

FINANCE COMMITTEE

Date and Time: Tuesday, September 10, 2013 @ 5:00 pm., Board Room

Members Present: Nagle (C), Brezinski, Oberbeck, Winters, Nutting

Others Present: Mielke, Wagner, Kellbach, Abitz, Gisselman, Tipple, Groat, Jacobson, Loy, Werth, Lenz, Duncanson, Berge, Dickinson, Goede, Dave Sether, Kari Rasmussen, Deb Ryan

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner. It was noted that there was a quorum present and the meeting was called to order by Chairperson Nagle.

Public Comment on matters appearing on the agenda.

Deb Ryan, 702 Elm St, commented on enterprise funds and encouraged the use of them in accounting.

Consider Sole Source Purchase - Landscape Improvements and Art Features Hwy 52 Parkway/Stewart Avenue

Marquardt stated they started out by looking at the concrete islands at 17th and 18th Avenue by Stewart Avenue and the large medians in that area trying to improve the landscaping. He indicated they brought in Revi Design, which is a local artist and contractor, and came up with some ideas. He stated they would like to make improvements on the grass island of Hwy 52 Parkway by incorporating the bird art, trees and boulders. Dave Sether presented a visual plan for the landscaping, art, and LED lighting to illuminate the birds at night.

Marquardt stated the ED Committee approved going forward with this concept and amended it to extend the project to the west side of the highway. Groat stated in the 2013 budget there was a provision for the east side of 52 Parkway and we are asking the Finance Committee to allow for sole source purchasing of the artwork itself. She indicated the bird sculptures are \$1800 each and they would like to purchase 18. She noted once they put together the budget for the west side, it will be brought back to the Finance Committee on September 24th for that expansion of the project. Oberbeck indicated there was a group that is interested in public arts that was considering assisting funding the project.

Motion by Oberbeck, second by Brezinski to authorize the sole source purchase of 18 sculptures at \$1800 each; direct staff to reach out to parties interested in donations; and bring final plan to a special joint Parks & Rec and ED Committee meeting for presentation/review. Motion carried 5-0.

Minutes of a previous meeting. (8/27/2013)

Motion by Winters, second by Oberbeck to approve the minutes of the meeting on 8/27/2013. Motion carried 5-0.

Winters questioned if the Boys & Girls Club line item that is referenced in the minutes should have gone to Council as a resolution. Brezinski stated it did not need to go to Council separately because it would be considered as part of the budget. Winters felt it was a big enough issue for the Council to discuss. Brezinski stated the Council as a whole can amend any and all aspects of the budget.

Consider Transfer of Funds Request from Contingency Fund or Another Source to City Attorney's Professional Services Line Item Budget in the Amount of \$36,500

Jacobson referred to the documents attached to the transfer request that detail the other professional services bills. She noted she typically budgets \$800 for these services, but we are paying for a lot of additional things, such as transcripts, depositions and appraisals that have been authorized out of that line item and it is now over budget. She stated this money has already been expended and a transfer is needed to pay these bills.

Motion by Brezinski, second by Nutting approve the transfer of funds in the amount of \$36,500. Motion carried 5-0.

Discussion and Possible Action on Creating a Subcommittee to Establish a Long Term Funding Plan for Public Access

Winters stated this item comes from Public Health & Safety where we talked about a funding plan for public access and decided not to include fees on content providers, but that doesn't mean that we are not committed to this being a long term self-funding plan. He was aware that Kris Berge and Dave Dickinson have several ideas to accomplish this and he indicated he would volunteer to be a subcommittee of one to take notes on their ideas and write them up in budget form and present them to both committees. Wagner stated although he is not on Finance Committee, he would volunteer his services to be on a subcommittee with Winters.

Motion by Brezinski, second by Winters to create a subcommittee on public access funding. Motion carried 5-0.

Discussion and Possible Action on Establishing Swimming Pool Sponsorships in the 2014 Budget

Winters stated we have talked a lot about sponsorships for the pools and felt we should go after those sponsorships before we start designing the pools. Once you have your sponsor, maybe design considerations they might want to pay for could be incorporated.

Motion by Winters, second by Brezinski that by 2014 each of the pools have a \$7500 sponsorship for the operating budget.

Brezinski questioned if he was directing staff to secure these sponsors. Winters felt they should find an agency that lines up sponsors for you and you split revenue with them, just like we do with the bus, rather than us trying to do it.

Oberbeck commented when he has been involved in fundraising he has found that people are looking for actual objects that they can tie their name to for long lasting value. He felt it was very difficult to get funds for operating budgets and it would be more beneficial to let the design of the pools evolve first and show some of the characteristics to be supplemented or enhanced by donations. He suggested they look for donations for capital expense rather than operating. He didn't think the pools were ready to go out for sponsorships until the design is there and you can show a potential sponsor the elements of it.

