

APPROVAL <i>slw</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE December 4, 2018
REPORTS AND RECOMMENDATIONS	RESOLUTION TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH MILWAUKEE METROPOLITAN SEWERAGE DISTRICT TO RECOGNIZE JOINT TOTAL MAXIMUM DAILY LOADS IMPLEMENTATION INITIATIVES	ITEM NUMBER G.13.

BACKGROUND

The Wisconsin Department of Natural Resources (DNR) administers US EPA requirements that require Franklin and other municipalities to demonstrate efforts or complete projects to clean receiving waters. A Total Maximum Daily Load (TMDL) is a regulatory term in the U.S. Clean Water Act, describing a plan for restoring impaired waters that identifies the maximum amount of a pollutant that a body of water can receive while still meeting water quality standards. DNR is required to include TMDLs (or a "pollution diet") in the next 5-year stormwater discharge permit that they will issue to Franklin.

The Milwaukee Metropolitan Sewerage District (MMSD) and DNR have determined that membership municipalities should be able to take some credit for projects completed in other parts of MMSD's sewer sheds. The attached Intergovernmental Cooperation Agreement would allow Franklin to take credit for TMDL-related projects in other municipal jurisdictions if applicable. These projects could include watercourse/flood management projects and source-control green infrastructure projects.

ANALYSIS

Staff has reviewed the enclosed agreement and believes that it benefits Franklin. There are no additional obligations of Franklin to participate.

OPTIONS

- A. Enter intergovernmental agreement with MMSD. Or
- B. Refer back to Staff with further direction.

FISCAL NOTE

Not applicable

COUNCIL ACTION REQUESTED

(OPTION A) Adopt resolution 2018-_____, a resolution to enter into an intergovernmental agreement with Milwaukee Metropolitan Sewerage District to recognize joint total maximum daily loads implementation initiatives.

Engineering: GEM

STATE OF WISCONSIN : CITY OF FRANKLIN : MILWAUKEE COUNTY

RESOLUTION NO. 2018 - _____

RESOLUTION TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH
MILWAUKEE METROPOLITAN SEWERAGE DISTRICT TO RECOGNIZE JOINT TOTAL
MAXIMUM DAILY LOADS IMPLEMENTATION INITIATIVES

WHEREAS, The Wisconsin Department of Natural Resources (DNR) has various regulatory requirements that requires Franklin and other municipalities to demonstrate efforts or complete projects to clean receiving waters; and

WHEREAS, Franklin is a member municipality of the Milwaukee Metropolitan Sewerage District (MMSD); and

WHEREAS, DNR has allowed Franklin and other MMSD member communities to claim credit for work improving Total Maximum Daily Load (TMDL) in receiving waters.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Common Council of the City of Franklin to enter into an agreement with the Milwaukee Metropolitan Sewerage District for an intergovernmental agreement to recognize in joint efforts in the reduction of TMDLs.

Introduced at a regular meeting of the Common Council of the City of Franklin the
_____ day of _____, 2018, by Alderman _____.

PASSED AND ADOPTED by the Common Council of the City of Franklin on the
_____ day of _____, 2018.

APPROVED:

Stephen R. Olson, Mayor

ATTEST:

Sandra L. Wesolowski, City Clerk

AYES _____ NOES _____ ABSENT _____

**Intergovernmental Cooperation Agreement
between the Milwaukee Metropolitan Sewerage District and the
City/Village/Town
to Recognize Joint TMDL Implementation Initiatives**

1. Parties

This Intergovernmental Cooperation Agreement (Agreement) is between the Milwaukee Metropolitan Sewerage District (District), acting through its Executive Director, and each signatory City/Village/Town (Municipality), acting through its chief executive, each as authorized by his or her respective governing body.

2. Purpose

The purpose of this Agreement is to establish a policy of collaboration between the District and the Municipality in their joint efforts to meet the requirements and goals of their respective permits and the recently completed Milwaukee Total Maximum Daily Load (TMDL) analysis for the District's jurisdictional streams. The District, pursuant to its WPDES Permit, and the Municipality, pursuant to its MS4 permit, enter into this agreement to, *inter alia*, move towards making progress on the TMDL requirements for local waterways as soon as possible. Each such effort shall be implemented through treatment plant, conveyance, watercourse, green infrastructure and watershed management projects (Projects). In order to document progress towards applicable TMDL reduction, the District and the Municipality hereby implement this Agreement, as approved by the District Commission, pursuant to the terms herein.

3. Basis for this Agreement

- A. Municipality has the ability to petition the Wisconsin Department of Natural Resources (DNR) to count towards regulatory compliance the District projects for which they, as a contributing member of the District, provide financial contribution; and
- B. Municipality has the ability to petition the DNR to count other Municipal projects where another Municipality has signed onto this Agreement as contributing towards as steps towards regulatory compliance; and
- C. The District and municipalities work collaboratively to address requirements from the Environmental Protection Agency (EPA) and DNR to improve the health of tributary watersheds while providing wastewater treatment and reclamation services, reducing overall pollutant loads, reducing flooding, and making progress toward general pollution reduction; and
- D. Recognizing watershed health, through biological and chemical indicators, is a reliable indicator of TMDL compliance progress and is less influenced by short-term variables than other commonly used water quality indicators; and

- E. The Municipality funds watershed work (via property tax for Member Communities or a capital charge in lieu of a property tax for Non-Member Communities); and
- F. Because overall reduction of watershed impairments and pollutant loads, and improved watershed biological health and biodiversity, is a result of certain treatment plant, conveyance, watercourse flood management and green infrastructure projects; and
- G. This Agreement will spell out the duties and obligations of the District and Municipality to collaboratively work together to implement water quality improvements that help the region meet water quality goals; and
- H. The District understands that the work the Municipality is implementing will assist in reducing surface flooding and reducing the pollutant loads to the rivers; and
- I. The Municipality understands that the work the District is implementing will assist them in reducing surface flooding and reducing the pollutant runoff loads to the rivers; and
- J. The Municipality is a party to this agreement with the District and wishes to count the work implemented by the District towards attaining compliance with its regulatory requirements; and
- K. Due to watercourse credits and green infrastructure credits, each municipality provides different levels of financial contributions to the District; and
- L. Nothing in this Agreement replaces or supersedes any independent obligation of the parties to reduce their respective contribution of pollutant loading to receiving waters prescribed under the TMDLs and improve overall watershed health and biodiversity. This Agreement merely acts as a supplement to, not a replacement of, those efforts and obligations.

4. District Responsibilities

The District will:

- A. continue to implement improvements to the Metropolitan Interceptor Sewer system, the Water Reclamation Facilities, and jurisdictional streams through flood management projects (including green infrastructure), and provide funding to municipalities who elect to participate in and implement stormwater management through green infrastructure and inflow reduction through private property inflow and infiltration; and
- B. provide each Municipality with a summary of projects implemented that year that impact water quality and achieve steps towards compliance with the TMDLs and

improved water quality. As part of the report, the District will identify each municipality's financial participation towards each project.

5. City/Village/Town Responsibilities

- A. The Municipality must be a contributing member of the District to count the work of the District as part of its regulatory compliance; and
- B. If the Municipality receives a watercourse credit, it cannot count the District's work in the credited watershed as part of its regulatory compliance regimen; and
- C. If the Municipality receives a green infrastructure credit, it cannot count other municipality or the District's work implementing green infrastructure as part of its regulatory compliance.

6. Effective Dates

This Agreement becomes effective on the date all parties have executed and shall remain in effect until it is terminated by either party, pursuant to Paragraph 12, or until any party advises the other, in writing, that it has achieved TMDL compliance.

7. Notices

- A. The District will provide notices to:

Municipality's Department of Public Works or Municipal Engineer

- B. The Municipality will provide notices to:

Susan Coyle, Hydraulic Modeler & Analyst
Milwaukee Metropolitan Sewerage District
260 West Seeboth Street
Milwaukee, Wisconsin 53204-1446
scoyle@mmsd.com
414-225- 2086

- C. The District will provide executed copies of the notices electronically to:

Benjamin Benninghoff, NR Basin Supervisor
Wisconsin Department of Natural Resources
2300 N. Dr. Martin Luther King Jr. Drive
Milwaukee, Wisconsin 53212
benjamin.benninghoff@wisconsin.gov
414-263-8576

8. Modifying this Agreement

Any modification to this Agreement will be in writing and signed by all Parties.

9. Severability

If a court finds any part of this Agreement unenforceable, then the remainder of this Agreement continues in effect.

10. Applicable Law

The laws of the State of Wisconsin apply to this Agreement.

11. Resolving Disputes

If a dispute arises under this Agreement, the Parties agree to use their best efforts to cooperatively resolve any disputes. In the event the Parties are at impasse, either Party may terminate the Agreement in accordance with Paragraph 12 herein.

12. Termination

Either Party may terminate this Agreement at any time. To terminate this Agreement, a Party will provide written notice to the other Party. This notice will indicate the effective date of termination and the reasons for termination. A party opting out of the Agreement may, with the consent of both parties, opt back in.

13. Independence of the Parties

This Agreement does not create a partnership. Neither Party may enter into contracts on behalf of the other Party.

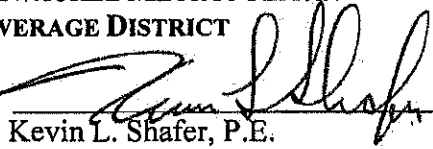
14. Authority of Signatories

Each person signing this Agreement certifies that the person is properly authorized by the Party's governing body to execute this Agreement.

15. Indemnification

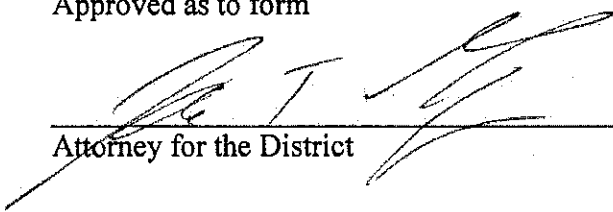
The District and the Municipality will be liable for their own negligent acts, errors, and omissions. If litigation requires one Party to respond for the acts, errors, or omissions of the other Party, then the other Party will hold the responding Party harmless for any losses, damages, costs, or expenses, including, but not limited to, reasonable attorney's fees and litigation expenses.

MILWAUKEE METROPOLITAN
SEWERAGE DISTRICT

By: 
Kevin L. Shafer, P.E.
Executive Director

Date: 5/22/18

Approved as to form


Attorney for the District

CITY/VILLAGE/TOWN/COUNTY

By: _____
Samuel Dickman
Village President
Village of Bayside

Date: _____

Approved as to form

Attorney for the Village of Bayside

By: _____
Steve Ponto
Mayor
City of Brookfield

Date: _____

Approved as to form

Attorney for the City of Brookfield

By: _____
Carl Krueger
Village President
Village of Brown Deer

Date: _____

Approved as to form

Attorney for the Village of Brown Deer

By: _____
Patricia Tiarks
Village President
Village of Butler

Date: _____

Approved as to form

Attorney for the Village of Butler

By: _____
Jim Dobbs
Village President
Village of Caledonia

Date: _____

Approved as to form

Attorney for the Village of Caledonia

By: _____
John Hoenfeldt
Mayor
City of Cudahy

Date: _____

Approved as to form

Attorney for the City of Cudahy

By: _____
Neil Palmer
Village President
Village of Elm Grove

Date: _____

Approved as to form

Attorney for the Village of Elm Grove

By: _____
Douglas Frazer
Village President
Village of Fox Point

Date: _____

Approved as to form

Attorney for the Village of Fox Point

By: _____
Steve Olson
Mayor
City of Franklin

Date: _____

Approved as to form

Attorney for the City of Franklin

By: _____
Dean Wolter
Village President
Village of Germantown

Date: _____

Approved as to form

Attorney for the Village of Germantown

By: _____
Bryan Kennedy
Mayor
City of Glendale

Date: _____

Approved as to form

Attorney for the City of Glendale

By: _____
Jim Birmingham
Village President
Village of Greendale

Date: _____

Approved as to form

Attorney for the Village of Greendale

By: _____
Michael Neitzke
Mayor
City of Greenfield

Date: _____

Approved as to form

Attorney for the City of Greenfield

By: _____
Dan Besson
Village President
Village of Hales Corners

Date: _____

Approved as to form

Attorney for the Village of Hales Corners

By: _____
Dave Glasgow
Village President
Village of Menomonee Falls

Date: _____

Approved as to form

Attorney for the Village of Menomonee Falls

By: _____
Dan Abendroth
Mayor
City of Mequon

Date: _____

Approved as to form

Attorney for the City of Mequon

By: _____
Tom Barrett
Mayor
City of Milwaukee

Date: _____

Approved as to form

Attorney for the City of Milwaukee

By: _____
Kathy Chiaverotti
Mayor
City of Muskego

Date: _____

Approved as to form

Attorney for the City of Muskego

By: _____
Dave Ament
Mayor
City of New Berlin

Date: _____

Approved as to form

Attorney for the City of New Berlin

By: _____
Daniel Bukiewicz
Mayor
City of Oak Creek

Date: _____

Approved as to form

Attorney for the City of Oak Creek

By: _____
J. Stephen Anderson
Village President
Village of River Hills

Date: _____

Approved as to form

Attorney for the Village of River Hills

By: _____
Ken Tutaj
Mayor
City of St. Francis

Date: _____

Approved as to form

Attorney for the City of St. Francis

By: _____
Allison Rozek
Village President
Village of Shorewood

Date: _____

Approved as to form

Attorney for the Village of Shorewood

By: _____
Van Mobley
Village President
Village of Thiensville

Date: _____

Approved as to form

Attorney for the Village of Thiensville

By: _____
Kathy Ehley
Mayor
City of Wauwatosa

Date: _____

Approved as to form

Attorney for the City of Wauwatosa

By: _____
Dan Devine
Mayor
City of West Allis

Date: _____

Approved as to form

Attorney for the City of West Allis

By: _____
John Stalewski
Village President
Village of West Milwaukee

Date: _____

Approved as to form

Attorney for the Village of West Milwaukee

By: _____
Julie Siegel
Village President
Village of Whitefish Bay

Date: _____

Approved as to form

Attorney for the Village of Whitefish Bay

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APPROVAL <i>slw</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE Dec 4, 2018
	City of Franklin Audit Agreement between Baker Tilly LLP and the City of Franklin for audit of the 2018 annual financial statements	ITEM NUMBER <i>G. 14.</i>

By state statute, the City of Franklin is required to have a financial audit, which must be submitted to the Wisconsin Dept of Revenue by July 31 each year. The City engages an Audit firm to perform the audit annually.

There are several deliverables from this engagement including an auditor's opinion on the Comprehensive Annual Financial Report. This report is required to be posted to the Municipal Securities Rulemaking Board (MSRB) to comply with agreements connected to City Debt Offerings in the public debt markets. The auditors will report the findings of their work to the Finance Committee and the Common Council upon completion. They will provide several communications direct to the Common Council on any findings of material deficiencies in internal controls which aid in preparation of financial statements

To qualify for General Transportation Aids, the City is required to file an annual report reviewed by our auditors with the Dept of Revenue by May 15. This audit will include the required communication from our auditors for that annual report.

In the summer of 2016, a Request for Proposal was circulated to a group of qualified auditing firms. In September 2016, Baker Tilly was awarded the audit by Common Council Action with the recommendation of the Finance Committee.

The Baker Tilly LLP engagement letter for 2018 is a contractual agreement. The City Attorney is reviewing the 2018 agreement.

The amount of the estimated audit fees for the 2018 year has been included in 2019 budget.

The Director of Finance is recommending approval of the agreement.

COUNCIL ACTION REQUESTED

Motion to direct the Mayor, City Clerk and Director of Finance & Treasurer to execute the Audit Agreement between Baker Tilly LLP and the City of Franklin for an audit of the 2018 annual financial statements subject to technical corrections by the City Attorney.



BAKER TILLY

Baker Tilly Virchow Krause, LLP
777 E Wisconsin Ave, 32nd Floor
Milwaukee, WI 53202-5313
tel 414 777 5500
fax 414 777 5555
bakertilly.com

November 27, 2018

Mr. Paul Rotzenberg
City of Franklin
9229 W Loomis Road
Franklin, Wisconsin 53132

Dear Mr Rotzenberg:

Thank you for using Baker Tilly Virchow Krause, LLP ("Baker Tilly" or "we" or "our") as your auditors.

The purpose of this letter (the "Engagement Letter") is to confirm our understanding of the terms and objectives of our engagement and the nature of the services we will provide as independent accountants of the City of Franklin ("you" or "your").

Services and Related Report

We will audit the basic financial statements of the City of Franklin as of and for the year ended December 31, 2018, and the related notes to the financial statements. Upon completion of our audit, we will provide the City of Franklin with our audit report on the financial statements and supplemental information referred to below. If, for any reasons caused by or relating to the affairs or management of the City of Franklin, we are unable to complete the audit or are unable to or have not formed an opinion, or if we determine in our professional judgment the circumstances necessitate, we may withdraw and decline to issue a report as a result of this engagement.

In order to perform the professional services outlined in this Engagement Letter, Baker Tilly requires access to information subject to Title II of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). Federal law requires Baker Tilly to execute a Business Associate Agreement ("BA Agreement") prior to being granted this information. For your convenience, we have attached our firm standard BA Agreement for your review and signature as Addendum C. Please execute and return a copy with this Engagement Letter, keeping the original BA Agreement on file with your HIPAA compliance records.

The following supplementary information accompanying the financial statements will also be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole.

Combining and Individual Fund Financial Statements
Budgetary Comparison Schedules
Schedules of Capital Assets Used in Governmental Activities

Mr. Paul Rotzenberg
City of Franklin

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Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis, to supplement the City of Franklin's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City of Franklin's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

Management's Discussion and Analysis
OPEB - related schedules
Pension - related schedules

We will read the following other information accompanying the financial statements to identify any material inconsistencies with the audited financial statements; however, the other information will not be subjected to the auditing procedures applied in our audit of the financial statements and our auditor's report will not provide an opinion or any assurance on that other information:

Introductory Section
Statistical Section

The Schedule of Reconciliation Between the Basic Financial Statements and the 2017 Financial Report Form C required by Tax 16 accompanying the financial statements will also be subject to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole.

