.

**ROLL CALL**

Present: Mayor Howie Reynolds, Aldermen Tim Shiroda, Frank Boggs, Karel Young, Tom Myrin; Absent: Ron Dunwiddie, Scott McClory

Others present: City Administrator Sam Tapson, Attorney Ward Phillips, Finance Director James Heilman, City Clerk Cairie Virrueta, Sergeant Scott Peterson, Utility Director John Murphy, DPW Manager Matthew Lindstrom, Fire Chief Rod Smith, Larry Gaffey, other interested persons

**PUBLIC COMMENT**

None.

**CONSENT AGENDA**

***Motion (McClory/Shiroda) to approve the minutes of the May 20, 2019 Common Council meeting. Voice vote, all approved, motion carried.*** Alderman McClory asked about the Holiday Affair Craft show wine license and persons driving; Gaffey said a shuttle bus is provided for an event that is mainly 30 to 70 year old females, he didn't anticipate them drinking more than one glass as it is only sold at the log cabin. Mayor Reynolds asked about the Plaza de Mexico event; Gaffey said it is a mini festival that has a horse show, bucking bulls, bands and a dance. He said they had issues with the music being too loud at the last event and needing to carry someone out of the grand stand. He spoke with Joel and they discussed it and he spoke to the promoter and they will let the Fair regulate the volume. Some adjustments to security have been made. It is the second time for this event and they are addressing some logistics encountered the first time. ***Motion (Shiroda/Young) to approve Beer/Wine License for Holiday Affair Craft Show, November 9, 2019 from 9 a.m. to 4 p.m. and Beer Licenses for Plaza Mexico de Elkhorn Wisconsin, June 16, 2019 from 12 to 10 p.m.; Monster Trucks, June 22, 2019 from 5 – 11 p.m. Voice vote, all approved, motion carried.***

**REPORT OF CITY OFFICERS**

**MAYOR'S REPORT**

Mayor Reynolds told the Council that Dan Dixon is retiring after 42 years with the police department and there is a cake reception on Friday for him.

**CITY ADMINISTRATOR'S REPORT**

**Request to circulate Engineering Services RFP for Sewer System I&I Study**

Administrator Tapson said he sent a memo to the Council that outlined the I&I issues. WALCOMET creates the greatest concern with the improvements they want the City to make – they are excessive and expensive. He recommended engaging in an I&I program and to reach out to an independent engineering service to review all the studies that have been done. WALCOMET is looking for the City to take a more aggressive stance on I&I. ***Motion (Young/Dunwiddie) to approve circulating an Engineering Services RFP for Sewer System I&I Study. Voice vote, all approved, motion carried.***

**COMMITTEE REPORTS**

**LEGISLATIVE & REGULATORY**

**Recommendation to Approve Alcohol License Renewals as Specified in the Committee Minutes dated May 30, 2019 and Class "B" Fermented Malt Beverage/"Class C" Wine License Renewal for Firefly Art Glass with change of premise location to 13 S. Wisconsin St.**

Alderman Young said this is for the annual license renewals and the motions were to approve them all. City Clerk Virrueta pointed out that the premise for Firefly is changing and should be effective July 1. Alderman Myrin asked about the issues at Bernie's; Sergeant Peterson said there was some mold discovered and no licensed bartender was at the business. ***Motion (Dunwiddie/Shiroda) to approve all alcohol license renewals as presented. Voice vote, all approved, motion carried.***

**ADJOURN TO CLOSED SESSION**

***Motion (Dunwiddie/Boggs) to adjourn to closed session pursuant to Wisconsin Statute 19.85(1)(e) "Deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session" and pursuant to Wisconsin Statute 19.85(1)(g) "Conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved." Voice vote, all approved, motion carried. Adjourned to closed session at 5:46 p.m.***

**RECONVENE IN OPEN SESSION**

Reconvened in open session at 5:57 p.m.

**ADJOURN**

***Motion (Shiroda/Boggs) to adjourn at 5:58 p.m. Voice vote, all approved, motion carried.***

Cairie L. Virrueta  
City Clerk

# CITY OF ELKHORN PROCLAMATION

***WHEREAS,** the next census will take place in 2020 and political representation to the United States House of Representatives and state legislatures will be determined by that Census, and*

***WHEREAS,** the City of Elkhorn recognizes the importance of each resident in the 2020 Census count, and*

***WHEREAS,** the City of Elkhorn has agreed to be one of 6,425 government entities in partnership with the US Bureau of the Census, and*

***WHEREAS,** the City of Elkhorn understands that its primary role in this partnership is to formulate a Complete Count Committee to foster census awareness, and*

***WHEREAS,** the City of Elkhorn further understands the Complete Count Committee should inform and educate the City's residents in the necessity and importance of response and 100% participation in the Census 2020, and*

***WHEREAS,** the City of Elkhorn further understands that members of the Elkhorn community, including but not limited to the city government, school district and schools, media, churches, and businesses, play a role in obtaining a complete count in an expeditious manner,*

***NOW THEREFORE,** I, Howie Reynolds, Mayor of the City of Elkhorn, do hereby urge all members of the Elkhorn community to fully participate in a prompt and expeditious manner and I do further urge support and cooperation with the Complete Count Committee.*

***IN WITNESS THEREOF,** I hereunto set my hand and cause the official seal of the City of Elkhorn, Wisconsin, on 17<sup>th</sup> day of June, 2019.*

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*Howie Reynolds, Mayor  
City of Elkhorn*

To: Common Council

From: City Administrator

Re: Monthly Update and Agenda Items

Date: June 17, 2019

**RFP: Sanitary Sewer Study/Clear Water Mitigation Plan**

RFP's distributed to six (6) engineering firms and the document is also posted on the city website. Those firms receiving a direct solicitation are Clark-Dietz; MSA Professional; Ruckert-Mielke, raSmith, Sigma Group, and Cedar Corporation. Proposals are due no later than Friday July 5, which should allow a selection to be made no later than August 1. A copy of the RFP is attached for your reference.

**Employee Group Health Insurance: Contract Renewal**

Renewal proposals were received from the three (3) re-insurance companies, including the incumbent. Based on the information available on June 4, staff made a recommendation Finance Committee to place the renewal with EDU Fidelity Security, which recommendation was endorsed by Committee. Reflecting a relatively bad claims year (2018-19), the incumbent's proposal carried a 25% fixed cost increase and a 6% "stop loss" increase. EDU Fidelity Security's proposal offered lower rates of increase at 19% and 5% respectively. A summary of final proposals is contained in the attached spreadsheet.

**Medical Leave Bank Donated Hours: Revised Plan**

Attached is a redline version of proposed modifications to the MLB Donated Hour Program, which has been reviewed and endorsed by HR Committee. The focus of proposed changes is two-fold; *1) to provide enhanced coverage for employees and 2) to establish an eligibility requirement tied to an employee's maintenance of effort to build their individual MLB account.*

**Design Services Contract: City Hall**

Atty. Phillips has received, reviewed, and recommends acceptance of the Kehoe-Henry contract for architectural services in connection with the proposed relocation of City Hall. In deference to the length of the contract document, a copy is not included with the Council packet. If nay Council wishes to review the full text document, a copy is available in City Clerk's office.

05/30/2019

**EMPLOYEE GROUP HEALTH INSURANCE  
RENEWAL PROPOSALS  
PLAN YEAR 2018-19**

Single 10  
Family 49

CARRIER	IN_FORCE				Incumbent Renewal	Selected Renewal	Year over Year
	J.A. Hall Sirius	Xchange Benefits U.S. Fire	EDU Fidelity Security	CGI Berkley	% Change	% Change	% Change
Specific	\$60,000	\$60,000	\$60,000	\$60,000			
Specific Terms	15/12	15/12	15/12	15/12			
Specific Premium	\$60,000 Corridor	\$60,000 Corridor	\$60,000 Corridor	\$60,000 Corridor			
Single	\$198.98	\$289.33	\$228.64	\$217.02			
Family	\$487.82	\$712.37	\$656.06	\$655.59			
Annual	<b>\$310,716</b>	<b>\$453,593</b>	<b>\$413,200</b>	<b>\$411,529</b>	<b>46%</b>	<b>33%</b>	<b>33%</b>
<b>Aggregate Premium</b>							
Annual	<b>\$23,215</b>	<b>\$27,598</b>	<b>\$13,983</b>	<b>\$41,857</b>			
<b>Administrative Costs</b>	<b>\$22,762</b>	<b>\$23,187.00</b>	<b>\$23,187.00</b>	<b>\$23,187.00</b>			
Premium Equivalency	\$32.15	\$32.75	\$32.75	\$32.75			
<b>TOTAL FIXED COST</b>	<b>\$356,693</b>	<b>\$504,378</b>	<b>\$450,370</b>	<b>\$476,573</b>	<b>41%</b>	<b>26%</b>	<b>26%</b>
<i>Minimum Plan Cost</i>							
Aggregate Factors							
Single	\$707.61	\$802.11	\$751.56	\$757.37			
Family	\$1,995.68	\$2,193.15	\$2,157.58	\$2,158.18			
Annual Attachment	<b>\$1,258,373</b>	<b>\$1,385,825</b>	<b>\$1,435,352</b>	<b>\$1,359,894</b>	<b>10%</b>	<b>14%</b>	<b>14%</b>
<b>ESTIMATED PLAN COST</b>							
<b>Maximum Plan Cost</b>	<b>\$1,615,066</b>	<b>\$1,890,204</b>	<b>\$1,885,722</b>	<b>\$1,836,468</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>
Premium Equivalency							
Single	\$938.74	\$1,124.19	\$1,012.95	\$1,007.14			
Family	\$2,483.50	\$2,905.52	\$2,813.64	\$2,813.77			
<b>Expected Plan Cost</b>	<b>\$1,363,392</b>	<b>\$1,613,038</b>	<b>\$1,598,652</b>	<b>\$1,564,489</b>	<b>18%</b>	<b>17%</b>	<b>17%</b>
Premium Equivalency							
Single	\$873.94	\$899.35	\$810.36	\$805.71			
Family	\$1,524.03	\$2,324.42	\$2,250.91	\$2,251.02			

