



Wauwatosa, WI

Financial Affairs Committee

Meeting Agenda - Final

7725 W. North Avenue
Wauwatosa, WI 53213

Tuesday, May 30, 2023

7:30 PM

Committee Room #1/Zoom

Regular Meeting

HYBRID MEETING INFORMATION

PLEASE NOTE: Members of the public may observe and participate in the meeting in-person or via Zoom at the link below:

Zoom Link: <<https://servetosa.zoom.us/j/81144274572>>

Zoom Phone: 1-312-626-6799

Zoom Meeting ID: 811 4427 4572

CALL TO ORDER

ROLL CALL

FINANCIAL AFFAIRS COMMITTEE ITEMS

1. Final report on the Tax Increment District procurement and hiring equity results for the MSP River Parkway and Irgens Discovery Parkway projects [23-246](#)
2. Request to submit a Wisconsin Economic Development Corporation Community Development Investment Grant application for Kelly's Greens at 8932 W North Avenue, a budget amendment not to exceed \$250,000 and execution of a three-party development agreement [23-248](#)
3. Consideration of a waiver of the request for proposal process and approval of a contract with Energenecs for the installation of control panels for the Water Utility's Supervisory Control and Data Acquisition (SCADA) system [23-249](#)
4. Presentation of biennial actuarial report of retiree health insurance liability [23-250](#)

ADJOURNMENT

NOTICE TO PERSONS WITH A DISABILITY

Persons with a disability who need assistance to participate in this meeting should call the City Clerk's office at (414) 479-8917 or send an email to tclerk@wauwatosa.net, with as much advance notice as possible.



Wauwatosa, WI

7725 W. North Avenue
Wauwatosa, WI 53213

Staff Report

File #: 23-246

Agenda Date: 5/30/2023

Agenda #: 1.

Title

Final report on the Tax Increment District procurement and hiring equity results for the MSP River Parkway and Irgens Discovery Parkway projects



DEI PROGRAM

First Year Review

May 24,2023_1145F

One year review and recommendations for changes

By Prism Technical

Year One review

Wauwatosa Inclusion Program.

I. Purpose of this Report

This report is a review of the first and only two projects that were initiated in 2022 using the new Wauwatosa inclusion initiatives on TIF-supported projects, and recommendations for potential changes to the original Wauwatosa Program. While both projects are still in process as of this draft, both are substantially complete enough to draw strong conclusions on their successes and challenges.

II. The Standard Wauwatosa Inclusion Program Goals

Early in 2022, the City of Wauwatosa (the city) instituted and managed an Equity and Inclusion initiative for Commercial developers seeking Tax Incremental Financing (TIF) to supplement their development projects.

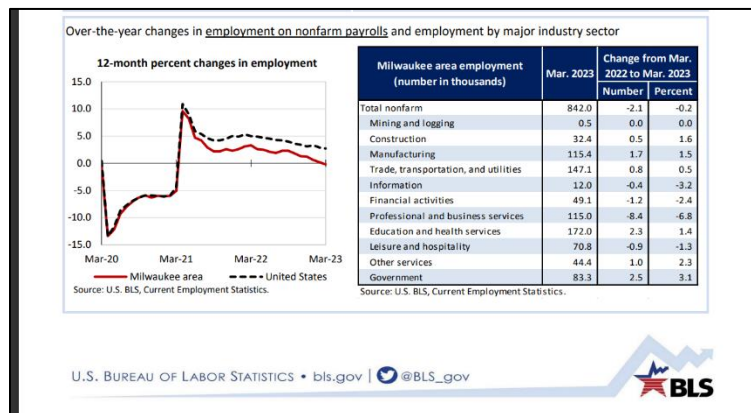
The inclusion program includes two major initiatives.

- A. Developers seeking TIF support for commercial development projects are to make a Good Faith Effort (GFE) to utilize Disadvantaged businesses as follows.
 - (1) 25% of Professional Service expenditures
 - (2) 25% of Construction Goods and Service expenditures
- B. Additionally, the program requires best efforts to have 25% of onsite labor hours for any newly hired workforce to come from residents living in the 12 most Distressed Milwaukee County Zip codes.

III. Year One Project and Inclusion Program Review

While there were many, the most challenging elements of evaluating the first year of the Wauwatosa Inclusion program was A. The dynamic nature of the local job market during the post Covid rebound, as seen in Exhibit 1: BLS (Bureau of Labor Statistics) chart below. B. having this payout simultaneously with the surge in several workforce housing projects in the region and C. Having two large “high target -inclusion required” construction projects breaking ground in Milwaukee within six months of the Tosa inclusion program launch in early 2022. The affordable housing projects most impacted non-union labor, while the latter was and continues to have an impact on diverse contractor and union labor. The two projects mentioned include the Couture multimodal and high-rise apartments, valued at \$180 million which broke ground in the summer of 2021, followed by the October start of the \$420 million Wisconsin Center District expansion. The two projects have union labor, requirements for small and disadvantaged businesses, and sizable workforce needs targeting similar workers needed on Innovation One.

Exhibit 1: BLS Milwaukee area construction Labor 2020-2022



It is recognized that successful commercial real estate projects take years to come together and may be impacted quickly because of many different market forces including inflation and disruptions in the supply chain. This dynamic played a role in limiting the number of projects that occurred in the past few years to just the two highlighted in this report. The number of projects could easily have been more, under different circumstances.

The two projects that follow had little to no advance notice of the program requirements but began in early 2022 and will conclude in the Summer of 2023. As a result, it is acknowledged that data reported herein is not technically “final”, but extremely close to the final expected inclusion results.

A. MSP REAL ESTATE RIVER PARKWAY PHASE II PROJECT

The first project to successfully move forward and be awarded TIF support was with MSP Real Estate (MSP)- Phase II of the original River Parkway Apartments project located at 6300 West River Parkway,

completed in September 2021. The development team moved quickly to move on to Phase II, at 6400 West River Parkway, unaware of the inclusion program under development at the city. In fact, MSP had advertised for contractors to submit their bids by November 24, 2021, with planned demolition to kick off the project in early January 2022- all before learning of new project inclusion goals from the City of Wauwatosa.

Both River Parkway phases involved WHEDA (Wisconsin Housing and Economic Development Agency) LIHTC (Low Income Housing Tax credits) and included the WHEDA Emerging Business Enterprise (EBE) project participation, in support of Affordable housing development. However as noted in section C “PROJECT RESULTS TO DATE”- of this report, much work needs to be done in the future to allow WHEDA and Wauwatosa goals to co-exist on development projects.

In the spirit of cooperation, on business inclusion, the city agreed to accept the WHEDA 25% EBE inclusion goal, allowing it as a substitute for the Tosa Disadvantaged Business Enterprise (DBE) program goal. For workforce inclusion, the city kept in place its good faith effort goal, asking the Developer to achieve 25% of all onsite hours worked by “newly hired” employees of its contractors to be by residents from Milwaukee County’s most distressed zip codes.

On workforce, WHEDA has a goal of having one individual hired in each of 12 different trade areas of work on the project. The workers must have a family income below a designated threshold. There is no guidance on the number of hours to be worked. If these workers were from Milwaukee County, the workers would also be eligible to be counted for the Wauwatosa workforce inclusion program.

The City’s flexibility prevented the developer from needing to rebid the project, which may have caused the project to implode because such a delay could have jeopardized the time-sensitive tax credit award.

As a point of clarity: EBE is a collection of certifications that includes¹ DBE, MBE, WBE, SBE, DVB, and/or Federal 8a. See the Appendix for a complete list of Certifications and definitions.

B. IRGENS INNOVATION ONE PROJECT

The second project to seek and receive TIF support from the city that commenced concurrently with the development of the new inclusion initiatives was the Irgens Innovation One Campus. The project included two structures—a 3-story commercial office building and a 2-story parking structure with a green roof, on land purchased from the UWM Real Estate Foundation (formerly Milwaukee County Grounds) on Discovery Parkway.

The land purchase triggered use of the County’s Community Benefits program requiring goals for Targeted Business Enterprise (TBE) inclusion at 17% for Professional Services and 25% for Construction Services. Additionally, the County requires 25% of all on-site labor hours to come from Milwaukee County residents.

¹ MBE-Minority, WBE-Women, SBE-Small, DBE-Disadvantaged, DVB-Disabled Veteran Business Enterprises. 8a is a federal DBE like certification with a 9-year expiration.

Lastly, Milwaukee County required the Development team to use the County supplied cloud-based: labor and contract/payment tracking software packages -LCPTracker and B2GNow, respectively- to track onsite labor, verify TBE certifications, and track all payments to vendors.

As with the WHEDA “EBE” acronym, “TBE” is not itself a certification, but a collection of acceptable certification types which includes - MBE, WBE, SBE, and/or DBE; where the SBE certification is exclusive to Milwaukee County and Federal Small Business Administration (where such firms must be listed in the Federal System for Award Management or SAM registry).

C. PROJECT RESULTS TO DATE

1. MSP

- a. Business Inclusion
 - i. The Project did not report any EBE Professional Services Participation. This was deemed acceptable based on the accepted agreement signed with WHEDA and date the Wauwatosa TIF agreement was consummated. However, the differences between the WHEDA program and the current Wauwatosa inclusion initiatives will require additional thought as the two programs are difficult to merge as they exist currently. At the time of the agreement with Wauwatosa, it was understood that the Developer had a signed agreement with WHEDA with 25% EBE participation goals; however, the WHEDA agreement does not require a separation of the soft cost (professional services) and hard cost (construction).
 - ii. The lack of any professional service inclusion was originally attributed to the design being completed, but this was an incorrect assumption.
 - iii. The review of the results revealed that while WHEDA has a 25% EBE project goal and encourages professional services and construction participation, developers are held accountable only for best efforts for 25% of the combined cost.
- b. As of February 28, 2023, the project has achieved 25.7% Construction EBE participation vs a goal of 25%. As a reminder, EBE is WHEDA’s specified collection of allowable certifications under its LITHC program. In contrast, the standard Tosa goal is designated at 25% DBE. Of the 25.7% EBE participation achieved, 41.3% was from DBE-certified firms. The remaining 58.7% inclusion achieved was from firms certified as WBE. Because the timing of the signed agreement with Wauwatosa was after the Developer had gone out to bid to its contractors, the parties agreed to use the WHEDA program language which was accomplished at 25.7% vs a 25% goal.

Table 1: MSP River Parkway Professional Services Inclusion: N/A No report

Table 2: MSP River Parkway Construction Cost Subject to Participation

Line Item	Value	Comment
Total Project cost value:	\$9,268,729	Construction
Exempt from Participation	613,229	Lack of EBE availability++
Value subject to Participation	\$8,755,000	

++ Includes cost for Elevator, Vapor Mitigation, Vibrated stone, and Pre-cast.