Our Responsibilities and Limitations

The objective of a financial statement audit is the expression of an opinion on the financial statements. We will be responsible for performing that audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). These standards require that we plan and perform our audit to obtain reasonable, rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management and the audit committee or equivalent group charged with governance of their responsibilities.

Mr. Paul Rotzenberg
City of Franklin

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The audit will include obtaining an understanding of the City of Franklin and its environment, including internal controls, sufficient to assess the risks of material misstatement of the financial statements and to determine the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal controls or to identify deficiencies in internal control. However, during the audit, we will communicate to management and the audit committee or equivalent group charged with governance internal control matters that are required to be communicated under professional standards.

We will design our audit to obtain reasonable, but not absolute, assurance of detecting errors or fraud that would have a material effect on the financial statements as well as other illegal acts having a direct and material effect on financial statement amounts. An audit is not designed to detect error or fraud that is immaterial to the financial statements. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement of the financial statements. It is important to recognize that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Our audit is not a guarantee of the accuracy of the financial statements and, therefore, is subject to the limitation that material errors or fraud or other illegal acts having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion, falsified documentation and management's ability to override controls, an audit designed and executed in accordance with GAAS may not detect a material fraud. Further, while effective internal control reduces the likelihood that errors, fraud or other illegal acts will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot ensure that errors, fraud or other illegal acts, if present, will be detected. However, we will communicate to you, as appropriate, any such matters that we identify during our audit.

We are also responsible for determining that the audit committee or equivalent group charged with governance is informed about certain other matters related to the conduct of the audit, including (i) our responsibility under GAAS, (ii) an overview of the planned scope and timing of the audit, and (iii) significant findings from the audit, which include (a) our views about the qualitative aspects of your significant accounting practices, accounting estimates, and financial statement disclosures; (b) difficulties encountered in performing the audit; (c) uncorrected misstatements and material corrected misstatements that were brought to the attention of management as a result of auditing procedures; and (d) other significant and relevant findings or issues (e.g., any disagreements with management about matters that could be significant to your financial statements or our report thereon, consultations with other independent accountants, issues discussed prior to our retention as independent auditors, fraud and illegal acts, and all significant deficiencies and material weaknesses identified during the audit). Lastly, we are responsible for ensuring that the audit committee or equivalent group charged with governance receives copies of certain written communications between us and management including written communications on accounting, auditing, internal controls or operational matters and representations that we are requesting from management.

The audit will not be planned or conducted in contemplation of reliance of any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be addressed differently by a third party, possibly in connection with a specific transaction.

The same degree of care, skill and diligence shall be exercised in the performance of the services as is possessed and exercised by a member of the same profession, currently practicing, under similar circumstances, and all persons providing such services under this Agreement shall have such active certifications, licenses and permissions as may be required by law.

Mr. Paul Rotzenberg
City of Franklin

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Management's Responsibilities

The City of Franklin's management is responsible for the financial statements referred to above. In this regard, management is responsible for establishing policies and procedures that pertain to the maintenance of adequate accounting records and effective internal controls over financial reporting, the selection and application of accounting principles, the authorization of receipts and disbursements, the safeguarding of assets, the proper recording of transactions in the accounting records, and for reporting financial information in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us in the management representation letter (i) about all known or suspected fraud affecting the City of Franklin involving: (a) management, (b) employees who have significant roles in internal control over financial reporting, and (c) others where the fraud or illegal acts could have a material effect on the financial statements; and (ii) of its knowledge of any allegations of fraud or suspected fraud affecting the City of Franklin received in communications from employees, former employees, analysts, grantors, regulators, or others.

You are responsible for the preparation of the supplementary information in conformity with GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (a) you are responsible for presentation of the supplementary information in accordance with GAAP; (b) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (c) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for (i) adjusting the basic financial statements to correct material misstatements and for affirming to us in a management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period under audit are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole, and (ii) notifying us of all material weaknesses, including other significant deficiencies, in the design or operation of your internal control over financial reporting that are reasonably likely to adversely affect your ability to record, process, summarize and report external financial data reliably in accordance with GAAP. Management is also responsible for identifying and ensuring that the City of Franklin complies with the laws and regulations applicable to its activities.

As part of management's responsibility for the financial statements and the effectiveness of its system of internal control over financial reporting, management is responsible for making available to us, on a timely basis, all of your original accounting records and related information and for the completeness and accuracy of that information and your personnel to whom we may direct inquiries. As required by GAAS, we will make specific inquiries of management and others about the representations embodied in the financial statements and the effectiveness of internal control over financial reporting. GAAS also requires that we obtain written representations covering audited financial statements from certain members of management. The results of our audit tests, the responses to our inquiries, and the written representations, comprise the evidential matter we intend to rely upon in forming our opinion on the financial statements.

Mr. Paul Rotzenberg
City of Franklin

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Baker Tilly is not a municipal advisor as defined in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or under Section 15B of the Securities Exchange Act of 1934 (the "Act"). Baker Tilly is not recommending an action to the City of Franklin; is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Act to you with respect to the information and material contained in the deliverables issued under this engagement. You should discuss any information and material contained in the deliverables with any and all internal and external advisors and experts that you deem appropriate before acting on this information or material.

Nonattest Services

Prior to or as part of our audit engagement, it may be necessary for us to perform certain nonattest services. For purposes of this letter, nonattest services include services that *Government Auditing Standards* refers to as non-audit services.

Nonattest services that we will be providing are as follows:

- > Financial statement assistance
- > Adjusting journal entries
- > Compiled regulatory reports

None of these nonattest services constitute an audit under generally accepted auditing standards including *Government Auditing Standards*.

We will not perform any management functions or make management decisions on your behalf with respect to any nonattest services we provide.

In connection with our performance of any nonattest services, you agree that you will:

- > Continue to make all management decisions and perform all management functions, including approving all journal entries and general ledger classifications when they are submitted to you.
- > Designate an employee with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we perform.
- > Evaluate the adequacy and results of the nonattest services we perform.
- > Accept responsibility for the results of our nonattest services.
- > Establish and maintain internal controls, including monitoring ongoing activities related to the nonattest function.

On a periodic basis, as needed, we will meet with you to discuss your accounting records and the management implications of your financial statements. We will notify you, in writing, of any matters that we believe you should be aware of and will meet with you upon request.

Mr. Paul Rotzenberg
City of Franklin

November 27, 2018
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In addition to the audit services discussed above, we will compile the Public Service Commission Annual Report. See Addendum A attached, which is an integral part of this Engagement Letter.

Other Documents

If you intend to reproduce or publish the financial statements in an annual report or other information (excluding official statements), and make reference to our firm name in connection therewith, you agree to publish the financial statements in their entirety. In addition, you agree to provide us, for our approval and consent, proofs before printing and final materials before distribution.

If you intend to reproduce or publish the financial statements in an official statement, unless we establish a separate agreement to be involved in the issuance, any official statements issued by the City of Franklin must contain a statement that Baker Tilly is not associated with the official statement, which shall read "Baker Tilly Virchow Krause, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Baker Tilly Virchow Krause, LLP, has also not performed any procedures relating to this official statement."

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

The documentation for this engagement, including the workpapers, is the property of Baker Tilly and constitutes confidential information. We may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. If we are required by law, regulation, or professional standards to make certain documentation available to regulators, the City of Franklin hereby authorizes us to do so.

Timing and Fees

Completion of our work is subject to, among other things, (i) appropriate cooperation from the City of Franklin's personnel, including timely preparation of necessary schedules, (ii) timely responses to our inquiries, and (iii) timely communication of all significant accounting and financial reporting matters. When and if for any reason the City of Franklin is unable to provide such schedules, information, and assistance, Baker Tilly and you may mutually revise the fee to reflect additional services, if any, required of us to complete the audit. Delays in the issuance of our audit report beyond the date that was originally contemplated may require us to perform additional auditing procedures which will likely result in additional fees.

Revisions to the scope of our work will be communicated to you and may be set forth in the form of an "Amendment to Existing Engagement Letter." In addition, if we discover compliance issues that require us to perform additional procedures and/or provide assistance with these matters, fees at our standard hourly rates apply.

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Our fees for services outlined in this letter are as follows:

	<u>2018</u>
City	\$ 24,500
Water	4,250
Sewer	4,250
TIF #3	1,000
TIF #4	1,000
TIF #5	1,000
Form C	2,000
PSC Report	<u>2,000</u>
Total	<u>\$ 40,000</u>

The fees above are fixed and not-to-exceed amounts. They are based on the known facts and circumstances as noted in our proposal dated July 6, 2016. Should circumstances change significantly during the course of this engagement, we will discuss with you the need for any revised audit fees. Our fees do include routine questions throughout the year fielded by Baker Tilly personnel. Invoices for these fees will be rendered each month as work progresses and are payable on presentation. A charge of 1.5% per month shall be imposed on accounts not paid within thirty (30) days of receipt of our statement for services provided. In accordance with our firm policies, work may be suspended if your account becomes thirty (30) days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notice of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We may use temporary contract staff to perform certain tasks on your engagement and will bill for that time at the rate that corresponds to Baker Tilly staff providing a similar level of service. Upon request, we will be happy to provide details on training, supervision, and billing arrangements we use in connection with these professionals.

Any additional services that may be requested, and we agree to provide, may be the subject of a separate engagement letter.

We may be required to disclose confidential information to federal, state and international regulatory bodies or a court in criminal or other civil litigation. In the event that we receive a request from a third party (including a subpoena, summons or discovery demand in litigation) calling for the production of information, we will promptly notify the City of Franklin, unless otherwise prohibited. In the event we are requested by the City of Franklin or required by government regulation, subpoena or other legal process to produce our engagement working papers or our personnel as witnesses with respect to services rendered to the City of Franklin, so long as we are not a party to the proceeding in which the information is sought, we may seek reimbursement for our professional time and expenses, as well as the fees and legal expenses, incurred in responding to such a request.

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Our fees are based on known circumstances at the time of this Engagement Letter. Should circumstances change significantly during the course of this engagement, we will discuss with you the need for any revised audit fees. This can result from changes at the City of Franklin, such as the turnover of key accounting staff, the addition of new funds or significant federal or state programs or changes that affect the amount of audit effort from external sources, such as new accounting and auditing standards that become effective that increase the scope of our audit procedures.

We would expect to continue to perform our services under the arrangements discussed above from year to year, unless for some reason you or we find that some change is necessary. We will, of course be happy to provide the City of Franklin with any other services you may find necessary or desirable.

Legal Terms

In no event shall either party be liable for any punitive damages arising out of or related to this Engagement Letter, even if the other party has been advised of the possibility of such damages.

Resolution of Disagreements

In the unlikely event that differences concerning services or fees should arise that are not resolved by mutual agreement, both parties agree to attempt in good faith to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under its mediation rules for professional accounting and related services disputes before resorting to litigation or any other dispute-resolution procedure. Each party shall bear their own expenses from mediation.

If mediation does not settle the dispute or claim, then the parties agree that the dispute or claim shall be settled by binding arbitration. The arbitration proceeding shall take place in the city in which the Baker Tilly office providing the relevant services is located, unless the parties mutually agree to a different location. The proceeding shall be governed by the provisions of the Federal Arbitration Act (FAA) and will proceed in accordance with the then current Arbitration Rules for Professional Accounting and Related Disputes of the AAA, except that no pre-hearing discovery shall be permitted unless specifically authorized by the arbitrator. The arbitrator will be selected from AAA, Judicial Arbitration & Mediation Services (JAMS), the Center for Public Resources or any other internationally or nationally-recognized organization mutually agreed upon by the parties. Potential arbitrator names will be exchanged within fifteen (15) days of the parties' agreement to settle the dispute or claim by binding arbitration, and arbitration will thereafter proceed expeditiously. The arbitration will be conducted before a single arbitrator, experienced in accounting and auditing matters. The arbitrator shall have no authority to award non-monetary or equitable relief and will not have the right to award punitive damages. The award of the arbitration shall be in writing and shall be accompanied by a well-reasoned opinion. The award issued by the arbitrator may be confirmed in a judgment by any federal or state court of competent jurisdiction. Each party shall be responsible for their own costs associated with the arbitration, except that the costs of the arbitrator shall be equally divided by the parties. The arbitration proceeding and all information disclosed during the arbitration shall be maintained as confidential, except as may be required for disclosure to professional or regulatory bodies or in a related confidential arbitration. In no event shall a demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim would be barred under the applicable statute of limitations.

Our services shall be evaluated solely on our substantial conformance with the terms expressly set forth herein, including all applicable professional standards. Any claim of nonconformance must be clearly and convincingly shown.

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Insurance

Baker Tilly shall, during the life of the agreement, maintain insurance coverage with an authorized insurance carrier at least equal to the minimum limits set forth below:

- A. Limit of General/Commercial Liability \$2,000,000
- B. Automobile Liability: Bodily Injury/Property Damage \$1,000,000
- C. Excess Liability for General Commercial or Automobile Liability \$10,000,000
- D. Worker's Compensation and Employers' Liability \$500,000
- E. Professional Liability \$2,000,000

Upon the execution of this agreement, Baker Tilly shall supply you with a suitable statement certifying said protection and defining the terms of the policy issued, which shall specify that such protection shall not be cancelled without thirty (30) calendar days prior notice to you by Baker Tilly, and naming you as an additional insured for General Liability.

Release

Because of the importance of the information that you provide to Baker Tilly with respect to Baker Tilly's ability to perform the services, you hereby release Baker Tilly and its present and former partners, principals, agents and employees from any liability, damages, fees, expenses and costs, including attorney's fees, relating to the services, that arise from or relate to any information, including representations by management, provided by you, City of Franklin personnel or agents, that is not complete, accurate or current.

Each party recognizes and agrees that the warranty disclaimers and liability and remedy limitations in this Engagement Letter are material bargained for bases of this Engagement Letter and that they have been taken into account and reflected in determining the consideration to be given by each party under this Engagement Letter and in the decision by each party to enter into this Engagement Letter.

The terms of this section shall apply regardless of the nature of any claim asserted (including, but not limited to, contract, tort or any form of negligence, whether of you, Baker Tilly or others), but these terms shall not apply to the extent finally determined to be contrary to the applicable law or regulation. These terms shall also continue to apply after any termination of this Engagement Letter.

Other Matters

Neither this Engagement Letter, any claim, nor any rights or licenses granted hereunder may be assigned, delegated, or subcontracted by either party without the written consent of the other party. Either party may assign and transfer this Engagement Letter to any successor that acquires all or substantially all of the business or assets of such party by way of merger, consolidation, other business reorganization, or the sale of interest or assets, provided that the party notifies the other party in writing of such assignment and the successor agrees in writing to be bound by the terms and conditions of this Engagement Letter.

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Baker Tilly Virchow Krause, LLP represents as follows: Baker Tilly Virchow Krause, LLP is an independent member of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such. Baker Tilly Virchow Krause, LLP is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly Virchow Krause, LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.

This Engagement Letter constitutes the entire agreement between the City of Franklin and Baker Tilly regarding the services described in this Engagement Letter and supersedes and incorporates all prior or contemporaneous representations, understandings or agreements, and may not be modified or amended except by an agreement in writing signed between the parties hereto.

The provisions of this Engagement Letter, which expressly or by implication are intended to survive its termination or expiration, will survive and continue to bind both parties. If any provision of this Engagement Letter is declared or found to be illegal, unenforceable or void, then both parties shall be relieved of all obligations arising under such provision, but if the remainder of this Engagement Letter shall not be affected by such declaration or finding and is capable of substantial performance, then each provision not so affected shall be enforced to the extent permitted by law or applicable professional standards.

If because of a change in the City of Franklin's status or due to any other reason, any provision in this Engagement Letter would be prohibited by, or would impair our independence under laws, regulations or published interpretations by governmental bodies, commissions or other regulatory agencies, such provision shall, to that extent, be of no further force and effect and this agreement shall consist of the remaining portions.

This agreement shall be governed by and construed in accordance with the laws of the state of Wisconsin, without giving effect to the provisions relating to conflict of laws. The parties herein acknowledge that this contract is subject to the Wisconsin Open Records law.

We appreciate the opportunity to be of service to you.

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If there are any questions regarding the Engagement Letter, please contact John Knepel, the engagement partner on this engagement who is responsible for the overall supervision and review of the engagement and for determining that the engagement has been completed in accordance with professional standards. John Knepel is available at 414 777 5359, or at John.Knepel@bakertilly.com.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

Baker Tilly Virchow Krause, LLP

Enclosures

The services and terms as set forth in the Engagement Letter are agreed to by:

CITY OF FRANKLIN

BY _____
Stephen R. Olson, Mayor

Dated: _____

ATTEST:

BY _____
Sandra L. Wesolowski, City Clerk

Dated: _____

BY _____
Paul Rotzenberg, Director of
Finance and Treasurer

Dated: _____

APPROVED AS TO FORM:

BY _____
Jesse A. Wesolowski, City Attorney

Dated: _____

**PLEASE SIGN
& DATE**

ADDENDUM A

We will perform the following services:

1. We will compile, from information you provide, the Public Service Commission Annual Report, including the balance sheets of the Franklin Municipal Water Utility, an enterprise fund of the City of Franklin, as of December 31, 2018 and 2017, and the related statements of income and retained earnings for the years then ended and the supplemental schedules as of and for the year ended December 31, 2018. Upon completion of the Public Service Commission Annual Report, we will provide you with our accountants' compilation report. If for any reason caused by or relating to affairs or management of the City of Franklin, we are unable to complete the compilation or if we determine in our professional judgment the circumstances necessitate, we may withdraw and decline to submit the Public Service Commission Annual Report to you as a result of this engagement.

Our report on the Public Service Commission Annual Report of the City of Franklin is presently expected to read as follows:

Management is responsible for the balance sheets of the Franklin Municipal Water Utility, an enterprise fund of the City of Franklin, as of December 31, 2018 and 2017, and the related statements of income and retained earnings for the years then ended and the supplemental schedules as of and for the year ended December 31, 2018 included in the accompany prescribed form. We have performed a compilation engagement in accordance with *Statements on Standards of Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements included in the prescribed form.

These financial statements included in the accompanying prescribed form are presented in accordance with the requirements of the Public Service Commission of Wisconsin, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Public Service Commission of Wisconsin and is not intended to be and should not be used by anyone other than this specified party.

Our Responsibilities and Limitations

We will be responsible for performing the compilation in accordance with *Statements on Standards for Accounting and Review Services* established by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements. We will utilize information that is the representation of management without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with GAAP.

