

PROCEEDINGS OF THE BROWN COUNTY EXECUTIVE COMMITTEE

Pursuant to Section 18.94 Wis. Stats., a regular meeting of the **Brown County Executive Committee** was held on Monday, September 10, 2012 in Room 200 of the Northern Building – 305 East Walnut Street, Green Bay, Wisconsin

Present: Chair Tom Lund, Supervisors Patrick Moynihan, Jr., Pat Buckley, Bernie Erickson, Pat Evans, Steve Fewell, Pat Wetzel
Also Present: Supervisors Williams, Sieber, Van Dyck, Landwehr. Executive Streckenbach, Brent Miller, Lynn Vanden Langenberg, Dan Process, David Hjalmsquist, Juliana Ruenzel, Kristin Hooker, Brian Shoup, Dave Maccoux, Rob Strong, Randy Gast, other interested parties

I. **Call Meeting to Order:**

The meeting was called to order by Chairman Tom Lund at 5:30 p.m.

II. **Approve/Modify Agenda:**

Motion made by Supervisor Fewell, seconded by Supervisor Erickson to approve the agenda. Vote taken. MOTION UNANIMOUSLY APPROVED.

III. **Approve/modify minutes of August 6, 2012.**

Motion made by Supervisor Fewell, seconded by Supervisor Erickson to approve the minutes of August 6, 2012. Vote taken. MOTION UNANIMOUSLY APPROVED.

Supervisor Buckley arrived at 5:32pm

Communications

1. **Communication from Supervisor Moynihan re: Request approval of amending Brown County Code of Ordinances 2.13 (5)(f) to delete “and discussion pertinent to the subject matter.” *July Motion: Hold for 60 days.***

Motion made by Supervisor Moynihan, seconded by Supervisor Fewell to hold for one month. Vote taken. MOTION UNANIMOUSLY APPROVED.

2. **Communication from Supervisor Fewell re: To reduce all fees for Senior Citizens that Brown County charges by 33% including golf course, zoo, museum, Frisbee golf, rental fees, Register of Deeds, Medical Examiner fees, all County Clerk fees, including boat launch fees to honor all Senior Citizens in Brown County. *Held for one month.***

Fewell felt if they were going to decide on a policy for senior discounts that they should include all activities. He wasn't necessarily in favor of it and felt they had to be conscious about the kind of policies they set.

Motion made by Supervisor Fewell, seconded by Supervisor Buckley to receive and place on file. Vote taken. MOTION UNANIMOUSLY APPROVED.

Supervisor Wetzel arrived at 5:35pm

3. **Communication from Supervisor Vander Leest, Van Dyck, and Steffen re: Request to the Brown County Executive to prepare a budget for 2013 that freezes or lowers property taxes for Brown County taxpayers. *Aug Motion: To forward to Corp Counsel to draft a resolution as stated wishes and bring back at next Exec Cmte mtg.***

Moynihan stated that Supervisor Vander Leest had contacted him, he was unable to attend the meeting was in support of the resolution that was presented this evening.

Motion made by Supervisor Fewell, seconded by Supervisor Erickson to receive and place on file. Vote taken (Ayes: Fewell, Buckley, Lund, Erickson, Wetzel; Nays: Moynihan). MOTION APPROVED 5-1.

a) **Resolution Requesting the County Executive Prepare a 2013 Budget Reflecting a Freeze or Lowering of Property Taxes for Brown County Taxpayers.**

Erickson believed that it was the intent of every committee chairman to seek these goals or better and felt they didn't need a resolution to achieve what they were aiming for.

Fewell felt the resolution was nonsense and grand standing. If the Executive prepared a budget that they didn't feel was responsible it would become the County Board's budget starting October and they would have the responsibility to adjust it accordingly.

Motion made by Supervisor Erickson, seconded by Supervisor Buckley to receive and place on file. Vote taken. MOTION UNANIMOUSLY APPROVED.

4. **Communication from Supervisor Hopp re: Request that ALL standing committees and boards responsible to the Brown County Board shall be required to file and post the minutes from their meetings within 24 hours of adjournment. *Referred from August County Board.***

Moynihan stated for Hopp's communication to come to fruition they would have to accept his communication under item #1. To file and post minutes within 24 hours would not be accomplished unless the minutes were basically motions and the actions of the committee.

Buckley stated they would have to look at cost to get this out in 24 hours and if people needed to know the information within 24 hours, they should have attended the meeting. Lund agreed noting that he felt it was a ridiculous requirement.

Erickson informed that he had brought this up approximately six years ago and it was almost impossible to do. The minutes he believed Hopp was referring to, many of those committees meet quarterly and the minutes from the previous meeting may take months to get to for their next meeting to be approved, they then go to their oversight committee and finally to the Board. There was a considerable delay. The committee meeting minutes were always on time for the board, you can get them online. Sometimes meetings go until midnight and what do you call 24 hours, by 4:30pm the next day? Staff didn't have enough time to complete the minutes.