Table 3: MSP River Parkway Construction Participation

EBE Firm(s)	Contracted by	SCOPE	EBE Categories						Contract Value
			8a	DBE	MBE	SDVOSB	VDB	WBE	
Faust Foundations	MSP Construction Inc	Concrete		*					\$ 784,299
Horner Plumbing Co Inc	MSP Construction Inc	Plumbing						*	527,641
H&N Home Center	MSP Construction Inc	Flooring						*	355,601
LaBrant & Assoc LLC	MSP Construction Inc	Painting		*					144,630
Regency Janitorial	MSP Construction Inc	Final Cleaning						*	21,610
United Brick & Fireplace	MSP Construction Inc	Masonry Supply						*	62,400
Valley North Distributing Inc	MSP Construction Inc	Fixture Supply						*	355,093
Total (All EBE Firms)									\$2,251,274

EBE Participation Achieved \$2,251,274/ \$8,755,000 = 25.7%

c. Workforce

- i. The Wauwatosa new hire goal was a victim of the project agreement timing and sat virtually at zero actually 0.0 to 0.01% for most of the project until the window installer and exterior finishing contractors began working on site. It wasn't until after November 2022, when the new hire targeted participation jumped to 17% of all new hires on the project. Unlike the first set of larger contractors, the window and exterior finishing contractors were smaller firms, needing to hire staff and they used the opportunity to hire from the targeted pool of workers, helping to catapult the project closer to achieving the workforce hiring goal of 25% for new hire hours.
- ii. It is notable that 29 different individuals worked 2,785 hours driving 45-90 miles to the job site each way. New hires were nearly zero for the early contractors. At the time of this report, there were 25 newly hired individuals that recorded

2,506 total hours. Of these new hires, two were from Distressed Zip codes, working a total of 416 hours or 17% of the new hire hours vs a project goal of 25% for all new hires.

2. IRGENS

- a. Business Inclusion – The City of Wauwatosa and the Developer agreed to use the County TBE business goal and Milwaukee County-provided software tools. However, the County did not provide access to the Development team nor Prism access to B2GNow for vetting TBE firm certifications and payment tracking until several months into the construction, preventing prompt confirmation of alleged TBE firm certifications. This delay proved to cause the project to deploy a firm purporting to be TBE, but in fact, was not.
 - i. Even though the General Contractor projected it would achieve 25% TBE inclusion and provided sufficient proof of a Good faith effort (GFE), in reaching out to TBE firms, late intelligence mentioned above resulted in the Development team failing to achieve the 25% TBE Construction Participation, reaching only 14%. In relation to the standard Wauwatosa goals, it should be noted that 39.8% of the achieved TBE participation, was from DBE Certified firms.
 - ii. The Development team recorded 24.5% TBE Professional Services, exceeding the goal of 17% significantly. Notably, 100.0 % of the Professional Service TBE spend was from DBE-certified firms aligned with the Tosa goals.

Table 4: Irgens Innovation One Professional Services Inclusion

TBE Firm(s)	Contracted by	Scope	TBE Categories				Contract Value
			DBE	MBE	WBE	SBE	
Prism Technical	Innovation One Development	County DEI Coordinator	X	X		X	\$86,838
New Eden Landscape Architecture LLC	Kahler Slater	Landscape Architect	X		X		\$124,150
New Eden Landscape Architecture LLC	Innovation One Development	Landscape Architect	X		X		\$14,547
Martinsek & Associates	Innovation One Development	Management Consultant	X			X	\$28,612
Total (All TBE Firms)							\$254,147

TBE Professional Services Participation Achieved $\$254,147 / \$1,039,232 = 24.5\%$

Table 5: Irgens Innovation One Construction Cost Subject to Participation

Line Item	Value	Comment
Total Project value:	\$14,485,501	
Exempt from Participation	\$ 5,894,903	Lack of TBE availability
Value subject to Participation	\$8,590,598	

Table 6: Irgens Innovation One Construction Services Inclusion

TBE Firm(s)	Contracted by	Scope	TBE Categories				Contract Value
			DBE	MBE	WBE	SBE	
ANASA Traffic & Restoration	Cornerstone One	Traffic Control	X				\$5,415
Franklin Trucking	J.M. Brennan	Trucking	X			-	\$1,792
Hardrock Sawing & Drilling	Cornerstone One	Sawing/Drilling	X			-	\$2,703
Hetzel Tile	C.G. Schmidt, Inc.	Tile	X		X		\$113,718
Hiram Power	Lemberg Electric	Light Fixtures	X			-	\$186,517
HVA Products (\$100)*	J.M. Brennan	HVAC Equipment	X			-	\$21,603
HVA Products*	J.M. Brennan	HVAC Equipment	X			-	\$89,002
KMI Masonry Construction, LLC	C.G. Schmidt, Inc.	Masonry			X		\$49,100
New Berlin Grading	C.G. Schmidt, Inc.	Excavation				X	\$679,745
Rockwell Mechanical	J.M. Brennan	Plumbing	X				\$24,725
TA Mason	C.G. Schmidt, Inc.	Flooring	X			-	\$36,590
Total (All TBE Firms)							\$1,210,910

TBE Construction Participation Achieved \$1,210,910/\$8,590,598= 14.1%

b. Workforce

- i. The construction team headed by CG Schmidt recognized the ongoing workforce disruption caused by the Covid-19 pandemic and joined a three-project construction job fair held on March 24, 2022, at Employ Milwaukee, Inc (EMI) located at 2343 N 27th street. A Local TV network covered the fair noting that the three projects were looking to fill 800 construction jobs and broadcasted several onsite interviews with participants. Several hundred interested individuals packed the EMI facility to learn about opportunities in construction on the Innovation One campus in Wauwatosa, the Wisconsin Center expansion project in downtown Milwaukee and the 44-story Couture tower and intermodal station.

EMI is one of several State Development workforce boards strategically placed across the State of Wisconsin. EMI serves the needs of employers and job seekers in Milwaukee County and funds numerous training agencies to prepare local workers for various career opportunities.

- ii. The combined Innovation One parking structure and commercial building projects recorded 27,108.5 total labor hours with 106 total new hires working on this project achieving 4,749.4 total hours; however, only one of the newly hired individuals was a resident of a Targeted Distressed Zip code. As a result, the Targeted New hires recorded 27.5 labor hours or 0.6% of all new hires, short of the 25% goal.
- iii. However, in analyzing the data it was discovered and both notable and commendable that out of the 27,108.5 total project labor hours, 21 individuals were in fact, residents from targeted Distressed Zip codes though not “new

hires”. These trade workers recorded 1,529 hours on the project or 5.6% of all on-site labor hours worked. Based on a recent study by the Public Policy Forum, on workforce disparities, one of the greatest challenges for workers from low-income communities is not progressing from Apprentice to Journey Person. This caused Prism to make a recommendation to find a way to reward contractors that maintain the employment of workers from distressed zip codes. See “Recommendations” that follow.

- iv. While not a Tosa program goal, it can be reported that Irgens exceeded the 25% Milwaukee County hiring goal and had more than 15% registered County Apprentices on the Innovation One project.

IV. PROGRAM CHALLENGES AND CHANGE RECOMMENDATIONS

A. First Year Challenges

1. Wauwatosa is the first and only suburban Community in Milwaukee County to adopt an inclusion program in the State of Wisconsin. While other communities are reviewing their DEI initiatives, they have not yet taken this bold step. Wauwatosa should recruit allies.
2. WHEDA will continue to be a player in the affordable housing marketplace, likely in partnership with the same Developers seeking TIF support from the City. Wauwatosa should assert its requirement for a Good Faith Effort to have DBE participation on professional as well as construction services.
3. Additionally, certified WBE firms consistently enjoyed greater participation than all others. Recommend staying with the DBE goal.
4. WBE and MBE firms may not have any financial “disadvantages”, whereas DBE firms do.
5. Lack of certification verification should have been a thing of the past. Paper certifications must be required going forward whenever software tools are unavailable.
6. Union or non-union firms may have different staffing dynamics impacted by “new Hire” vs existing worker goals. Need to continue to evaluate.

B. Recommended Program Changes

1. Institute a recommended timeline and methodology for Developers to reach out to DBE bidders to give them time to bid for available opportunities.
 - (a) Request both a detailed Professional Service and Construction budget with any anticipated exemption requests before granting access to any project tracking tools.
 - (b) work with Developers and GCs on creating a simple DBE outreach plan prior to project bids being released. *NOTE: MSP is developing its next project at the Mayfair Collection “Burleigh Triangle”: and partnered with the City of Wauwatosa on March 22, 2023, to host a DBE meet and greet event to share information about the new project with 12-15 individuals in attendance, representing eight different DBE firms and W RTP/BIGSTEP – an EMI workforce training provider.*

2. Institute a notification protocol to connect both union and open shop labor training agencies with Developers and contractors possibly in need of trained targeted workers as soon as new contractors are brought onto projects.
3. Require contractors to maintain Good Faith Effort records/Logs of their outreach efforts to substantiate their efforts and to prevent the urgency of extinguishing "daily fires" from overshadowing project goals.
4. Recognize the community benefit of Contractors maintaining the employment of Target workers, while maintaining the importance of the new hire initiatives.
To encourage and reward contractors for keeping workers from designated Distressed Zip codes, we recommend 50% credit of these worker hours as "New Hire" hours.
5. Institute a stronger policy of assuring professional services inclusion.
6. Make onsite worker interviews a standard for all projects.
7. Create partnerships with workforce development agencies so they have an established protocol for working with developers.
8. Include an acknowledgment with the TIF application so that the Developer understands if their project receives funding, they will be subject to inclusion requirement goals.
9. Create Marketing Materials that explain the program and can be used to onboard developers.

C. ONSITE INTERVIEW EXAMPLES

Prism occasionally conducts onsite interviews of the trade workforce, to verify that the workers being reported as meeting project goals are actually onsite. Each worker has their own back story of how they entered the construction trades". Here are two interview examples, one in a target zip code, one outside of this area.

Justin McClelland- MSP River Parkway

Justin McClelland is a plumber for Horner Plumbing. He resides in the 53182-zip code. McClelland's duties include plumbing, gas piping, and water piping. McClelland has worked in the construction industry for seven years. Prior to his transition into the trades, his background involved factory work. Mr. McClelland encourages others to get into the trades because one does not have to pay for school and there are low debt concerns. Not only does Justin love working in the construction field but working on the MSP project has been a pleasure. In five to ten years from now, he plans to continue his growth in the construction industry while also growing into a leadership role. He concludes that working onsite with MSP has been fast-paced, low-stress, and organized.

"I would love to work on another project with MSP" - Justin McClelland

Deondrae Brown – MSP River Parkway

Deondrae Brown is a resident of the 53206-zip code and a general laborer for Rural Masonry Co. Inc. Mr. Brown has been employed in the trades for roughly three to four years but was introduced to the skilled trades at an early age through his grandfather's business. While his daily tasks vary, they include carpentry and masonry - skilled trades introduced to him at an early age by his grandfather. Deonadrae's grandfather owned a business in which homes were purchased, renovated, then placed

back on the market. He and other relatives labored to keep the business going. Deondrae takes pride and pleasure in the work he does.