Our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist and, because of the limited nature of our work, detection is highly unlikely. However, we will inform the appropriate level of management of any material errors, and of any evidence that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this Engagement Letter.

Management's Responsibilities

The City of Franklin's management is responsible for the financial statements referred to above. In this regard, management is responsible for (i) the preparation and fair presentation of the financial statements included in the form prescribed by the Public Service Commission of Wisconsin, (ii) designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements, (iii) preventing and detecting fraud, (iv) identifying and ensuring that you comply with the laws and regulations applicable to its activities, and (v) making all financial records and related information available to us. Management also is responsible for identifying and ensuring that you comply with the laws and regulations applicable to its activities.

Management is responsible for providing us with the information necessary for the compilation of the financial statements and the completeness and the accuracy of that information and for making your personnel available to whom we may direct inquiries regarding the compilation. We may make specific inquiries of management and others about the representations embodied in the financial statements.

**ADDENDUM B
BUSINESS ASSOCIATE AGREEMENT
BETWEEN CITY OF FRANKLIN
and
BAKER TILLY VIRCHOW KRAUSE, LLP**

THIS BUSINESS ASSOCIATE AGREEMENT (BA Agreement) replaces previous business associate agreements between Baker Tilly Virchow Krause, LLP (Business Associate) and City of Franklin (Covered Entity) (each a "Party" and collectively the "Parties") and is effective on November 27, 2018 ("Effective Date").

1. PREAMBLE

Covered Entity and Business Associate enter into this BA Agreement to comply with the requirements of: (i) the implementing regulations at 45 C.F.R. Parts 160, 162 and 164 for the Administrative Simplification provisions of Title II, Subtitle F of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) (i.e., the HIPAA Privacy, Security, Electronic Transaction, Breach Notification and Enforcement Rules the (Implementing Regulations)), (ii) the requirements of the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009 the (HITECH Act) that are applicable to business associates and (iii) the requirements of the final modifications to the HIPAA Privacy, Security, Enforcement and Breach Notification Rules as issued on January 25, 2013, and effective March 26, 2013, (75 Fed. Reg. 5566 (Jan. 25, 2013)) the (Final Regulations). The Implementing Regulations, the HITECH Act and the Final Regulations are collectively referred to in this BA Agreement as the "HIPAA Requirements".

Covered Entity and Business Associate agree to incorporate into this BA Agreement any regulations issued by the U.S. Department of Health and Human Services (DHHS) with respect to the HIPAA Requirements that relate to the obligations of business associates and that are required to be (or should be) reflected in a business associate agreement. Business Associate recognizes and agrees that it is obligated by law to meet the applicable provisions of the HIPAA Requirements and that it has direct liability for any violations of the HIPAA Requirements.

2. DEFINITIONS

- (a) "Breach" shall mean, as defined in 45 C.F.R. § 164.402, the acquisition, access, use or disclosure of Unsecured Protected Health Information in a manner not permitted by the HIPAA Requirements that compromises the security or privacy of that Protected Health Information.
- (b) "Business Associate Subcontractor" shall mean, as defined in 45 C.F.R. § 160.103, any entity (including an agent) that creates, receives, maintains or transmits Protected Health Information on behalf of Business Associate.
- (c) "Electronic PHI" shall mean, as defined in 45 C.F.R. § 160.103, Protected Health Information that is transmitted or maintained in any Electronic Media.
- (d) "Limited Data Set" shall mean, as defined in 45 C.F.R. § 164.514(e), Protected Health Information that excludes the following direct identifiers of the individual or of relatives, employers or household members of the individual:
 - (i) Names;
 - (ii) Postal address information, other than town or city, State and zip code;
 - (iii) Telephone numbers;
 - (iv) Fax numbers;
 - (v) Electronic mail addresses;
 - (vi) Social security numbers;

- (vii) Medical record numbers;
- (viii) Health plan beneficiary numbers;
- (ix) Account numbers;
- (x) Certificate/license numbers;
- (xi) Vehicle identifiers and serial numbers, including license plate numbers;
- (xii) Device identifiers and serial numbers;
- (xiii) Web Universal Resource Locators (URLs);
- (xiv) Internet Protocol (IP) address numbers;
- (xv) Biometric identifiers, including finger and voice prints; and
- (xvi) Full face photographic images and any comparable images.

(e) "Protected Health Information" or "PHI" shall mean, as defined in 45 C.F.R. § 160.103, information created or received by a Health Care Provider, Health Plan, employer or Health Care Clearinghouse, that (i) relates to the past, present or future physical or mental health or condition of an individual, provision of health care to the individual or the past, present or future payment for provision of health care to the individual, (ii) identifies the individual, or with respect to which there is a reasonable basis to believe the information can be used to identify the individual and (iii) is transmitted or maintained in an electronic medium, or in any other form or medium. The use of the term "Protected Health Information" or "PHI" in this BA Agreement shall mean both Electronic PHI and non-Electronic PHI, unless another meaning is clearly specified.

(f) "Security Incident" shall mean, as defined in 45 C.F.R. § 164.304, the attempted or successful unauthorized access, use, disclosure, modification or destruction of information or interference with system operations in an information system.

(g) "Unsecured Protected Health Information" shall mean, as defined in 45 C.F.R. § 164.402, Protected Health Information that is not rendered unusable, unreadable or indecipherable to unauthorized persons through the use of a technology or methodology specified by DHHS.

(h) All other capitalized terms used in this BA Agreement shall have the meanings set forth in the applicable definitions under the HIPAA Requirements.

3. GENERAL TERMS

(a) In the event of an inconsistency between the provisions of this BA Agreement and a mandatory term of the HIPAA Requirements (as these terms may be expressly amended from time to time by the DHHS or as a result of interpretations by DHHS, a court or another regulatory agency with authority over the Parties), the interpretation of DHHS, such court or regulatory agency shall prevail. In the event of a conflict among the interpretations of these entities, the conflict shall be resolved in accordance with rules of precedence.

(b) Where provisions of this BA Agreement are different from those mandated by the HIPAA Requirements, but are nonetheless permitted by the HIPAA Requirements, the provisions of this BA Agreement shall control.

(c) Except as expressly provided in the HIPAA Requirements or this BA Agreement, this BA Agreement does not create any rights in third parties.

4. SPECIFIC REQUIREMENTS

(a) Flow-Down of Obligations to Business Associate Subcontractors. Business Associate agrees that as required by the HIPAA Requirements, Business Associate will enter into a written agreement with all Business Associate Subcontractors that: (i) requires them to comply with the Privacy and Security Rule provisions of this BA Agreement in the same manner as required of Business Associate and (ii) notifies such Business Associate Subcontractors that they will incur liability under the HIPAA Requirements for non-compliance with such provisions. Accordingly, Business Associate shall ensure that all Business Associate Subcontractors agree in writing to the same privacy and security restrictions, conditions and requirements that apply to Business Associate with respect to PHI.

(b) Privacy of Protected Health Information

(i) Permitted Uses and Disclosures of PHI. Business Associate agrees to create, receive, use, disclose, maintain or transmit PHI only in a manner that is consistent with this BA Agreement or the HIPAA Requirements and only in connection with providing the services to Covered Entity identified in the Engagement Letter and this BA Agreement. Accordingly, in providing services to or for the Covered Entity, Business Associate, for example, will be permitted to use and disclose PHI for "Treatment, Payment, and Health Care Operations," as those terms are defined in the HIPAA Requirements. Business Associate further agrees that to the extent it is carrying out one or more of the Covered Entity's obligations under the Privacy Rule (Subpart E of 45 C.F.R. Part 164), it shall comply with the requirements of the Privacy Rule that apply to the Covered Entity in the performance of such obligations.

(1) Business Associate shall report to Covered Entity any use or disclosure of PHI that is not provided for in this BA Agreement, including reporting Breaches of Unsecured Protected Health Information as required by 45 C.F.R. § 164.410 and required by Section 4(d)(ii) below.

(2) Business Associate shall establish, implement and maintain appropriate safeguards and comply with the Security Standards (Subpart C of 45 C.F.R. Part 164) with respect to Electronic PHI, as necessary to prevent any use or disclosure of PHI other than as provided for by this BA Agreement.

(ii) Business Associate Obligations. As permitted by the HIPAA Requirements, Business Associate also may use or disclose PHI received by the Business Associate in its capacity as a Business Associate to the Covered Entity for Business Associate's own operations if:

(1) the use relates to: (1) the proper management and administration of the Business Associate or to carry out legal responsibilities of the Business Associate or (2) data aggregation services relating to the health care operations of the Covered Entity or

(2) the disclosure of information received in such capacity will be made in connection with a function, responsibility or services to be performed by the Business Associate, and such disclosure is required by law or the Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidential and the person agrees to notify the Business Associate of any Breaches of confidentiality.

(iii) Minimum Necessary Standard and Creation of Limited Data Set. Business Associate's use, disclosure or request of PHI shall utilize a Limited Data Set if practicable. Otherwise, in performing the functions and activities as specified in the Engagement Letter and this BA Agreement, Business Associate agrees to use, disclose or request only the minimum necessary PHI to accomplish the intended purpose of the use, disclosure or request.

(iv) Access. In accordance with 45 C.F.R. § 164.524 of the HIPAA Requirements, Business Associate will make available to the Covered Entity (or as directed by the Covered Entity, to those individuals who are the subject of the PHI (or their designees)), their PHI in the Designated Record Set. Business Associate shall make such information available in an electronic format where directed by the Covered Entity.

(v) Disclosure Accounting. Business Associate shall make available the information necessary to provide an accounting of disclosures of PHI as provided for in 45 C.F.R. § 164.528 of the HIPAA Requirements by making such information available to the Covered Entity or (at the direction of the Covered Entity) making such information available directly to the individual.

(vi) Amendment. Business Associate shall make PHI in a Designated Record Set available for amendment and, as directed by the Covered Entity, incorporate any amendment to PHI in accordance with 45 C.F.R. § 164.526 of the HIPAA Requirements.

(vii) Right to Request Restrictions on the Disclosure of PHI and Confidential Communications. If an individual submits a Request for Restriction or Request for Confidential Communications to the Business Associate, Business Associate and Covered Entity agree that Business Associate, on behalf of Covered Entity, will evaluate and respond to these requests according to Business Associate's own procedures for such requests.

(viii) Return or Destruction of PHI. Upon the termination or expiration of the Engagement Letter or this BA Agreement, Business Associate agrees to return the PHI to Covered Entity, destroy the PHI (and retain no copies) or if Business Associate determines that return or destruction of the PHI is not feasible, (a) continue to extend the protections of this BA Agreement and of the HIPAA Requirements to the PHI and (b) limit any further uses and disclosures of the PHI to the purpose making return or destruction infeasible.

(ix) Availability of Books and Records. Business Associate shall make available to DHHS or its agents the Business Associate's internal practices, books and records relating to the use and disclosure of PHI in connection with this BA Agreement.

(x) Termination for Breach.

(1) Business Associate agrees that Covered Entity shall have the right to terminate this BA Agreement or seek other remedies if Business Associate violates a material term of this BA Agreement.

(2) Covered Entity agrees that Business Associate shall have the right to terminate this BA Agreement or seek other remedies if Covered Entity violates a material term of this BA Agreement.

(c) Information and Security Standards

(i) Business Associate will develop, document, implement, maintain and use appropriate Administrative, Technical and Physical Safeguards to preserve the Integrity, Confidentiality and Availability of, and to prevent non-permitted use or disclosure of, Electronic PHI created or received for or from the Covered Entity.

(ii) Business Associate agrees that with respect to Electronic PHI, these Safeguards, at a minimum, shall meet the requirements of the HIPAA Security Standards applicable to Business Associate.

(iii) More specifically, to comply with the HIPAA Security Standards for Electronic PHI, Business Associate agrees that it shall:

(1) Implement Administrative, Physical and Technical Safeguards consistent with (and as required by) the HIPAA Security Standards that reasonably protect the Confidentiality, Integrity and Availability of Electronic PHI that Business Associate creates, receives, maintains or transmits on behalf of Covered Entity. Business Associate shall develop and implement policies and procedures that meet the documentation requirements as required by the HIPAA Requirements;

(2) As also provided for in Section 4(a) above, ensure that any Business Associate Subcontractor agrees to implement reasonable and appropriate safeguards to protect the Electronic PHI;

(3) Report to Covered Entity any unauthorized access, use, disclosure, modification or destruction of PHI (including Electronic PHI) not permitted by this BA Agreement, applicable law or permitted by Covered Entity in writing ("Successful Security Incidents" or Breaches) of which Business Associate becomes aware. Business Associate shall report such Successful Security Incidents or Breaches to Covered Entity as specified in Section 4(d)(iii)(1);

(4) For Security Incidents that do not result in unauthorized access, use, disclosure, modification or destruction of PHI (including, for purposes of example and not for purposes of limitation, pings on Business Associate's firewall, port scans, attempts to log onto a system or enter a database with an invalid password or username, denial-of-service attacks that do not result in the system being taken off-line or malware such as worms or viruses) ("Unsuccessful Security Incidents"), aggregate the data and, upon the Covered Entity's written request, report to the Covered Entity in accordance with the reporting requirements identified in Section 4(d)(iii)(2);

(5) Take all commercially reasonable steps to mitigate, to the extent practicable, any harmful effect that is known to Business Associate resulting from any unauthorized access, use, disclosure, modification or destruction of PHI;

(6) Permit termination of this BA Agreement if the Covered Entity determines that Business Associate has violated a material term of this BA Agreement with respect to Business Associate's security obligations and Business Associate is unable to cure the violation; and

(7) Upon Covered Entity's request, provide Covered Entity with access to and copies of documentation regarding Business Associate's safeguards for PHI and Electronic PHI.

(d) Notice and Reporting Obligations of Business Associate

(i) Notice of Non-Compliance with the BA Agreement. Business Associate will notify Covered Entity within 30 calendar days after discovery, any unauthorized access, use, disclosure, modification or destruction of PHI (including any successful Security Incident) that is not permitted by this BA Agreement, by applicable law or permitted in writing by Covered Entity, whether such non-compliance is by (or at) Business Associate or by (or at) a Business Associate Subcontractor.

(ii) Notice of Breach. Business Associate will notify Covered Entity following discovery and without unreasonable delay but in no event later than 30 calendar days following discovery, any Breach of Unsecured Protected Health Information, whether such Breach is by Business Associate or by Business Associate Subcontractor.

(1) As provided for in 45 C.F.R. § 164.402, Business Associate recognizes and agrees that any acquisition, access, use or disclosure of PHI in a manner not permitted under the HIPAA Privacy Rule (Subpart E of 45 C.F.R. Part 164) is presumed to be a Breach. As such, Business Associate shall (i) notify Covered Entity of any non-permitted acquisition, access, use or disclosure of PHI and (ii) assist Covered Entity in performing (or at Covered Entity's direction, perform) a risk assessment to determine if there is a low probability that the PHI has been compromised.

(2) Business Associate shall cooperate with Covered Entity in meeting the Covered Entity's obligations under the HIPAA Requirements and any other security breach notification laws. Business Associate shall follow its notification to the Covered Entity with a report that meets the requirements outlined immediately below.

(iii) Reporting Obligations.

(1) For Successful Security Incidents and Breaches, Business Associate – without unreasonable delay and in no event later than 30 calendar days after Business Associate learns of such non-permitted use or disclosure (whether at Business Associate or at Business Associate Subcontractor) – shall provide Covered Entity a report that will:

- a. Identify (if known) each individual whose Unsecured Protected Health Information has been or is reasonably believed by Business Associate to have been accessed, acquired or disclosed;
- b. Identify the nature of the non-permitted access, use or disclosure including the date of the incident and the date of discovery;
- c. Identify the PHI accessed, used or disclosed (e.g., name; social security number; date of birth);
- d. Identify what corrective action Business Associate (or Business Associate Subcontractor) took or will take to prevent further non-permitted accesses, uses or disclosures;
- e. Identify what Business Associate (or Business Associate Subcontractor) did or will do to mitigate any deleterious effect of the non-permitted access, use or disclosure; and
- f. Provide such other information, including a written report, as the Covered Entity may reasonably request.

(2) For Unsuccessful Security Incidents, Business Associate shall provide Covered Entity, upon its written request, a report that:

- a. identifies the categories of Unsuccessful Security Incidents as described in Section 4(c)(iii)(4),
- b. indicates whether Business Associate believes its (or its Business Associate Subcontractor's) current defensive security measures are adequate to address all Unsuccessful Security Incidents, given the scope and nature of such attempts and
- c. if the security measures are not adequate, the measures Business Associate (or Business Associate Subcontractor) will implement to address the security inadequacies.

(iv) Termination.

(1) Covered Entity and Business Associate each will have the right to terminate this BA Agreement if the other Party has engaged in a pattern of activity or practice that constitutes a material breach or violation of Business Associate's or the Covered Entity's respective obligations regarding PHI under this BA Agreement and, on notice of such material breach or violation from the Covered Entity or Business Associate, fails to take reasonable steps to cure the material breach or end the violation.

(2) If Business Associate or Covered Entity fail to cure the material breach or end the violation after the other Party's notice, Covered Entity or Business Associate (as applicable) may terminate this BA Agreement by providing Business Associate or Covered Entity written notice of termination, stating the uncured material breach or violation that provides the basis for the termination and specifying the effective date of the termination. Such termination shall be effective 60 days from this termination notice.

(v) Continuing Privacy and Security Obligations. Business Associate's and Covered Entity's obligation to protect the privacy and security of the PHI it created, received, maintained or transmitted in connection with services to be provided under the Engagement Letter and this BA Agreement will be continuous and survive termination, cancellation, expiration or other conclusion of this BA Agreement or the Engagement Letter. Business Associate's other obligations and rights, and Covered Entity's obligations and rights upon termination, cancellation, expiration or other conclusion of this BA Agreement, are those set forth in this BA Agreement and/or the Engagement Letter.

IN WITNESS WHEREOF, the Parties have signed this BA Agreement on the dates indicated below.