Expected Plan Cost @ 80% maximum

Monthly per employee allocation to Risk Management Fund

**\$673.13**

06/10/2019

**EMPLOYEE GROUP HEALTH INSURANCE  
RENEWAL PROPOSALS  
PLAN YEAR 2019-20**

Single 10  
Family 49

CARRIER	IN FORCE				Incumbent	Selected	Year over
	J.A. Hall	Xchange Benefits	EDU	CGI	Renewal	Renewal	Year
	Sirius	U.S. Fire	Fidelity Security	Berkley	%	%	%
				Change	Change	Change	
Specific	\$60,000	\$60,000	\$60,000	\$60,000			
Specific Terms	15/12	15/12	15/12	15/12			
	\$60,000 Corridor	\$60,000 Corridor	\$60,000 Corridor	\$60,000 Corridor			
Specific Premium							
Single	\$198.98	\$251.17	\$215.17	\$217.02			
Family	\$487.82	\$628.42	\$616.90	\$655.59			
Annual	<b>\$310,716</b>	<b>\$399,651</b>	<b>\$388,558</b>	<b>\$411,529</b>	<b>29%</b>	<b>25%</b>	<b>25%</b>
<b>Aggregate Premium</b>							
Annual	<b>\$23,215</b>	<b>\$23,718</b>	<b>\$13,091</b>	<b>\$41,857</b>			
<b>Administrative Costs</b>	<b>\$22,762</b>	<b>\$23,187.00</b>	<b>\$23,187.00</b>	<b>\$23,187.00</b>			
Premium Equivalency	\$32.15	\$32.75	\$32.75	\$32.75			
<b>TOTAL FIXED COST</b>	<b>\$356,693</b>	<b>\$446,556</b>	<b>\$424,836</b>	<b>\$476,573</b>	<b>25%</b>	<b>19%</b>	<b>19%</b>
<i>Minimum Plan Cost</i>							
Aggregate Factors							
Single	\$707.61	\$774.20	\$729.23	\$757.37			
Family	\$1,995.68	\$2,116.83	\$2,093.56	\$2,158.18			
Annual Attachment	<b>\$1,258,373</b>	<b>\$1,337,600</b>	<b>\$1,318,521</b>	<b>\$1,436,222</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>
<b>ESTIMATED PLAN COST</b>							
<b>Maximum Plan Cost</b>	<b>\$1,615,066</b>	<b>\$1,784,156</b>	<b>\$1,743,356</b>	<b>\$1,912,795</b>	<b>10%</b>	<b>8%</b>	<b>8%</b>
Premium Equivalency							
Single	\$938.74	\$774.20	\$729.26	\$1,007.14			
Family	\$2,483.50	\$2,116.83	\$2,093.56	\$2,813.77			
<b>Expected Plan Cost</b>	<b>\$1,363,392</b>	<b>\$1,516,636</b>	<b>\$1,479,652</b>	<b>\$1,625,551</b>	<b>11%</b>	<b>9%</b>	<b>9%</b>
Premium Equivalency							
Single	\$873.94	\$619.36	\$583.41	\$805.71			
Family	\$1,524.03	\$1,693.46	\$1,674.85	\$2,251.02			

Expected Plan Cost @ 80% maximum

Monthly per employee allocation to Risk Management Fund \$673.13

**Note: US Fire palced \$80,000 "laser" on one employee, effectively adding \$20,000 of potential exposure.**



**CITY OF ELKHORN**  
**Human Resources Committee Minutes**  
**First Floor Conference Room, 9 S. Broad Street, Elkhorn, Wisconsin**

June 3, 2019

The Human Resources Committee was called to order at 4:45 p.m. by Alderman Myrin followed by Roll Call.

**Roll Call**

Present: Aldermen Tom Myrin, Scott McClory, Tim Shiroda

Also present: Administrator Sam Tapson, Finance Director James Heilman, City Clerk Cairie Virrueta, Public Works Manager Matthew Lindstrom, Fire Chief Rod Smith

**Engineering Technician Position: SAFE pay grade assignment; request authorization to proceed with recruitment process**

Administrator Tapson said after four staff graded the position based on the job description it came in at grade eleven, even with the City Clerk grading lower than the rest. That puts the salary at \$46,132 – 57,665. All of the committee members supported moving forward with the recruitment process.

**MLB Donated Leave Program: Discussion re proposed plan modifications**

Administrator Tapson said there were concerns with employees wasting their personal MLB and using only the donated MLB and he considered many different ideas but felt a simple plan was best and the easiest to manage. He suggested that for employees to qualify to use the Donated MLB they would need to contribute 16 hours of their PTO into their personal MLB each year. It is a simple standard and doesn't affect the budget. Alderman Shiroda asked about the startup hours in the banks; with this plan it isn't needed. The committee members liked the changes. Administrator Tapson will share the revised plan before it goes to Council for approval.

**Adjournment**

***Motion (McClory/Shiroda) to adjourn at 5:02 p.m.***

Cairie L. Virrueta  
City Clerk

**CITY OF ELKHORN**  
**PTO DONATED LEAVE BANK**  
**POLICIES AND PROCEDURES**  
**REVISED JUNE 2019**

**Purpose:** The *Paid Time Off Donated Leave Bank* is intended to provide a mechanism by which employees may designate their own unused PTO leave hours for use by another employee who may have need for additional MLB hours because their own MLB has been exhausted. The Donated Hours Bank will be managed as a “collective” account that is available to all eligible employees. The Donation Bank is not intended to cover absences for routine illnesses, or for illness/injury covered by employer paid long-term disability or those illnesses/injuries compensated by Worker’s Compensation.

**The Donated Leave Bank is intended to provide a “safety net” for employees who have not had opportunity to accumulate a significant bank of MLB hours and are faced with an extended illness or injury. It is not intended, however, to serve as protection for those employees who elect to forgo the opportunity to contribute hours to their personal MLB Leave Bank. In keeping with the program’s intended purpose, the employee’s level of contribution to their personal MLB Bank is a primary factor in determining eligibility for participation in the MLB Donated Leave Program.**

**Eligibility:** An employee must meet the following eligibility standards in order to access donated leave hours.

1. Must be a full-time or part-time employee (20+ hours per week).
2. Must be eligible to accrue Paid Time Off leave.
3. Must have exhausted all other forms of leave or plan to exhaust all leave hours during a qualifying FMLA absence; **however, an employee may retain 24 hours of available PTO hours.**
4. **Must have maintained an annual contribution rate of 16 PTO hours to their personal MLB Bank, waived for an employee who has not completed on full year of service.**
5. Employees may not apply for Donation Bank hours during any period of disciplinary suspension or has applied for, or is receiving Workers Compensation benefits.

## .Procedures

### 1. Donation of PTO Hours

a.) Whenever any employee's accrued/unused PTO hours exceed the allowable annual carryover and the employee's personal MLB is at the maximum accrued balance, any excess hours will automatically be transferred to the Donated MLB Account.

b.) Employees may voluntarily assign unused PTO and/or personal MLB hours to the Donated MLB account, which will generally occur on the employee's anniversary date of employment. An employee may donate as many hours they wish, but the donation of MLB hours may not reduce their own MLB bank below the Long Term Disability elimination period of 13 weeks (520 Hours). Once donated, the hours become part of a collective bank and may not be withdrawn unless the donor employee later becomes eligible under the program.

c.) Donated PTO shall be in whole hours with a minimum donation of one (1) hour.

d.) Donated time shall be accumulated and used on an *hour-for-hour* basis without regard to any employees' specific pay rate.