Prior to entering the trades, Mr. Brown attended MATC to study Architecture. He says, "School helped me read blueprints and understand materials that others may not." He also gives credit to SDC for his entry and success in the trades through the agency's *Absolute Advantage Program*. This was a 10-week pre-apprenticeship training program with hands-on experience working with Ezekiel Community Development Corporation.

Mr. Brown encourages others to take advantage of the trades and "build a career that's profitable". In five to ten years from now, he expects to follow in his grandfather's footsteps, owning his own business in the trades. He aspires to recruit a few friends into the trades to assist in manifesting his goals.

Although Deondrae conveyed he'd had some previous unpleasant run-ins on other sites, his experience at MSP has been by far exceptional. "I'm surrounded by good people and the environment is peaceful here", says Brown.

APPENDIX

TERMS

CERTIFICATION

The following is a brief non-exhaustive example of several certification programs and terms.

In the “Participation arena” where governments and businesses seek to improve the economic conditions of underserved businesses and/or individuals, there are usually third-party controlled entities authorized to confirm the legitimacy of businesses or individuals seeking such designations, to prevent fraudulent claims in an effort to benefit from the inclusion initiatives.

Different governmental entities have adopted a multitude of certification classifications for many different reasons. It is important to understand the criterion used for a given certification to understand the groups being targeted for inclusion and benefit. Below is a list of business certifications, followed by certifications and classification types that apply to businesses and individuals.

BUSINESS CERTIFICATIONS

Businesses that successfully undergo a process of verifying ownership and control of the business may be given one or more specific designations noted below that are used by both private sector businesses and government agencies to assure equity in commerce transactions. The list below is in alpha-numeric order.

[8a]- the 8A certification is a U.S. Federal government Small Business Administration initiated program. The 8a program is the only “time-bound” certification, requiring graduation from the program in nine years. It is the only known program with set aside opportunities, even though many in the general public have the misunderstanding that all certifications have “set-a-side” opportunities if not sometimes, or 100% of the time.

The 8a certification is limited to women and/or minority business owners who are considered economically disadvantaged.

[DBE] or the Disadvantaged Business Enterprise certification program is another federal program targeting disadvantaged minority and women-owned firms administered by the United States Department of Transportation (US DOT), managed by each state's DOT and affiliated unified certification programs (UCP). In Wisconsin, the UCP partners are WisDOT Madison, Dane, and Milwaukee Counties, and the City of Madison. The UCP may also certify MBE and WBE firms, where economic disadvantage is not a requirement.

[EBE] is an acronym for Emerging Business Enterprise, but this is not actually a certification, even though the term was once used by the City of Milwaukee to certify businesses, using criteria similar to the federally based DBE standards above. Today, The Wisconsin Housing

and Economic Development Agency (WHEDA) uses the term to describe a collection of disparate certifications i.e.: 8a, DBE, SBE, WBE, MBE, VOB, and SDVOB (Service Disabled VOB).

[MBE]- Is the acronym for Minority Business Enterprise. Certification requires the business to be owned and controlled by at least 51% minority individuals with no wealth or size limitations.

[Section 3] is US Housing and Urban Development) self-certification for individuals and businesses performing work on HUD financially assisted projects. Section 3 certified individuals have limited wealth and have residency in distressed communities. A business may be certified as a Section 3 business, if owned and controlled by Section 3 certified individuals or if 30% or more of its full-time employees are Section 3 qualified.

[SBE] universally means Small Business Enterprise, but the criterion of what is small varies depending upon the agency requesting the business be an SBE. For example, Milwaukee County, the City of Milwaukee, and the Milwaukee Metro Sewerage District (MMSD) all have an SBE goal, however, each has a different SBE definition for what constitutes “a small business”.

[TBE] stands for Target Business Enterprise and like WHEDA’s use of EBE, the term is not a specific certification but shorthand for a collection of Certification types, specifically, DBE, MBE, US Small Business Administration – SBE, and WBE.

[VOB] is an acronym for Veteran owned business. In Wisconsin, individuals and companies must meet specific criteria to qualify. The business must be 51% owned, managed, and operated by veteran group members, must be of the US citizenry, and have good moral character.

[WBE]- is the acronym for Woman Business Enterprise. See MBE, however, substitute “woman” for “minority” in all cases.

In order to be certified in the State of Wisconsin as a WBE firm, the ownership and control must be at least 51% women. Currently, the following local projects have race and gender construction trade workforce goals: The Milwaukee Wisconsin Center District expansion project, and the upcoming Milwaukee Public Museum. These also have race and gender business (AKA MBE and WBE) goals. Projects funded by the Wisconsin Department of Administration (DOA), Milwaukee County, and the Wisconsin Housing and Economic Development Agency (WHEDA) may also carry MBE and WBE participation goals. The Wisconsin Department of Transportation and the City of Milwaukee use DBE and City-certified SBE certifications respectively, both of which focus on individuals with recognized social and economic disadvantages.

INDIVIDUALS

Minority

The State of Wisconsin defines a minority group member as one of the following:

- American Indian
- Asian-Indian
- Asian-Pacific origin
- Black
- Eskimo or Aleut
- Hispanic
- Native Hawaiian

At the moment the following projects have minority construction trade workforce goals: The Milwaukee Wisconsin Center District expansion, and the soon-to-start Milwaukee Public Museum.

The City of Milwaukee's Residents Preference Program

The City of Milwaukee maintains a residents preference program (RPP) whereby individuals must be certified by one of several nonprofit agencies designated as certifying agencies. At the time of being RPP certified, the workers must be residents of the city of Milwaukee and sign an affidavit stating their family income is below a set threshold, or have been un-, and/or under-employed for the past 15 days. The former time limits on the certification have been removed if the worker remains a resident of the City of Milwaukee. Within the last few years, the City of Milwaukee has designated several economically distressed zip codes of the city as "Special Impact Area" (SIA) Zip codes. RPP workers from SIA Zip codes are given greater emphasis in updated legislation to promote increased hiring attention. Milwaukee requires that larger TIF-funded projects have at least 40% of the workforce hours come from RPP-certified workers, with 25% of those from the distressed (SIA) Zip codes; and a set percentage any Apprentice hours come from RPP and RPP SIA workers.

HUD Section 3

The US Housing and Urban Development (HUD) targets low-income workers residing near HUD-funded projects and has set goals that 30% of the New hires on projects funded by HUD are Section 3 workers.

Businesses owned and controlled by Section 3 workers are designated as Section 3 business.



City of Wauwatosa
7725 W. North Avenue
Wauwatosa, WI 53213

Progress Report
MSP Wauwatosa - Phase 2
6410 River Parkway
Wauwatosa, WI

Job Site Visit: April 25, 2023

General Information:

Contractor: MSP Construction
Architect: Dimension IV - Madison Design Grp.
Owner: Heritage Senior Living, LLC
Superintendent:

Period ending 3/31/23

Revised Budget	\$	10,235,404.17
Total Completed To Date	\$	6,547,177.50
Current Draw	\$	684,032.87
Balance to Finish	\$	3,688,226.67
Percent Complete		64.0%

Progress:

1. 4th floor - doors are hung, kitchen cabinets are being installed.
2. 3rd floor - walls painted, LVT floor is installed.
3. 2nd floor - walls are taped and finished and primed.
4. 1st floor - drywall is hung.
5. Exterior siding is progressing.



John Mann
Mannedge Consulting, LLC



4th Floor



3rd Floor



2nd Floor



1st Floor



Grade Level - Lobby



Garage



City of Wauwatosa
7725 W. North Avenue
Wauwatosa, WI 53213

Progress Report
Innovation Park - Office and Parking Structure
1401 Discovery Parkway
Wauwatosa, WI

Job Site Visit: January 18, 2023
Revised with latest draw - 2/2/23

General Information:

Contractor: C. G. Schmidt
Architect: Kahler Slater
Owner: Irgens Partners
Superintendent:

Parking Structure	Thru 11/30/2022
Original Contract Sum	\$ 12,000,000.00
Total Completed To Date	\$ 9,241,495.49
Current Draw #8 11/30/22	\$ 1,647,572.30
Balance to Finish	\$ 2,758,504.51
Percent Complete	77.0%

Progress:

Office Building:
1. Base building is virtually completed.
2. The Irgens space is complete and they are occupying.

Parking Structure:
1. The elevator was being installed.
2. The rest is completed.

Office Building	Thru 11/30/2022
Original Contract Sum	\$ 9,335,863.00
Total Completed To Date	\$ 7,305,384.70
Current Draw #8 11/30/22	\$ 1,258,362.06
Balance to Finish	\$ 2,761,016.84
Percent Complete	78.3%

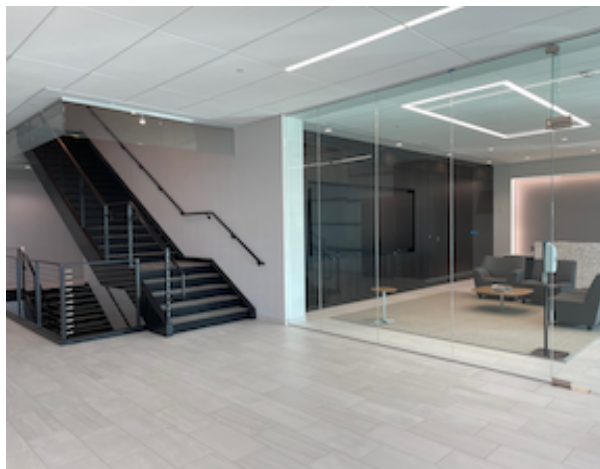


John Mann
Mannedge Consulting, LLC

Office Building



1st floor - Irgens space



Parking Structure





Wauwatosa, WI

7725 W. North Avenue
Wauwatosa, WI 53213

Staff Report

File #: 23-248

Agenda Date: 5/30/2023

Agenda #: 2.

Title

Request to submit a Wisconsin Economic Development Corporation Community Development Investment Grant application for Kelly's Greens at 8932 W North Avenue, a budget amendment not to exceed \$250,000 and execution of a three-party development agreement

WEDC Program:	Community Development Investment (CDI)
Target Start Date:	ASAP
Applicant Entity:	City of Wauwatosa on behalf of Kelly's Greens
Community:	Mid-town Wauwatosa Commercial Corridor



Section A - Redevelopment Narratives

PROJECT DESCRIPTION

1.a. Describe the project, its implementation and its significance to the community.

Project Address: [8932 West North Avenue](#), Wauwatosa

[Kelly's Greens](#) brick and mortar will be a light and bright, CBD Bakeshop/café with retail space that offers third-party tested, [Farm Bill Compliant](#), hemp products (non-smokable) made directly, as well as by other Wisconsin-based businesses that we stand behind. The shop is not like any other - think Marvelous Mrs. Maisel/Kate Spade for color/design inspiration for a beautifully designed space that makes hemp accessible and approachable. Since launching the business, Wauwatosa and the western suburbs of Milwaukee have demonstrated an overwhelming consumer demand for hemp products and Kelly's Greens plans on being the trusted source of all things hemp.