BAKER TILLY VIRCHOW KRAUSE, LLP

BY John A. Knepel
John A. Knepel, Partner

Dated: 11/27/18

CITY OF FRANKLIN

BY _____
Stephen R. Olson, Mayor

Dated: _____

ATTEST:

BY _____
Sandra L. Wesolowski, City Clerk

Dated: _____

BY _____
Paul Rotzenberg, Director of
Finance and Treasurer

Dated: _____

APPROVED AS TO FORM:

BY _____
Jesse A. Wesolowski, City Attorney

Dated: _____

**PLEASE SIGN
& DATE**

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APPROVAL <i>slw</i>	REQUEST FOR COUNCIL ACTION	MTG. DATE December 4, 2018
Reports & Recommendations	RESOLUTION TO AMEND PROFESSIONAL SERVICES CONTRACT WITH GREELEY AND HANSEN FOR THE DESIGN OF INDUSTRIAL PARK LIFT STATION ABANDONMENT AND SEWER EXTENSION FOR AN ADDITIONAL \$95,510.	ITEM NO. <i>G.15.</i>

BACKGROUND

At the August 21, 2018, Common Council meeting, an Intergovernmental Cooperation Agreement with City of Waukesha, Water Utility was signed to share expenses of abandoning the industrial park (S. 60th Street) lift station with a gravity sewer to the Ryan Creek Interceptor (RCI) in W. Ryan Road as the RCI was envisioned and designed. A cursory evaluation concluded that sharing expenses with Waukesha could save at least \$700,000 and potentially \$1.7 million. Also at that meeting, Greeley and Hansen was authorized a fee of \$4,425 to perform an evaluation of utilizing Waukesha's Great Water Alliance (GWA) project verses rehabilitating/replacing the 37-year old lift station to ensure that abandoning the lift station is cost effective.

ANALYSIS

Waukesha signed the same Intergovernmental Cooperation Agreement on September 20, 2018. Greeley and Hansen has completed the requested evaluation (enclosed) and has demonstrated that abandoning the lift station will save approximately \$1 million in present costs and eliminates the need to perform a major replacement/rehabilitation in 20-30 years. Given these facts, Staff recommends that it is appropriate to proceed with the design of the abandonment of the lift station and replace with a gravity sewer to the RCI within the GWA project.

Greeley and Hansen's contract split the work into two phases and the second phase was intended to be spread over two years. However, there was a delay in signing the contract so the remainder of the anticipated 2018 work will actually be done in 2019 (Phase 2A). The remainder of the work (Phase 2B) will also be completed in 2019 in preparation for bidding in late 2019 and construction beginning in 2020. The tasks allocated per year are as follows:

	Phase 1 (Done)	Phase 2A (2018/2019)	Phase 2B (2019)
<u>Phase 1</u>			
Task 1 Project Magagent (15%)	\$1,425		
Task 2 Evaluation	\$3,000		
<u>Phase 2</u>			
Task 1 Project Management (60%)		\$5,700	
Task 1 Project Management (25%)			\$2,375
Task 3 Preliminary Design		\$33,750	
Task 4 90% Design		\$50,560	
Task 4 Final Design			\$12,640
Task 5 GWA Coordination	\$0	\$0	\$0
Task 6 Bidding Services			\$2,100
Other Direct Costs		\$500	
Geotechnical Subconsultant		\$5,000	
TOTALS:	\$4,425	\$95,510	\$17,115

The 2018 Sewer Improvement Fund includes a \$100,000 appropriation for design of this project. \$4,425 + \$95,510 = \$99,935 to be awarded in calendar year 2018 and encumbered for work to continue in 2019. Later in 2019, an amendment to the contract for \$17,115 for phase 2B will allow Greeley and Hansen to complete the design and include in GWA's project expected to be advertised for bid in November 2019.

OPTIONS

- A. Authorize Greeley and Hansen to complete design work identified in Phase 2A. Or,
- B. Refer back to Staff with further direction.

FISCAL NOTE

The 2018 Sewer Improvement Fund includes a \$100,000 appropriation for design of this project. The sanitary sewer rehabilitation budget includes \$50,000 that will fund the anticipated \$17,115 for the Phase 2B work. Finance is studying impacts of the project construction costs.

RECOMMENDATION

(Option A) Resolution 2018-_____ a resolution to amend professional services contract with Greeley And Hansen for the design of Industrial Park Lift Station abandonment and sewer extension for an additional \$95,510.

Engineering Department: GEM

STATE OF WISCONSIN : CITY OF FRANKLIN : MILWAUKEE COUNTY

RESOLUTION NO. 2018 - _____

A RESOLUTION TO AMEND PROFESSIONAL SERVICES CONTRACT WITH GREELEY
AND HANSEN FOR THE DESIGN OF INDUSTRIAL PARK LIFT STATION
ABANDONMENT AND SEWER EXTENSION FOR AN ADDITIONAL \$95,510

WHEREAS, the City of Franklin desires to abandon the Industrial Park Lift Station by constructing a gravity sewer to the Ryan Creek Interceptor northwards along S. 60th Street around the year 2021; and

WHEREAS, the City of Waukesha Water Utility desires to construct a water return line for the Great Lakes Water Alliance (GWA) project in the S. 60th Street corridor around the year 2021; and

WHEREAS, GWA will incorporate Franklin's project into their project; and

WHEREAS, Greeley and Hansen has demonstrated that there is a significant savings to proceed with the abandonment of the lift station instead of: rehabilitating the existing lift station; replacing the existing lift station; or installing a new gravity sewer with trenchless technology (micro tunneling); and

WHEREAS, GWA plans to advertise for bids the construction in November 2019; and

WHEREAS, Greeley and Hansen is uniquely qualified to design the desired improvements for the City of Franklin and coordinate with GWA.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Common Council of the City of Franklin, Wisconsin, that an amendment of a professional services contract be executed for the industrial park lift station abandonment and sewer extension and furthermore that Greeley and Hansen be authorized a notice to proceed for Phase 2A services for a not to exceed amount of \$95,510.

Introduced at a regular meeting of the Common Council of the City of Franklin the
_____ day of _____, 2018, by Alderman _____.

PASSED AND ADOPTED by the Common Council of the City of Franklin on the
_____ day of _____, 2018.

APPROVED:

Stephen R. Olson, Mayor

ATTEST:

Sandra L. Wesolowski, City Clerk

AYES _____ NOES _____ ABSENT _____



60th Street Lift Station Abandonment and New Gravity Sewer

Conveyance Alternatives Evaluation

City of Franklin

November 2018



GREELEY AND HANSEN

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Executive Summary

The City of Franklin (City), located in Milwaukee County, WI, provides sewer services to approximately 26,000 City residents as well as local industries. The City Sanitary Sewer Division owns, operates and maintains five sanitary sewer lift stations. One of those lift stations is the 60th Street Industrial Park Lift Station (lift station), which is located on the east side of S. 60th Street, midblock, between W. Franklin Drive and W. Oakwood Drive. This lift station pumps sanitary sewage about 4,000 feet north to the Ryan Creek Interceptor. The lift station is approximately 37 years old and, in spite of regular maintenance, is beyond its anticipated useful working life. The City is looking to address the aging infrastructure.

The Great Water Alliance (GWA) project is planning to install a 30-inch pipeline from Waukesha to the Root River, south of Oakdale Road in Franklin. The proposed alignment of this pipeline is south on 60th Street from Ryan Road to Oakdale Road and will run directly past the current lift station. Understanding that there may be an opportunity for significant cost savings through the coordination of construction projects, the City has requested an evaluation of alternative sewage conveyance methods. The evaluation includes a conceptual cost comparison for the alternatives, taking into account any potential cost savings through coordination with the GWA project. The alternatives are:

- Alternative 1: Refurbish and upgrade the existing lift station.
- Alternative 2: Design and construct a new lift station to replace the existing lift station.
- Alternative 3: Design and construct a new gravity sewer to convey sanitary sewage to the Ryan Creek Interceptor via open cut construction.
- Alternative 4: Design and construct a new gravity sewer to convey sanitary sewage to the Ryan Creek Interceptor via microtunneling.

The GWA project is a pipeline, installed via open cut construction, and does not require contractors that specialize in microtunneling or lift station repair / installation. As such, the opportunities for construction coordination and cost savings are generally only available for Alternative 3. It is anticipated that Alternative 3 could realize a cost savings of approximately \$750,000 if coordinated with the GWA project.

Alternative 1 was deemed not feasible. Alternative 3 is anticipated to be in excess of \$1.0 million (present day cost) less expensive than Alternative 2 and in excess of \$1.8 million less expensive than Alternative 4. This is generally due to a lower base conceptual cost, cost savings through coordination with the GWA project, a lower engineering cost, and a lower future cost of operation and maintenance. As such, Greeley and Hansen recommends that the City of Franklin proceed with Alternative 3: The Design and Construct a New Gravity Sewer.



Section 1 Introduction

1.1 Background and Purpose

The 60th Street Industrial Park Lift Station (lift station), which is located on the east side of S. 60th Street, midblock, between W. Franklin Drive and W. Oakwood Drive receives sanitary sewage from adjacent areas and pumps it to the Ryan Creek Interceptor (RCI). The tie in location to the RCI is approximately 4,000 feet north of the lift station in the intersection of S. 60th Street and Ryan Road. During the conceptual design of the RCI, it was identified that the final grade of the RCI would be low enough to accommodate a gravity sewer from the lift station location. Installing a gravity sewer to convey the sanitary sewage to the RCI would allow elimination of the lift station.

The lift station is approximately 37 years old and, in spite of regular maintenance, is beyond its anticipated useful working life. The City of Franklin (City) has identified four alternatives to maintain a reliable sewage collection and conveyance system and has requested an evaluation for the following alternatives:

- Alternative 1: Refurbish and upgrade the existing lift station.
- Alternative 2: Design and construct a new lift station to replace the existing lift station.
- Alternative 3: Design and construct a new gravity sewer to convey sanitary sewage to the Ryan Creek Interceptor.
- Alternative 4: Design and construct a new gravity sewer to convey sanitary sewage to the Ryan Creek Interceptor via microtunneling.

The Great Water Alliance (GWA) project is planning to install a 30-inch pipeline from Waukesha to the Root River, south of Oakdale Road in Franklin. The proposed alignment of this pipeline is south on 60th Street from Ryan Road to Oakdale Road and will run directly past the current lift station. Understanding that there may be an opportunity for significant cost savings through the coordination of construction projects, the City has requested the evaluations of the above alternatives incorporate any cost saving opportunities provided by coordinating work with the GWA project.

Previously, a conceptual cost comparison was done to compare the cost of constructing a new gravity sewer using (1) an open-cut construction method and (2) a microtunneling construction method. Microtunneling is typically more expensive than an open-cut construction method at similar trench depths and sewer lengths as anticipated for this project. The conceptual cost for microtunneling is between \$4.0 and \$4.5 million, which is \$1.3 to \$1.8 million more than Alternative 3. There are no opportunities for cost savings through construction coordination with the GWA project using Alternative 4. As such, construction of a new gravity sewer using microtunneling as a construction method will not be evaluated further.

Section 2 Existing Conditions

2.1 Existing Conditions

The existing lift station is constructed in a wet well / dry well type configuration. The wet well has two inlets (one 18-inch inlet from the east originating from the adjacent industrial park and one 8-inch inlet from the west that collects sanitary flow from the adjacent residential area). The City has indicated that over 90% of the sanitary sewage flow comes from the industrial park.

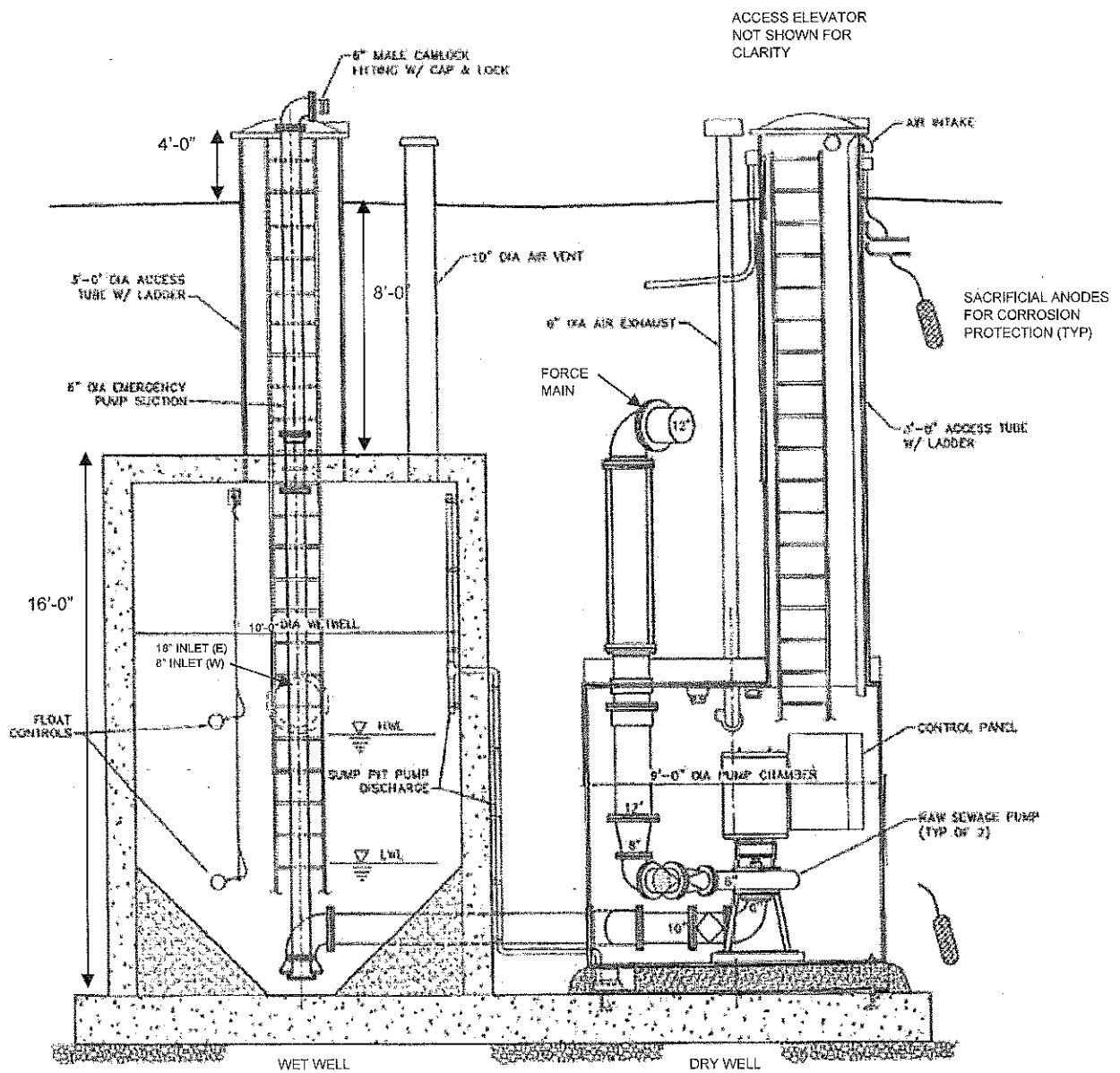
The wet well is constructed of a 16-foot tall by 10-foot diameter concrete manhole with a flat concrete cover. The concrete cover is located approximately eight feet below grade. A steel access riser extends from the concrete cover to approximately four feet above grade where it is capped with an access hatch. The steel access riser is centered on the concrete cover. The metal access hatch and the interior of the steel access riser are visibly corroded. The interior walls of the concrete manhole are not visible from the surface and therefore, it is not feasible to ascertain the condition of the concrete. A condition assessment of the steel access riser and the interior concrete of the manhole would require a full system shutdown, bypass pumping, and specialty inspectors.

The current size of the wet well does not provide a sufficient surge capacity during high flow events. This means that the lift station can transition from a low level (pump off) to a high level (pump on) in a short duration of time. This creates pump control issues as the pumps are starting and stopping several times per minute. Also, the low surge capacity does not provide sufficient time to react to a loss of power at the lift station before sanitary sewage back-ups occur.

The dry well is a packaged lift station. A steel canister houses the pumps, isolation valves, check valves, fittings and controls. Access to the dry well is through a steel access riser that extends approximately 4 feet above grade where it is capped with an access hatch. An elevator is used to access the pumps at the bottom of the steel dry well. In order to have adequate work space at the bottom of the dry well, the elevator must be raised. The dry well was not entered during the initial site visit due to confined space entry requirements; however, the steel access riser was visible and appeared to be in good condition.

Both the wet well and the dry well have a cathodic protection system that is maintained biannually.



Conveyance Alternatives Evaluation**Section 2**

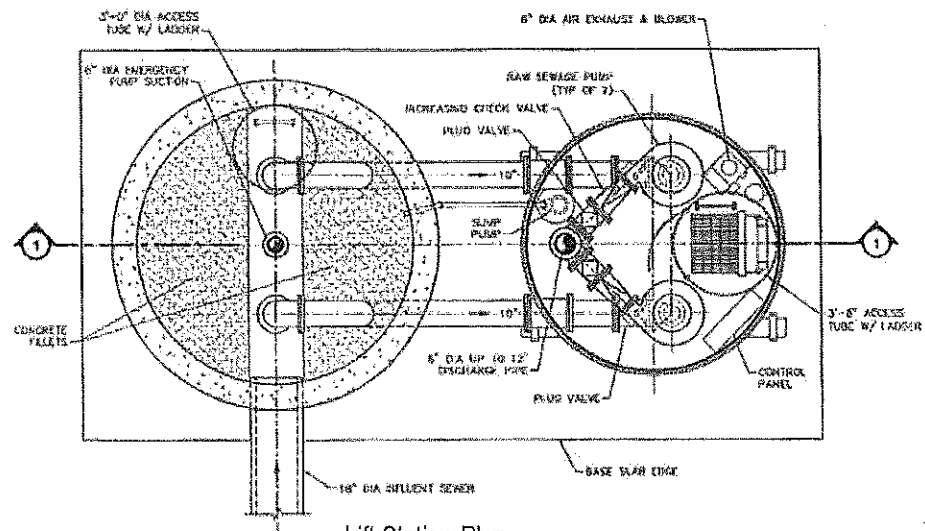
Lift Station Section



Conveyance Alternatives Evaluation**Section 2**

Two centrifugal pumps, located in the dry well adjacent to the wet well, are used for pumping sanitary sewage from the wet well, into a 12-inch force main and eventually to the Ryan Creek Interceptor. Each pump is rated at 20 horsepower (HP) with a rated capacity of 1,250 gpm and an actual pumping capacity of approximately 1,150 gpm. The pumps were manufactured by Smith and Loveless. They operate as either "ON" or "OFF" and rotate through a lead / lag sequence. Although these pumps have never been fully replaced, the pumps have had routine maintenance and have had impellers, motors, and seals replaced over the years.