### 2. Employment Separation: Unused MLB Hours

Upon separation from City employment, **one hundred percent 100%** of an employee's accumulated but unused MLB Hours will be transferred to the PTO/MLB Donated Leave Bank.

### 3. Use of MLB Donated Hours Bank

Access and use of MLB Donated Hours Bank is strictly limited to FMLA qualifying events affecting the employee or eligible family members.

- Employees who are eligible for and in need of donated hours **must** submit a request form to the City Clerk as soon as they become aware of an FMLA event that may require the use of donated leave. Generally, the request should be submitted not less than thirty days (30) in advance of the anticipated need for donated MLB hours.
- Upon eligibility being verified, the City Clerk will notify the Finance Director, City Administrator, and appropriate Department Manager of the employee's participation in the MLB Donated Hours Program.
- **Employees must maintain an average annual contribution rate of 16 PTO hours to their personal Medical Leave Bank to qualify for the use of MLB Donated Leave hours.**

- Donated hours shall be available for the employee to draw upon during the qualifying FMLA absence; any unused donated hours shall be returned to the Donated Hours Bank.
- The use of donated hours in combination with the employee's available PTO and/or MLB hours shall not exceed the elimination period required for Long Term Disability benefit eligibility. For example, an employee having 180 PTO hours and 120 MLB hours may access a maximum of 220 Donated Bank hours, for a total of 520 hours.
- Under no circumstance shall donated hours be converted to a cash payment.
- During the period in which donated hours are being used, the recipient employee shall not accrue any additional leave benefits. However, all insurance benefits shall continue to be in effect during the employee's absence.
- **An employee may reestablish program eligibility after having depleted their personal MLB Bank by resuming annual contributions of 16 PTO hours annually to their personal MLB Bank.**

**CITY OF ELKHORN**  
**Finance & Judicial Committee Minutes**  
**First Floor Conference Room, 9 S. Broad Street, Elkhorn, Wisconsin**

June 10, 2019

The Finance and Judicial Committee was called to order at 4:30 p.m. by Alderman McClory, followed by roll call.

**Roll Call**

Present: Aldermen Scott McClory, Tom Myrin, Tim Shiroda

Also present: City Administrator Sam Tapson, City Clerk Cairie Virrueta, Finance Director James Heilman, Public Works Manager Matthew Lindstrom, Fire Chief Rod Smith, Utility Director John Murphy, Sergeant Scott Peterson, Library Director Lisa Selje

**Employee Group Health Insurance Contract Renewal**

City Administrator Tapson said changes were made this morning that he handed out to the committee. Costs went up due to two factors – it is typical for renewals and the City did not have a good year in 2018. The City has a 75% loss ratio. The current carrier put an \$80,000 laser on one employee. Direct costs have been fairly consistent. He said there is a Disclosure Statement that needs to be signed and it is due tomorrow. It stops the process. If the Council doesn't approve Fidelity Security, there is no obligation to sign the contract. ***Motion (Myrin/Shiroda) to recommend approving Fidelity Security for the City's Group Health Insurance contract. Voice vote, all approved, motion carried.***

**CIP Policies and Procedures**

Administrator Tapson said this has been discussed but no definitive action has been taken. It is important to the budget process. Finance Director Heilman reviewed the projects for 2020 and the committee affirmed they still desire those projects. Alderman McClory struggled with projects rated as low as 2.75 making the list as it seemed very low to him. Administrator Tapson said that can be altered to reflect the current climate and it could be moved to 3.75 and also based on the financial ability to do the project. Alderman Shiroda asked if the 2020 projects went through this process; they did. He would be interested in looking at the 2020 scores. The committee members supported sending the CIP Policies and Procedures document, as revised, to the Council for approval.

**Vehicle/Equipment Replacement Program**

Administrator Tapson said the departments have been responsible with vehicle replacement and they need to be relied on to determine the life cycle. A replacement strategy/schedule needs to be determined as well as how to pay for it. Short term borrowing of 60-90 days doesn't affect the budget which helps to qualify for ERP. It isn't a preferred method but it is the only option at this time. Three year notes would be used for larger equipment over \$150,000 and longer notes for very expensive equipment/vehicles. The borrowing would not exceed the life cycle. Alderman Shiroda asked how much money has been spent on vehicles/equipment in the last five years. Administrator Tapson said while the program will have a formal schedule it won't be inflexible as some vehicles may push out past their life cycle. The committee supported sending the updated Vehicle/Equipment Replacement Program to the Council for approval.

**Financial Management Standards**

Administrator Tapson presented suggested amendments to the FMS. He said rather than looking at debt capacity as a snap in time it should be looked at on a rolling five-year average. He suggested holding the average at 65% as 50% is not workable or attainable. Finance Director Heilman said his financing plan takes what the Council wants to do in one year, how to get there now, and where the City wants to get – he tries to avoid peaks and valleys to keep the debt level as it is easier on the residents. He said he is taking advantage of debt that falls off in the future and the current debt plan creates no significant impact on tax payers. Administrator Tapson agreed as residents tire of the ups and downs. Alderman Myrin said

he really liked the idea; Aldermen Shiroda and McClory agreed. Administrator Tapson said a resolution is needed to change the FMS.

**Adjournment**

***Motion (Myrin/Shiroda) to adjourn at 5:19 p.m. Voice vote, all approved, motion carried.***

Cairie L. Virrueta  
City Clerk

**CITY OF ELKHORN**  
**Municipal Services and Utilities Committee**  
**Minutes**  
**First Floor Conference Room, 9 S. Broad Street, Elkhorn, Wisconsin**

June 10, 2018

Municipal Services and Utilities Committee was called to order at 5:30 p.m. by Alderman Boggs followed by Roll Call.

**Roll Call**

Present: Frank Boggs, Ron Dunwiddie, Absent: Karel Young

Also present: Alderman Tom Myrin, Administrator Sam Tapson, City Clerk Cairie Virrueta, DPW Manager Matthew Lindstrom, Finance Director James Heilman, Fire Chief Rod Smith, Sergeant Scott Peterson, Kellen Olshefski

**Discussion re Sump Pump Ordinance**

Administrator Tapson said the ordinance needs language that is easier to define and enforceable. DPW Manager Lindstrom said this has been discussed at several meetings and due to problems with the ordinance suggested a rewrite of it. He was looking for feedback from the committee on how to rewrite the ordinance. Administrator Tapson said mandatory connection makes the most sense but it is not always feasible and what determines if it is feasible or not; and the ordinance needs to also address who pays for the connection. Sergeant Peterson said as long as it isn't freezing there wasn't an issue with discharging into the street. Administrator Tapson suggested that might be a seasonal consideration. Perhaps discharging to the street would only be allowed Memorial Day to Labor Day (or later in the fall.) He said the wording about discharging to the rear or side should be removed as it is regulated in state statute. The committee discussed what was feasible as far as distance for connection; Alderman Boggs suggested taking the deepest lot and adding 25'. The committee discussed the cost to connect. Ideas were that the cost be split 50/50 or paying it through special assessment with a payback of 3 years. Alderman Boggs asked if this only covers residential properties; it covers all properties in the City. DPW Manager Lindstrom will draft an ordinance rewrite based on the discussion and bring it back.

**Adjournment**

***Motion (Dunwiddie/Boggs) to adjourn at 5:30 p.m.***

Cairie L. Virrueta  
City Clerk

**CITY OF ELKHORN  
RESOLUTION 19-06**

**RESOLUTION TO ADOPT REVISED  
CAPITAL IMPROVEMENTS PROGRAM PLANNING GUIDELINES**

**WHEREAS**, the Common Council previously adopted by Resolution 99-14 a Capital Improvement Programming Plan and Project Evaluation System; and

**WHEREAS**, the Common Council has determined that the Plan adopted by Resolution 99-14 on May 17, 1999 needs to be updated to more accurately reflect current financial and operating environments; and

**WHEREAS**, upon a review of proposed revisions to the Plan, the Council Finance Committee recommends adoption of the revised Plan.

**THEREFORE, BE IT RESOLVED** by the Common Council of the City of Elkhorn that the Plan established by Resolution 99-14 is vacated and replaced with the revised Capital Improvement Program Planning Guidelines, as attached hereto, be, and are hereby adopted.

Resolved this 17<sup>th</sup> day of June 2019.

CITY OF ELKHORN

BY:

\_\_\_\_\_  
Howie S. Reynolds, Mayor

ATTEST:

\_\_\_\_\_  
Cairie Virrueta, City Clerk

Adopted: \_\_\_\_\_

Approved: \_\_\_\_\_



# **CAPITAL IMPROVEMENT PROGRAM** **PLANNING PROCESS GUIDELINES**

## **INTRODUCTION**

Whether generated internally or in response to state and/or federal mandates, capital projects are central aspects of planning and budgeting discussions. Regardless of the specific source (origin) driving these improvements, capital projects require a significant commitment of a local government's economic resources. Because the funding requirements for such projects generally exceed the revenue capacity of "current year" budgetary considerations, many necessary or desirable public improvements are often subject to deferral. Adoption of a formal Capital Programming system offers a decision-making framework to be applied in formulating a manageable and affordable Capital Improvement Program (CIP).

