

FINANCE COMMITTEE

Date and Time: Tuesday, February 26, 2013 @ 5:00 pm., Board Room

Members Present: Nagle{c}, Oberbeck, Brezinski, (Winters and Nutting *entered late*)

Others Present: Gisselman, Abitz, Kellbach, Mielke, Wagner, Tipple, Groat, Buchberger, Hardel, Jacobson, Knotek, Lenz, Loy, Marquardt, Rayala, Debra Ryan, and media.

Minutes of the previous meeting(s). (2/12/13)

Motion by Brezinski, second by Oberbeck to approve the minutes of the previous meetings on 2/12/13. Motion carried 3-0.

(Winters entered the meeting.)

Public Comment on matters appearing on the agenda.

- 1) Lucinda Gurdt-Scheibe, 1033 S 5th Ave, spoke regarding the Thomas Street project. She questioned relative to TID's, where in the plans there were any proposed new developments for commercial retail; and how the Thomas Street project will increase property values. She encouraged Council members to stop and talk to property owners and ask what they think about property values.
- 2) Debra Ryan, 702 Elm St, commented that since there will not be a second bridge, even if they widen Thomas Street to four lanes; they are still ending up with an hourglass at the bridge. She felt they should get all traffic issues worked out before making any final decisions on the project.

Thomas Street Project and Tax Increment District Number Six Discussion and Possible Action by the Finance Committee.

Nagle provided history on the first TID in the state, created to build the Wausau Center Mall, which is now one of the most successful downtowns in the state. He commented the TIF law was created to eliminate blight, clear slums, to create economic development and not to put to more Portland cement concrete down for faster cars. He stated the Council has to come up with a way to finance the Thomas Street project.

Oberbeck did not feel this was a TIF project because all the criteria are not met relative to development. He stated we are taking \$10 million away from a \$35 million district, so we immediately owe approximately \$180,000 back to the county just because of the negative property tax increment that we're developing as a result of this project. We are immediately behind \$265,000 per year when we take the property off the tax roll and questioned if this was included in the budget. Groat explained when we take the property off the tax roll our values decline, but that would be taken off the increment because it is within the district and the base value has already been established.

Oberbeck stated we need to do development projects within this district to generate about \$25 million and there currently is no development in the plan for the Thomas Street corridor, nor does it allow for any because of the design. Marquardt clarified the \$10 million being referred to is real estate and acquisition costs. He calculated that the property that we have to buy yet is about \$4.5 million; the relocation costs are another \$3.1 million; total acquisition costs are at \$7.6 million. He pointed out is the property value is actually \$4.5 million, not \$10 million. Oberbeck stated we should expect a return on investment with this project and it should create amenities that have commercial development that start to enhance this district. He did not see a vision of what this was going to do.

Brezinski questioned if we were to reconsider this project and have a different project, would it impact our ability to apply for federal funding. Anne Jacobson indicated she was looking into this. Marquardt stated the federal highway reps told him that we could stop the project, get rid of all the contracts and we would have to start from scratch. He pointed out if they wanted to continue with the four lane section we would have to sell all the property we acquired to someone and then reacquire it at a later date when we had a new project. State and federal guidelines require a purpose and need, which was to increase capacity and improve safety. Accidents on Thomas

Street were mainly rear end crashes from people turning into driveways or intersections, necessitating a four lane street for safety.

Rasmussen reviewed CISM Committee discussion regarding the project and noted that TID 6 is already paying the city's share of the U/K/51 Interchange and the four lane bridge that we're building on the speculation that developers are going to have projects ready to go once we have the supporting access. Abitz pointed out there are four businesses that are already projected for the Thomas Street area based on the four lane project. She questioned why Thomas Street was being treated differently than the 17th Avenue, Stewart Avenue, and Bridge Street projects where business such as Walgreens came after completion. She stressed that Thomas Street is a main arterial road for the city. (*Nutting entered the meeting.*) Following discussion Brezinski suggested this issue be taken to a Committee of the Whole meeting. Winters agreed and wanted some process and legal questions answered.

Groat stated generally the city doesn't have to go it alone on a big project like this. She explained typically what obligates us to go forward is a DOT contract where we are in a cost sharing arrangement with the DOT and it is brought to Council for approval. She pointed out we don't have that right now and are just preparing for the big project. There is money in the 2013 budget for land acquisition, but every purchase has to be approved by Council. She stated when you look at this project the city would not be able to afford it, *but for* the increment that we're gleaned from other areas in the district.

Motion by Oberbeck, second by Nagle to approve TIF #6 funding for the Thomas Street project. Motion failed 0-5.

Motion by Brezinski, second by Winters to move this item forward to a Committee of the Whole meeting at a suitable date to be determined by the Mayor. Motion carried 5-0.

Approve Resolution to Extend the Life of Tax Increment District Number #2 for the Purpose of Improving Wausau's Central Urban Housing Stock.

Brezinski stated this is an opportunity to gain \$629,068. Winters commented this is the TID that he proposed closing last fall in order to close our budget deficit, by keeping it open we keep money out of the general fund. Closing it robs the general fund of \$215,000 and we're going to probably need that to come around. This project has been completed for a long time and the only thing the TID is doing now is shoveling out money to other TIDs. He did not feel that was appropriate and indicated he would vote no.