Products are made using USDA certified organic hemp grown by a family farm in Watertown that has been around since the 1850s. The shop includes a commercial kitchen to allow for an expanded product line offering more Vegan and Gluten Free options. A handcrafted curved bar will be lit by custom designed MCM light fixtures to offer an area for customers to enjoy a cup of [Ruby's Coffee](#) (based in Stevens Point), or a [Siren Shrub](#) beverage (woman owned business based in Stevens Point). Floating shelves that display our MCM cake plates are located on emerald green tile behind the bar.

The shop will have a gas fireplace to encourage people to pull up a chair and stay for a while and French doors that open to a patio and greenspace. Kelly's Greens believes in teaching what we have learned to others in our community and plans to offer classes for those that are interested in learning to make their own CBD creams, tinctures and salves, in addition to yoga classes on a regular basis. Kelly's Greens will complement the same level of well-known top-notch customer service like our neighbor, Ray's Liquor Store, and bring an additional business to Mid-town that is a destination that will generate revenue for the district.

Kelly's Greens began as a pop-up business in 2021. At the end of 2020, on Erin's Christmas vacation, her position in corporate America was eliminated after 20 years via freeconferencecall.com. After picking herself up, she decided it was time to pursue her passion of making CBD treats.

Erin enrolled at the first-ever, Cannabis Science and Operations program at St. Louis University, and began connecting with hemp farmers in Wisconsin. During her extraction class, she needed to buy hemp flower for the lab. The school sent a list of online shops where students could buy hemp flower, but she felt buying hemp flower from Las Vegas was nuts when Wisconsin farmers are growing loads of hemp right here. She sent out loads of emails to hemp farms, and the only one that responded was Pine Hill Farm in Watertown. They invited Erin to their family farm, toured her on the John Deere, and invited her in for lemonade at the original farmhouse. She knew then she was on the right path.

Kelly's Greens first pop-up event in September, 2021 was a HUGE hit. The second event was held in Tosa at a craft beer festival and were absolutely stunned by the community support. Since then Kelly's Greens has popped up all over Wisconsin and encountered overwhelming support. The pop-ups in Tosa have been the best events by far and determined that Tosa would be the spot for a brick and mortar. Pop-up events continued in 2022 and the business began selling online, with sales continuing to climb. Pop-ups have been great, but they are also weather dependent and difficult to set up. The business is ready for brick and mortar and couldn't be more excited to have secured a property just blocks from home. The dream of walking to work, flipping the open sign on and making cookies is what it is all about.

The property at 8932 W North Ave has been vacant for over 7 years. The red brick exterior and copper awnings above the windows and a surface parking lot to make it nice and easy for future customers to pop in and grab what they need are positives. The rest of the building is run-down at best. There are huge holes cut into the ceiling that have been left exposed,

rickety windows and doors that don't operate, huge chunks of plaster flaking from the ceiling, plumbing and electrical has been ripped out, and heat and water service has been discontinued for years causing more damage to the building. The property also presented incredible challenges because it was an old service station built in the 1930's. Extensive environmental testing was required before securing a loan, despite the fact that a DNR closure letter already was on file. These factors have kept many potential buyers away from the property.

In order to get this property up and running and restore its original beauty to create the cafe/boutique, all options are being explored to take this property from an eyesore to a Mid-town Tosa destination. The City's CDA has approved Facade and Code Compliance forgivable loans, but the sheer cost of the project has far exceeded the budget. The business explored Historic Tax Credits, but the functionality of the redevelopment would require significant changes to the structure and cause project delays that is not affordable.

1.b. Describe any public/private partnerships developed and to what extent the applicant can ensure WEDC that all the activities outlined within application will be undertaken. (highlight capacity of applicant, partners, finality of financing and developments agreements)

Financing is secured from Citizens Bank (\$250,000) and property closing occurred on April 21, 2023. Loan commitment letter attached.

The City's Community Development Authority (CDA) has approved forgivable loan funding for Facade, Code Compliance and sign improvements totaling \$21,000.

If Kelly's Greens qualifies for this grant, we are prepared to dip into our personal savings to secure the dollars or we will attempt to receive an additional loan to cover the costs.

1.c. Which eligible activities does the project fit under?

<input checked="" type="checkbox"/>	Building renovation	<input checked="" type="checkbox"/>	New construction
<input type="checkbox"/>	Historic Preservation	<input checked="" type="checkbox"/>	Infrastructure reinvestment
<input checked="" type="checkbox"/>	Demolition		

1.d. Describe the potential of the project to enhance the economic viability of the community (e.g. tax base growth, job creation, improved use of site). Response should project anticipated permanent jobs at the site. If possible, include wage rates and health benefits associated with the jobs.

This project will enhance the economic viability of the [Midtown Tosa](#) commercial corridor and bring some much-needed love and attention to the neighborhood. In recent years small, locally-owned businesses have come to Mid-town and revitalized the area that has been sleepy, at best. It's amazing to see the community support for Lion's Tail Brewing, and the upcoming Joy Ice cream shop, and the thought that Kelly's Greens will be a part of it is THRILLING! Kelly's Greens will be contributing to mid-town Tosa by buying a vacant building that has been an eyesore for as many years and unkept inside and out. It requires all new electrical, HVAC, plumbing, doors, paint, landscaping, etc. The exterior of the building has chipping paint, rotted fascia and a dated entry way that will all be improved with this project, along with new entry doors and an ADA entrance. The business plans to hire 2-4 full time employees and 2 part-time employees; jobs pay \$15/hour and have health benefits for those positions over 30 hours per week.

1.e. Describe the potential for this project to act as a catalyst for additional commercial development or investment in the district. Please refer to other opportunities in the area.

Kelly's Greens will be a catalyst to future, Mid-town business development. Kelly's Greens is already involved in the Mid-town Business Group and excitement is building. The group is pursuing other business to consider Mid-town Tosa and

encourage them to invest in other vacant space in the neighborhood. There are 2 available locations within a 2 block radius that have incredible potential. Kelly's Greens plans to partner with neighboring business to explore a Mid-town Holiday market that features Mid-town businesses and other small business that are getting started. Erin has also been fortunate enough to learn from small business owners and will be paying it forward.

1.f. Demonstrate involvement of diverse and minority business interests; which may include planning & development, construction and end user(s).

As a woman-owned business, Kelly's Greens is committed to contracting with other woman owned businesses and minority owned businesses. To date, the business has contracted with Latino owned concrete company for all concrete needs, Latino owned drywall company, as well as a Latino-owned sign painting company.

1.g. Are there any green or renewable energy investments and or grants tied to this project?

Not currently.

FINANCIAL JUSTIFICATION

2.a. Describe the project funding methods; include progress, status and timeline of receiving funds.

I secured financing for the property and renovation through Citizens Bank. The property was purchased and construction loan secured on 4/21/23. The \$250,000 that was secured for construction is not enough to complete the project as described above. In order to secure the financing, Erin used personal savings of \$160,000 and additional funds are needed to do the job right.

2.b. Describe the financial need for WEDC grant funding that cannot be met through private sector, public sector or reduction in scope of project.

The financial need for WEDC grant funding will not only allow Kelly's Greens to complete the necessary renovations to operate the business, but will also revitalize the property and complete the entire project as described above. This grant would allow for French doors for a patio that expands square footage, offer comfortable seating with greenspace and outdoor seating, repair the roof for a future rooftop patio, install a gas fireplace, have quarry tile flooring where required, remove a tree and add a side entry door and concrete dumpster pad with privacy fence. This grant would be a game changer.

2.c. Are American Rescue Plan Act (ARPA) funds targeted for this project, if so please describe.

No.

PREVIOUS PLANNING EFFORTS

3.a. Highlight the extent to which this project is included in previous regional, municipal or downtown planning efforts. Site the section and page numbers of the plan(s).

The City's Midtown Tosa Plan (a Common Council adopted City planning document) serves as a guide for the redevelopment efforts of the MidTown Tosa commercial corridor. During the planning process community participants expressed concern about several vacant structures in the district, with this site being one of the top targets. All are relatively small buildings at important intersections, giving them the capacity to make a major difference in perceptions of the district. This vacant building at 8932 W North Ave occupies a prime location in the main commercial core of MidTown. The existing building is in poor condition and redevelopment of this site could add a contemporary commercial use (page 56).

Additionally, citizens stated that compared to new retail development, infill or reuse of existing and vacant buildings is a preferable development option" (page 53). MidTown's focus will tend toward smaller-scale businesses that serve the

surrounding market area (page 64). The neighborhoods strongly support local businesses, with active and engaged neighborhood associations (page 55).

3.b. Highlight the extent to which the project supports best practices for smart growth and best practices for downtown development, and the extent to which it has community-wide support.

Returning vacant and underutilized properties to productive use can fill market demands and contribute to MidTown's vitality. This building has been vacant and neglected since 2016. Set back from the street, the building does not hold the corner well, and curb cuts are too close to the intersection, a particular problem because the 90th Street intersection is a major crosswalk. Reimagining the site design and parking layout will address these safety issues and activating the space in front of the building meets a goal of the MidTown neighborhood planning goals.

The MidTown Tosa Plan defined an implementation schedule for targeted sites and this location was listed as short-term (versus medium or long) in prioritization for site redevelopment/activation. The business received unanimous approval from the Common Council and has received positive feedback from residents and the media.

READINESS TO PROCEED

4.a. Please describe past and planned planning activities, with timelines. Include site control status, environmental condition and a project implementation schedule.

Architectural plans are complete, budget with detailed costs are complete, property has been secured, conditional use permit was approved on 4/19/23, contractor has been hired, environmental phase I and vapor barrier complete. Construction can start as soon as this grant secured.

4.b. Provide description of property transactions intended to occur in the next 5 years.

Over the next 5 years, the business plans on expanding the product line and growing the family-owned and operated business. They are hopeful that within 5 years, Erin and her life partner can both make this their full-time job and hire more folks to be part of the Kelly's Greens team. Their dream is to teach their seven nephews how to run a small business with hopes that one of them would like to continue on their legacy at Kelly's Greens.

4.c. Highlight financing commitments in accordance with Budget Worksheet, note any contingencies.

- Citizens Bank Construction loan and retirement funds access if needed
- CDA Façade & Code Grant and Sign grant pending
- Circled items on Superior 2/08 quote are to be selected items (\$26,788)
- Breakdown of Braatz bid part of additional tab in budget document

WEDC Community Investment Grant (CDI) - Project Estimates

Project: Kelly's Greens - Wauwatosa

Estimates:	Braatz	Superior 2/08	Superior 2/28							
Eligible Project Uses	1	2	3	4	5	6	7	8	9	Totals
Demo/Site Clearance	20,850									20,850
Site Prep	58,266									58,266
Building in Renovations	27,593									27,593
Building Fixtures	55,196	26,778	37,309							119,283
Construction/Elect./Plumb.	186,654									186,654
Infrastructure *	115,395									115,395
Streets										0
Sidewalk Parking										0
Other 1: Concrete	27,170									27,170
Other 2: Specialty Fixtures	12,303									12,303
Other 3:										0
Eligible Total	503,427	26,778	37,309	0	0	0	0	0	0	567,514

Non-eligible Costs										Totals
Property Acquisition										0
Professional Fees **										0
Other 1:										0
Other 2:										0
Other 3:										0
Non Eligible Total	0	0	0	0	0	0	0	0	0	0
Total Vendor Estimate	503,427	26,778	37,309	0	0	0	0	0	0	567,514

* Sewer, water mains, etc.