The Capital Programming process encompasses four (4) primary elements: (1) *an administrative/organizational structure that supports and guides the planning process*; (2) *a formal methodology for identifying, evaluating, and selecting specific projects*; (3) *an analysis of financial conditions and alternative financing strategies*; and (4) *adoption of a Capital Budget separate from the annual operating budget*.

Capital program terminology can be confusing so, in the interest of clarity, the following definitions of terms apply within the context of this report.

- 1) **Capital Programming**: A structured planning and evaluative system used for the purpose of identifying capital needs, priorities establishing and allocating resources over a multi-year time frame
- 2) **Capital Improvement Plan (CIP)**: A multi-year schedule of capital projects listed in order of priority, with respective cost estimates and recommended sources of funding.
- 3) **Capital Outlay**: Any expenditure for a physical asset expected to provide service for a period in excess of one (1) year and costing more than \$2,500.
- 4) **Capital Project**: Refers to a major, nonrecurring tangible fixed asset with useful life of at least five (5) years, having significant value, and generally valued at more than greater than \$100,000. Included in this definition would be property acquisition, construction of new facilities, major improvements to existing facilities, purchase of major office systems (i.e. computer hardware/software), and the purchase of vehicles and equipment.
- 5) **Capital Budget**: A financial plan covering Capital Projects scheduled during the first year of a multi-year Capital Improvement Program (CIP). Generally, the Capital Budget is developed separate from the annual operating budget but is then incorporated as part of the City's annual financial plan (e.g. budget).

## **PURPOSE**

A Capital Programming System is intended as a management tool to be used by staff and elected officials to identify, select, and finance a Capital Improvement Plan (CIP) Within this context, the system sets forth specific policies, procedures, and financial considerations to be observed in the capital planning process.

## **GOAL**

At its most basic level, the goal of Capital Programming is to provide a rational and objective system (process) for use by City staff and elected officials to formulate a Capital Improvement Plan (CIP). A more discreet set of goals may be identified as follows:

- (1) *To provide a mechanism for ensuring the timely scheduling of priority projects;*
- (2) *Protect both the short-term and long-range financial integrity of the City*

*(3) Minimize (eliminate) the “peaks and valleys” that are frequently inherent to capital spending practices*

*(4) Enhance the Common Council’s decision-making capacity in relation to capital development issues.*

## **SCOPE**

To ensure maximum benefit from the planning process, the Capital Programming Plan assumes a comprehensive organizational orientation. It is intended that all operating units of municipal government, inclusive of public utilities, will be subject to plan provisions. To facilitate the deliberative process and help ensure maximal value from the program, the scope of projects to be considered will be limited to “Capital Project” as defined in the introductory section of this document.

## **PLAN OPERATION AND ADMINISTRATION**

Capital Programming is to be approached as a shared function between staff and the Common Council. As a matter of practical application, the majority of “front end” evaluative activities will be managed at a staff level, subject to the policies herein. The framework of Capital Programming included the following components: **(1) Financial Analysis/Fiscal Management; (2) Project Identification and Selection; (3) Adoption of a Capital Improvement Program (CIP)/Capital Budget; and (4) Evaluation, Re-Assessment and Adjustment.** The City Administrator is responsible for coordination and management of programming activities.

### **1. Fiscal Analysis/Fiscal Management**

The financial aspects of Capital Programming occur as a two-stage activity: **(1) pre-program analysis of current and short-term financial conditions and requirements (3-5 yrs.); and (2) identification, evaluation, and selection of a recommend financial strategy.** An analysis of current and near-term financial condition is a requisite consideration in the planning process. The purpose of this activity is to evaluate the City’s financial resources and requirements over the anticipated capital program cycle, therein providing baseline data necessary for the development of a financing strategy. Factors to be considered during the process include, projected annual operating expenses; recurring capital purchases and/or repair requirements; projected annual revenue stream; and existing non-revenue supported debt service costs. This evaluative process serves not only as a basis for capital program financial planning, but also compliments general financial management requirements.

Subsequent to fiscal analysis and selection of target projects, a financing strategy must be developed. Although Capital Project financing does not enjoy the benefit of a universally accepted standard, three (3) principal methodologies may be applied:

- (a) **Pay-as-you-go**: This approach generally considers capital spending within the context of a current budget year. Hence, sufficient funding must be available within the annual revenue stream or on hand as accumulated reserves before a project is scheduled.
- (b) **Pay-as-you-acquire (Capital Reserve)**: A variation of pay-as-you-go approach, this financing methodology relies on an accumulation of resources over a specified timeframe. Accumulated reserves are held in a segregated Fund and designated projects are not scheduled until sufficient funds are on deposit.
- (c) **Pay-as-you-use**: This is a basic debt-financing model in its purest form. Most long-term improvements of greater than five (5) years are financed with serial debt issues carrying maturities arranged so that the debt service runs concurrent to the project’s expected useful life cycle. The use of inter-fund loans and/or accumulated reserves may also be used to minimize the level of external debt required.

As noted, there is no universally accepted capital-financing paradigm. Therefore, the objective of Capital Program financial management is to formulate a financing plan that offers the most cost effective integration of available strategies. To achieve this objective, financial decision-making must be conditioned on the specifics of project type, resource availability, tax and revenue policies, and community values/expectations. The use of Capital Program policies, which are addressed in a subsequent section, can offer an effective tool for enhancing this decision-making process.

## 2. Project Identification/Selection

For purposes of Capital Improvement Plan (CIP) management, capital projects are to be identified (classified) in relation to one of several “impact-areas” as follows:

- **Community Infrastructure** refers to facilities serving the community directly and the public uses (i.e. playgrounds, streets, water distribution). Projects in this category include those that serve to advance the goals and objectives of the Comprehensive Plan.
- **Economic Development Infrastructure** refers to facilities that are intended to directly benefit or enhance economic development efforts. Included in this category are projects such as: acquisition of development property, streets, water extensions or sewer extensions serving an industrial park, and/or improvements of public utilities (infrastructure) that enhance target area development potential.
- **Administrative/Operations Infrastructure** refers to those projects that principally support administrative activities, such as computer systems, office equipment, technology enhancements, and office/building space modifications.
- **Fleet and Equipment Replacement** refer to the aggregate replacement costs of fleet and equipment on an annual basis as scheduled in a separate Vehicle/Equipment Replacement Program.

Each year, generally concurrent with or slightly in advance of the annual budget cycle, department managers submit their respective Capital Project requirements. To facilitate the planning process a standard Capital Program Request is completed for each project being considered for Capital Improvement Program (CIP) scheduling. Use of this form will provide department managers with a single source document to summarize pertinent program related information. Council Committee suggestions are solicited prior to or concurrent with the staff preparation of requests and will be incorporated as part of the staff requests.

Selection and scheduling of capital projects is to be approached on an objective “needs driven” basis. The attached Project Evaluation & Rating System will be used to evaluate and prioritize projects in relation to a set of objective criteria. In order to maximize the objective value of this system, an inter-departmental review and rating of all projects will be employed. Based on the composite score earned by each project a recommended Capital Improvement Program (CIP) schedule, including a financing strategy will be developed.

The final step in the planning process is submittal of the recommended Capital Improvement Program (CIP), inclusive of financing strategy, to the Common Council for review and formal action. At this stage, the Council will conduct a similar review/assessment of recommended projects as was carried out at the staff level.

## 3. Adoption of CIP/Capital Budget

Formal adoption of the Capital Improvement Program (CIP) by the Council is essential to the overall impact of the plan. Absent formal action, the Capital Improvement Plan (CIP) is of significantly diminished value. In fact, it could be argued that unless adopted by the Council, the CIP is of no substantive value. It should be noted that adoption of the Capital Improvement Program (CIP) is not a financial commitment on the City's part. Rather, it acknowledges an “intent” to pursue a course of action over a specified period.

While the Capital Improvement Program (CIP) itself does not represent a financial commitment, adoption of the Capital Budget goes create a financial obligation. As the final step in the Capital Improvement Program (CIP) planning process, the Capital Budget, which typically covers only the first year of the Capital Improvement Program (CIP) is integrated with the City's annual budget and adopted on a concurrent basis.

## 4. Evaluation, Re-assessment and Adjustment

Although the preceding discussion referenced the adoption of a Capital Budget as the “final” planning step, capital programming is a continuous process. Each year, the Capital Improvement Plan (CIP) is subject to review and if

necessary, modifications. At the very least, the Capital Improvement Program (CIP) is extended by one (1) year thus retaining its five (5) year focus. In this regard, the Capital Improvement Program may be best characterized as an on-going “work-in-progress”.