Fewell felt there might have been times where recording secretaries were not present at subcommittee meetings so they were asking a member of a committee to transcribe minutes. He felt if they were going to do this maybe they should only record in the minute's resolutions and ordinances and nothing else. All the sidebar conversations and members wanting to be quoted are thrown out to allow for minutes to be completed in 24 hours. Right now, he wasn't sure if there were enough recording secretaries for all of the committees.

Wetzel agreed with Erickson. Committee meetings are not known to be quick; County Board staff only have so many hours in a day. Unless they start paying overtimes, etc. Lund added that it wasn't even a constitutional requirement.

Motion made by Supervisor Erickson, seconded by Supervisor Fewell to receive and place on file.

Vote taken. **MOTION UNANIMOUSLY APPROVED.**

5. **Communication from Supervisor Erickson re: To have Karl Fleury and Shelly Nackers report to Executive Committee to discuss why hiring hasn't kept up during the last 20 months and explain why employees can't work within the County's scheduled work week. Referred from August County Board.**

Motion made by Supervisor Erickson, seconded by Supervisor Buckley to receive and place on file. Vote taken. **MOTION UNANIMOUSLY APPROVED.**

6. **Communication from Supervisor De Wane re: To have staff meet with representatives from Green Bay to discuss alternatives for the future of the Brown County Library and bring their findings to the Executive Committee, whether it is a partnership or finding a new location or building a new library, etc. Referred from August Ed & Rec Cmte.**

Wetzel informed that at the Education and Recreation Committee they received this item and placed it on file.

Lund informed that at the July meeting of the County Board there was a discussion with regard to having the Brown County Executive and Brown County Board Chairman select five County Board members to serve on an ad hoc committee to work with members of the Library Board to create and RFI for future needs of the BC Central Library. Executive Streckenbach informed that they needed one person.

Erickson stated as a committee chairman of Planning, Development and Transportation they had a lot of communications that were made continuously at County Board level and no one shows up to the meetings. Committees hold the communications for a month, supervisors are reminded of their communications and they still don't show up. He suggested having the Board Chairman make mention at the next board meeting that if someone was going to bring forward a communication, show up to the meeting. It was fruitless as no one knows what they were talking about.

Motion made by Supervisor Fewell, seconded by Supervisor Erickson to receive and place on file. Vote taken (Ayes: Fewell, Buckley, Lund, Erickson, Wetzel; Nays: Moynihan). **MOTION APPROVED 5-1.**

Legal Bills

7. **Review and Possible Action on Legal Bills to be paid.**

Motion made by Supervisor Fewell, seconded by Supervisor Moynihan to approve. Vote taken. **MOTION UNANIMOUSLY APPROVED.**

Referred from Administration Committee

8. **Discussion of the Chapter 4 modifications and the effects on departments that operate 24hours per day, seven days per week. June Motion: To approve Chapter 4 as amended and have the County Executive continue to work with the Sheriff/Communication Center Director with the 24/7 operations and come back in September.**

Miller informed that there wasn't an update but at the request of Supervisor Fewell, this tied in with the resolution that was sent back from the County Board. He did have communication from the Sheriff and the former Public Safety Director with regard to the staff was required to work Tuesday through Saturday and a Sunday where the week started over. It tied in with Erickson's communication. Those workweeks have not changed. When Act 10 and Act 32 went into place you

could not under the Fair Labor Standards, which the County Board had done through Chapter 4, paid the overtime on worked time over 40 hours, previously paid over 8 hours. Both the Sheriff and Public Safety Director responded the same, on the sixth day occurrences, which had been voluntary only, they could not produce one where it was inversed. The Sheriff stated they would have to pull 150 different timecards and ask each employee if they were inversed or if they volunteered for that. To the Sheriff's knowledge there had been no inversing on the sixth day. At the Communication Center his comments were that it should be noted that they had not forced anyone to work six days in a row, if someone worked a sixth day it was because they voluntarily took the hours. It usually happened on their short week that they took their sixth day.

Buckley questioned if they were getting closer to being able to pull information regarding overtime on the computer system, rather than doing it all by hand. Miller responded, yes. The system had been in place since 2006 and the last of it should be implemented on January first.

Motion made by Supervisor Erickson, seconded by Supervisor Wetzel to hold for one month. Vote taken. MOTION UNANIMOUSLY APPROVED.

Reports

9. County Executive Report

a) Budget Status Financial Report for July, 2012.

Streckenbach informed that their current budget was in line.

Motion made by Supervisor Fewell, seconded by Supervisor Buckley to receive and place on file. Vote taken. MOTION UNANIMOUSLY APPROVED.