** Architecture, Legal, Engineering, Consulting ,etc.

WEDC Community Investment Grant (CDI) - Project Budget Worksheet

Project: Kelly's Greens - Wauwatosa

Eligible Costs Primer	Eligible Project Uses	WEDC Grant	Source 1	Source 2	Source 3	Source 4	Source 5	Source 6	Source 7	Source 8	Source 9	Total	Costs Balance Check
			Citizens Bank	Cambridge IRA	City Façade Grant	City Sign Grant							
	Source Allocation	250,000	250,000	340,178	20,000	1,000						861,178	
20,850	-- Demo/Site Clearance	20,850										20,850	0
58,266	-- Site Prep	58,266										58,266	0
27,593	-- Building Renovations		26,593			1,000						27,593	0
119,283	-- Building Fixtures		115,283	4,000								119,283	0
186,654	-- Construction/Elect./Plumb.	50,669	95,821	30,164	10,000							186,654	0
115,395	-- Infrastructure	102,395		3,000	10,000							115,395	0
0	-- Streets											0	0
0	-- Sidewalk Parking											0	0
27,170	-- Other 1: Concrete	17,820		9,350								27,170	0
12,303	-- Other 2: Specialty Fixtures		12,303									12,303	0
0	-- Other 3:	0										0	0
567,514	Eligible Total	250,000	250,000	46,514	20,000	1,000	0	0	0	0	0	567,514	0
250,000	% of Project	44.1%	44.1%	8.2%	3.5%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	100%	
250,000	Non-eligible Costs												
0	-- Property Acquisition											0	0
0	-- Professional Fees											0	0
0	-- Other 1:	0										0	0
0	-- Other 2:	0										0	0
0	-- Other 3:	0										0	0
0	Non-eligible Total	0	0	0	0	0	0	0	0	0	0	0	0
567,514	Total: All Activity Costs	250,000	250,000	46,514	20,000	1,000	0	0	0	0	0	567,514	
	% of Project	44.1%	44.1%	8.2%	3.5%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	100%	
	Remaining Source Funds	0	0	293,664	0	0	0	0	0	0	0	293,664	

* WEDC Grant not to exceed 1:1 match of eligible costs. Maximum grant: \$250,000

** No more than 50% of Match can be state or federally sourced

Sources vs Uses: 0



Wauwatosa, WI

7725 W. North Avenue
Wauwatosa, WI 53213

Staff Report

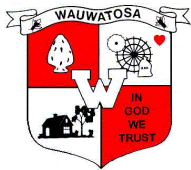
File #: 23-249

Agenda Date: 5/30/2023

Agenda #: 3.

Title

Consideration of a waiver of the request for proposal process and approval of a contract with Energenecs for the installation of control panels for the Water Utility's Supervisory Control and Data Acquisition (SCADA) system



CITY OF WAUWATOSA
MEMO

To: **Financial Affairs Committee**

From: **Adam Florin, Water Superintendent**

Date: **May 23, 2023**

Subject: **Memo from the Water Superintendent requesting a waiver of the request for proposal process and approval of a contract with Energenecs for the installation of control panels for the Water Utility's Supervisory Control and Data Acquisition (SCADA) system**

A. Issue

The Common Council has allocated \$130,000 of Capital Improvement Program (CIP) funds to be utilized for a Water Utility Supervisory Control and Data Acquisition (SCADA) control panel upgrade (CIP Project #5116). City staff is requesting approval of a contract with Energenecs in the amount of 99,987.43 in order to complete this project.

B. Background/Options

The Water Utility uses a SCADA system to operate the City's water pumping stations, water reservoirs, and water towers. The system consists of software and hardware elements that allow staff to observe and control water operations. The system collects, monitors, and analyzes data from water facilities in real-time allowing operators to monitor and control operations remotely with greater visibility and efficiency than manual observations and/or interventions would require. The water data is gathered by a SCADA control panel that is located at each water facility.

The SCADA control panels at the City's four water pumping stations have been very recently upgraded with the overall station renovation projects and Energenecs was utilized as the system integrator for those projects. The remaining existing SCADA control panels located at water towers, the City Garage, and meter stations were purchased and installed in 2007. At that time proposals were obtained from SCADA system integrators and Energenecs, formerly Kamp/Synergy, was the lowest cost provider and was selected to perform the work. Since that time staff has been extensively trained to utilize the proprietary software that Energenecs has developed and honed internally. Arguably, too, Energenecs knowledge of our system is proprietary, anyone else would need to complete a thorough assessment but only over time would get to know our system at the high level Energenecs does. Energenecs has programmed and maintained our SCADA system for over a decade with extremely excellent response time in emergency situations. Moving forward with a different vendor could result in having to call two different integrators for issues involving multiple sites which would increase downtime during emergency events. Remaining with one SCADA integrator also allows Energenecs to take full responsibility of our SCADA system and eliminates any disagreements about who is responsible for any given issue.

We are recommending the SCADA control panel replacements due to existing equipment being

obsolete, incompatible with fiber optics and at the end of their useful life. Because of their in-depth institutional knowledge, continued excellent customer service provided to the Water Utility, and competitive pricing, City staff is recommending entering into a construction contract with Energenecs in the amount of \$99,987.43 and waiving of the request for proposal process. The proposed price includes the replacement and installation of six existing SCADA control panels at various locations across the Water system.

C. Strategic Plan (Area of Focus)

Priority 2: Public Safety & Priority 3: Infrastructure

D. Fiscal Impact

Contract with Energenecs in the amount of \$99,987.43 to be paid through allocated CIP funds for CIP Project #5116, for replacement of six SCADA control panels.

E. Recommendation

Approval to waive the request for proposal process and approval of a contract with Energenecs for the procurement and installation of six SCADA control panels in the amount of \$99,987.43.



Wauwatosa, WI

7725 W. North Avenue
Wauwatosa, WI 53213

Staff Report

File #: 23-250

Agenda Date: 5/30/2023

Agenda #: 4.

Title

Presentation of biennial actuarial report of retiree health insurance liability



CITY OF WAUWATOSA RETIREE MEDICAL PLAN

GASB 74 and 75 DISCLOSURE Fiscal Years: 2022 and 2023

Prepared by

John M. Chmielewski, FSA, EA, MAAA
Principal and Consulting Actuary

Steven G. Hanson, ASA, MAAA
Senior Consulting Actuary

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Certification

Actuarial computations presented in this report under Statements No. 74 and 75 of the Governmental Accounting Standards Board are for purposes of assisting the City of Wauwatosa in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for fiscal years January 1, 2022 to December 31, 2022 and January 1, 2023 to December 31, 2023. The reporting dates for determining plan assets and obligations are December 31, 2022 and December 31, 2023, respectively. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information as of December 31, 2022 furnished by the City of Wauwatosa. This information includes, but is not limited to, statutory provisions, member census data, and financial information. The membership as of December 31, 2022 includes 283 active participants and 109 retirees and surviving spouses.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

We hereby certify that, to the best of our knowledge, this report, including all costs and liabilities based on actuarial assumptions and methods, is complete and accurate and determined in conformance with generally recognized and accepted actuarial principles and practices, which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Code of Professional Conduct, amplifying Opinions and supporting Recommendations of the American Academy of Actuaries.

Each of the assumptions used in this valuation with the exception of those set by law was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period. Assumptions related to the claims costs and healthcare trend (cost inflation) rates for the retiree healthcare program discussed in this report were determined by Milliman actuaries qualified in such matters.

This valuation report is only an estimate of the plan's financial condition as of a single date. It can neither predict the plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of plan benefits, only the timing of plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

This report and its use are subject to the terms of our Consulting Services Agreement with the City of Wauwatosa dated November 23, 2010.

Certification

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

The valuation results were developed using models intended for valuations that use standard actuarial techniques. In addition, Milliman has developed certain models to estimate the claim costs and trend used in this analysis. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice. The models, including all input, calculations, and output may not be appropriate for any other purpose.

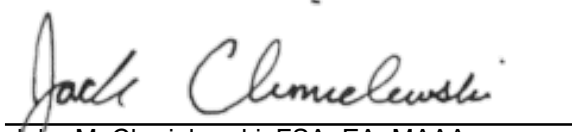
Milliman's work is prepared solely for the internal use and benefit of the City of Wauwatosa. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to the Plan Sponsor's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the City of Wauwatosa; and (b) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

We, John M. Chmielewski and Steven G. Hanson, are actuaries for Milliman, Inc. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. This report uses the expertise of Milliman healthcare and retirement actuaries. Steven G. Hanson is responsible for the work related to the current expected healthcare benefit costs and trend rates. John M. Chmielewski is responsible for projecting the current costs into future years using the valuation assumptions and methodology and then calculating the accounting costs and liabilities reported herein.



John M. Chmielewski, FSA, EA, MAAA
Principal and Consulting Actuary



Steven G. Hanson, ASA, MAAA
Senior Consulting Actuary

Overview of GASB 74 and GASB 75

The Governmental Accounting Standards Board (GASB) released accounting standards for public postemployment benefit plans other than pension (OPEB) and participating employers in 2015. These standards, GASB Statements No. 74 and 75, have substantially revised the accounting requirements previously mandated under GASB Statements No. 43 and 45. The most notable change is that the Annual Required Contribution (ARC) has been eliminated and the Net OPEB Liability will be an item on the employer's financial statement rather than a footnote entry.

GASB 74 applies to financial reporting for public OPEB plans funded by OPEB trusts and is required to be implemented for plan fiscal years beginning after June 15, 2016. Note that a plan's fiscal year might not be the same as the employer's fiscal year. Even if the plan does not issue standalone financial statements, but rather is considered a trust fund of a government, it is subject to GASB 74. Under GASB 74, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 75 governs the specifics of accounting for public OPEB plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2017. GASB 75 requires a liability for OPEB obligations, known as the Net OPEB Liability (Total OPEB Liability for unfunded plans), to be recognized on the balance sheets of participating employers. Changes in the Net OPEB Liability (Total OPEB Liability for unfunded plans) will be immediately recognized as OPEB Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

Executive Summary

Relationship Between Valuation Date, Measurement Date, and Reporting Date

The Valuation Date is December 31, 2022. This is the date as of which the actuarial valuation is performed. The Measurement Dates are December 31, 2021 and December 31, 2022. The Measurement Date is the date as of which the total OPEB liability is determined. The Reporting Dates are December 31, 2022 and December 31, 2023. The Reporting Date is the plan's and/or employer's fiscal year ending date.

Significant Changes

None.