The core of activities outlined, exclusive of pre-plan financial analysis, is likely to extend over a six (6) to nine (9) month period. After the initial planning year; however, time requirements may be adjusted.

## **CAPITAL PROGRAMMING POLICIES**

The adoption of Capital Program policies, while not an absolute requirement, is considered a valuable planning/decision-making tool. In terms of both general capital programming objectives and financial considerations, formal policy statements can provide focus and direction to the planning process. The City has created a set of policy statements that are embedded in the adopted Financial Management Policies and Standards of Performance document.

**CITY OF ELKHORN  
CAPITAL IMPROVEMENT PROGRAM  
DEPARTMENTAL REQUEST  
20\_\_\_\_ - 20 \_\_\_\_**

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**Department:** \_\_\_\_\_ **Date Submitted:** \_\_\_\_\_

**Department Priority:** *Essential* ( ) *Necessary* ( ) *Desirable* ( ) *Deferrable* ( )

**Improvement Type:** Community Infrastructure ( ) Economic Development ( )  
Admin/Operations Infrastructure and Technology ( ) Fleet/Equipment ( )

**Budget Year(s) Requested:**

<b>Current Budget</b>	<b>CIP YR 2</b>	<b>CIP YR. 3</b>	<b>CIP YR. 4</b>	<b>CIP YR. 5</b>

**Project Description:**

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**Explanation/Justification:**

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**Cost Estimate:**

<b>Planning/Engineering/Legal</b>	
<b>External Labor</b>	
<b>Internal Labor</b>	
<b>Material</b>	
<b>Other: Vehicle Replacement</b>	
<b>Total:</b>	

Source of Cost Estimates: \_\_\_\_\_

\_\_\_\_\_

Impact on Operating Revenue, Cost, Staffing: \_\_\_\_\_

\_\_\_\_\_

Proposed Funding Source(s):

<b>Current Revenue</b>		<b>Revenue Bonds</b>		<b>Short Term Loan</b>	
<b>Capital Reserves</b>		<b>GO Bonds</b>		<b>Other</b>	
<b>Special Assessment</b>		<b>Grant</b>		<b>Other</b>	

**CAPITAL PROGRAM  
PROJECT EVALUATION & RATING SYSTEM**

In order to help ensure that potential Capital Projects are considered for Capital Program inclusion are “needs’ based, a standard evaluation system will be used to establish project priority. Each project to be considered for Capital Program scheduling will be evaluated on three (3) primary factors and a composite score will be assigned accordingly. This composite priority rating will serve as the basis for the project scheduling.

**A. LEVEL OF NEED**

**Project Value**

**Essential (Urgent):** Projects that address conditions dangerous to safety, health, or property; are required for a critical community service; or are required in order to complete a project “in progress”. Failure to carry out or complete the project will cause disruption in; or discontinuation of, an important service to the community. 5

**Necessary:** Projects for which funds are available for only a limited Period of time; those needed to conserve or replace existing facilities; and those required to maintain minimum essential service levels. Failure to carry-out or complete the project will likely limit the effectiveness or efficiency or services, or may contribute to a problem (specify nature of problem). 4

**Desirable:** Projects that are adequately planned and may be required for expansion, to induce new development or necessary redevelopment, or to enhance the community’s aesthetic appeal. Project completion will likely contribute to improved effectiveness or efficiency of sources. 2-3

**Deferrable:** Projects without sufficient planning or justification; those projects Benefitting only a limited segment of the community; and those aimed solely at improving convenience or cultural values/opportunities. 1

**B. IMPACTS**

**Project Requirement** - Is the project required to meet legal, compliance, or regulatory mandate?

- Level 1 Required or mandated 5
- Level 2 Response to pending requirement 3-4
- Level 3 Not required or mandated 1-2

**Strategic Alignment** - To what extent is the project aligned with the broad goal and objectives of the Council; does the project advance the objectives of Comprehensive Plan?

- Level 1 Full alignment with goals and objectives of Council 5
- Level 2 Partial alignment with goals and objectives 3-4
- Level 3 Not aligned with Council goals and objectives 1-2

Community Value - How much value will project completion bring to the community?

- Level 1 High value, addresses identified community need or critical service expansion or improvement 5
- Level 2 Moderate value; adds desired but not critical new program or service 3-4
- Level 3 Limited value 1-2

**C. FUNDING AND TIMING**

**Project Value**

Level 1: An approved project to which the City is committed and for which Timing and funding are critical and not flexible. 5

Level 2: Projects designated as “Necessary”, for which timing may be somewhat critical but financing is flexible. 4

Level 3: Desirable projects for which both timing and financing are flexible. 3

Level 4: Projects, which may lack immediate justification but may be required in the future. 2

Level 5: Projects, which require further analysis. 1

**D. COMPOSITE PRIORITY RANK**

Level A: Projects receiving an average composite rank of 3.75- 5.0

Level B: Projects receiving an average composite rank of 2.75-3.74

Level C: Projects receiving an average composite rank of 2.0-2.74

Level D: Projects receiving an average composite rank of 1.0-1.9

**E. SCHEDULING PRIORITY**

1. Level A rated projects will be placed in the current Capital Program Schedule.
2. Level B rated projects will be considered for the placement in the current Capital Improvement Schedule, subject availability of funding.
3. .Level C rated projects may be considered for the placement in the current Capital Improvement Schedule, but will most likely be deferred.
4. Level D rated projects will be deferred for further review and future consideration.



**CITY OF ELKHORN  
RESOLUTION NO. 19-07**

**A RESOLUTION TO AMEND  
FINANCIAL MANAGEMENT POLICIES AND  
STANDARDS OF PERFORMANCE**

**WHEREAS**, it is the responsibility of local government to ensure that public funds are managed in a prudent and financially sound manner; and

**WHEREAS**, the Common Council previously adopted Financial Management Policies and Standards of Performance; and

**WHEREAS**, the financial environment within which the City currently operates has undergone significant change since the aforementioned policy document was adopted; and

**WHEREAS**, in order that the City's financial management practices and performance standards reflect the current financial environment it is necessary that the adopted "Standards" be amended.

**NOW THEREFORE BE IT RESOLVED**, by the Common Council of the City of Elkhorn that certain sections of Financial Management Policies and Standards of Performance be amended to read as attached.

**BE IT FURTHER RESOLVED** that the Financial Management Policies and Standards of Performance shall be the formal financial policy statement of the City of Elkhorn.

**APPROVED AND ADOPTED** this 17th day of June 2019

\_\_\_\_\_  
Howie Reynolds, Mayor

ATTEST:

\_\_\_\_\_  
Cairie Virrueta, City Clerk

Adopted: \_\_\_\_\_

Approved: \_\_\_\_\_

## **FINANCIAL MANAGEMENT POLICIES**

**AND**

## **STANDARDS OF PERFORMANCE**

The following sections of the adopted Financial Management Policies and Standards of Performance are amended to read:

### **A. CAPITAL BUDGET**

1. The City will develop a multi-year Capital Improvement Program (CIP) and enact an annual Capital Budget based on the approved CIP, which will be developed as an integral component of the annual operating budget.
2. The City shall employ a “priority matrix” evaluation instrument for the purpose of capital project selection.
3. City staff will identify the estimated cost and potential funding sources for each capital project being proposed before submitting the CIP to the Common Council for review/approval.
4. Capital projects to be financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.
5. The City will project vehicle and equipment replacement needs for ten (10) year; updating the projections annually. The City will adopt a replacement schedule and budget for ~~annual~~ replacement costs-based on the ten-year (10) replacement projections.

### **B. DEBT MANAGEMENT**

1. Long-term debt will be issued only for objects or purposes having a period of probable usefulness of at least five years.
2. The use of short-term debt should be limited, but may be issued whenever appropriate for objects or purposes having a period of probable usefulness of at least five years, when deemed financially prudent and/or necessary.

3. To maintain or improve the city's bond rating and provide sufficient capacity in the event of an emergency, the City will seek to limit the five-year rolling average general obligation debt load of the City ~~so as~~ not to exceed sixty-five per cent (65%) of the statutory debt limit. In no case; however, should it exceed
4. Total annual debt service tax levy should not exceed \$3.00 per \$1,000 of the equalized assessed value of all property subject to the general property tax levy.
5. City will seek to maintain the average maturity on all general obligation bonds at or below 15 years, unless it is determined that a financial advantage may be realized from a longer debt maturity. In no case shall the maturity on bonds exceed the anticipated useful life of a project.
6. Whenever practicable the City will maintain a level debt structure, which is designed to distribute principal and interest costs equally throughout the debt service cycle, thereby, minimizing the "peaks and valleys" of debt service levies.
7. As may be practicable, the City will observe a level debt structure designed to maintain the variance in year-to-year debt service levy at no more than 3%.
8. The City may enter into intergovernmental agreements to finance capital projects provided; however, if issued as general obligation debt, the principal amount of any such debt does not cause the City's debt load to exceed 4% of the equalized value of all taxable properties
9. Any intergovernmental financing arrangement that provides for deferred payments shall be recognized on a current basis for purposes of determining debt load capacity.
10. The use of short-term debt instruments (less than 3 years) shall generally be limited to capital equipment and vehicle purchases of less than \$150,000, whether as a single item purchase or taken together for multiple items.