10. Internal Auditor

a) Presentation of 2011 Comprehensive Annual Financial Report, Federal Awards and State Financial Assistance Report and Management Communications by Schenck, SC.

NOTE: A copy of the Comprehensive Annual Financial Report, the Federal Awards and State Financial Assistance Report and the Management Communications Reports were previously provided to all of the County Board members at the August County Board meeting.

Schenck SC SPA David Maccoux referred to the Comprehensive Annual Financial Report and informed that it was required to contain certain documents and certain schedules. This report was prepared exclusively by the county. Last year's report which was similar to this year's report did receive a Certificate of Achievement for Excellence in financial reporting. Within Wisconsin there were about 20 units of government that received this prestigious award. The 2011 report does meet those high standards as well.

Maccoux informed that it was a clean opinion, it was an unqualified opinion, meaning they would make no modifications to the report that was prepared by the county. Included in the report was management discussion and analysis which presents county financial activities in a narrative format. He would encourage the County Board to review that.

Maccoux briefly went over the government-wide financial analysis portion of the report which can be reviewed on the Brown County website: www.co.brown.wi.us
Under Departments -> Administration -> County Financial Reports / Audits (CAFR) -> 2011 CAFR.

With regard to the Federal and State Financial Awards, as a governmental entity the county does received federal and state financial assistance. For the year end December 31, 2011 the county

received about \$44 million of federal dollars and about \$29 million of state. Part of their audit in addition to the financial report included tests of compliance with respect to those federal and state programs. They had performed compliance testing to make sure that the county was compliant with the appropriate laws and regulations and reported their findings to the county and to the federal and state awarding agencies.

Their last report was their Management Communications which went through both financial information and other comments and observations that they had as part of the 2011 audit. The first couple pages talked about their responsibility because of the federal and state assistance they follow government audit standards that require them to do additional work with respect to compliance and internal controls. They were pleased to say that their review of the county's internal controls structure did not disclose any instances of non-compliance that they were required to report. It also went through part of the counties financials statements that were based on some estimates, their responsibilities were to review those estimates and they believed they were properly accounted for and would make no modifications.

Maccoux referred to page 11 in the Management Communications report and touched on the summary financial information – governmental funds. He explained that they liked to analysis a two year synopsis on what happened in 2011 compared to the prior year to understand where the county's financial position was. He spoke primarily to the general fund, part of the audit there was a new standard that was implemented. That standard indicated that the fund balance was now classified being either non-spendable, restricted, assigned or committed. The county adopted that policy for 2011 year ending general fund balance was \$34.5 million, an increase of approx. \$2.7 million. From that perspective the county had a very good budget year in 2011. Overall, the general fund balance is in a strong position as the county enters 2012.

The rest of the report goes through the various different enterprise funds and internal service funds which were designed to report different activities of the county. There were no real significant areas that were of concern. Overall they believed the county was operating efficiently and solid financial position in each of these funds. He informed there were additional comments starting on page 20.

Motion made by Supervisor Erickson, seconded by Supervisor Moynihan to receive and place on file. Vote taken. MOTION UNANIMOUSLY APPROVED.

Supervisor Evans arrived at 6:01pm

b) Request for Proposal (RFP) for Auditing Services for Brown County Board – Project #1645.

Internal Auditor Dan Process informed that the current contract was an extension of a previously executed contract and that they were at the five year maximum. He proposed that the county submit a formal RFP process to seek proposals to conduct the annual audit for the next three years with an optional two year extension.

Motion made by Supervisor Moynihan, seconded by Supervisor Fewell to approve. Vote taken. MOTION UNANIMOUSLY APPROVED.

c) Other.

11. Labor Attorney Report

a) Employee Handbook.

Director of Administration Brent Miller informed that the handbook brought in line with what Chapter 4 proposed. Lund added that they took Chapter 4 and developed an employee handbook with general language for employees because they don't have the language in contracts any longer.

Miller informed that the handbooks referenced where individuals could go to confirm that workers comp matched state law. It also referenced where to find info regarding short term and long term leave online. The info online explained in far more detail than the employee handbook. In doing this, if short term and long term disability changed, they wouldn't have to modify the handbook, etc. Miller stated that this was a living breathing document and will change and grow as laws change, etc.

Lund questioned if Department Heads made their employees aware of the handbook. Vanden Langenberg responded that so far employees have not seen this but informed that it will go out to the departments as well as online. As they get additional questions staff will continue to update and address. Buckley questioned if they should have the departments go over the handbook with staff before the committee approved it to reduce the chances of it having to come back for changes. Buckley suggested holding for two months.

Streckenbach informed that they recognized this was a living document, it resembled Chapter 4 as the highest level and the next level was how they administer these policies. The handbook was 85% of duplication of Chapter 4. He felt holding this for two months would set them back as far as administrating and allowing employees to understand. He felt it was important to get this put in place as soon as possible. This was the next step after the Chapter 4 revisions.