Total OPEB Liability

Total OPEB Liability	December 31, 2022	December 31, 2023
Total OPEB liability	\$41,184,603	\$36,618,430
Covered payroll	34,556,472	36,058,971
Total OPEB liability as a % of covered payroll	119.18%	101.55%

The total OPEB liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions below.

Discount Rate

Discount rate	2.06%	3.72%
20 Year Tax-Exempt Municipal Bond Yield	2.06%	3.72%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total OPEB liability as of December 31, 2022 and December 31, 2023 were based on the results of an actuarial experience study for the period 2018-2020 for the Wisconsin Retirement System (WRS).

Valuation date	December 31, 2022	December 31, 2022
Measurement date	December 31, 2021	December 31, 2022
Actuarial cost method	Entry Age Normal	Entry Age Normal
Salary increases including inflation	WRS; see "Actuarial Assumptions" for details	WRS; see "Actuarial Assumptions" for details
Mortality	WRS; see "Actuarial Assumptions" for details	WRS; see "Actuarial Assumptions" for details

Changes in Total OPEB Liability

Changes in Total OPEB Liability	Increase (Decrease) Total OPEB Liability	
	2022	2023
Beginning of Year Balance	\$36,445,285	\$41,184,603
Changes for the year:		
Service cost	1,628,862	1,752,565
Interest on total OPEB liability	779,382	853,074
Effect of plan changes	0	0
Effect of economic/demographic gains or losses	2,236,595	279,844
Effect of assumptions changes or inputs	2,730,024	(4,384,365)
Benefit payments	(2,635,545)	(3,067,291)
End of Year Balance	41,184,603	36,618,430

Cash Flow Projections

Cash Flow Projections, the Annual Undiscounted Cost of Retiree Medical Benefits Current Retiree Plus Current Active Employees

Year	City Employees
2023	\$2,767,407
2024	2,836,280
2025	2,733,125
2026	2,791,602
2027	2,782,457
2028	2,980,965
2029	2,972,297
2030	2,887,349
2031	2,964,362
2032	3,031,638

Sensitivity Analysis

The following presents the total OPEB liability of the City of Wauwatosa, calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	2022		
	1% Decrease	Discount Rate	1% Increase
	1.06%	2.06%	3.06%
Total OPEB liability	\$43,436,787	\$41,184,603	\$37,869,422

	2023		
	1% Decrease	Discount Rate	1% Increase
	2.72%	3.72%	4.72%
Total OPEB liability	\$39,191,221	\$36,618,430	\$34,243,526

The following presents the total OPEB liability of the City of Wauwatosa, calculated using the current healthcare cost trend rates as well as what the City of Wauwatosa's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates

	2022		
	Current		
	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	\$38,096,433	\$41,184,603	\$44,722,792

	2023		
	Current		
	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	\$33,753,245	\$36,618,430	\$39,899,362

Schedule of Changes in Total OPEB Liability and Related Ratios (in 1,000s)

	Fiscal Year Ending December 31									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service cost	\$1,753	\$1,629	\$1,423	\$1,193	\$1,298	\$1,173	N/A	N/A	N/A	N/A
Interest on total OPEB liability	853	779	965	1,350	1,192	1,311	N/A	N/A	N/A	N/A
Effect of plan changes	0	0	0	17	0	0	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	280	2,237	635	1,450	661	0	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	(4,384)	2,730	1,386	1,502	(1,491)	784	N/A	N/A	N/A	N/A
Benefit payments	(3,067)	(2,636)	(3,492)	(3,384)	(3,221)	(3,593)	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(4,566)	4,739	916	2,129	(1,560)	(325)	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	41,185	36,445	35,530	33,401	34,961	35,286	N/A	N/A	N/A	N/A
Total OPEB liability, ending	36,618	41,185	36,445	35,530	33,401	34,961	N/A	N/A	N/A	N/A
Covered payroll	\$36,059	\$34,556	\$35,326	\$32,373	\$29,943	\$29,094	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered payroll	101.55%	119.18%	103.17%	109.75%	111.55%	120.17%	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

* Due to rounding, values may not add correctly.

OPEB Expense

OPEB Expense	January 1, 2022 to December 31, 2022	January 1, 2023 to December 31, 2023
Service cost	\$1,628,862	\$1,752,565
Interest on total OPEB liability	779,382	853,074
Effect of plan changes	0	0
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	753,259	796,781
Recognition of assumption changes or inputs	748,177	66,316
OPEB Expense	3,909,680	3,468,736

As of December 31, 2022, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$3,415,951
Changes of assumptions	(616,414)	4,326,022
Contributions made subsequent to measurement date	0	*
Total	(616,414)	7,741,973

As of December 31, 2023, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$2,899,014
Changes of assumptions	(4,100,331)	3,359,258
Contributions made subsequent to measurement date	0	*
Total	(4,100,331)	6,258,272

* Any employer contributions subsequent to the measurement date should be reported under deferred outflows of resources and recognized as a reduction of the net OPEB liability. Cannot be determined until after end of fiscal year. If total claims paid less retiree contributions are unknown, benefit payments from Page 6 can be used.

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended December 31:	2022	2023
2023	\$1,501,436	N/A
2024	1,480,739	842,400
2025	1,408,371	770,032
2026	1,403,291	764,952
2027	999,581	361,242
2028	332,141	(306,198)
Thereafter*	0	(274,487)

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

Schedule of Deferred Inflows and Outflows of Resources For Fiscal Year Ending December 31, 2022

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Expense for FYE 12/31/2022	Amount Recognized in Expense through 12/31/2022	Balance of Deferred Inflows 12/31/2022	Balance of Deferred Outflows 12/31/2022
Economic/ demographic (gains) or losses	\$2,236,595	12/31/2022	6.43	\$347,837	\$347,837	\$0	\$1,888,758
	634,893	12/31/2021	6.76	93,919	187,838	0	447,055
	1,450,482	12/31/2020	6.76	214,568	643,704	0	806,778
	661,100	12/31/2019	6.82	96,935	387,740	0	273,360
	0	12/31/2018	0.00	0	0	0	0
		Total		753,259	1,567,119	0	3,415,951
Assumption changes or inputs	2,730,024	12/31/2022	6.43	424,576	424,576	0	2,305,448
	1,385,687	12/31/2021	6.76	204,983	409,966	0	975,721
	1,502,330	12/31/2020	6.76	222,238	666,714	0	835,616
	(1,490,762)	12/31/2019	6.82	(218,587)	(874,348)	(616,414)	0
	784,072	12/31/2018	6.82	114,967	574,835	0	209,237
		Total		748,177	1,201,743	(616,414)	4,326,022
Total deferred (inflows)/outflows						(616,414)	7,741,973
Total net deferrals							7,125,559

* Economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

Schedule of Deferred Inflows and Outflows of Resources For Fiscal Year Ending December 31, 2023

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Expense for FYE 12/31/2023	Amount Recognized in Expense through 12/31/2023	Balance of Deferred Inflows 12/31/2023	Balance of Deferred Outflows 12/31/2023
Economic/ demographic (gains) or losses	\$279,844	12/31/2023	6.43	\$43,522	\$43,522	\$0	\$236,322
	2,236,595	12/31/2022	6.43	347,837	695,674	0	1,540,921
	634,893	12/31/2021	6.76	93,919	281,757	0	353,136
	1,450,482	12/31/2020	6.76	214,568	858,272	0	592,210
	661,100	12/31/2019	6.82	96,935	484,675	0	176,425
	0	12/31/2018	0.00	0	0	0	0
		Total		796,781	2,363,900	0	2,899,014
Assumption changes or inputs	(4,384,365)	12/31/2023	6.43	(681,861)	(681,861)	(3,702,504)	0
	2,730,024	12/31/2022	6.43	424,576	849,152	0	1,880,872
	1,385,687	12/31/2021	6.76	204,983	614,949	0	770,738
	1,502,330	12/31/2020	6.76	222,238	888,952	0	613,378
	(1,490,762)	12/31/2019	6.82	(218,587)	(1,092,935)	(397,827)	0
	784,072	12/31/2018	6.82	114,967	689,802	0	94,270
		Total		66,316	1,268,059	(4,100,331)	3,359,258
Total deferred (inflows)/outflows						(4,100,331)	6,258,272
Total net deferrals							2,157,941

* Economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

Milliman Financial Reporting Valuation

	Total OPEB Liability	Deferred Inflows	Deferred Outflows	Net Deferrals	Total OPEB Liability plus Net Deferrals	Annual Expense
Balances as of December 31, 2021	(\$36,445,285)	(\$835,001)	\$4,495,377	\$3,660,376	(\$32,784,909)	
Service cost	(1,628,862)					1,628,862
Interest on total OPEB liability	(779,382)					779,382
Effect of plan changes	0					0
Effect of liability gains or losses	(2,236,595)		2,236,595	2,236,595		
Effect of assumption changes or inputs	(2,730,024)		2,730,024	2,730,024		
Benefit payments	2,635,545				2,635,545	
Recognition of liability gains or losses			(753,259)	(753,259)		753,259
Recognition of assumption changes or inputs		218,587	(966,764)	(748,177)		748,177
Annual expense					(3,909,680)	3,909,680
Balances as of December 31, 2022	(41,184,603)	(616,414)	7,741,973	7,125,559	(34,059,044)	
Balances as of December 31, 2022	(\$41,184,603)	(\$616,414)	\$7,741,973	\$7,125,559	(\$34,059,044)	
Service cost	(1,752,565)					1,752,565
Interest on total OPEB liability	(853,074)					853,074
Effect of plan changes	0					0
Effect of liability gains or losses	(279,844)		279,844	279,844		
Effect of assumption changes or inputs	4,384,365	(4,384,365)		(4,384,365)		
Benefit payments	3,067,291				3,067,291	
Recognition of liability gains or losses			(796,781)	(796,781)		796,781
Recognition of assumption changes or inputs		900,448	(966,764)	(66,316)		66,316
Annual expense					(3,468,736)	3,468,736
Balances as of December 31, 2023	(36,618,430)	(4,100,331)	6,258,272	2,157,941	(34,460,489)	

Glossary

Deferred Inflows/Outflows of Resources	Portion of changes in net OPEB liability that is not immediately recognized in OPEB Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.
Discount Rate	<p>Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of:</p> <ol style="list-style-type: none">1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.
Municipal Bond Rate	Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Projected Benefit Payments	All benefits estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and expected future service.
Service Cost	The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
Total OPEB Liability	The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 74 and 75.

Summary of Actuarial Assumptions

The following actuarial assumptions were used in the development of the City of Wauwatosa's retiree health cost projections. Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the Wisconsin Retirement System (WRS) as provided in the December 31, 2021 Actuarial Valuation reports. These assumptions were adopted by the Employee Trust Funds Board in connection with a study of experience during 2018-2020. In our opinion, these assumptions are reasonable for the intended purposes of the report. Assumptions regarding participant elections are based on recent experience and our estimates of future experience.