**CITY OF ELKHORN  
RESOLUTION 19-08**

**RESOLUTION TO ADOPT A REVISED VEHICLE and  
EQUIPMENT REPLACEMENT PROGRAM**

**WHEREAS**, the Common Council adopted a Vehicle and Equipment Program (Program) by 2000-09; and

**WHEREAS**, the Program included authorization to establish a Vehicle Equipment Replacement Fund; and

**WHEREAS**, current levy limit restrictions make it no longer feasible to maintain annual budget allocations in amounts necessary to sustain Fund operation in the manner intended; and

**WHEREAS**, the Common Council desires to continue to provide for the timely replacement of municipal-owned vehicles and equipment; and

**WHEREAS**, the Council Finance and Judicial Committee has reviewed a revised Replacement Program and recommends said Plan be adopted.

**THEREFORE, BE IT RESOLVED** by the Common Council of the City of Elkhorn that the revised Vehicle and Equipment Replacement Program, as attached hereto, is hereby adopted.

**BE IT FURTHER RESOLVED**, that the Vehicle and Equipment Replacement Fund shall be maintained and receive budget allocations as the Council deems feasible each budget year.

Resolved this 17<sup>th</sup> day of June 2019.

CITY OF ELKHORN

BY: \_\_\_\_\_  
Howie S. Reynolds, Mayor

ATTEST:

\_\_\_\_\_  
Cairie Virrueta, City Clerk

Adopted: \_\_\_\_\_

Approved: \_\_\_\_\_

**CITY OF ELKHORN  
VEHICLE/EQUIPMENT REPLACEMENT PROGRAM**

***JUNE 2019***

Acquisition and subsequent replacement of vehicles and equipment represents one of the largest continuing investments made by local government; the estimated value of city owned vehicles/equipment exceeds \$3,000,000. Implementing and maintaining a Vehicle/Equipment Replacement Program, which recognizes amortized replacement cost as an annual operating expense offers a viable, cost-effective "best practice" for managing fleet replacement. Unfortunately, the cumulative impact of Levy Limits has rendered such an approach unworkable. Resource limitations notwithstanding, a financing plan to ensure the timely replacement of vehicles/equipment is required. .

**PURPOSE**

In light of revenue constraints, which make it next to impossible to meet the ongoing demand for timely equipment replacement, it is necessary to develop a revised financing structure to support the Vehicle/Equipment Replacement Program. Although the funding approach must be revamped, the essential purpose of the Program remains fundamentally unchanged - *to provide the financial means necessary to ensure the timely and cost-effective replacement of mechanized resources.*

**PROGRAM SCOPE**

The Vehicle/Equipment Replacement Program is intended to cover all vehicles and equipment owned/operated by departments, inclusive of Fire and Utilities. However, the replacement of vehicles and equipment operated by enterprise departments, which also includes EMS, are subject to coverage within the respective operating Fund.

**PROGRM ELEMETS**

A relatively simple plan, the Vehicle/Equipment Replacement Program embraces three basic elements (1) Functional Life Cycle; (2) Replacement Schedule; and (3) Financing Strategy.

**1. Functional Life Cycle**

Defined as *"The period of years during which maximal operating efficiency and value may reasonably be expected from a vehicle or piece of equipment"*, Functional Life Cycle is the variable used to establish a replacement cycle. Each vehicle and/or piece of equipment currently in the city fleet has been assigned a "Functional Life Cycle", which serves as the replacement schedule for each of the various vehicles and/or equipment covered by the Program. W h e n new vehicles and/or equipment are added to the fleet, a "Functional Life Cycle" will be established for each item so added. Because the determination of a "Life Cycle" is an imprecise and somewhat

subjective process, the schedule prescribed in Exhibit 1 is fluid in nature. Owing to this fluidity of design, plan evaluation/modification is an expected element of the Program.

## **2. Replacement Schedule**

Aligned with the respective "Life Cycle" for each vehicle or piece of equipment, a planned replacement schedule is established. Similar to the "Life Cycle", the replacement schedule will be subject to on-going evaluation and adjustment. However, unless evaluative data would suggest otherwise, replacement will be recognized each budget year as set forth in the replacement schedule.

## **3. Financing Strategy**

As noted, it is no longer financially feasible to recognize the amortized future replacement costs as an annual budgetary allocation. It is, therefore, necessary to adopt an alternate approach to the "sinking fund" concept that served as the foundation for the original Program. In light of present financial constraints it will be necessary to implement a financing strategy largely dependent on debt financing; using both short-term and long-term debt instruments. Whenever feasible the debt instrument selected should be aligned with life cycle expectations. For example, police patrol vehicles are generally on a two-year replacement cycle and financed with a shorter-term debt instrument. Fire apparatus, owing to a 20+ year replacement cycle, is better suited for longer term debt servicing. Whenever practicable, the term of the selected debt instrument should not exceed the expected life cycle of the vehicle or piece of equipment financed.

- **Short-Term Debt** - Short term is usually issued for periods of not more than three (3) years. In many cases, the debt instrument issued is a Tax Anticipation Note (TAN) for a period of 90-120 days. Use of a TAN should generally be reserved for the purchase of one or two vehicles having a combined cost of \$150,000 or less (i.e. police patrol vehicles).
- **Intermediate (Short-Term) Debt** – Generally issued for periods of up to five (5) years, Intermediate Debt is appropriate for the purchase of one or more vehicles with an aggregated cost of between \$150,000 and \$500,000. The anticipated useful life cycle of such vehicles and/or equipment should exceed the five (5) debt retirement period.
- **Long-Term Debt** – Issued for periods of more than five years up to twenty, long term debt is most appropriate for extraordinarily high cost vehicles having lengthy useful life cycles (i.e. Fire apparatus), or the purchase of several vehicle and equipment in a single budget year, which in the aggregate exceed \$750,000.

As noted, the use of the above financing options is limited to those operating units supported with general tax levy dollars. User fee supported operations are required to maintain a funded replacement account within each respective Fund.

## **SUMMARY**

A life-cycle based vehicle/equipment replacement program is a “best practice” means for ensuring the availability of financial resources sufficient to meet the demand for timely fleet replacement. The preferred financing approach is a “sinking fund” wherein amortized replacement cost is recognized as an annual operating expense over the expected life cycle of the vehicle. Owing in large part to the cumulative effect of levy limits, maintaining a sinking fund approach is not feasible. Since funding on a current-year basis cannot support required replacement of rolling stock, future replacement costs will necessitate the use of debt instruments as a primary source for funding. In order for the replacement of vehicles and equipment to be an embedded factor of the the City’s general financial management plan, the Council needs to endorse the conceptual framework set forth herein, or indicate a preferred approach for financing future replacements.



**POLICE  
PURCHASE**

**CITY OF ELKHORN  
VEHICLE REPLACEMENT  
SCHEDULE 2018-2023**

VEHICLE/ EQUIPMENT	VEHICLE I.D. NO.	LIFE CYCLE	2019	2020	2021	2022	2023	2024	
17 INTERCEPTOR SEDAN (Adimin.)	100	10							
16 INTERCEPTOR UTILITY	101	5			\$53,891				
18 INTERCEPTOR UTILITY	102	5					\$54,898		
16 INTERCEPTOR UTILITY	103	5			\$53,891				
17 INTERCEPTOR UTILITY	104	5				\$54,394			
14 INTERCEPTOR UTILITY	105	5	\$42,365					\$55,402	
15 INTERCEPTOR UTILITY	105	5		\$50,445					
09 FORD RANGER	106	10	\$25,000						
13 IMPALA	107	10					\$41,140		
MOBILE LAPTOPS		5	\$7,405	\$3,702	\$7,478	\$3,817	\$7,863	\$3,894	\$37,685
MOBILE RADIOS		5	\$10,114	\$4,740	\$9,575	\$4,882	\$5,029	\$5,180	\$44,107
IN-VEHICLE CAMERAS		5		\$56,645					\$56,645
<b>TOTAL</b>			<b>\$84,884</b>	<b>\$58,887</b>	<b>\$124,835</b>	<b>\$63,093</b>	<b>\$108,930</b>	<b>\$64,476</b>	<b>\$ 505,105</b>