Buckley recommended holding for a month and request each supervisor or department head make it available for their employees to read giving them a month to contact Supervisors, Administration, HR and the Executive with any issues and or comments.

Fewell informed that he would like to see some things cleaned up, have some items referenced back, incompliance with purchasing policies, etc. They need to make sure they were complying with all the other policies. The way it read, the department head had the authority; he wants it to read that the department head had the authority in compliance with purchasing policies. Streckenbach stated that each department would have their own individual policy that would then correlate with Chapter 4, then the employee handbook and then the actual department would have their own policy. He felt it was appropriate to allow the departments and staff to have appropriate discussion as to what was best for them in their setting. At the highest level, the ordinance level, they had set the tone, then it allowed the departments to adapt what is needed. Buckley felt if they were going to allow each department head to have their own policy, before he approved this, he would like to see their policies. By not doing this you were asking for more issues, more complaints from departments.

Evans noted that he had agreed with Buckley.

Further discussions ensued with regard to clothing policies vs. employment policies. Streckenbach believed each department had different aspects that were not necessarily required to be followed within this employee handbook. This was a guide to allow for departments and employees to find answers regarding employment. The department level was another layer.

Motion made by Supervisor Buckley, seconded by Supervisor Evans to hold for one month. Vote taken. MOTION UNANIMOUSLY APPROVED.

b) **County Board Referral – Public Safety / Corrections Resolution.**

See item 15 for action.

Buckley excused @ 6:25 p.m.

Vacant Budgeted Positions (Request to Fill)

12. **Health Department – Public Health Nurse: Vacated on 8/10/12.**

**Motion made by Supervisor Moynihan, seconded by Supervisor Fewell to approve . Vote taken.
MOTION UNANIMOUSLY APPROVED.**

13. **Human Services – Social Worker/Case Mgr.-Child Protection, Intake/Ongoing: Vacated on 8/20/12.**

**Motion made by Supervisor Evans, seconded by Supervisor Moynihan to approve. Vote taken.
MOTION UNANIMOUSLY APPROVED.**

14. **Public Works Department – Business Manager: Vacated on 8/15/12.**

Vanden Langenberg informed that the resignation for this position was received around the same time as the deadline to get in for last month so she had sent a correspondence to Chairman Moynihan and Chair Lund and explained the situation and asked if they could begin the recruitment. They figured it would take about 30 days and it was a critical position to fill. The position was posted so they were recruiting but interviews will be held until this approval.

**Motion made by Supervisor Erickson, seconded by Supervisor Moynihan to approve. Vote taken.
MOTION UNANIMOUSLY APPROVED.**

Resolutions, Ordinances

15. **Resolution Granting Authority to Pay Additional Compensation to Brown County Employees.
*Referred from August County Board.***

Motion made by Supervisor Erickson, seconded by Supervisor Evans to approve 11b and 15. Vote taken. MOTION UNANIMOUSLY APPROVED.

16. **Resolution re: Change in Table of Organization Human Services (Psychiatric Nurse).**

**Motion made by Supervisor Evans, seconded by Supervisor Moynihan to approve. Vote taken.
MOTION UNANIMOUSLY APPROVED.**

17. **Resolution Asking Brown County Housing Authority Take Immediate Action to Stabilize the Situation with Integrated Community Solutions.**

Process provided a handout (attached) re: Brown County Housing Authority (BCHA)/Integrated Community Solutions (ICS). Moynihan informed that what Process presented was a timeline of his meeting with ICS. Moynihan was communicating with people from BCHA and shared emails with ICS members. Mr. Law from ICS had asked if the Internal Auditor would meet with them because Moynihan implicated to the Internal Auditor that he would like him to meet with ICS. Moynihan asked Mr. Law if he could have signed affidavits from their external auditor, their bank and other parties associated with ICS which they had since provided. Process informed that he had the opportunity to meet with ICS and they were very forthcoming with information, he had provided them a request of items he would have liked to discuss Tuesday and when he got there Wednesday the info was available. Process continued referring to info provided on the handout.

Rob Strong provided handouts (attached) re: BCHA to Assume Direct Management of HCV Program September 10, 2012. He informed that they had met with the Administration Committee (August 23,

2012) and he had asked for a closed session to discuss some of the information provided in his handout. His intent was to protect the integrity of ICS and didn't want to make this public. However, the County Executive and County Board Chairman encouraged them to make their reasons known. He had talked to their Chair and Vice Chair at the Housing Authority and they gave the authorization to release this information. Strong then briefly read over the handouts with the committee.

Wetzel questioned the difference in opinion between BCHA and Mr. Maccoux from Schenck regarding solvency. Strong responded that they reviewed their last three years of audited statements and they had been negative all three of those years. He stated they may be solvent but that was one piece of the puzzle here but a significant one.