Interest Discount Rate

Measurement Date	Rate
December 31, 2021	2.06%
December 31, 2022	3.72%

Mortality

Pre-Retirement: This assumption applies to death while in service. Rates are based on the 2020 WRS Experience Table for Active Employees as the base table and projected with mortality improvements using 100% of the fully generational MP-2021 projection scale from a base year of 2010.

Post-Retirement: This assumption applies to death of participants after retirement. Rates are based on the 2020 WRS Experience Table for Healthy Retirees as the base table and projected with mortality improvements using 100% of the fully generational MP-2021 projection scale from a base year of 2010.

Post-Disability: This assumption applies to death after disablement. Rates are based on the 2020 WRS Experience Table for Disabled Retirees as the base table and projected with mortality improvements using 100% of the fully generational MP-2021 projection scale from a base year of 2010.

* Sample rates shown in Appendix A.

Employee Turnover/Withdrawal

Ten-year select and ultimate rates of WRS for Non-State Protective with Social Security for Police and Fire Department employees and General Non-State Employee for all other employees. Separate rates for males and females. Ultimate rates after the tenth year are shown in the rate table in Appendix A. Select rates are as follows:

Year	General Non-State Employee Male Rate	General Non-State Employee Female Rate	Non-State Protective with Social Security
1	17.7%	20.0%	15.6%
2	12.5%	15.0%	9.4%
3	9.0%	11.5%	5.3%
4	7.1%	9.6%	4.4%
5	6.6%	9.0%	4.2%
6	5.3%	7.4%	3.3%
7	4.8%	6.3%	3.2%
8	4.6%	6.0%	3.0%
9	4.1%	5.7%	2.7%
10	4.0%	5.0%	2.3%

Disablement: WRS disability rates for Non-State Protective with Social Security for Police and Fire Department employees and General Non-State Employee for all other employees. Separate rates for General Employees for males and females. Rates shown in the rate table at the end of Appendix A.

Retirement: WRS retirement rates for Non-State Protective with Social Security for Police and Fire Department employees and General Non-State Employee for all other employees. Separate rates for General Employees for male and females. Rates shown in the rate table at the end of Appendix A.

Percentage of Retirees Participating In Retiree Medical Coverage

Future retirees: 95% of current employees with medical coverage are expected to participate in the City of Wauwatosa's retiree health insurance plan.

Current retirees: Actual retiree participation.

Percentage of Retirees Electing Family Coverage

Future retirees: 75% of future retirees that take coverage are assumed to elect family coverage.

Current retirees: Actual family coverage election.

Age Difference of Active Employees and Spouses

Spouses same age as participants.

Annual Medical Trend Rate Assumptions

Medical inflation was based on the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trend. The following tables show the trend rates used in this valuation.

Annual Medical Trend Rate	
	Pre Medicare
2023	6.50%
2024	6.90
2025	6.40
2026	5.70
2027	5.10
2028	4.90
2029	4.70
2030	4.50
2031	4.30
2032-2053	4.10
2054-2064	4.20
2065-2066	4.10
2067-2068	4.00
2069-2070	3.90
2071-2073	3.80
2074+	3.70

Salary Adjustment Factors

Used to project earnings for each participant between the valuation date and the participant's retirement age are shown below for sample years of service. This assumption is used to project a participant's current earnings to the earnings upon which benefits will be based.

% Merit and Longevity Increase Next Year		
Service	Non-State	
	Protective with Social Security	General Non-State
1	4.8%	3.5%
2	4.8	3.5
3	4.1	3.1
4	3.5	2.8
5	2.8	2.5
10	1.1	1.5
15	0.8	1.1
20	0.7	0.9
25	0.6	0.6
30	0.5	0.4

In addition to the merit and longevity increase, each person is assumed to get an economic increase of 3.0% each year.

Expected Monthly 2023 Medical Costs Per Retiree

We developed estimates of monthly 2023 medical costs per retiree by age based on the City's claim cost experience and actual administrative costs per capita, adjusted for demographic differences between retirees and all participants (actives and retirees combined) and adjusted for plan differences.

Age	Male		Female	
	Single	Dual	Single	Dual
55	\$966	\$2,107	\$1,087	\$2,107
60	1,236	2,563	1,273	2,563
64	1,534	3,026	1,438	3,026

A monthly medical cost of \$41.67 per retiree and spouse for each year also needs to be added to account for the HRA plan.

The retirees pay 100% of the fully insured self-supporting premium for post-65. Therefore, no liability is valued for post 65 benefits.

Changes in Assumptions Since Prior Valuation

- The discount rate was changed pursuant to GASB 75.
- The demographic and salary increase assumptions have been updated as a result of the WRS Three-Year Experience Study for 2018-2020.
- The medical trend rates were changed to reflect anticipated experience under the most recent Getzen model application.
- The expected claims were updated to reflect plan experience.

The overall impact of the new assumptions is an increase in the benefit obligations for the December 31, 2021 measurement date, and a decrease in the benefit obligations for the December 31, 2022 measurement date.

Rationale for Significant Assumptions

With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. The following assumptions should be reviewed for appropriateness.

Discount Rate: The discount rate is based upon the Bond Buyer General Obligation 20-Year Municipal Bond Index at the measurement date.

Demographic Assumptions: The City of Wauwatosa participates in the Wisconsin Retirement System. The actuary for the system updates assumptions triennially based upon plan experience.

Participant Rate and Spouse Election: We have based the rate on recent experience in the plan.

Medical Trend: We are using medical inflation assumptions based on the "Long Term Healthcare Costs Trend Resource Model" created for the Society of Actuaries by Professor Thomas E. Getzen of Temple University. This model reflects the most current academic research regarding future healthcare cost trends.

Expected Medical Costs: Relative cost factors were developed from the Milliman Health Cost Guidelines. Based on the projected claims and administrative expenses of the self-insured plan and relative age cost factors assumptions, we developed age adjusted "per member per month" (PMPM) costs for 2023.

Summary of Participant Data

Monthly 2023 Aggregate Retiree Premiums

The average aggregate current retiree premium rates paid by retirees are shown in the following table.

Monthly 2023 Health Insurance Premiums		
	Single	Subscriber and Spouse
Pre-65	\$815.64	\$2,034.83

Participant Data

We relied on the following medical plan participant data as of December 31, 2022.

	Participant Count	Average Age	Average Service
Active Employees*	283	43.8	14.0
Retirees**	109	60.3	

* Excludes general employees hired after January 1, 2015.

** Excludes retirees with life insurance benefits only.

Summary of Plan Provisions

Eligibility Requirements and Benefits

Eligibility requirements and benefits by City employee group are as follows:

RETIREE MEDICAL AND LIFE INSURANCE

Police Union & Police Supervisors

Eligibility: Any retiree who has attained age 50.

Benefits: For those electing medical coverage at retirement in the Police Union & Police supervisor group, each year the City pays up to 110% of the previous year's premium until age 65 if hired before January 1, 1992. For employees hired after January 1, 1992 but before January 1, 2008 the City shall pay 95% of the monthly Health Insurance premium in retirement. For employees hired after January 1, 2008 but before August 7, 2019, the City shall provide 50% of the total premium expense each month for the identical standard and major medical liability coverage for every employee upon retirement. For employees hired on and after August 7, 2019 the City shall contribute \$700 toward the monthly premium.

Retirees can continue in a retiree medical plan after attaining Medicare Eligibility Age by paying 100% of the premium.

Police Supervisors hired before 1/1/1974 and Police Union employees hired before 10/1/1974 are eligible for a life insurance benefit of \$3,500. Those hired after these dates are eligible for a life insurance benefit of \$2,500.

Fire Union & Fire Supervisors

Eligibility: Any retiree who has attained age 50.

Benefits: For those electing medical coverage at retirement in the Fire supervisor group, each year the City pays up to 110% of the previous year's premium until age 65 if hired before September 1, 1991. For employees hired after September 1, 1991 but before January 1, 2008, the City shall pay 95% of the monthly health insurance premium in retirement. For employees hired after January 1, 2008, the City shall provide 50% of the total premium expense for each month.

For those electing medical coverage at retirement in the Fire Union group, each year the City pays up to 110% of the previous year's premium until age 65 if hired before January 1, 1992. For employees hired after January 1, 1992 but before January 1, 2008 the City shall pay 95% of the monthly Health Insurance premium in retirement. For employees hired after January 1, 2008, the City shall provide 50% of the total premium expense each month for the identical standard and major medical liability coverage for every employee upon retirement.

Retirees can continue in a retiree medical plan after attaining Medicare Eligibility Age by paying 100% of the premium.

Fire Supervisors hired before 1/1/1974 and Fire Union employees hired before 6/30/1974, are eligible for a life insurance benefit of \$3,500. Those hired after these dates are eligible for a life insurance benefit of \$2,500.

General and Department of Public Works

Eligibility: Any non-represented retiree who has attained age 55 and 15 years of service.

Benefits: For those electing medical coverage at retirement, each year the City pays up to 110% of the previous year's premium until age 65 if hired before September 1, 1991. For employees hired on or after September 1, 1991 and prior to January 1, 2008, the City shall provide 95% of the total premium expense each month for the identical standard and major medical liability coverage for every employee upon retirement. For employees hired on or after January 1, 2008 and prior to January 1, 2015, the City shall a percent of the premium according to the following table:

	Years of Service with the City			
	15	20	25	30
City Premium Contribution	15%	30%	40%	50%

Employees hired on or after January 1, 2015 are not eligible for retiree medical coverage.

Retirees can continue in a retiree medical plan after attaining Medicare Eligibility Age by paying 100% of the premium.

Employees in the IBEW group who retired prior to Act 10 are eligible for a life insurance benefit of \$2,500. All other general group employees are eligible for a life insurance benefit of \$3,500 provided they have 20 years of service at the time of retirement. In order to obtain a paid-up policy, an employee who retires prior to age 65 must pay the full cost of the policy between the time of retirement and the date the employee reaches 65.