**FIRE DEPARTMENT  
PURCHASE**

VEHICLE/ EQUIPMENT	VEHICLE I.D. NO.	LIFE CYCLE	2019	2020	2021	2022	2023	2024	
16 EXPLORER(COMMAND)	2601	10							
09 1250 GPM PUMPER	2625	25							2034 (\$800K)
04 2000 GPM PUMPER	2626	25							2029(\$800K)
94 '02 3400 GAL TANKER	2630	30						\$250,000	
02 3500 GAL TANKER	2631	30							2031(\$250K)
95 MACK/MARION SUPPLY	2660	30							
00 AMERICAN LAFRANCE	2650	25							2025 (\$1M)
14 1500 GPM QUINT	2655	25							2039 (\$1M)
05 EXPLORER (INSPECTOR)	2669	15		\$50,000					
97 FORD F250	2640	10				\$60,000			
06 FORD LCF	2670	15							
02 POLARIS		20				\$10,000			
SCBA REPLACEMENT		15	\$400,000						
TURNOUT GEAR		10							2025(\$105K)
<b>TOTAL</b>			<b>\$ 400,000</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ 70,000</b>	<b>\$ -</b>	<b>\$ 250,000</b>	<b>\$ 770,000</b>

**EMS  
PURCHASE**

VEHICLE/ EQUIPMENT	VEHICLE I.D. NO.	LIFE CYCLE	2019	2020	2021	2022	2023	2024	
2016 FORD AMBULANCE	2697	10							
1999 FORD AMBULANCE	2695	10		\$250,000					
2009 FORD AMBULANCE	2693	10							
<b>TOTAL</b>			<b>\$ -</b>	<b>\$ 250,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 250,000</b>

**EMS  
AMORTIZATION**

VEHICLE/ EQUIPMENT	VEHICLE	LIFE	2019	2020	2021	2022	2023	2024
2016 FORD AMBULANCE	2697	10	\$27,500	\$27,500	\$27,500	\$27,500	\$27,500	\$27,500
1999 FORD AMBULANCE	2695	10	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
2009 FORD AMBULANCE	2693	10	\$27,500	\$27,500	\$27,500	\$27,500	\$27,500	\$27,500
<b>TOTAL</b>			<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>

CITY OF ELKHORN  
VEHICLE REPLACEMENT  
SCHEDULE 2018-2023

PUBLIC WORKS  
PURCHASE

VEHICLE/ EQUIPMENT	VEHICLE I.D. NO.	LIFE CYCLE	2019	2020	2021	2022	2023	2024	
00 CHEVY 1500	4100	15	\$29,000						
99 INTERNATIONAL 4900	8118	20			\$200,000				
96 INTERNATIONAL 4900	8122	20		\$200,000					
05 INTERNATIONAL 7400	8132	20							
16 FORD F550	1004	20							
14 FORD F350	1002	15							
14 FORD F150	1001	15							
06 INTERNATIONAL 7400	8134	20							
06 INTERNATIONAL 7300	8135	20							
06 INTERNATIONAL 4400	8133	20							
02 INTERNATIONAL 4900	8124	20				\$200,000			
14 INTERNATIONAL 7400	1003	20							
17 INTERNATIONAL 7400	1005	20							
02 FORD F350	6112	20				\$90,000			
99 VOLVO LOADER L90C	8290	20	\$205,000						
09 JCB BACKHOE 4CX	X	20							
09 VERMEER BRUSH CHIPPER	8300	20							
16 BOBCAT TOOLCAT	2001	15							
95 DEERE 6400/1518	6400	25		\$90,000					
01 CAT GENERATOR XQ400	X	35							
18 CHEVY 2500HD	1006	15							
18 ELGIN PELICAN SWEEPER	1007	20							
98 WACKER ROLLER	X	25					\$40,000		
06 CHEVY 1500	8131	15			\$32,000				
<b>TOTAL</b>			<b>\$234,000</b>	<b>\$290,000</b>	<b>\$232,000</b>	<b>\$290,000</b>	<b>\$40,000</b>	<b>\$0</b>	<b>\$1,086,000</b>

PARKS/FORESTRY  
PURCHASE

VEHICLE/ EQUIPMENT	VEHICLE I.D. NO.	LIFE CYCLE	2019	2020	2021	2022	223	2024	
02 KUBOTA TRACTOR	6005	20			\$60,000				
97 FORD F250	6009	15	\$29,000						
18 SMITHCO SUPERSTAR BDRAG	X	15							
18 DEERE 1575 MOWER	X	10							
02 WOODS BATWING MOWER	X	15		\$20,000					
06 JACOBSEN BATWING MOWER	X	14		\$85,000					
07 TORO GROUNDMASTER	X	10							
14 SCAG CHEETAH ZEROTURN	X	10						\$20,000	
<b>TOTAL</b>			<b>\$29,000</b>	<b>\$105,000</b>	<b>\$60,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,000</b>	<b>\$ 214,000</b>

SEWER UTILITY  
PURCHASE

VEHICLE/ EQUIPMENT	VEHICLE I.D. NO.	LIFE CYCLE	2019	2020	2021	2022	2023	2024	
06 VACTOR SEWER JETTER	7110	20							
99 FORD RANGER	X	15	\$29,000						
<b>TOTAL</b>			<b>\$ 29,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,000</b>

**\$2,854,105**

CITY OF ELKHORN  
 VEHICLE REPLACEMENT  
 SCHEDULE 2018-2023

**ELECTRIC/WATER UTILITY  
 PURCHASE**

VEHICLE/ EQUIPMENT	VEHICLE I.D. NO.	LIFE CYCLE	2019	2020	2021	2022	2023	
10 FORD F-150	4400	\$ 10		29,000				
2007 MINI DERRICK	5033	\$ 20					\$135,000	2027
98 FORD EXPLORER	4300	\$ 10						
07 WOOD CHIPPER	8300	\$ 20				\$30,000		
17 FORD ESCAPE		\$ 15						
04 FORD TAURUS	4200	\$ 10						
96 CHEVY 3/4 TON	5029	\$ 10		\$30,000				
2013 FORD F550 (SERVICE )	5034	\$ 10					\$67,000	2024
91 FORD F800 DIG/DERRICK	5023	20/25	\$190,000					
97 AERIAL TRUCK	5024	20/25			\$190,000			
00 FORD F550 4x4 (DUMP)	5025	\$ 15		\$78,000				
15 FORD F550 AERIAL TRUCK	5028	\$ 15						
04 FORD F550 AERIAL TRUCK	5027	\$ 15						
90 CASE 360 TRENCHER	5031	\$ 20						
97 CASE TRENCHER/MINI EXC.	5032	\$ 20						
02 NEWHOLLAND SKID STEER	8665	\$ 20				\$45,000		
<b>TOTAL</b>			<b>\$ 190,000</b>	<b>\$ 137,000</b>	<b>\$ 190,000</b>	<b>\$ 75,000</b>	<b>\$ 202,000</b>	
<b>Water</b>								
			<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	
2014 F-150 WATER		10					\$24,000	2024
2005 F-250 WATER		10	\$34,000					
2005 F-150 WATER		10	\$19,000					
2006 CHEVROLET 2500 WATER		10						
2002 F-350 WATER		10	\$34,000					2022
<b>TOTAL</b>			<b>\$ 87,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,000</b>	

Vehicles outside operational life cycle

VEHICLE REPLACEMENT FUND  
COMPOSITE REPLACEMENT  
2018-23

**DEPARTMENT**

**Purchase**

	2019	2020	2021	2022	2023	2024	
<i>Police Department</i>	\$ 84,884	\$ 115,532	\$ 124,835	\$ 63,093	\$ 108,930	\$ 64,476	
<i>Fire <sup>(1)</sup></i>	\$ 204,000	\$ 50,000	\$ -	\$ 35,700		\$ 127,500	
<i>EMS <sup>(2)</sup></i>	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	
<i>Public Works</i>	\$ 234,000	\$ 290,000	\$ 232,000	\$ 290,000	\$ 40,000		
<i>Parks &amp; Recreation</i>	\$ 29,000	\$ 105,000	\$ 60,000	\$ -	\$ -	\$ 20,000	
<b>GENERAL FUND TOTAL</b>	<b>\$ 551,884</b>	<b>\$ 810,532</b>	<b>\$ 416,835</b>	<b>\$ 388,793</b>	<b>\$ 148,930</b>	<b>\$ 211,976</b>	<b>\$ 2,528,950</b>

<i>Electric Utility</i>	\$ 190,000	\$ 137,000	\$ 190,000	\$ 75,000	\$ 202,000	
<i>Water Utility</i>	\$ 87,000	\$ -	\$ -	\$ -	\$ 24,000	
<i>Sewer Utility</i>	\$ 29,000					