The pumps are currently undersized for high flow occurrences. Under high flow conditions (rain events), the pumps operate nearly continuously, and, in several instances, both pumps operate concurrently. Therefore, the lift station does not currently meet the Wisconsin Department of Natural Resources (WDNR) specification section NR 110.14.3-11f, which states that sanitary lift stations shall be designed with an installed redundant pump such that if the largest pump was out of service, the remaining pump(s) can maintain the peak flow.



Lift Station Plan

The pumps are controlled via a submerged, analog, level sensor. Float switches are installed as back-up level indicators.

Under normal flow conditions, the majority of the sanitary sewage comes from the adjacent industrial park and, in addition to sanitary waste, there is also a unique blend of chemicals from the industrial processes. These chemicals include surfactants that causes foaming. This foaming precludes the use of customary ultrasonic and/or radar type level sensors. Erroneous level readings from a previously installed ultrasonic level sensor were attributed to foaming. In addition, the unique blend of chemicals appears to have a corrosive effect on aluminum. Aluminum elements such as the access ladder have completely corroded away. Finally, there is also a type of hard scale that forms on the wetted parts of equipment including valves, pumps, and check valves. This hard scale can cause operational issues with pump capacity, check valve seating, and flow isolation.

There is no back-up, emergency generator installed at this lift station to provide power to the pumps and controls during power outages. This can cause sanitary sewage backups during power outages. During storm events with high wind and rain, operators proactively mobilize the portable generator to power the lift station pumps should a



Conveyance Alternatives Evaluation**Section 2**

power outage occur. This operational procedure is done only for the 60th Street Lift Station as all other lift stations owned by the City are equipped with a permanent, back-up, emergency generator and automatic transfer switch. Even with the portable generator proactively mobilized, power outages that occur during the night require immediate operator attention (45 minutes or less) in order to avoid the risk of sanitary sewage backup. These power outages generally occur during storms with high wind and rain, which are also generally high flow events. In addition, once the generator has been set up, an operator must remain on site, through the night, rain, and storm, to monitor the generator. Two times in the previous several years, the City was financially responsible for basement replacements in an adjacent residential property related to sewage backups due to power outages.

The electrical equipment, including the control panel and generator transfer switch, is located outside, in a cabinet, and fully exposed to the elements. This can be a safety hazard when operating the lift station or hooking up the portable generator, especially during night and rain events when power outages are likely to occur. Other lift stations owned by the City include a building for all lift station electrical equipment, including the generators.

The SCADA system only allows monitoring of the lift station and does not allow remote operation of the lift station pumps.



Section 3 Conveyance Alternatives Evaluation

This section evaluates the design considerations for the three alternatives identified in Section 1 and defines the assumptions made for developing an American Association of Cost Engineers (AACE) Class 5 Opinion of Probable Construction Cost (OPCC).

3.1 Alternative 1: Refurbish and Upgrade the Existing Lift Station

The existing lift station would need significant modifications to the base infrastructure to provide a safe and reliable lift station. These modifications include:

1. Enlarging the existing dry well canister to allow for installation of a redundant pump and to provide sufficient work space without the need to raise the elevator.
2. Enlarging the existing wet well to provide additional surge capacity for high flow events.

The magnitude of the necessary improvements due to the age of the system and structure, and the large number of upgrades required to bring the lift station to the current standards of the City, this alternative is not feasible and will not be evaluated further.

3.2 Alternative 2: Design and Construct a New Lift Station

The new lift station design will consider current City of Franklin lift station design approaches and Section NR 110.14.2 of the WDNR code related to pump station design. The following assumptions have been made in determining the base cost of Alternative 2:

1. **Location:**
 - a. Adjacent to existing lift station
 - b. Will require additional easement / land acquisition (anticipated 0.25 acres)
 - i. The range of costs for land acquisition for the GWA project has been between \$20,000 and \$60,000 per acre. The cost evaluation assumes a cost of \$40,000 per acre.
2. **Lift Station & Mechanical:**
 - a. Wet well / dry well design (concrete base with steel access riser)
 - i. Special lining on steel and concrete to prevent corrosion
 - ii. Cathodic protection system for lift station structural steel
 - b. Larger wet well (sized for minimum pump cycle time greater than 5 minutes)
 - c. Larger dry well (sized to accommodate necessary pumps and provide work space)
 - d. Elevator access to dry well / access ladder to wet well
 - e. Sump pump in dry well
 - f. Mechanical ventilation system in dry well (30 complete air changes per hour)
 - g. Electric heater and dehumidifier



3. Lift Station Pumps:

- a. Three identical centrifugal (flooded suction) pumps:
 - i. One pump for low flow
 - ii. Two pumps for high flow
 - iii. Third pump will be installed redundant per WDNR Section NR 110.14.3-11f
- b. Pumps will rotate through a lead / lag sequence

4. Mechanical Piping and Valves:

- a. Independent suction line for each pump
- b. Isolation valve upstream and downstream of each pump
- c. One check valve in the discharge piping for each pump
- d. Emergency pump suction piping (piped to surface)

5. Force Main:

- a. 12-inch ductile iron pipe (to replace existing force main)
- b. Designed for maximum pumping rate of 7 fps and minimum velocity of 2 fps
- c. Has the potential to be installed in conjunction with GWA Project

6. Electrical equipment:

- a. New electrical distribution equipment
- b. New motor starters
- c. Located in new above grade structure (not within dry well)
- d. Explosion proof electrical connections and pump motors (when within the dry well)

7. Controls:

- a. Submerged pressure transducer level sensor
- b. Float switches (Low Low, Low, High, High High)
- c. New SCADA system for remote control and monitoring
- d. Local HMI screen for operation

8. Backup Generator:

- a. New natural gas powered backup generator
 - i. Includes new natural gas service line
- b. Automatic transfer switch
- c. Remote access, monitoring, and control
- d. Sound and weather enclosure
 - i. Installed outside for cost savings, unlike other City lift station backup generators

9. Above Grade Structure / Enclosure:

- a. Prefabricated building
- b. Enclosure for electrical and control equipment
- c. Does not include separate room for backup generator, unlike other City lift station structures



Table 3-1 Alternative 2 – Design and Construct a New Lift Station

Item	Capital Cost
Property Acquisition	\$ 10,000
Excavation and Site Work	\$ 100,000
New Lift Station (Packaged Facility)	\$ 750,000
Lift Station Concrete Holding Tank w/ Special Lining	\$ 450,000
New Controls and SCADA System	\$ 65,000
Emergency Standby Generator and Automatic Transfer Switch	\$ 180,000
Above Grade Enclosure	\$ 240,000
New 12" DIP Force Main ⁽¹⁾	\$ 115,000
Existing System Tie-In	\$ 55,000
Lift Station Abandonment	\$ 80,000
Alternative 2 Total Base Capital Cost	\$ 2,045,000

Notes: (1) Cost assumes 12" force main can be installed in conjunction with the GWA project for shared cost savings

The following items have been included in Table 4.1 – Total Overall Conceptual Costs for Alternatives 2 and 3.

1. Contractor Mobilization (10% of Total Base Capital Cost)
2. Bonds and Insurance (3% of Total Base Capital Cost)
3. Contingency (30% of Total Base Capital Cost)
4. Contractor Overhead and Profit (15% of the sum of Total Base Capital Cost, Mobilization, Bonds and Insurance, and Contingency)
5. Engineering fee for planning approval, design and permitting
6. 20 year net present value electric power costs
7. 20 year net present value for major equipment replacement
8. 20 year net present value for maintenance costs



Conveyance Alternatives Evaluation**Section 3****3.3 Alternative 3: Design and Construct a New Gravity Sewer**

The new gravity sewer will be designed in accordance with Section NR 110.14.2 of the WDNR code related to gravity sewer design. The following assumptions have been made:

1. Gravity Sewer Design:

- a. 24-inch, SDR 35 PVC Pipe
 - i. Requires less slope by code and therefore shallower excavation
 - ii. Provides additional future capacity

2. Alignment:

- a. North on 60th Street from the existing lift station to the intersection of 60th Street and Ryan Road
- b. Approximately 4,000 linear feet
- c. Depth of bury in excess of 34-feet in some areas
- d. May require one or two alignment deflections to avoid utilities

3. Separation:

- a. Maintain minimum separation of 8-feet (outside wall to outside wall) between sanitary sewers and potable water force mains

4. Manholes:

- a. One manhole to capture existing 18-inch inlet from the east
- b. One manhole to capture existing 8-inch inlet from the west
- c. Intermediate manholes (every 400-feet) per WDNR code
- d. Intermediate manholes where horizontal alignment changes
- e. No manhole at Ryan Creek Interceptor tie-in (assume external drop pipe)

5. Operation and Maintenance:

- a. It is anticipated that the operation and maintenance cost of a gravity sewer is minimal.

6. GWA Program Coordination:

The Great Water Alliance (GWA), which was commissioned by the City of Waukesha, will be installing a 30-inch force main that runs south along S. 60th Street, from Ryan Road to W. Oakwood Road. As the City's gravity sewer and the GWA pipeline share a similar alignment along S. 60th Street, the City is coordinating with the City of Waukesha and the GWA Program to consolidate construction activities in an effort to reduce overall construction cost and minimize the duration of public disturbance.

- a. Gravity sewer to be installed in conjunction with GWA project
 - i. To be included in GWA bid and installed by GWA contractor
 - ii. New gravity sewer to be installed via open cut construction methods
- b. GWA to assume costs associated with:
 - i. Mobilization
 - ii. GWA Pipeline including excavation and backfilling



Conveyance Alternatives Evaluation**Section 3**

- iii. Pavement removal
- iv. Pavement and landscape restoration
- v. Traffic Control
- c. City to assume the costs associated with:
 - i. Excavation and backfill beneath the GWA pipeline
 - ii. Manholes
 - iii. Sewer pipe and bedding
 - iv. Excavation for external drop pipe at Ryan Creek Interceptor
 - v. Temporary pumping, if necessary, for pipe transition
 - vi. Abandonment (in place) of existing lift station

Table 3-2 Alternative 3 – Design and Construct New Gravity Sewer

Item	Capital Cost
Pavement Removal / Demolition ⁽¹⁾	\$ -
Traffic Control ⁽¹⁾	\$ -
Additional Excavation	\$ 650,000
Trench Dewatering	\$ 15,000
Spoils Handling (for Gravity Sewer excavation only)	\$ 140,000
24" Gravity Sewer	\$ 390,000
Manholes	\$ 215,000
Additional Backfill and Compaction	\$ 95,000
Existing Interceptor Sewer Tie-In	\$ 75,000
Existing System Tie-In	\$ 55,000
Lift Station Abandonment	\$ 80,000
Pavement Restoration ⁽¹⁾	\$ -
Landscape Restoration ⁽¹⁾	\$ -
Alternative 3 Total Base Capital Cost	\$ 1,715,000

Notes: ⁽¹⁾ Costs to be covered by the GWA Project

The following items have been included in Table 4.1 – Total Overall Conceptual Costs for Alternatives 2 and 3.

- Contractor Mobilization (covered by GWA project)
- Bonds and Insurance (3% of Total Base Capital Cost)
- Contingency (30% of Total Base Capital Cost)
- Contractor Overhead and Profit (15% of the sum of Total Base Capital Cost, Mobilization, Bonds and Insurance, and Contingency)
- Engineering fee for design and permitting
- 20 year net present value for maintenance costs



Conveyance Alternatives Evaluation**Section 4****Section 4 Conceptual Cost Comparison**

The below table provides the Total Overall Conceptual Cost of Alternatives 2 and 3:

Table 4-1 Total Overall Conceptual Cost of Alternatives 2 and 3

Item	Alternative 2 Conceptual Cost	Alternative 3 Conceptual Cost
Base Capital Cost ⁽¹⁾	\$ 2,045,000	\$ 1,715,000
Mobilization (10% of Base Capital Cost) ⁽²⁾	\$ 204,500	\$ -
Bonds and Insurance (3% of Base Capital Cost)	\$ 61,350	\$ 51,450
Contingency (30% of Base Capital Cost)	\$ 613,500	\$ 514,550
Contractor Overhead and Profit ⁽³⁾	\$ 438,650	\$ 342,143
Total Construction Cost	\$ 3,363,000	\$ 2,623,093
Total Engineering Cost ⁽⁴⁾	\$ 168,150	\$ 113,125
20 Year Net Present Value Electric Power Costs ^{(5) (4)}	\$ 68,800	\$ -
20 Year Net Present Value Replacement Costs ⁽⁵⁾	\$ 27,700	\$ -
20 Year Net Present Value Maintenance Costs ⁽⁵⁾	\$ 157,000	\$ 5,500
Total Present Worth Cost	\$ 253,500	\$ 5,500
Total Overall Conceptual Cost	\$ 3,784,650	\$ 2,741,718
Difference	\$ 1,042,932	\$ -

- Notes:
- (1) Base Capital Cost from Table 1 for Alternative 2 and Table 2 for Alternative 3
 - (2) Mobilization cost for Alternative 3 to be covered by the GWA project
 - (3) Contractor overhead and profit is 15% of the sum of the Base Cost, Mobilization, Bonds and Insurance, and Contingency
 - (4) Total Engineering Cost is based on 5% of the Base Cost for Alternative 2 and the remainder of the currently unauthorized engineering fee for Alternative 3
 - (5) Net present value: Gradient Series, 8% Discount Rate, 3% Inflation factor based on WDNR guidance on monetary analysis which includes specifying a 20 year planning period.
 - (6) Estimated electrical cost: \$0.08 kW/h

Section 5 Recommendation


The savings realized from lower total overall conceptual cost, lower engineering cost, lower future costs of operation and maintenance, and the cost savings that can be realized by coordinating with the Great Water Alliance project is in excess of \$1.0 million (present day costs). Due to this cost savings, Greeley and Hansen recommends that the City of Franklin proceed with Alternative 3: Design and Construct a New Gravity Sewer.



Greeley and Hansen LLC
741 N. Grand Avenue, Suite 308
Waukesha, WI 53186
(800) 837-9779
www.greeley-hansen.com



GREELEY AND HANSEN

APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 12/04/2018
REPORTS & RECOMMENDATIONS	Purchase of Microsoft Office 2019 Licenses	ITEM NUMBER G.16.

Information Services (IS) has the following three capital outlay project items remaining in their 2018 Capital Outlay appropriations:

- Office 2019 Licenses - \$35,224 is budgeted in total with \$14,701 allocated to other departments and \$20,523 appropriated within IS.
- Email Backbone Upgrade - \$20,901 is appropriated for upgrading and replacing the Exchange Server licenses. This project cannot occur until the Office Licenses are upgraded due to the Exchange Server licenses dependency on the upgraded version of Outlook.
- SQL Server License Upgrade - \$4,300 is appropriated, but this project will follow the other two above.

These projects will occur on the cascading schedule referenced above. On September 6, 2018, Microsoft finally released the new version of the Microsoft Office suite as part of their scheduled releases. State of Wisconsin negotiated pricing has been established, with Office 2019 Standard licenses being set at \$264.85 and Office 2019 Professional licenses at \$361.08. [Note: The Office 2019 software release will be the last product version using a "portfolio licensing model" where the customer owns the actual software licenses with no license expiration date. All future releases of Microsoft Office will be based on the Office 365 licensing model, where licenses must be renewed each and every year.]

With the recent release, IS is finally in a position to move forward with the Office License upgrades. The newly established pricing, however, has an unanticipated increase in cost of \$23.84 per computer creating a short fall ($\$23.84 \times 155 = \text{total } \$3,695.20$). Additionally, the need for 5 of the higher level Professional Edition licenses, which includes Access, adds \$1,805.40. Some additional licenses beyond the budgeted amount would allow the project to be fully addressed in 2018. The total cost for all Office 2019 licenses will be \$42,857.15. The total shortfall across all departments is \$7,633.15.

The Director of Administration proposes to solve the funding issue in the manner described below. The result is to fully fund the Office upgrade licenses from existing appropriations in the 2018 budget.


- The 5 Professional Edition Licenses for \$1,805.40 will be funded from the separate Emergency Hardware Replacements Capital Outlay appropriation in the IS budget. Only about \$5,100 of the \$7,500 appropriation has been used so far this year. This is an appropriate use for these unexpected additional costs.
- \$4,300 can come from eliminating the SQL Server License Upgrade at this time. As this is the third project in the cascading priorities, the Director of Administration recommends using this funding appropriation at this time, and he will readdress the issue with the Council at some point after the first two larger projects are complete.
- The remaining \$1,528 can come from the Email Backbone Upgrades. Since the Email Backbone project is dependent upon this licensing project occurring first, it is reasonable to use some of those funds. In 2019, when final vendor or state pricing is available, IS can determine if a small shortfall continues to exist for the Email Backbone project and propose a funding solution at that time. Every effort will be made to fund any need from within the IS budget, as has occurred here.

Done in this manner, the highest priority project (Office licenses) is fully funded and completed in 2018 without any 2018 budget modifications. The Email Backbone project will be completed in 2019, so the remaining 2018 funding of \$19,373 should be re-appropriated into the 2019 budget.

COUNCIL ACTION REQUESTED

Motion to authorize the IS Director to order Office 2019 licenses for approximately \$42,857.15, using existing IS Capital Outlay appropriations as described in the Council Action Sheet, and to direct the Director of Finance and Treasurer to prepare a budget modification at his convenience in 2019 to re-appropriate the \$19,373 of the Email Backbone Upgrade project within the 2019 budget.

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APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 12/4/2018
REPORTS & RECOMMENDATIONS	Proposal from Heartland Business Systems for Design Services for the Common Council Chambers Sound System and Projector	ITEM NUMBER G.17.

At their meeting of December 19, 2017, the Common Council received an update on the efforts to replace the Common Council Chambers Sound System. Based on that report, the Common Council carried forward the \$35,000 appropriation into 2018. That report noted that when it was initially budgeted, it was assumed that a vendor could be selected and simply brought in to install a system. It was, however, determined that the nature of the project makes it subject to the public construction and public bidding aspects of State statutes. As such, added steps and technical effort was required, particularly because the project exceeds \$25,000 in total.