Appendix A: Rate Tables

Non-State Protective with Social Security

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early/Normal Retirement		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female
25	N/A	N/A	0	0	2	1	2	2
26	N/A	N/A	0	0	2	1	2	2
27	N/A	N/A	0	0	3	1	2	2
28	N/A	N/A	0	0	3	2	2	2
29	N/A	N/A	0	0	3	2	2	2
30	210	210	0	0	3	2	2	2
31	200	200	0	0	4	2	2	2
32	200	200	0	0	4	3	2	2
33	190	190	0	0	4	3	2	2
34	180	180	0	0	5	3	2	2
35	180	180	0	0	5	3	3	3
36	170	170	0	0	5	3	3	3
37	160	160	0	0	5	4	3	3
38	160	160	0	0	6	4	3	3
39	160	160	0	0	6	4	4	4
40	150	150	0	0	6	4	4	4
41	150	150	0	0	6	4	4	4
42	150	150	0	0	7	5	4	4
43	150	150	0	0	7	5	4	4
44	150	150	0	0	7	5	5	5
45	140	140	0	0	8	5	5	5
46	140	140	0	0	8	6	6	6
47	140	140	0	0	9	6	6	6
48	140	140	0	0	10	7	7	7
49	140	140	0	0	11	7	8	8
50	130	130	600	600	12	8	9	9
51	130	130	800	800	13	9	10	10
52	130	130	1,100	1,100	14	10	10	10
53	130	130	3,400	3,400	16	11	53	53
54	130	130	3,200	3,200	17	12	96	96
55	0	0	2,600	2,600	19	13	139	139
56	0	0	2,300	2,300	21	14	181	181
57	0	0	2,700	2,700	23	15	224	224
58	0	0	2,100	2,100	26	17	227	227
59	0	0	2,300	2,300	28	18	230	230

Non-State Protective with Social Security

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early/Normal Retirement		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female
60	0	0	2,200	2,200	31	20	234	234
61	0	0	3,000	3,000	35	21	0	0
62	0	0	3,500	3,500	38	23	0	0
63	0	0	2,700	2,700	42	25	0	0
64	0	0	3,000	3,000	46	28	0	0
65	0	0	3,400	3,400	50	30	0	0
66	0	0	3,500	3,500	54	33	0	0
67	0	0	3,500	3,500	59	36	0	0
68	0	0	3,500	3,500	64	40	0	0
69	0	0	3,500	3,500	70	45	0	0
70	0	0	10,000	10,000	75	51	0	0
71	0	0	10,000	10,000	81	57	0	0
72	0	0	10,000	10,000	88	65	0	0
73	0	0	10,000	10,000	95	74	0	0
74	0	0	10,000	10,000	102	85	0	0
75	0	0	10,000	10,000	111	97	0	0

General Non-State Employee

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early Retirement		Normal Retirement*		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
25	N/A	N/A	0	0	0	0	2	1	1	0
26	N/A	N/A	0	0	0	0	2	1	1	0
27	N/A	N/A	0	0	0	0	3	1	1	0
28	N/A	N/A	0	0	0	0	3	2	1	1
29	N/A	N/A	0	0	0	0	3	2	1	1
30	320	490	0	0	0	0	3	2	1	2
31	310	480	0	0	0	0	4	2	1	2
32	300	480	0	0	0	0	4	3	1	2
33	290	460	0	0	0	0	4	3	1	2
34	280	430	0	0	0	0	5	3	1	2
35	280	410	0	0	0	0	5	3	1	2
36	270	380	0	0	0	0	5	3	1	2
37	260	360	0	0	0	0	5	4	2	2
38	250	350	0	0	0	0	6	4	2	3
39	240	340	0	0	0	0	6	4	3	3
40	240	320	0	0	0	0	6	4	3	3
41	230	310	0	0	0	0	6	4	4	4
42	220	300	0	0	0	0	7	5	5	4
43	210	300	0	0	0	0	7	5	5	4
44	200	300	0	0	0	0	7	5	6	5
45	200	290	0	0	0	0	8	5	6	5
46	190	290	0	0	0	0	8	6	6	5
47	180	290	0	0	0	0	9	6	6	5
48	180	280	0	0	0	0	10	7	9	6
49	170	260	0	0	0	0	11	7	11	6
50	170	250	0	0	0	0	12	8	13	7
51	160	230	0	0	0	0	13	9	15	8
52	160	220	0	0	0	0	14	10	17	9
53	160	220	0	0	0	0	16	11	19	10
54	160	220	0	0	0	0	17	12	21	12
55	0	0	700	700	0	0	19	13	24	13
56	0	0	600	700	0	0	21	14	27	14
57	0	0	500	600	2,000	1,700	23	15	30	16
58	0	0	600	700	2,000	1,800	26	17	33	17
59	0	0	600	700	2,000	1,400	28	18	36	18

General Non-State Employee

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early Retirement		Normal Retirement*		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
60	0	0	900	1,000	2,000	2,000	31	20	43	18
61	0	0	800	1,000	2,000	1,800	35	21	0	0
62	0	0	1,900	1,600	3,000	2,400	38	23	0	0
63	0	0	2,000	1,800	3,000	2,900	42	25	0	0
64	0	0	1,800	1,800	3,000	2,300	46	28	0	0
65	0	0	0	0	3,000	3,500	50	30	0	0
66	0	0	0	0	4,000	3,900	54	33	0	0
67	0	0	0	0	3,200	3,300	59	36	0	0
68	0	0	0	0	3,200	3,000	64	40	0	0
69	0	0	0	0	2,800	2,200	70	45	0	0
70	0	0	0	0	2,800	2,600	75	51	0	0
71	0	0	0	0	2,800	2,800	81	57	0	0
72	0	0	0	0	2,800	3,000	88	65	0	0
73	0	0	0	0	1,800	3,000	95	74	0	0
74	0	0	0	0	1,800	1,600	102	85	0	0
75	0	0	0	0	10,000	10,000	111	97	0	0

* Normal retirement assumptions apply to employees with 30 or more years of service.

Separations from retired status expressed as number of occurrences per 10,000 (before projection):

Age	Healthy		Disabled	
	Male	Female	Male	Female
50	12	8	172	162
51	14	11	183	169
52	16	13	195	178
53	18	16	207	187
54	21	19	221	197
55	25	23	234	207
56	28	25	248	216
57	31	28	261	224
58	34	30	273	231
59	38	33	285	236
60	42	35	296	240
61	47	38	307	243
62	52	40	318	245
63	57	43	329	247
64	62	46	340	249
65	68	50	351	253
66	75	54	362	257
67	83	59	373	264
68	92	65	386	273
69	102	72	399	284
70	114	80	415	299
71	128	91	432	316
72	144	103	452	337
73	162	117	476	362
74	184	134	503	390
75	209	154	535	422
76	238	177	571	459
77	271	204	611	500
78	309	234	657	547
79	352	268	708	598

Separations from retired status expressed as number of occurrences per 10,000 (before projection):

Age	Healthy		Disabled	
	Male	Female	Male	Female
80	400	308	765	656
81	456	352	828	719
82	519	403	899	789
83	592	461	975	866
84	674	527	1,058	950
85	768	601	1,148	1,042
86	874	685	1,245	1,138
87	992	779	1,348	1,235
88	1,123	885	1,460	1,335
89	1,269	1,003	1,599	1,435
90	1,430	1,136	1,753	1,538
91	1,605	1,284	1,910	1,645
92	1,793	1,448	2,068	1,759
93	1,991	1,626	2,226	1,882
94	2,197	1,817	2,386	2,015
95	2,407	2,019	2,547	2,162
96	2,632	2,238	2,727	2,331
97	2,861	2,466	2,916	2,522
98	3,093	2,701	3,118	2,727
99	3,328	2,941	3,335	2,949
100	3,561	3,184	3,561	3,184
101	3,793	3,430	3,793	3,430
102	4,023	3,678	4,023	3,678
103	4,252	3,927	4,252	3,927
104	4,474	4,174	4,474	4,174
105	4,690	4,418	4,690	4,418
106	4,900	4,654	4,900	4,654
107	5,100	4,884	5,100	4,884
108	5,290	5,105	5,290	5,105
109	5,472	5,316	5,472	5,316
110	5,617	5,515	5,617	5,515
111	5,633	5,704	5,633	5,704
112	5,649	5,808	5,649	5,808
113	5,664	5,821	5,664	5,821
114	5,681	5,835	5,681	5,835
115	5,697	5,848	5,697	5,848
116	5,699	5,849	5,699	5,849
117	5,699	5,850	5,699	5,850
118	5,700	5,850	5,700	5,850
119	5,700	5,850	5,700	5,850
120	10,000	10,000	10,000	10,000



IT TAKES VISION

CITY OF WAUWATOSA RETIREE MEDICAL PROGRAM

Jack Chmielewski
May 30, 2023

Agenda

- General Overview Retiree Medical Program
- December 31, 2022 Results
- Questions

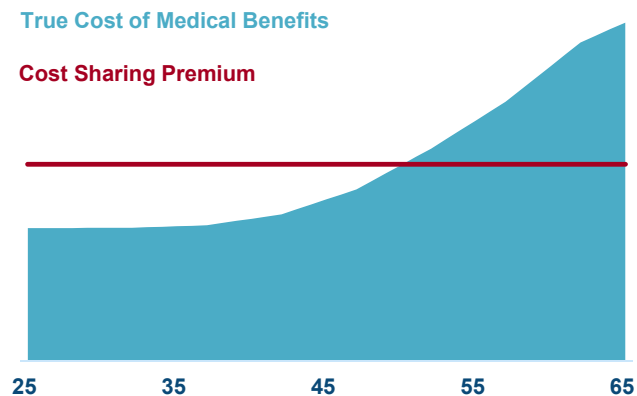
General Overview of Retiree Medical Program

Eligibility		City Contribution to Health Insurance	
Employment Group	Eligibility Requirements	Hire Date	
Police Union (WPOA) & Police Supervisors (WPSA)	Must be at least 50 years old	Prior to 1/1/92	110%
		On or after 1/1/92, but prior to 1/1/08	95%
		On or after 1/1/08, but prior to 8/7/19	50%
		On or after 8/7/19	\$700 monthly discount
Fire Union (WPFA)	Must be at least 50 years old	Prior to 1/1/92	110%
		On or after 1/1/92, but prior to 1/1/08	95%
		On or after 1/1/08, but prior to 1/1/21	50%
Fire Supervisors	Must be at least 50 years old	On or after 1/1/21	\$700 monthly discount
		Prior to 9/1/91	110%
		On or after 9/1/91, but prior to 1/1/08	95%
		On or after 1/1/08, but prior to 1/1/21	50%
Non-Represented	Must be at least 55 years old and have 15 years of service	On or after 1/1/21	\$700 monthly discount
		Prior to 9/1/91	110%
		On or after 9/1/91, but prior to 1/1/08	95%
		On or after 1/1/08, but prior to 1/1/15	15%-50% based on years of service*
		On or after 1/1/15	No benefit

Retiree Medical Coverage stops at Medicare Eligibility Age

General Overview of Retiree Medical Program

- True cost of Benefits
- The cost sharing premium is a blended rate that takes into account the cost of medical benefits for active employees as well as retirees.



December 31, 2022 Results

Changes in Total OPEB Liability	Increase (Decrease) Total OPEB Liability	
	2022	2023
Beginning of Year Balance	\$36,445,285	\$41,184,603
Changes for the year:		
Service cost	1,628,862	1,752,565
Interest on total OPEB liability	779,382	853,074
Effect of plan changes	0	0
Effect of economic/demographic gains or losses	2,236,595	279,844
Effect of assumptions changes or inputs	2,730,024	(4,384,365)
Benefit payments	(2,635,545)	(3,067,291)
End of Year Balance	41,184,603	36,618,430

December 31, 2022 Results

Cash Flow Projections

Cash Flow Projections, the Annual Undiscounted Cost of Retiree Medical Benefits Current Retiree Plus Current Active Employees

Year	City Employees
2023	\$2,767,407
2024	2,836,280
2025	2,733,125
2026	2,791,602
2027	2,782,457
2028	2,980,965
2029	2,972,297
2030	2,887,349
2031	2,964,362
2032	3,031,638



IT TAKES VISION

Questions?