Maccoux stated that when they look at ICS the for-profit entity was the major reason. The for-profit entity had some economic challenges a number of years ago with the economics and there was a right down on some goodwill and that really generated negative value of the investment and as a result fell into the bottom line of the net asset of ICS. That was not a liability of the contract. The write off of goodwill generated the negative equity. The key fundamental issue with performance staffing was making sure from a cash flow perspective they were covering their debt service obligations, their operations and have been. When they look at solvency they don't necessarily look at what the accounting literature required them to consolidate but rather from a cash flow perspective were they generating sufficient cash flow to meet their obligations and they had been doing that. That was how they determined that they were financially solvent.

Strong gave a brief history of other concerns. Strong informed that they were operating today for less than the Housing Allowance office back in the 1980's & early 90's, their administrative costs were out of line. He informed that they were given notice a few years ago that ICS no longer wanted to manage GBHA's standard sites. They were having problems keeping them up to par. They had a lot of changeover in staff. They brought in a for-profit entity which had gone out of business. ICS had a consulting service, they had a leadership development, an experiment they did in the private sector, that organization still existed but had been since separated from ICS. They now have Personnel Connections and Star One Staffing that were running at a negative number. Housing Authority felt their record had not been good when you look at the health of their overall organization that they were contract with. Their program was a healthy program but ICS was making decisions that caused them to have some nerves and it was a concern. It worried him that the attention was being pulled away from the BCHA program and put it in a for-profit entity that was \$2.5 million in the hole.

Fewell felt if they were going to look at salaries they should be looking at all non-profits, if it was a concern it should be a concern for all not for profits they work with. He didn't think it was an issue on whether or not they were solvent or not. His concern continued to be was what plan they had to take this in-house. Strong indicated that they were going to start working towards that goal. They had two sets of plans. He informed that he had attempted to schedule a time to sit down with ICS and he offered three dates last week and they turned them all down. Fewell stated he was advocating for some stability to this whole situation for a period of time so things could be evaluated appropriately. He felt things had to be looked at and felt there was still no plan for how BCHA would handle this.

Supervisor Buckley arrived at 6:59 pm

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Randall Gast - 3015 Riviera Rue, Green Bay, WI

Randall Gast stated that he came this evening to have a constructive dialogue, but he was now “ticked off”. With regard to the comments that ICS had brushed off the BCHA, he stated that they tried to schedule a meeting a number of weeks ago but did not hear back from BCHA. He stated they were attempting to get a collaborative effort together to have a good faith dialogue to try to salvage this program for ICS, a valuable non-profit organization of the community. He felt that in light of their 40 year relationship with BCHA, if there were any complaints received by BCHA, they should have come to ICS to discuss them as well as complaints regarding viability and financial stability. Gast also felt that conversations with regard to these issues should have happened a number of months ago but none were had, even though there are clauses in the contract to this effect.

Gast continued that he called BCHA weeks ago to ask for their reasons for wanting to take this in-house, and he was told that these were items that had been discussed in closed session; however, tonight he is hearing these things for the first time. Gast stated that he has been with this organization for 15 years and he loves the organization and the program and what it does for the community.

He stated that ICS’s relationship with BCHA started 40 years ago with a study done by HUD to see if a non-profit organization could run a federal housing program cost effectively or more efficiently than the government could. This proved to be a successful experiment and ICS has run this program over the years and has received a number of HUD High Performer evaluations and they have also been held as a model organization for other housing agencies. Gast noted that their creativity and innovation of being a stream lined non-profit organization has allowed them to be a successful agency and deal with issues in a more expeditious manner than the government sometimes can. He stated that ICS was a one stop shop for a number of helpful programs. He continued that they have a professional Board of Directors made up of attorneys, human resource consultants and other executives and this organization has always been professionally run.

Gast urged the Committee to take time to analyze this and noted that they just found out about this in July. He also stated that at that point the BCHA talked to ICS staff about becoming employees. This had since been nipped in the bud because the City said with the current economy they are not going to add 18 – 20 staff members, regardless of the fact that a number of the administrative dollars come from the HUD program. He said they were told by BCHA to “be quiet about it and take it like good people” but the Board disagreed with this and the staff was scared. They told staff to lay low because their jobs, futures and families were on the line. The Board then contacted elected officials to look at this as they did not feel it was a wise decision for a number of reasons. Gast felt that if this was brought in-house, many of the other programs they administer will fall by the wayside in large part because they will not have the same kind of staff that was passionate about these programs.