The result previously explained is that a detailed set of specifications and plans would need to be developed and included in the bid packet. Developing such specifications is a technical skill requiring work of an audio professional. The first consultant seemed to provide specifications and plans that were insufficient for our need, which could result in an inferior product installation. A second audio design consultant submitted a design proposal for \$7,000, which was 20% of the \$35,000 budget. A second revised scope remained too high.

While the project remained on hold behind other more significant priorities in 2018, it has recently become apparent that the projector in the Council Chambers no longer serves the needs of the City. The projector is simply too old and uses lower specifications that makes it difficult for it to consistently present quality images at modern resolution levels. The City would be well served to incorporate replacement of the projector into the scope of services for the audio system and treat it like an overall audio visual system. Replacing the video system will very likely push the project outside the \$35,000 sound system budget to very roughly the \$40,000-\$45,000 range. The final bid package, however, will be crafted such that the City can include or exclude the video components from the final project award. This additional work, however, should not be pursued if the Common Council is unlikely to consider using additional contingency funds to include the video components.

Heartland Business Systems (HBS), our current primary IT consultant, also provides audio/visual consulting services. Their attached proposal more reasonably provides a cost for services. As a time and materials (hourly) proposal their estimate was \$2,160. The base was increased to \$2,835 but now includes a not-to-exceed cap, while remaining on an hourly basis. Although this proposal is not part of the routine services HBS provides to the City, it will, if approved, move forward under the general terms of the overall HBS services contract (and not their standard terms and conditions).

It is important to note that HBS will provide design services but will not participate in the review of bid proposals. The Director of Administration will identify other means by which to resolve any questions that may come up in the review of proposals. Doing it in this manner will enable HBS to participate in the bid process and submit a proposal. There will be no conflict of interest provided the bid documents remain open and do not identify sole source products. This process creates a little extra effort, but it resolves the problem of vendors not wanting to miss out on the opportunity to bid the project by being the designer.

The final bid package will be brought back to the Common Council for authorization to submit to bid. It is expected that we can reuse a few newer pieces of equipment, such as the recorder. It is expected that ceiling speakers will be replaced to improve sound distribution. All wireless microphones will be replaced. The system will retain the Hearing Room as an overflow room with remote audio and visual capabilities.

If approved, it will be necessary for the Common Council to carry forward the remaining portion of the 2018 appropriation since the bid process, award, and installation will occur in 2019.

COUNCIL ACTION REQUESTED

Motion to authorize the Director of Administration to execute the proposal with Heartland Business Systems (HBS) for a Flexible Services Block of hours to design and prepare plans and specifications to replace the Common Council sound system and projector and to direct the Director of Finance and Treasurer to incorporate in early 2019 the remaining 2018 appropriations into a budget modification for re-appropriation, or carryover, into the 2019 budget.

Council Room AV and Audio Design
Quote #063867 v1

 Prepared For:
Franklin, City of
 Mark Luberda
 9229 W Loomis Road
 Franklin, WI 53132

 Prepared By:
Milwaukee Area Office
 Greg Borchard
 N28 W23050 Roundy Drive Suite 200
 Pewaukee, WI 53072

 Date Issued:
11.29.2018
 Expires:
12.24.2018

 P: (414) 858-1100
 E: mluberda@franklinwi.gov

 P: 262-650-6500 ext. 1222
 E: gborchard@hbs.net

Services	Price	Qty	Ext. Price
HBS-FLEX-SERVICES HBSFLEX Services Flexible Services block- Rates for services based on attached HBS FLEX Volume Service Schedule	\$2,835.00	1	\$2,835.00
Not to exceed this dollar amount. <ul style="list-style-type: none"> - We will provide separate designs for Audio and AV so that they can be bid separately if needed but they will be designed to work together. - We will provide product descriptions or specifications sufficient for non-sole-source bidding for all system components and parts - We will provide design drawings for Audio and AV. - Where applicable, we will provide options for the Council to choose from...ie... Recommended option and scaled back option - 1 additional site visit (ladder to be provided) will be required to get measurements of Council Room, Overflow Room and to check for ceiling obstructions, and any restrictions for wiring. - The final design document can be used to get bids from suppliers wanting to provide the new technology including installation. 			
Subtotal			\$2,835.00

Quote Summary	Amount
Services	\$2,835.00
Total:	\$2,835.00

This quote may not include applicable sales tax, shipping, handling and/or delivery charges. Final applicable sales tax, shipping, handling and/or delivery charges will be calculated and applied at invoice. The above prices are for hardware/software only, and do not include delivery, setup or installation by Heartland unless otherwise noted. Installation by Heartland is available at our regular hourly rates, or at the reduced rate of a prepaid HBSFlex Agreement. This configuration is presented for your convenience only. Heartland will not be responsible for typographical or other errors or omissions regarding prices or other information. Prices and configurations are subject to change without notice. A 15% restocking fee will be charged on any returned part. The customer shall also be required to pay all costs of shipping the product to Heartland and/or the vendor. A \$25.00 processing fee will also be charged. No returns will be accepted by Heartland without prior written approval. By providing your "E-Signature," you acknowledge that your electronic signature is the legal equivalent of your manual signature, and you warrant that you have the express authority to execute this agreement and legally bind your organization to the above proposal and terms and all attached documents. The customer agrees that each and every purchase that the customer makes from Heartland is governed by Heartland's Standard Terms and Conditions ("ST&Cs") located at <http://www.hbs.net/standard-terms-and-conditions>, which are incorporated herein by reference. The ST&Cs are subject to change. When a new order is placed, the ST&Cs on the above-stated website at that time shall apply. If customer has signed Heartland's ST&Cs version 2018.v2.0 or later, or the parties have executed a current master services agreement, the signed agreement shall supersede the version on the website. QT.2018.v2.2

Acceptance
Milwaukee Area Office
Franklin, City of

Greg Borchard

Signature / Name

11/29/2018

Date

Signature / Name

Initials

Date

HBSFLEX Service Schedule 2

HBSFLEX Volume Service Schedule


SCHEDULE to the Service Agreement ("Agreement") dated between Heartland Business Systems, a Wisconsin limited liability company, hereafter called Heartland) and Customer.

Heartland and Customer (hereafter called PARTIES) agree as follows:

1. The terms of this SCHEDULE shall govern in the event of a conflict between the terms of the Agreement and the terms of this SCHEDULE.
2. **Pricing.** Customer agrees to pay Heartland and Heartland agrees to accept as compensation for the Engagement a fee as approved by Customer's choice of Options below. Pricing does not include applicable sales tax which will be charged at time of invoicing.
3. **Term.** The term of this SCHEDULE and Engagement shall begin at contract start date and remain in effect unless terminated for any reason with a sixty (60) days written notice given by Customer or Heartland.
4. **Travel.** Travel will be billed to customer at below rates based on one way travel from closest Heartland office.
5. **Prepayment.** HBSFLEX Volume Service Pricing is available only for prepaid service blocks.
6. **Expiration.** HBSFLEX Agreements will expire 18 months from date of purchase.

HOURLY SERVICES BILLING SCHEDULE (time is billed in 15 minute increments)

Engineer Work Role	Hourly Rate
Structured Cabling	\$85
AVTech Helpdesk Break-Fix Collaboration 1 Point of Sale Physical Security Engineer	\$95
AV Engineer Network Operations Center Mitel Engineer SMB Engineer Websites/Kentico HBS Data Center Collaboration Engineer 2 Network Engineer 2 Systems Engineer 2 Physical Security Engineer 2 Imaging Technician 2	\$135
Network Engineer 3 Systems Engineer 3 Collaboration Engineer 3 Physical Security Engineer 3 Apps/Business Consulting 3 Imaging Engineer 3 O365/CRM/D365 Sharepoint Custom Development	\$165
Network Engineer 4 Systems Engineer 4 Collaboration 4 BI/Data Analytics/SQL 4 Project Management	\$185
ERP/Dynamics GP 4	\$170
ERP/Dynamics GP 5	\$195
Applications Architect 5	
Systems Architect 5	
Infosec Consultant	\$225
On Call Pager	\$200
After Hours Rate	1.5x Base Rate
<ul style="list-style-type: none"> • Before 8am or after 5pm CST • Company Recognized Holidays • Weekends 	

APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 12/4/2018
REPORTS & RECOMMENDATIONS	Extension of the Memorandum of Understanding with the City of Greenfield to Serve as Interim Health Officer for the City of Franklin	ITEM NUMBER G.18.

At their meeting of June 5, 2018, the Common Council authorized the Mayor to execute a Memorandum of Understanding with the City of Greenfield and or its Health Department for its Director to serve as the City of Franklin's Interim Health Officer while the City retains a new individual to serve in this capacity. A copy of the fully executed Memorandum of Understanding is attached for your reference.

The duration of this agreement is for a period not-to-exceed December 31, 2018 unless mutually agreed upon in writing by both parties, and ends immediately at such time that the City appoints a new Health Officer. The hiring process for a new Health Officer was delayed due to the consideration of joining WRS. Now that the WRS matter is resolved and moving forward, the hiring process for the new Health Officer will move forward.

The Director of Administration is requesting authorization to prepare and for the Mayor to execute an addendum to this Memorandum of Understanding with the City of Greenfield Health Department that extends the duration of the agreement to act as Interim Health Officer for the City of Franklin through the hiring process period for a new Health Officer and until such time that the City of Franklin appoints a new Health Officer. Mr. Darren Rausch, Health Officer for the City of Greenfield and who has been acting in the role as Interim Health Officer for the City of Franklin, has been doing an outstanding job in assisting the City during this transitional period. Mr. Rausch's hours have ranged between 4.25 and 7.5 hours per month.

COUNCIL ACTION REQUESTED

Motion to authorize the Director of Administration to prepare and for the Mayor to execute an addendum to the Memorandum of Understanding with the City of Greenfield Health Department that extends the duration of the agreement to act as Interim Health Officer for the City of Franklin through the hiring process period for a new Health Officer and until such time that the City of Franklin appoints a new Health Officer.

Memorandum of Understanding
Between
CITY OF GREENFIELD HEALTH DEPARTMENT
&
CITY OF FRANKLIN HEALTH DEPARTMENT
June 1, 2018

Purpose of Agreement:

To provide temporary services of an individual qualified to act as an Interim Health Officer for the City of Franklin Health Department until such time that the City of Franklin appoints a new Health Officer.

Duration of Agreement:

This agreement is in effect upon signature of both parties and for a period not to exceed December 31, 2018, unless mutually agreed upon in writing by both parties. However, this agreement shall end immediately at such time that the City of Franklin appoints a new Health Officer. Additionally, either party may terminate this agreement at any time given 24 hours written notice to the other party. Any indemnification granted to the City of Greenfield Health Department and the City of Franklin Health Department under this MOU and the provisions of paragraph two of the following "Services Provided" section shall survive the term of this MOU.

Services Provided:

Services of the Interim Health Officer provided by the City of Greenfield Health Department will be limited to the minimum required services specified by applicable federal, state, and/or local regulations, general professional guidance necessary to allow City of Franklin Health Department employees to carry out the duties required of a Level II Health Department, as well as any mutually agreed upon services requested by the City of Franklin for the time period this MOU is in effect. Actual services provided by the Interim Health Officer will be consistent with current regulations as well as professionally accepted practices.

The City of Greenfield and its employees do not assume any other legal responsibilities nor does the City of Greenfield and its employees assume or imply responsibility for any financial obligations, responsibilities or liabilities related to the City of Franklin or any agreements or relationships the City of Franklin has or will enter into prior to, during, or after this MOU ends. Further, the City of Franklin maintains and assumes responsibility for all legal and financial obligations and consequences for any and all incidents related to any of the responsibilities and duties of the City of Franklin Health Department including but not limited to grants, contracts, agreements, other MOUs, day to day operations, and/or emergency responses prior to, during, or after this MOU ends.

Employee Status:

The Interim Health Officer provided under this agreement shall be an employee of the City of Greenfield and not an employee of the City of Franklin. The City of Greenfield shall be responsible for payment of all compensation, taxes, worker compensation insurance, and any

other benefits available to the acting Interim Health Officer as an employee of the City of Greenfield Health Department. The City of Franklin shall keep in full force and effect its liability insurance policies which shall provide coverage for the actions of its employees and the actions of the Interim Health officer provided by the City of Greenfield Health Department.

Reimbursement of Costs:

In consideration for services specified and provided under this MOU, the City of Franklin agrees to pay the City of Greenfield Health Department a sum of \$63.61 per hour and \$0.545 per mile traveled as a direct result of the provision of said services. The City of Greenfield Health Department will generate an invoice specifying the amount of hours of service provided and miles traveled related to the provision of service under this MOU on a monthly basis. The City of Franklin shall pay said invoice in full within 60 days of its receipt. The City of Greenfield shall notify the City of Franklin if the cost of the services provided by the Interim Health Officer is anticipated to exceed \$500.00 in any given month.

Indemnification:

Each party shall indemnify and hold harmless the other, their officers, directors, affiliated organizations, employees and agents, and the other members, from any and all liability, obligation, damage, loss, cost, claim or demand whatsoever of any kind or nature, including reasonable attorney's fees, and costs arising directly or indirectly from action taken, direction given, or omissions made by the other party under this MOU.

Sovereign Immunity:

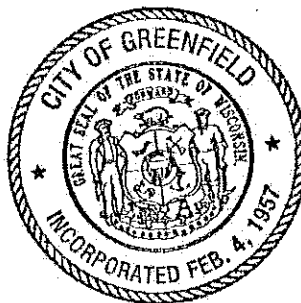
Noting in this MOU constitutes a waiver of either City's sovereign immunity, notice of claim procedures set forth in Chapter 893 of the Wisconsin Statutes or any other protections afforded either City by law.

City of Greenfield Authorized Individual

Date


City of Franklin Authorized Individual

Stephen N. Allen 7/17/18



Date	
CONTRACT APPROVAL	
<u>Gregory J. Kowalski</u>	
City Attorney (as to form)	07/10/18 Date
<u>Paul J. Schep</u>	7/10/18
Comptroller	Date
<u>Mark J. Piro</u>	7-2-18
<u>Mark J. Piro</u>	7/3/18 Date
Mayor	Date
Greenfield Common Council	6-19-18
	Date

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APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 12/4/2018
REPORTS & RECOMMENDATIONS	Professional Services Agreement Between the City of Franklin and Racine County for Services to Verify a Certified Soil Tester's Soil & Site Evaluation	ITEM NUMBER G.19.

Attached is a Professional Services Agreement between the City of Franklin and Racine County to cover the authorization and payment of fees for Racine County to provide services to the City for the year 2019 to verify a certified soil tester's soil and site evaluation at designated properties when needed. This agreement mirrors the last agreement in place for 2018. In fact, the form of the contract really hasn't changed significantly since 2010. Racine County will once again provide this service at a cost of \$200 for up to the first 3 soil borings reviewed, plus \$50 for each subsequent soil boring review done, per property. The minimum site visit charge will be \$50 per occurrence, to cover the cost of staff time and travel to a property (for example, if weather or lighting conditions or equipment breakdown of the contractor does not allow staff to conduct a soil morphological evaluation, and if staff has traveled to the site, a minimum \$50 fee will be charged.)

These soil services produce a nominal expenditure throughout the year. For example, 7 soil verification services were provided in 2016 (\$1,400 expenditure), 11 in 2017 (\$2,200 expenditure), and 7 in 2018 (\$1,400).

It is the recommendation of the Director of Inspection Services and the Director of Administration to use Racine County for these soil testing services.

COUNCIL ACTION REQUESTED

Motion to approve the 2019 Professional Services Agreement between the City of Franklin and Racine County for services to verify a certified soil tester's soil and site evaluation at designated properties when needed and to authorize the Director of Administration to execute such agreement.

**CITY OF FRANKLIN – RACINE COUNTY
PROFESSIONAL SERVICES AGREEMENT**

This Contract made this _____ day of _____, 2018, by and between the City of Franklin, Wisconsin, a municipal corporation (hereinafter referred to as "CITY") and Racine County, a Wisconsin quasi-municipal corporation, (hereinafter referred to as "COUNTY"). This contract is to be effective from the period January 1, 2019 through December 31, 2019. This agreement is renewable upon acceptance by all parties.

WITNESSETH:

FOR GOOD AND VALUABLE CONSIDERATION, the parties agree that this contract shall cover the authorization and payment of fees to provide to the CITY services to verify a Certified Soil Tester's (hereafter referred to as "CST") soil and site evaluation. The parties agree to the following:

1. All CST's soil and site evaluations for Private Onsite Wastewater Treatment Systems (hereafter referred to as "POWTS") must be scheduled with a minimum 24 hours notice to the County, excluding Saturdays, Sundays and holidays, to ensure proper staffing.
2. All CST appointments must be scheduled by calling the COUNTY Development Services Department at 262-886-8440 between the hours of 8am –12:00 noon and 12:30pm – 4:30pm Monday through Friday, excluding holidays.
3. COUNTY will provide one properly licensed and credentialed staff to verify the required soil and site evaluation conducted by a CST.
4. The COUNTY reserves the right to require that CST's provide soil backhoe dug pits of adequate size, depth, and construction to enable COUNTY staff to safely enter and exit the soil pit for verification of soil profile evaluation data.
5. Soil color evaluations shall be performed on days when light conditions permit accurate color determination.
6. Frozen soil material shall be thawed prior to conducting evaluations for soil color, texture, structure, and consistence.
7. The cost of this service will be \$200 for up to the first three soil borings reviewed, plus \$50 for each subsequent soil boring review done, per property. The minimum site visit charge will be \$50 per occurrence, to cover the cost of staff time and travel to a property. For example, if weather or lighting conditions or equipment breakdown of the contractors does not allow staff to conduct a soil morphological evaluation, and if staff has traveled to the site, a minimum \$50 fee will be charged.
8. If staff is required to contact a State of Wisconsin Onsite Wastewater Specialist to make a soil determination, a minimum of \$50 will be charged for this service, in addition to other soil and site evaluation fees referenced herein.