<b>TOTAL UTILITIES</b>	<b>\$ 306,000</b>	<b>\$ 137,000</b>	<b>\$ 190,000</b>	<b>\$ 75,000</b>	<b>\$ 226,000</b>	<b>\$ -</b>
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**DEPARTMENT**

**Amortization**

	2019	2020	2021	2022	2023	2024	
<i>Police Department</i>							
<i>Fire</i>							
<i>EMS <sup>(2)</sup></i>	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	
<i>Public Works</i>							
<i>Parks &amp; Recreation</i>							
<b>GENERAL FUND TOTAL</b>	<b>\$ 72,000</b>	<b>\$ 72,000</b>	<b>\$ 72,000</b>	<b>\$ 72,000</b>	<b>\$ 72,000</b>	<b>\$ 72,000</b>	<b>\$ 432,000</b>

<i>Electric Utility</i>	\$ 75,750	\$ 75,750	\$ 75,750	\$ 75,750	\$ 75,750	\$ 75,750	\$ 454,500
<i>Water Utility</i>	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 45,000
<i>Sewer Utility</i>	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 210,000

(1) City share @ 51%.  
(2) EMS Fund

# **REQUEST FOR PROPOSAL**

## **DEPARTMENT OF PUBLIC WORKS SANITARY SEWER INFLOW AND INFILTRATION MITIGATION PLAN**

### **CITY OF ELKHORN, WISCONSIN**

Contact: Sam Tapson, City Administrator  
Phone Number: 262-723-2219  
Email Address: [stapson@cityofelkhorn.org](mailto:stapson@cityofelkhorn.org)

## I. REQUEST FOR PROPOSALS

The City of Elkhorn, Wisconsin, is seeking proposals from qualified engineering firms to complete a Sanitary Sewer Inflow and Infiltration Mitigation Plan... The selected firm will be tasked with the review/analysis of existing data generated from three (3) separate studies completed between 2009 and 2019, and to prepare an I&I Mitigation Plan based on the available information. Additional studies of the city collection system may also be required within the scope of work. For consideration, proposals for the project must provide evidence of the firm's experience and abilities in the specified area(s) and other disciplines directly related to the proposed service. Award of contract will be made to the firm offering the best combination of experiences, qualifications, price, and general project approach.

## II. GENERAL INFORMATION

The City of Elkhorn is a member entity of a regional sewer district (WalCoMet) and as such operates and maintains only a collection system consisting of approximately 65 miles of gravity mains, two force mains, and two (2) lift stations. Inflow & Infiltration has been a problem for the better part the past three decades. The clear water flow is estimated to contribute as much as 50% of average daily flow conveyed to WalCoMet. During major rain events, peaking factors ranging from 5 to 17 have been experienced in various sub-basins of the collection system. Given the extraordinary volume of clear water in the collection system, the city engaged the services of Bonestroo (Stantec) to perform a system-wide I&I Study in 2009. Although the findings of that study confirmed the high volume of clear water flow and identified a number of system deficiencies, it did not identify a "smoking gun" source of I&I. Between 2010 and 2014, the city continued to conduct flow monitoring and televising of mains recommended in the Study. In addition, the city addressed several deficiencies identified in the Study findings. More recently, the high volume of clear water and accompanying SSO incident resulted in WDNR issuing a Notice of Non-Compliance this past October, a condition of which required the city to complete an evaluation of the sub-basin affected by the SSO occurrence. Strand Engineering, which was already performing a related study on behalf of the city, was commissioned to complete the WDNR required study. Coinciding with the city studies, Strand was conducting a system-wide capacity study on behalf of WalCoMet. Not surprisingly, the draft report from the WalCoMet study points to the Elkhorn clear water peaking volume and the deleterious effect it has on WalCoMet treatment plant and lift stations.

## III. SCOPE OF SERVICES

The selected firm will be tasked with reviewing data from the aforementioned studies and preparing an I&I Mitigation Plan addressing the issues raised in those reports. It is understood that additional field monitoring activities may be a component a Mitigation Plan. The following Scope of Work is not intended to be definitive and serves only to illustrate broad general project elements; respondent firms are expected to present a detailed plan incorporating the following tasks:

- *Evaluation of recent past studies performed by the city or its agents.*
- *Preparation of a comprehensive summary report, synthesizing data from the prior studies.*
- *Preparation of an I&I Mitigation Plan that includes immediate remedial efforts the city may pursue in-house, a schedule of additional field study activities, an inventory of potential capital improvements and the associated costs, and a program for private lateral evaluation/rehabilitation.*

## IV. PROPOSAL REQUIREMENTS

### A. *Format and Content*

In order to be responsive, all proposals must follow the format and contain information listed in this section. Unnecessarily elaborate brochures and other presentations beyond those sufficient to present a complete and effective response to the RFP are not desired.

1. Letter of transmittal introducing your firm and summarizing its experience in providing municipal engineering services; specifically address municipal utility experience.
2. Narrative Items
  - a. Brief Resumes of principal-in-charge and key technical/professional personnel to be assigned to the project.
  - b. Program of work satisfying the Scope of Services section. Program should include a Completion Schedule (bar chart) and a Work Plan identifying discrete tasks and outlining:
    - Activity/task description
    - Person completing the task
    - Deliverables
  - c. References: Provide names and telephone numbers of five (5) references who will attest to your firm's ability to undertake and complete projects similar to this on time and within budget.
  - d. Fee Proposal: A fee statement shall be provided in a separate enclosure with the proposal, which will remain un-opened until the Review Committee has selected a firm. **The fee and Scope of Services are subject to negotiation after a firm has been selected.**

### B. *Submittal requirements*

Four (4) hard-copy versions of a firm's proposal shall be submitted to Cairie Vllrueta, City Clerk, 9 South Broad Street, Elkhorn, Wisconsin, 53121 by no later than **10:00 AM Friday July 5, 2019**. Proposals are to be delivered in a sealed envelope marked "**Inflow and Infiltration Mitigation**" in the lower left-hand corner of the envelope. One (1) electronic version of the proposal shall also be submitted to both City Administrator Sam Tapson ([stapson@cityofelkhorn.org](mailto:stapson@cityofelkhorn.org)) and DPW Manager Matt Lindstrom ([mlindstrom@cityofelkhorn.org](mailto:mlindstrom@cityofelkhorn.org)) by the date specified.

Proposals received prior to the time of the opening will be kept, unopened, by the City Clerk until the time specified herein. No responsibility shall be attached to the City Clerk or the City for the premature or non-opening of a Proposal not properly addressed and identified except as otherwise provided by law.

Proposals arriving after the specified time, whether sent by mail, courier, or in person, shall not be accepted. These Proposals will either be refused or returned unopened. It is the Firm's responsibility for the timely delivery regardless of the method used.

A firm may withdraw a proposal after it has been submitted to the City, provided written notice is given to the City Clerk prior to the closing time set for receiving proposals. Once submitted, proposals may not be corrected or modified prior to the time of opening.

## **V. EVALUATION AND SELECTION PROCESS**

It is the City's intent to engage the services of the Consultant who provides the best combination of experience and qualifications to meet the needs of the City. The following procedure is designed to help ensure that the selection decision achieves this objective.

### **A. Evaluation Criteria**

Proposals will be evaluated based on the following criteria:

1. Qualifications of the firm based on experience, staff expertise, and performance record.
2. Program of work, methodology, and general management approach.
3. Location and availability of personnel assigned to the City.
4. Demonstrated understanding of City's operations and required services.

### **B. Interviews and Presentations**

The City reserves the right to create a "shortlist" of respondents and to invite those firms to deliver a presentation of its proposal to the Committee.

### **C. Ranking and Selection**

An *RFP Review Committee* comprised of staff and elected officials will evaluate and rank all proposals received. Based on the composite rankings, the Committee will submit its recommendation to the Common Council Finance Committee for consideration of contract award.

### **D. Negotiations**

Subsequent to the selection of a consultant and review by the Finance Committee, the City may elect to negotiate final contract terms, scope of services, and price with the selected firm. If mutually agreed upon terms and conditions cannot be reached with the selected firm, the City may initiate negotiations with the firm whose proposal received the next highest evaluation ranking.

### **E. Contract Award**

Award of Contract shall be made by the Common Council, no employee or officer of the City may execute a contract on behalf of the City unless so authorized by vote of the Common Council.

## **VI. ADDITIONAL CONSIDERATIONS**

- City reserves the right to reject any or all proposals.
- City reserves the right to request clarification of information submitted and to request additional information from the firm(s).
- If a contract and fee cannot be successfully negotiated with the selected firm, the City may choose to enter into negotiations with another of the respondent firms, or it may re-advertise for new proposals.
- The successful consultant shall provide and maintain professional liability, worker's compensation, property damage, errors and omissions, and any additional lines of coverage required by the City. Refer to Appendix A for a summary of required insurance coverage.