Gast continued by responding to some of the reasons he heard for taking this in-house. He felt that if concerns were raised earlier they probably would have been able to work through them. He also asked Strong to sit down and discuss issues before they were made public and he would have liked to get Schenck involved, but he was advised that these were things that had been discussed in closed session. He stated one of the big reasons for the upside down numbers was because of the way accounting protocols have changed and they had to significantly write down the goodwill. He keeps hearing that these for profit centers have no financial viability but this is nonsense. He said it is a very rudimentary analysis: take a look at the debt and compare it to the assets and if the debt is way out of line with the assets, there is a problem. He continued that a more mature way to look at this would be to look at the nature of the business that is being discussed. They are not manufacturers

and do not own a warehouse and equipment; but rather they rent office space and have a computer program that has hundreds or thousands of temporary staffers and they sell their time. He acknowledged that it cost money to buy these companies because they were valuable companies when they were purchased. Their real asset was the cash flow which is generated by all the people they send to work and he stated that they have an excellent cash flow.

Gast continued that in 2010, Personnel Connection, one of their for profit staffing divisions, posted a net profit before taxes of \$242,000 and in 2011 before taxes a net profit of \$197,000. Year-to-date Personnel Connection is reporting a net profit before taxes of \$97,000. He stated when the Board of Directors made the decision to permit purchase of staffing companies, the goal they had in mind was to move people into work to support their families and support the next generation of their families. When these companies were purchased, they were very profitable companies and that was why they paid what they did to purchase them and borrowed the money to do so. Their goal as a Board has always been when the debt is paid to take the profits generated from their for profit division and invest them back into the community.

Gast continued that the three companies, ICS, Star One and Personnel Connection are all separate entities and the for profit arms of the company have done very well over the last several years. He acknowledged that they have rewarded their CEO for administering three companies because he did well for them but if you look at what was actually charged to HCVP, that should be the only area of interest to anyone looking out for the public's interest because that was what was charged to the public programs. The top six executives in the company charge an average of \$36,000 for the HCVP. He was offended that salaries of officers are being disclosed and discussed. The vast majority of the salaries come from the for profits and not the non-profit.

With regard to the allegation that they lost \$300,000, Gast acknowledged that there were some tough years, especially when HUD says you get paid a certain administrative fee and then there are budget problems at the federal level and reductions are made. He urged the Committee to understand, however, that they could have streamlined the program much more harshly than they did, but they wanted to leave the infrastructure in place the way it was for the benefit of the participants. He also noted that some of the housing numbers were down for a period of time as well which resulted in lower dollars received which did result in them going to BCHA who retains a joint reserve to ask for help. This reserve was funded in large part by monies that they save by being under budget. He noted that in the last 30 months they have run \$238,000 under budget. Gast continued that ICS is a sound organization and the for profit arms are making money which pay their own debt and he did not feel there should be any concern about the long-term viability of the company.

Gast advised the Committee that he stands in support of the resolution and felt that the BCHA continuing with ICS for at least a one year period would be beneficial and would allow some of the issues brought forward to be ironed out. He urged the Committee to pass the resolution and BCHA follow the recommendation. He felt that all things considered, they do have a good working relationship with BCHA and he hopes it moves forward.

Buckley asked Gast to explain the makeup of the Board and more specifically, if there was anyone from the City or County on the Board. Gast answered that there was not anyone from the City or County on the Board and indicated that he was the Chairman and the other Board members are Michael Kadow, Ben Fosse, Jason Muenster, Kelly Runge, Dave Wouters and Kimberly Houlton.

Supervisor Fewell was excused.

Buckley also asked if any of the Board members could benefit at all from the for profit entities once

the loans are paid off and Gast answered no. The only people that could conceivably benefit from the for profit companies are the employees of these companies. Buckley also asked if Gast would have a problem with additions to the Board consisting of representatives from the County and/or City and Gast stated that he would not have a problem with that at all and he recalled that early on there was a liaison or ex-officio member from the Planning Department.

Wetzel asked Strong what the timeline currently was with regard to this and Strong explained that in July of 2012, after a few meetings, BCHA decided to not renew the contract with ICS and notice was sent to them stating that they would no longer have a contract with BCHA as of January 1, 2013. BCHA's plan was to look at working with the City of Green Bay and in talking with members of the Personnel Committee it became apparent that this would be a battle but he noted it was never denied. BCHA then stepped back to look at options and they are more than willing to sit down and talk about the transition and how it takes place. Strong acknowledged that it made the HA look bad to keep everything hidden and stated that that is why this was brought forward at this meeting. He stated that he did not want to do it and he has no intention of badmouthing ICS, but he does acknowledge that the Committee has the right to know why this important decision was being made. Strong continued that they do still have the means to get this accomplished prior to the end of the year if they are not able to work anything out with ICS. They did try to get a meeting together which did not happen and they are still trying. Strong stated that one of the things they are looking at was to find a way to phase this out over time and this will be discussed when BCHA and ICS are able to meet. Strong did state that the only motion that has been made as of this time by the BCHA was the January 1, 2013 date, however the task force that has been set up will look to see if there was a way to transition this to help ICS get through this. Wetzel was not real confident that a task force could resolve this in two or three months and the resolution that was currently before the Committee was to ask for time to work through these things and he was in support of that. Strong reiterated that they do have a mechanism in place to take this over on January 1. They have done the research so that if this has to be done as of January 1 it will be done. He would rather work with ICS to transition over more time but they do have to lay out a plan and be ready to implement it and they are. Strong also pointed out that the Family Self Sufficiency and Home Owner programs are also BCHA programs which would come with the BCHA and they would offer staff that administer these programs positions. Those programs will not go away.