9. The CITY will be invoiced directly for these services.
10. COUNTY will review the applicable Soil and Site Evaluation Form (SBD-8330), which must be forwarded to the COUNTY, and will convey all reports back to the CITY for their files and permit issuance. A copy of the test will be kept on file in this office, but the original tests will be sent to the CITY.
11. The CITY will issue all permits for POWTS, and the CITY will oversee the construction and follow-up on all POWTS, as outlined in Chapter SPS 383 (Private Onsite Wastewater Treatment Systems) and Chapter SPS 385 (Soil and Site Evaluations).
12. Any other work not anticipated in this contract, but relative to soil and site evaluations, will be charged at a rate of \$50 per hour.
13. Each party is responsible for their own acts and omissions under this agreement. COUNTY agrees that it will at all times during the existence of this contract indemnify CITY against any and all loss, damages and cost or expenses which CITY may sustain, incur or be required to pay as a result of any of the services provided by COUNTY under this contract. CITY agrees that it will at all times during the existence of this contract indemnify COUNTY against any and all loss, damages and cost or expenses which COUNTY may sustain, incur or be required to pay as a result of any of the services provided by the CITY under this contract.
14. CITY or COUNTY may, without prejudice to any other rights it may have, terminate this contract for convenience and without cause by giving thirty (30) days written notice. COUNTY shall be paid for services rendered up to the time of termination.

CITY OF FRANKLIN

BY: _____


TITLE: _____

RACINE COUNTY

BY: _____

TITLE: _____

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APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 12/04/2018
REPORTS & RECOMMENDATIONS	2019 Property and Casualty Insurance Coverage	ITEM NUMBER <i>G. 20.</i>

The City of Franklin currently has its liability insurance plans with the League of Wisconsin Municipalities Mutual Insurance Plan (LWMMI), agent being R&R Insurance, and its property insurance plans with Chubb. LWMMI has served the City very well since 2004 and continues to be very responsive to municipal needs and flexible in policy language and application. The City's property insurance policies have been with Chubb since 2016 and the reporting and subsequent reimbursement for both the Police Department chiller unit claim and Ryan Creek Interceptor Sewer damage claim through Chubb in 2017 was very smooth and unproblematic.

Liability

The City currently carries a base \$6M limit of liability with LWMMI (which is the most LWMMI offered) with a \$5,000 deductible. The City then also carries an additional \$4M Umbrella policy with American Alternative at a cost of \$15,500. LWMMI is now offering an increased limit of liability option of \$10M, which, if chosen, would eliminate the City's need to purchase the additional \$4M Umbrella policy with American Alternative. LWMMI also provides Terrorism coverage automatically at no additional cost (would be up to the \$10M limit). Moving to the \$10M increased limits of liability option would save the City approximately \$6,136. LWMMI quoted flat, same premium level rates for 2019 as were for 2018, except the cost is higher with the additional \$4M in liability coverage when moving from the \$6M to \$10M limit.

For the 2019 Workers Compensation, the City's preliminary premium will increase by \$31,649 from the 2018 premium, subject to reconciliation of final salaries and wages. This increase was anticipated in the budget process. Workers Compensation is based on the State-calculated modification ratio for the last 3 years of claims history, which for 2019 the City's modification ratio increased from .94 to 1.00 (6 points). LWMMI continues to use United Heartland as its administrator for its Workers Compensation policy. As LWMMI will not write a policy without workers compensation, other quotes were not sought or necessary since the rates are statutorily set and since our full amount of LWMMI premiums are subject to potential annual dividends. Last year's policy dividend was \$88,144 (2016's policy dividend was \$45,097).

The City also carries a Storage Tank liability policy with ACE American Insurance Company (\$1,000,000 per incident/\$2,000,000 total policy aggregate limit) at a renewing cost of \$3,878 (up \$143). For Crime coverage, the City moved/bound its 2018 Crime policy with Hanover due to their expanded coverage that includes Employee Theft, Forgery or Alteration, Inside the Premises Theft of Money & Securities, Outside the Premises, Computer Fraud, Funds Transfer Fraud, and False Pretense. This is a 3-year term policy with Hanover which covers the City through December 31, 2020 at a policy rate of \$2,450 each year.

Property

Chubb, the City's current property policy provider, provided a 2019 property quote for the City's buildings, property in the open, and contractor's equipment of \$67,910, which is a 2.6% increase from 2018. This is based on a \$5,000 deductible for buildings and property in the open and a \$1,000 deductible for contractor's equipment and includes Terrorism coverage. Chubb is a private, A++ rated insurance company that has been around since 1882. Chubb's policy also includes the following:

- Machinery breakdown coverage as part of their total policy limit (Boiler & Machinery).
- A \$250,000 automatic blanket limit of insurance that applies to items such as fine arts; outdoor trees, shrubs, plants, or lawns; personal property of employees; accounts receivable; electronic data processing property, etc.
- A \$250,000 added value to the Mobile Equipment (contractor's equipment) coverage for Fire and Police equipment that is not permanently mounted to the vehicles. Meaning if a Fire or PD vehicle was in an accident, the Auto Physical Damage policy would apply/cover the damage to the vehicle only, not any equipment in/on the vehicle that was damaged. This \$250,000 added value would then cover any equipment in/on the vehicle that was also damaged in the accident.

-\$2,000,000 worth of Business Income/Extra Expense coverage (i.e., if a natural disaster occurred that took City Hall or any of its other buildings out, costs up to \$2,000,000 would be covered for setting up at a different location with computers, phones, everything necessary in order to do day-to-day business).

-Flood water coverage limits above the norm (includes inundation, back-up, and mud flow) based on the location of the buildings and if they reside in a floodplain zone.

Summary

Since the City's current liability and property insurance policies with LWMMI/R&R Insurance and Chubb are pretty much status quo for 2019, the Director of Administration recommends keeping these policies all the same for 2019 EXCEPT moving to the increased limit of liability option of \$10M with LWMMI and eliminating the \$4M Umbrella policy with American Alternative.

The following table shows a summary of the 2018 premium costs and 2019 estimated premiums through R&R Insurance/LWMMI and Chubb for the City's liability and property insurance policies with moving to the \$10M increased liability limit option. The 2019 total estimated cost for both liability and property is \$771,176, an increase of \$26,693 from 2018 mainly due to the increase in Worker's Compensation.

Coverage	2018 Cost	2019 Cost	Carrier
Property Insurance			
Buildings/BPP/PITO/Mobile Equipment/Boiler & Machinery	\$66,187 w/Terrorism	\$67,910 w/Terrorism	Chubb
Liability Insurance			
	<i>\$6M Limit</i>	<i>(\$10M Limit)</i>	
General Liability	91,637	95,524	R&R Ins./LWMMI
Police Professional	39,751	41,437	R&R Ins./LWMMI
Public Officials	48,344	50,394	R&R Ins./LWMMI
Auto Liability	28,199	28,929	R&R Ins./LWMMI
Auto Physical Damage	50,448	50,773	R&R Ins./LWMMI
Umbrella	15,500	0	R&R Ins./American Alt. (No longer needed w/\$10M Limit)
Crime & Monies/Securities	2,450	2,450	R&R Ins./Hanover
Storage Tank	3,735	3,878	R&R-ACE
Workers Compensation	398,232	429,881	R&R Ins./United Heartland
Subtotal-Liability Insurance	\$678,296	\$703,266	R&R Ins./LWMMI
Total - Property & Liability	\$744,483	\$771,176	R&R/LWMMI & Chubb

The 2019 Insurance budget includes a total amount of \$766,950. Additionally, the attached email identifies that our Workers Compensation Mod has been reduced to .99 which will further reduce the above costs. Furthermore, note that the City received a dividend check this year from the League of Wisconsin Municipalities in the amount of \$88,144 for the 2017 policy year. As such, it is expected there are sufficient appropriations to fund the proposed policies as noted in the above table. Please note that final costs for the year will vary as, for example, new vehicles and equipment are added for or removed from coverage during the year.

COUNCIL ACTION REQUESTED

Motion to authorize the Director of Administration to renew and execute the City's casualty insurance plans with R&R Insurance/League of Wisconsin Municipalities Mutual Insurance (LWMMI), Chubb, Hanover, and ACE American Insurance Company for the upcoming 2019 year, as noted above and with increasing the liability limit to \$10M; not renewing the Umbrella policy with American Alternative; and to further authorize release of premium payments in accordance with or as required by said policy documents.

Mark Luberda

From: Huibregtse, Scott <Scott.Huibregtse@rrins.com>
Sent: Monday, November 26, 2018 9:15 AM
To: Mark Luberda; Lisa Huening
Cc: Dana Zahn; Turner, Mark
Subject: FW: City of Franklin

Greetings,

I hope everyone had a wonderful Thanksgiving holiday!

Good news on the MOD refile for the upcoming policy term.

Questions, please let us know.

Thanks,

Scott

From: Kelroy, Lainey
Sent: Monday, November 26, 2018 8:51 AM
To: Huibregtse, Scott; Davis, Karlie
Subject: City of Franklin

Good Morning,


The re-file for City of Franklin was processed. New 2019 mod below:

Primary Risk Name: **FRANKLIN CITY OF**
Address: **9229 W LOOMIS RD FRANKLIN , WI 53132**
Risk Combo ID: **050496009**
Risk Coverage ID: **0127816**

Effective Year	Experience Modification	Status*	Revision Number	Rating Type**	Release Date
2019	0.99	Released	001	N	11/21/2018
2018	0.94	Released	000	N	07/18/2017
2017	1.10	Released	002	N	03/15/2017
2016	1.16	Released	001	N	02/12/2016
2015	1.10	Released	003	N	04/30/2015
2014	0.86	Released	001	N	10/21/2014

Scott Huibregtse ARM | R&R Insurance Services, Inc.
Senior Account Executive
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Scott.Huibregtse@rrins.com | www.myknowledgebroker.com
phone & fax: 262-502-3830 | cell: 414-520-0606

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APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 12/04/2018
REPORTS & RECOMMENDATIONS	2019 Stop Loss Insurance Policy	ITEM NUMBER G.21.

For 2017, when the City moved away from Humana for health plan administration it became necessary to find a new stop-loss insurance provider since Humana was also acting in that role as part of a package deal. The move at that time was to Sun Life for stop-loss coverage as they were a preferred provider for both United Health Care (our new health plan administrator at the time) and our broker, Diversified. (10/18/2016 Council Action Sheet). The program also incorporated a new dividend program which did issue a dividend to the City in 2018 for the 2017 plan year of \$137,832.35, which is supporting the transition to the High-Deductible Health Plan for 2019.

For 2018 (Council Action Sheet 11/21/2017), the determination to remain with Sun Life was ultimately made as their increase was limited to 5 percent (approximately \$34,000) which was less than the budgeted estimate.

Sun Life remains a preferred provider and has been good to work with. The dividend program has been specifically beneficial. In fact, the City is currently on pace to receive a dividend again (although health insurance claims can turn sour quickly). The Director of Administration is, however, recommending one change to the City's program for 2019. Overtime, the City has slowly and periodically increased the value of the individual specific deductible of the specific stop-loss level of coverage. Working its way in \$5,000 steps from \$50,000 twelve years ago to \$60,000 for 2017. Each move has generally come when the total known savings in premium exceeded the total anticipated additional claim payments related to the higher individual specific deductible of the specific stop-loss level. The breakeven point has generally been when premium savings would fund the added stop-loss on about 8 claims or so per year. This level has been based upon our history of large claims which tends to fall in the 7 to 9 range.

The end result is that if the City has a good year (7 or fewer claims), the City saves money by having selected the higher individual specific deductible for the specific stop-loss coverage. Conversely, if the City ultimately experiences a higher than usual number of large claims (9 or more), the City would experience added net claims costs than had the City selected the lower individual specific deductible for the specific stop-loss level. Our experience, however, is that when the City deviates from the range of 7-9 large claims, it is generally with fewer than 7 rather than greater than 9.

For 2019, Sun Life is proposing a 10% increase in premiums (\$71,088 increase) but will freeze premiums at the 2018 level if the City increases its specific stop-loss level to \$70,000. Following is an analysis that shows what would have occurred over the last nearly six years assuming an annual premium differential of the \$71,088. The bottom line appears that Sun Life has slightly increased the breakeven point to the City where it is closer to 9 claims than 8. The City has not exceeded 9 large claims since prior to 2013. Recall also that prior increases in the individual specific deductible occurred because the City's claim history was indicating an average number of large claims of 8 or lower. As such, it should be in the City's best interest to make the jump to an individual specific deductible stop-loss level of \$70,000. The premium cost will come in under budget, but, as always, the City will have to wait until the end of the year to see the final impact.

<u>Calendar Year</u>	<u>Claimants over \$60K</u>	<u>Aggregating Deductible</u>	<u>Total COF Paid</u>	<u>Claimants over \$70K</u>	<u>Claimants Between \$60k and \$70k</u>	<u>Aggregating Deductible</u>	<u>Total COF Paid</u>	<u>Additional COF Would Have Paid</u>
2013	9			8	1			
	\$540,000	\$75,000	\$615,000	\$560,000	\$62,677	\$75,000	\$697,677	\$82,677
2014	3			3				
	\$180,000	\$75,000	\$255,000	\$210,000	\$0	\$75,000	\$285,000	\$30,000
2015	9			7	2			
	\$540,000	\$75,000	\$615,000	\$490,000	\$121,348	\$75,000	\$686,348	\$71,348
2016	7			6	1			
	\$420,000	\$75,000	\$495,000	\$420,000	\$61,054	\$75,000	\$556,054	\$61,054
2017	8			5	3			
	\$480,000	\$75,000	\$555,000	\$350,000	\$190,528	\$75,000	\$615,528	\$60,528
2018	3			2	3			
Thru 9/30	\$180,000	\$75,000	\$255,000	\$140,000	\$62,673	\$75,000	\$277,673	\$22,673
Total 6 year Additional Exposure								\$328,280
Total 6 year premium savings								\$426,528
\$60k vs. \$70k using 2019 savings								
Total 6 year savings								\$98,248

Please note that the stop-loss coverage also provides a maximum claims number (approx. \$3.9 million, bottom of page in the third column of numbers) that protects the City from significant claim overruns. This number is a per-covered-employee-per-month charge of \$7.10 and is estimated at approximately \$17,500 for 2019.

The Director of Administration recommends selecting Sun Life and Sun Life's "Renewal Option 1" for stop-loss coverage for 2019's health benefits program, which increases the City's individual specific deductible to \$70,000.

At their meeting of November 26, 2019, the Personnel Committee approved a motion recommending to the Common Council approval of Sun Life and Sun Life's "Renewal Option 1" for stop-loss coverage for 2019's health benefits program, which increases the City's individual specific deductible to \$70,000, and to authorize the Director of Administration to execute renewal documentation as necessary.

COUNCIL ACTION REQUESTED

Motion to approve Sun Life and Sun Life's "Renewal Option 1" for stop-loss coverage for 2019's health benefits program, which increases the City's individual specific deductible to \$70,000, and to authorize the Director of Administration to execute renewal documentation as necessary, as recommended by the Personnel Committee.

Renewal options

October 22, 2018

To accept the renewal proposal, please do the following:

- At the bottom of this page, select a renewal option and sign where indicated.
- Email, fax, or mail all of the pages in the 'Renewal options' and 'Renewal options, continued' tabs to me by December 1, 2018, in order to avoid a lapse in coverage.

Policyholder name:	City of Franklin	Account number:	247234
Policyholder Address:	8229 W Loomis Rd	Renewal status:	Open
	Franklin, WI 53132	TPA Name:	United Healthcare
Situs State:	WI	PPO Name:	United Healthcare, ChoicePlus
Renewal Eff. Date:	January 1, 2019		

Current and renewal rate summary	
Tier	Employees
Single	49
Family	156
Total	205

Specific Stop-Loss policy details and renewal options				
Plan thresholds	Current	Renewal	Renewal option 1	Renewal option 2
Individual Specific deductible	\$60,000	\$60,000	\$70,000	\$80,000
Aggregating Specific deductible	\$75,000	\$75,000	\$75,000	\$75,000
Annual maximum	Unlimited	Unlimited	Unlimited	Unlimited
Lifetime maximum	Unlimited	Unlimited	Unlimited	Unlimited
Specific rates	Current	Renewal	Renewal option 1	Renewal option 2
Claims basis	18/12	PAID	PAID	PAID
Benefits covered	Medical and Rx	Medical and Rx	Medical and Rx	Medical and Rx
Single	\$133.91	\$147.30	\$133.91	\$125.88
Family	\$337.64	\$371.40	\$337.64	\$317.38
Total monthly premium	\$59,233.43	\$65,166.77	\$59,233.43	\$55,679.42
Renewal rate action as a % increase to current monthly premium		10.0%	0.0%	-6.0%

Aggregate Stop-Loss policy details and renewal options				
Aggregate rates	Current	Renewal	Renewal option 1	Renewal option 2
Aggregate Benefit Maximum	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Per employee per month rate	\$6.76	\$7.10	\$7.10	\$7.10
Total monthly premium	\$1,385.80	\$1,455.50	\$1,455.50	\$1,455.50
Renewal rate action as a % increase to current monthly premium		5.0%	5.0%	5.0%

Aggregate thresholds and rates				
Claims basis	Current	Renewal	Renewal option 1	Renewal option 2
Benefits covered	Medical and Rx	Medical and Rx	Medical and Rx	Medical and Rx
Corridor	125%	125%	125%	125%
Minimum Attachment Point %	90%	90%	90%	90%
Single Aggregate deductible factor	\$514.01	\$642.41	\$704.40	\$766.39
- Medical	\$389.21	\$488.41	\$548.40	\$610.39
- Rx Drug	\$124.80	\$156.00	\$156.00	\$156.00
Family Aggregate deductible factor	\$1,438.23	\$1,799.04	\$1,861.03	\$1,923.02
- Medical	\$1,089.79	\$1,362.24	\$1,424.23	\$1,486.22
- Rx Drug	\$348.44	\$436.80	\$436.80	\$436.80
Minimum Attachment Point	\$224,735.73	\$280,915.50	\$282,352.55	\$303,789.81
Estimated monthly renewal liability	\$249,706.37	\$312,128.33	\$324,836.28	\$337,544.23
Renewal rate action as a % increase to current monthly aggregate deductible factors.		25.0%	30.1%	35.2%

Total estimated annual plan costs				
Total costs	Current	Renewal	Renewal option 1	Renewal option 2
Total annual premium	\$727,430.76	\$799,347.28	\$728,287.16	\$685,619.09
Annual Aggregate Attachment Point	2,996,476.44	3,745,539.96	3,898,035.36	4,050,530.76
Total estimated self-funded plan costs	\$3,723,907.20	\$4,544,887.24	\$4,626,322.52	\$4,736,149.85
Renewal rate action as a % increase to total estimated annual plan cost.		22.0%	24.2%	27.2%

Select renewal option			X	
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Please acknowledge acceptance of the terms and conditions of the renewal proposal by signing below and returning all pages of the proposal to Kevin O'Neill.