Groat stated when she introduced this to ED Committee last week; we were proposing to do this for TID #2 & #4. She presented the information to the state because it has to be approved by the DOR and they told her that TID #4 would not be eligible because it was designated as a distressed district, so we will be closing #4. It is paid for and the increment is substantially smaller, approximately \$110,000.

Oberbeck questioned how the money is going to be utilized. Groat explained they were anticipating the work of the blight committee was going to present some options to the Council for consideration. She indicated we did not have to have a specific plan right now, but continued housing redevelopment along the 3rd Street corridor is one option. Groat noted this was introduced to the Joint Review Board in June and although it doesn't require their approval, they were supportive of the project. Oberbeck requested that reports on how the money is going to be utilized be brought back to Finance Committee.

Motion by Brezinski, second by Nutting to approve extending the life of TID #2. Motion carried 4-1.

Approve Ordinance Creating Chapter 3.40 Fees and Licenses Schedules.

Groat reiterated her intention is to move the fee structures that are sprinkled throughout the Municipal Code into one fee schedule. It is very time consuming and prone to error when we miss places in the code that need changing when we update our fees. She noted at the last Finance meeting they had approved some of the fee increases. She indicated Jacobson informed her to accomplish this they need to approve creation of an ordinance to refer people to the proper fee schedule.

Motion by Brezinski, second by Winters to approve creating Chapter 3.40, Fees and Licenses Schedules. Motion carried 5-0.

2012 and 2013 Financial Report

Groat distributed and presented the 2012 Financial Report – General Fund and the 2012 Personnel Services Forecast Compared to Budget. (*Reports on file in Clerk's Office.*)

Approve 2013 Budget Modifications, Fund Transfers, Change of Purpose and the Establishment of Committed Fund Balances.

Groat stated these carryovers were taken in two categories: A) if it pertained to the capital budget, they were presented to the CIP Committee for review, endorsement and submission to the Finance Committee; B) if they were related to operations or the general fund activity, they are summarized and presented for committee consideration.

- A) Groat reviewed the 2012 Project Reservations and Fund Carryovers to modify the 2013 budget. She noted the CIP and Park Committee recommended the creation of the capital budget for 2012 in the amount of \$161,000 to facilitate the beginnings of the engineering work to be done to design a pool. It would be funded from other projects that were done and if there was any money left over it would flow back to the capital projects fund. Winters indicated in future years he would like to see the new carryover projects and new additions presented separately.

Motion by Winters, second by Nutting to approve the capital fund carryovers, including the pool design. Motion carried 5-0.

- B) Groat reviewed carryover requests from various departments to modify the 2013 budget. She explained they are seeking to use savings generated in 2012 to provide for new or additional projects. She pointed out the Human Resources request was a carryover to complete projects that were started this year in contractual services for the Performance Management Project and the Compensation redesign. She indicated the carryover in the Finance Department budget was to complete the Strategic Plan and she was looking to beef up the unclassified budget.

Winters indicated he was going to vote no because he thought we were committed to not applying fund balance in future budgets. He indicated he would prefer to see surpluses first come to the policymakers to decide if we want to apply it to lower taxes, pay down debt or grant additional expenditure authority to the department heads. Oberbeck agreed and that this does need to go through a process. Nagle stated some of these carryovers are commitments that we are obliged to fill or the result of department heads being frugal. He felt the department heads would not ask for things that were not necessary.

Motion by Brezinski, second by Nagle to approve the general fund carryover requests. Motion carried 3-2.

Groat stated when preparing the 2012 budget we established the airport as an enterprise fund but did not give them any seed money or reserve to establish that fund. She felt it would be in the city's best interest to establish a reserve for that fund and she suggested \$70,000. The Airport Committee deliberated over it and recommends approval of this budget modification.

Motion by Brezinski, second by Winters to approve the allocation of \$70,000 to the airport enterprise fund. Motion carried 5-0.

Groat stated when the Parks Department submitted their CIP request it was net of sale of their rolling stock and they are asking that we increase the expense and sale from general fixed assets \$35,000 to properly reflect accounting.

Motion by Oberbeck, second by Nutting to approve the budget modification of \$35,000 for Parks Department. Motion carried 5-0.

Report on Sales Tax Meeting

Brezinski reported that he and Nagle met with Jim Rosenberg, Chair of the County Economic Development Committee, and they hoped to be able to achieve some cooperative endeavors. He noted he was encouraged by the recognition that our task both in the city and county is to work very hard for economic development and increase the job market. He felt it will be a slow process, but that we were all moving in the same direction.

Approve third amendment to JC Penney Air Rights Sub-Sublease.

Jacobson explained it came from CBL at the mall and is simply an extension of the overall term of the lease which expires on August 31, 2013. They are requesting a year extension and allowing JC Penney to retain extension options. She noted they have secured the approval of their lender and JC Penney is on board.

Motion by Brezinski, second by Winters to approve the third amendment to JC Penney Air Rights Sub-Sublease. Motion carried 5-0.

Adjourn

Motion by Winters, second by Oberbeck to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 6:55 pm.