Buckley asked if the transition Strong was referring to was to the City and Strong said it would be BCHA that would hire staff and nothing would be tied to the City. Buckley felt that he supports the resolution until an action plan that everyone was comfortable with can be put together and then maybe take a look in the interim of getting representatives of the City and County on the ICS Board so there was some communication. Gast stated that he would be amendable to that.

Evans felt the resolution was neither here nor there and if it is passed it didn't mean anything and if it was not passed it also doesn't mean anything. Strong stated that the resolution was a recommendation to the BCHA who was responsible for the program and he also noted that the vast majority of Housing Authorities within the State of Wisconsin do run their own programs. Evans stated that he saw both sides of this and was concerned about the short time frame involved. He would like to see BCHA and ICS talk more and he suggested that this be held, however, Lund pointed out the resolution was simply a recommendation.

Erickson stated that he was of the impression the City wanted this, however, he has had conversations with some City aldermen and has heard that some of them were up in arms and did not want to add 30 – 35 employees to the City staff. He said this was a very important issue and he has received e mails and documentation on this in favor of ICS continuing the program. He did not feel it was reasonable for BCHA to take this over in a matter of three months. He has spoken with

ICS, Schenck and the Internal Auditor and they have all made very believable statements which he has confidence in.

Motion made by Supervisor Erickson, seconded by Supervisor Wetzel to make a motion by substitution to approve the resolution with the modification to change from one year to two years. Vote taken. Ayes: 3 (Erickson, Wetzel, Lund); Nays: 3 (Buckley, Moynihan, Evans).

MOTION FAILED

Moynihan stated that in the industry he worked in, if an individual was not doing their job, a supervisor would sit down and discuss corrective action and he did not feel this was done in this setting. He also stated that Process looked at numbers and Schenk Okayed those numbers with regard to solvency and he was for the resolution but acknowledged that the ultimate decision was BCHA's, but he would like the County Board to approve the resolution.

Supervisor Van Dyck felt there were conflicting reports on solvency and from the County's perspective; it did appear that the company was solvent and therefore that argument was incorrect. Further, he did not feel that Strong had a plan for the assertion that this could save \$160,000. Strong disagreed with this; Van Dyck stated that hiring temporary help did not constitute a plan. Van Dyck always had concerns when someone said they could save money, but they didn't put forth the numbers or plans to do it. He encouraged further discussions on how to continue the relationship with ICS and if Strong was unable to bring forward more concrete information, he would not support making a change.

Motion made by Supervisor Fewell, seconded by Supervisor Moynihan to approve. Vote taken. MOTION APPROVED. Ayes: 5 (Lund, Moynihan, Wetzel, Erickson, Buckley); Nays: 1 (Evans).

Closed Session

18. A closed session pursuant to Wis. Stats. § 19.85(1)(e) for the purpose of deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. (Labor negotiations)"

19. Convene in Closed Session to discuss and confer with Corporation Counsel in regards to Civil Action No. 12-C-633 entitled GetMOR Enterprises, LLC v. Brown County, pursuant to Wis. Stat. § 19.85(1)(g) "any meeting of a governmental body may be convened in closed session for purposes of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved."

Motion made by Supervisor Evans, seconded by Supervisor Erickson to enter into closed session @ 7:45pm. Vote taken. MOTION UNANIMOUSLY APPROVED. Roll call: Wetzel, Evans, Erickson, Lund, Moynihan, Buckley.

Motion made by Supervisor Evans, seconded by Supervisor Moynihan to return to regular order of business. Vote taken. MOTION UNANIMOUSLY APPROVED.

Other

20. Such other matters as authorized by law.

**Motion made by Supervisor Wetzel, seconded by Supervisor Evans to adjourn at 7:56 p.m.
Vote taken. MOTION UNANIMOUSLY APPROVED.**

Respectfully submitted,

Alicia A. Loehlein
Recording Secretary



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DAN J. PROCESS
INTERNAL AUDITOR

To: Executive Committee

From: Dan Process, Internal Auditor

Date: September 10, 2012

Re: Brown County Housing Authority (BCHA) / Integrated Community Solutions (ICS)

On Wednesday, September 5, 2012, I met with ICS Management and representatives from Schenck to discuss BCHA and ICS. In attendance were Jon Syndergaard, ICS Executive Director, Chip Law, ICS Director of Administration and Bill Ritchay & Dave Maccoux, both with Schenck.