Please indicate the renewal option you have selected by initialing one of the three boxes above. Your signature on the renewal proposal constitutes your acceptance of the terms, conditions, assumptions and contingencies set forth in the proposal. The premium rates agreed upon as part of the renewal will be effective on the Policy Renewal Effective Date.

PENDING COUNCIL APPROVAL

Authorized Signature: _____	Date: _____
Printed Name: _____	Printed Title: _____

PENDING COUNCIL APPROVAL

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APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 12/04/2018
REPORTS & RECOMMENDATIONS	Preliminary Wage Adjustment for Non-Represented Employees Who Join WRS Effective 1/1/2019 and Would Suffer a Commensurate Reduction in Take-home Pay	ITEM NUMBER <i>G. 22.</i>


The adopted 2019 budget provided appropriations "for the purpose of moving the start date of the 1.55% wage increase to 1/01/2019 for any non-represented employee who joins WRS effective 1/01/2019 and would suffer a commensurate reduction in take-home pay by joining." Although the appropriation has been established and approved, it is necessary for the Common Council to authorize the implementation of the wage adjustments. The Director of Administration recommends that the wage adjustments be implemented in the following manner.

1. Effective with the January 4, 2019, payroll, add a 1.55% wage increase for any non-represented employee who joins WRS effective 1/01/2019 and would suffer a commensurate reduction in take-home pay by joining. (January 4th because WRS works on a calendar year and paychecks issued 1/4/2019 will be under the new WRS coverage even though some of the hours worked would have been in 2018.)
2. The pay ranges themselves are not modified at this time because this is a preliminary action pending further consideration of the annual Market Adjustment to the Wage and Salary Rates in mid-2019; as such, an employee may exceed the maximum of the range temporarily during this preliminary action.
3. When the annual Market Adjustment to the Wage and Salary Rates is ultimately implemented by the Common Council in mid-2019, this temporary increase shall not mathematically compound against any adjustments at that time and any applicable Progress-to-Market-Rate Adjustments shall be calculated against the range without consideration of this preliminary action.
4. The Director of Administration may document the adjustment within the Employee Handbook and/or Civil Service Manual and may subsequently remove the reference following Council Action on the annual Market Adjustment to the Wage and Salary Rates.

COUNCIL ACTION REQUESTED

Motion to authorize implementation of a 1.55% preliminary wage adjustment for non-represented employees who join WRS effective 1/01/2019 and would suffer a commensurate reduction in take-home pay in accordance with the implementation guidelines set forth in the Council Action Sheet.

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APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 12/04/2018
REPORTS & RECOMMENDATIONS	Establish the Timeline for the Employer Contribution to Health Savings Accounts (HSA) for Employees Participating in the High-Deductible Health Plan in 2019	ITEM NUMBER G, 23,

At their August 20, 2018 meeting, the Personnel Committee preliminarily reviewed alternative plan designs for 2019 employee and retiree health insurance, including their covered dependents. The plan designs were approved by the Common Council at their meeting of 9/18/2018 and included both a primary High-Deductible Health Plan (HDHP) and a new secondary PPO. That approval included a \$750/\$1,500 (single/family) City contribution to an HSA for individuals that sign up for the HDHP in 2019. No commitment is made to continue this payment beyond 2019. This City contribution cost is budgeted and was funded by applying part of a self-insurance rebate that came back to the City based on good claims results against the Stop-Loss plan.


The prior approval did not specify when during the 2019 calendar year the employer contribution would be applied to employees' HSAs. It would be beneficial to the open enrollment process that is underway to confirm the expected contribution timeline. The Council Action Sheet, however, did note that a drawback to participation in the HDHP, particularly at initiation, is that at the initial stages an employee may not have built up a balance in their HSA to fund their costs. This factor would likely apply to nearly all of our employees who consider the HDHP. Given this stated purpose, it would be logical to apply most or all of the funds at the beginning of the year. The risk in doing so is that an employee who receives the contribution and subsequently quits or retires retains the contribution amount. (IRS regulations would prohibit requiring reimbursement.) This circumstance is not expected to apply to many, if any, employees. A similar scenario is actually already in place for the PPO plan and members who elect for a Flexible Spending Account (FSA). With an FSA, an employee who remains employed all year eventually fully funds their cost up to the \$2,500 limit; whereas, an employee who quits could have used the full \$2,500 without having fully funded it through their payroll deductions. (Again, this is one of the results of how the IRS rules are applied.) Although there is a difference in that the FSA is a potential cost and the HSA contribution is a sunk cost, it does seem counter-intuitive to the stated intent of encouraging HDHP participation to not allow for the same sort of limited risk in the HDHP that the City already has, and will continue to have, with an FSA related to the PPO.

The Director of Administration, therefore, is recommending that the full contribution be applied to each account prior to the end of January of 2019. Additionally, for new employees who remain employed for more than 30 calendar days who select the HDHP with an HSA, or an existing employee with a qualifying event that changes health plans, their employer contribution shall be prorated based upon the number of months the employee was covered by the health plan.

At their meeting of November 26, 2018, the Personnel Committee approved a motion recommending the Common Council authorize payment of the single/family employer contribution to the eligible employee HDHP Health Savings Accounts prior to the end of January 2019 and that new employees and/or existing employees with a qualifying event that switch health plans during the year will be based on a prorated contribution. Personnel Committee members noted that private sector businesses typically provide their employer contributions at the beginning of the year. Additionally, discussion encouraged consideration of continuing some level of employer contribution beyond 2019, which can be addressed annually. The clarification of how to handle a circumstance where the HSA is not initially in place was added after the Personnel Committee's consideration.

COUNCIL ACTION REQUESTED

Motion to authorize payment of the \$750/\$1,500 (single/family) employer contribution to the eligible employee High-Deductible Health Plan (HDHP) Health Savings Accounts (HSA) prior to the end of January of 2019 provided the HSA is initially available and at the convenience of the Finance Department thereafter, and, for new employees in 2019 who remain employed for more than 30 calendar days who select the HDHP with an HSA or an existing employee with a qualifying event who switches health plans during the year, to authorize payment of an employer contribution prorated based upon the number of months the employee will be covered by the HDHP and to authorize the Director of Administration to make such related changes to the Employee Handbook as he determines is necessary.

APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 12/04/2018
REPORTS & RECOMMENDATIONS	Application of the Retiree Health Benefit with Multiple Health Plans	ITEM NUMBER <i>G, 24.</i>

The employee handbook provides for some retiree health benefits for certain non-represented employees after an extended term of employment. Other than the Police and Fire Department personnel, the extent of the benefit is limited to 3 to 5 years at most. Additionally, the City's share is generally fixed at 75% of the cost of the premium at time of retirement with the employee picking up the other 25% and all future year increases in the premium. The plan language does not adequately take into account the fact that beginning 2019 the City will have multiple health insurance options and retirees may switch between plans. As such, it is appropriate to incorporate language that clarifies the impact on the City and retiree shares in the event of a change in plan type, either from single to family or from HDHP to PPO, etc. (A copy of the existing policy language, which is not changing, is attached for your convenience.)

Template wording for an additional paragraph to accomplish the intended clarification is available in the labor agreements. It can then be applied to each of the subsections of the Retiree Health Insurance portion of the Employee Handbook. The following paragraph would be added to the end of the section.

"For retirements occurring after 12/4/2018, the following parameter or clarification applies to each of the above paragraphs outlining the retiree health insurance for the identified specific employee group. This parameter shall prevail in the event of a conflict in the wording with the above paragraphs. Where it is referenced above that the City shall pay seventy-five percent (75%) of the retiree health insurance premium upon retirement from the City service, that amount may vary, as described further below, in the event the employee changes between plan types, including but not limited to single, family, high-deductible, or PPO plan types. If said retiree switches from a higher-premium plan type to a lesser-premium plan type, the City will continue to pay only 75% of the lesser-premium plan type that was in effect on the date of retirement; however, if a retiree elects a plan type with a lesser premium at or after retirement and subsequently switches back to a higher-premium plan type, the City will revert to paying 75% of the higher-premium plan type that was in effect on the date of retirement only if the added dependents were eligible for coverage on the date of retirement. Additionally, in the event a retiree selects or reverts to a plan type during an eligible continuation period, as provided for above, and that premium-type did not exist on the retiree's premium share calculation date (retirement date), the applicable retro-active premium-type rate shall be calculated based upon a percentage of the family plan using the then current year's premium rates."

The effect is to eliminate the potential that a retiree can have a 75% City share calculated as a benefit, switch plan types, and subsequently apply that initial benefit amount against the total premium of a lower-cost plan type, with the result of causing the employer to pay more than its intended 75% maximum contribution. It also clarifies that if the employee is paying the added premium share to retain the PPO while an active employee, then the City will allow that plan participation and that ratio to continue when/if they move into retiree coverage.

[Please note that the outstanding issue of reconciling these benefit levels across the various non-represented employee groups remains an outstanding issue that is expected to be addressed in the first quarter of 2019. In the meantime, it is necessary to clarify how the benefit is to be applied with the advent of multiple health plans.]

At their meeting of November 26, 2018, the Personnel Committee approved a motion recommending the Common Council accept and incorporate the above paragraph into the Retiree Health Insurance portion of the Employee Handbook. The clarification of the effective date of 12/4/2018 was added after Personnel Committee consideration.

COUNCIL ACTION REQUESTED

Motion to direct the Director of Administration to incorporate the above paragraph language that clarifies the impact on the City and retiree shares in the event of a change in plan type, either from single to family or from HDHP to PPO, etc. to the end of the Retiree Health Insurance portion of the Employee Handbook as recommended by the Personnel Committee.

networks, or benefit levels at any time. Currently, the City maintains a self-funded plan and calculates monthly premium rates as appropriate and necessary.

The City will prepare and make available a Summary Plan Description detailing the benefits, coverage, and exclusions provided, which plan may be amended from time to time at the sole discretion of the City. As provided for therein, an employee's health coverage will generally begin the first of the month following employment and employees who wish to change coverage or make any additions or deletions may do so during the month of December for coverage beginning January 1 or as otherwise provided for within the Plan. The plan establishes various employee requirements, including but not limited to fees and co-payments for services.

One requirement of the Federal Affordable Care Act is that, beginning in 2018, the federal government will assess a 40 percent excise tax on the cost of coverage for health plans that exceed a certain annual limit. **The Common Council adopted a policy statement that the City of Franklin's Employee Health Benefit Plan shall maintain a level of benefits to ensure that the City is not subject to the Affordable Care Act's "Cadillac Tax". Staff will annually evaluate and recommend such steps or actions necessary to continue to take such incremental and affirmative steps toward ensuring compliance with said policy directive by 2018.** The likely result will be a reduction in health benefits over time which effectively causes a health care cost participation increase for employees.

In the event a Police Captain, Inspector, or Dispatcher is killed in the line of duty, the employee's spouse and dependents may remain in the City health insurance program, and the City will pay seventy-five (75%) of the full cost of the premium for a period of one (1) year. At the conclusion of the one (1) year period, the employee's spouse and dependents may remain in the City health insurance program at their own expense provided the spouse and /or dependents pay any premium due to the City Treasurer by the 15th of the month prior to the month the premium is due.

Employee Premium Share: Employees participating in the health insurance program shall contribute, by means of payroll deduction, toward the monthly health insurance premium. The rate or rate structure (i.e. "x" percentage of premium) shall be set forth by the Common Council from time to time but will generally occur in conjunction with annual consideration of the Compensation Plan, as such see the Appendix subsection on Compensation Plan Addendums for current applicable employee premium share rates.

See also "Application of Benefits for Extended-Term, Part-Time Employees With Benefits".



Retiree Health Insurance

The City of Franklin offers certain retirees, and their families, the ability to continue in the City's health insurance program following their retirement. All other terms and conditions relating to health insurance set forth in the respective health plan, including but not limited to the terms relating to deductible and prescription drug co-payments, shall apply.

The health insurance coverage provided for retirees, spouses, and the families by the City

does not vest upon retirement or other termination of employment. The health insurance coverage provided herein and the contribution for the cost of coverage may change in the future as determined solely by the City.

Retiree Eligibility and Participation Requirements: In addition to the requirements of the health plan itself, following are certain other requirements and benefit levels.

Supervisors and Managers, Planners, Public Health Nurses, Police Department Administrative Assistant, Administrative Project Assistant, and Deputy City Clerk: Any such employee who has reached a minimum age of 62 years and has 20 years of credited service with the City shall be eligible to obtain payment of 75% of their retiree health insurance premium upon retirement from City service. Eligibility for premium payment shall stop when the employee reaches age 65, or becomes eligible for Medicare, or the employee accepts employment from which health insurance benefits are available.

Fire Department Command Staff: An employee who retires from employment with the City under a regular pension at statutory normal retirement age (age 53 as of January 11, 2005) and who has attained twenty five (25) or more years of full time service (twenty (20) years effective January 1, 2006) with the City or retires under a disability pension shall be eligible for enrollment in the City's conventional hospital and surgical insurance program. The City shall pay seventy-five percent (75%) of the premium amount in effect on the date the employee retires, whatever that figure may be, and will continue to pay that amount toward the employee's health insurance coverage until such employee reaches age 65, or the retired employee qualifies for Medicare, whichever occurs earlier. Participation in the City's health plan ceases at the earliest of the following: 1) The retiree's attains the age sixty-five (65), or 2) The retiree is eligible for Medicare, or 3) The retiree dies. Coverage shall not be extended to the retiree while he or she is eligible for coverage under another health plan.

The Police Inspector and Police Captains hired or promoted after December 2009: For the Police Inspector or Police Captains who retire on a regular pension (disability pensions, excluded) on or after January 1, 2010, the City shall pay seventy-five (75%) of the cost towards the single plan premium or the family plan premium of the health plan the employee was in prior to retirement, and such payment shall remain frozen at that level throughout the period of such payment. The employee/retiree must pay their portion of the monthly premium to the City Treasurer by the 15th of the month prior to the month the premium is due, or the employee/retiree may be dropped from the City's insurance program. The employee/retiree must be at least 53 years of age and have at least fifteen (15) years of service with the City of Franklin to qualify for the Retiree Health Plan benefits of this section. Said employees will continue to be covered by hospital and surgical insurance benefits until such employee reaches the age of sixty-five (65) or is eligible for Medicare, whichever occurs earlier, unless said employee voluntarily drops coverage or is dropped from the plan in accordance with the plan document or the allowance provided for herein. In the event the employee/retiree's spouse is not eligible for Medicare when the employee/retiree's participation in the insurance program ceases, the spouse may remain in the same City group health plan until eligible for Medicare solely at the expense of the spouse, provided that the spouse pays the full monthly premium therefore to the City

Treasurer by the 15th of the month prior to the month the premium is due, or the spouse may be dropped from the City's insurance program.

Public Works, Sewer and Water, and Custodial Employees With Benefits: Any employee who has reached a minimum age of 60 years of age, and has 15 years of credited service with the City shall be eligible to obtain payment of 75% of their retiree health insurance premium upon retirement from City service. The amount paid by the City shall be three-fourths of the premium amount paid at the time of retirement of the employee. The premium subsidy paid by the City shall cease at the earliest of the following, after which time he or she shall receive no payment or co-payment of any health insurance or other premium or payment by the City: (1) The employee/retiree is eligible for Medicare or (2) The employee/retiree's death.

Engineering Technicians and Full-time Municipal Court Clerks Hired Prior to 1/1/2006: Any full-time employee of the City hired prior to 1/1/2006 into Engineering Technician or Municipal Court Clerk positions who has reached a minimum age of 62 years and has 20 years of credited service with the City shall be eligible to obtain payment of 75% of their health insurance premium upon retirement from the City service. The amount paid by the City shall be based on the premium or its equivalent in effect upon the date of retirement and shall remain at that amount until eligibility stops. Eligibility for premium payment shall stop upon the earlier of the employee reaching the age of 65 years, becoming eligible for Medicare, the employee accepting employment from which health insurance benefits are available, or the employee's death. Payment of the remaining balance of the monthly premium or its equivalent must be made to the City Treasurer by the 15th of the month prior to the month the premium or its equivalent is due.

Dispatchers: Effective January 1, 2006, City shall pay seventy-five percent (75%) of the cost as of January 1st, 2005 towards the single plan premium or the family premium of the health plan the employee was in prior to retirement, and such payment shall remain frozen at that level throughout the period of such payment under the following conditions (if an employee/retiree switches from a family to a single plan or vice versa, the City will continue to pay up to the same amount it had been previously paying) as of January 1, 2005: a) The employee/retiree must have at least twenty (20) years of continuous service with the City of Franklin; and b) The employee/retiree must be within 3 years of their Normal Retirement Date under the retirement plan document (age 65). The employee/retiree must pay the balance of the full monthly premium to the City Treasurer by the 15th of the month prior to the month the premium is due, or the employee/retiree may be dropped from the City's insurance program. Participation in the City's health insurance program ceases at the earliest of the following: 1) the employee/retiree's attainment of age sixty-five (65), and the employee/retiree is eligible for Medicare or 2) the employee/retiree's death. In the event the employee/retiree's spouse is not eligible for Medicare when the employee/retiree's participation in this program ceases, the spouse may remain in the same City group health plan until eligible for Medicare solely at the expense of the spouse, provided that the spouse pays the full monthly premium therefore to the City Treasurer by the 15th of the month prior to the month the premium is due, or the spouse may be dropped from the City's insurance program. Additionally, if the employee/retiree obtains other employment in which comparable health benefits are available at a cost to the employee/retiree which does not exceed the employee/retiree's cost under this City program, the employee/retiree must participate in the other plan, provided that the employee/retiree may again participate in the City program

when no longer eligible for the other coverage, if otherwise eligible under Paragraph (c) and if the City's insurance carrier agrees to permit such participation. As an alternative to participating in the other plan, the employee/retiree has the option of remaining in the City plan, but only under a single contract covering the employee/retiree.

Part-Time Employees: Part-Time employees do not qualify for retiree health insurance.

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