During this meeting, the following areas were discussed:

- Programs administered by ICS on behalf of BCHA and Brown County
- Funding source for each program
- Funding received (inflow) and funding expended (outflow) for each program
- Indirect costs and cost allocation methodology
- Related party transactions
- ICS' "for-profit" subsidiaries
- Solvency

Based on discussions with ICS Management, representatives from Schenck and documentation obtained to date, the following recommendation(s) and/or observation(s) were noted:

- The nature and make-up of indirect costs, associated with each program, should be investigated further to fully understand the charges assessed to each program.
- ICS appears to be a solvent entity and is supported by signed affidavits from ICS' Executive Director, the Chairman of ICS' Board of Directors' and the Branch President of Community Bank & Trust - Sheboygan Falls. Solvency is further supported by the external auditors (Schenck) verbal confirmation, which reaffirmed their position on ICS by reference to the most recent audit report prepared (2011).

BCHA to Assume Direct Management of HCV Program September 10, 2012

On July 23, 2012 the Brown County Housing Authority (BCHA) determined to assume direct management of the Housing Choice Voucher Program (HCV) as of January 1, 2013, the date the existing contract with Integrated Community Solutions, Inc. (ICS) expires.

The BCHA believes that it is prudent and necessary for BCHA to assume direct management of the HCV at this time. Direct management will allow BCHA to address growing public dissatisfaction with HCV and current program management. BCHA will endeavor to address program staffing and staff turnover and will improve service to participants, landlords, and others.

As a public authority, BCHA will be able to assimilate the HCV with other Brown County and community programs. Direct management will allow BCHA to foster relationships with landlords in an effort to improve the housing stock within the County. The HCV program will receive the full attention of BCHA.

1) Legal responsibility and accountability:

BCHA is the public agency charged by statute with various responsibilities associated with housing, including meeting the needs for safe and sanitary housing in Brown County. As signatory to the Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD), the BCHA Board of Commissioners is legally responsible for compliance with the ACC and the proper administration, management, and operation of the HCV in Brown County.

2) Fiscal Viability:

ICS has had fiscal viability issues from time to time. Those issues have caused BCHA to provide financial assistance to ICS in order to have ICS be a viable agent to administer the HCV program for BCHA. The most recent request for additional funds was at the May 16, 2011 BCHA meeting. According to minutes, the ICS Director of Administration stated "without use of reserve funds, ICS cannot be financially viable to sufficiently administer the HCV Program". ICS has received on the order of \$300,000 in financial assistance from BCHA.

3) Financial Stability of ICS:

A review of ICS audited financial statements documents that ICS has been insolvent since December 31, 2009, largely the result of the valuation of an ICS wholly-owned subsidiary. As of December 31, 2011, ICS's net assets were (-\$199,053) and the value of the subsidiary was (-\$566,564). In comparison, BCHA's net assets on December 31, 2011 were \$4,594,734.

4) Salary Inequity:

According to ICS's IRS 990, filed for 2010 and 2009, the following were ICS's two highest paid employees and their salaries. These amounts do not include benefits.

	Title	2010 Salary	2009 Salary
	President/CEO	\$167,230	\$152,820
	Director of Administration	\$91,241	\$91,664
Total		\$258,471	\$244,484

For comparison, executive salaries at six local, service-providing not-for-profit organizations (Boys and Girls Club, Catholic Charities, Encompass, Family Services, NeighborWorks, United Way) ranged from \$68,016 - \$137,169. The average executive salary of these six organizations was \$96,097.50.

The following table shows the mid-point of the salary range for front line staff working within the HCV program:

Position	2010 Salary Mid-Point
Housing Specialist	\$29,484
Solution Specialist	\$30,160
Housing Inspector	\$29,484
Reception	\$23,920
Compliance Coordinator	\$33,280
Finance Assistant	\$27,872

Low pay of front line program personnel contributes to a high staff turnover and negatively affects the HCV program. BCHA will allocate sufficient administrative funds to service-providing personnel to improve the HCV.

5) Additional BCHA reasons:

- To eliminate further financial subsidy payments to maintain ICS as a viable agent
- To reduce citizen and government official complaints regarding the HCV
- Dedication to participant screening and eligibility enforcement
- Improved transparency and intergovernmental cooperation
- Increased control of risks associated with ICS involvement and staff actions as a BCHA agent
- Misleading claim by ICS to have recently partnered with BCHA on additional programs
- Misleading claim by ICS that ICS has always been a high performer
- To provide customary public agency HCV management
- To secure annual cost savings of a least \$145,000

BCHA will provide responsible fiscal and other management necessary to ensure that elderly, disabled, other program participants, landlords, and taxpayers are not adversely affected by a lapse in program management