Wagner felt having staff go out and look for donations was the wrong way to do it. He agreed with Winters that it takes a professional to know who to ask, what to ask, and what to offer. Nagle commented all we do is talk about it rather than actually do something about it and this is a way to encourage staff to take action and the staff could also hire someone to do it. Winters indicated he was trying to copy the model used for the busses where we go out and find the firm that finds the people and splits the revenue with us; however, there are other good ideas and the intent of the motion was to move it forward and leave implementation details to the staff. He noted we can take it out of the budget in November if it turns out it is an impossibility.

Duncanson stated a design firm will be coming back next week with three rough draft design alternatives for Kaiser Pool for our review and direction. They will go back and start giving us details on the specific features, potential brands, product types, cost ranges, etc. and then we can approach potential sponsors. He felt it was also important to be able to show what program/services we will be offering at the facility. Brezinski agreed you have to have something to sell before you put it on the market.

Winters withdrew his original motion and proposed a new motion to add \$21,500 in pool sponsorships to the budget for 2014 and give staff the goal of November to accomplish it. Motion died for lack of second.

Motion by Brezinski, second by Oberbeck to direct staff to explore the potential of generating revenue via sponsorships and report back at the November Finance Committee meeting. Motion carried 4-1. (*Winters cast the dissenting vote.*)

Discussion and Possible Action on Establishing an Enterprise fund for the 400 Block

Winters felt this is something the committee should move forward with in 2014. Groat commented you can establish something as an enterprise fund, but that doesn't necessarily mean that you are going to generate revenue. There is a lot of flexibility in the accounting. Historically when enterprise funds were first created they were used for utilities that were supposed to be self-sustaining. Now generally accepted accounting practices do allow you to support an enterprise fund with tax levy. She indicated in 2012 the expenses for the 400 Block were approximately \$84,000. She reviewed a breakout of those expenses. She noted the auditors suggested using a special revenue fund as another option. She reviewed the 400 Block rentals, pointing out that Wausau Area Events is the major user and per our special events policy, do not pay block rental. Duncanson explained the maintenance required.

Brezinski commented Wausau Area Events is truly the driving force in generating the activity that takes place on The 400 Block and although he wasn't necessarily philosophically opposed, he was concerned that once an enterprise fund was set up the temptation would be to balance the books on it. He felt it was an asset that we need to protect and unless he could see some significant benefit to be derived from creating an enterprise fund, he felt they were doing a good job in terms of accounting.

Oberbeck stated we have heard from all of the departments, such as Parks, Fire, PD, and DPW, who have indicated they are spending additional time and overtime and one of the things this would assist in would be to allocate amounts to increase their budgets. He understood it is a park and it is not going to make money, however, we are definitely spending more money and it has grown throughout the years, but the budgets haven't been adjusted to accommodate that. Groat noted room tax could be allocated to the departments that are incurring additional costs.

Winters stated we should take a hard look at the fees that we charge because we have invested in getting this block going, but now that the events have achieved critical mass and popularity, they should maybe be paying more towards the operation. Relative to revenue, sponsorships could be another one and he felt sponsors would want to see the entity fenced off from an accounting standpoint, from the rest of the city budget. A third source of revenue, since it is a tourist attraction, could be an allocation of the room tax money, as well as general taxes.

Presentation Keene Winters - Fiscal, Economic and Demographic Data for the 2014 Budget

Winters provided and reviewed a handout "Context for the 2014 City Budget", noting anytime we do a budget, we do it in the context of what is going on. Wausau's context in summary: population growth in Wausau is substandard; income is below the state and national average; average unemployment is 10%, which is high and not improving; and general fund revenue growth has kept pace with population growth and inflation.

Winters suggested options for avoiding tax increases without cutting services through quick revenue boosters – turnover budgeting for 2014 and the closure of TID #2 for 2015. Near-term administrative cost savings are no increase in health insurance premiums expected for 2014; to implement self-insurance for health insurance and for Workers Compensation. Potential tax rate decreases and cost savings could be to hold a referendum in April 2014 to shift garbage collections to container fees and lobby for state law changes to shift busing costs to a local sales tax. Short-term increases for long-term revenue growth: citywide re-valuation; merger with Brokaw; generate more natural gas from waste; and switch city vehicles to compressed natural gas and bio-diesel.

2014 Budget Update and Discussions

Groat stated provided the levy limit worksheet, noting based on the levy limits they would have the ability to increase the ley by \$306,000, as well as carryover any unused from the prior year which is another \$106,000.

Groat reiterated there is no health insurance rate increase. The Human Resources Committee prioritized some new positions and that will be brought to Finance Committee at the September 24th meeting. She indicated there should be a preliminary budget for them to review at that date as well. She noted we have not yet received notice from the state regarding state aids.

Groat suggested if they were considering a referendum on garbage collection that they consider looking at doing the stormwater utility at the same time. She explained when you look at taking garbage off the tax bill and putting it as a separate charge, businesses are now financing some of that garbage cost because everyone pays a tax bill even though the user of that are the residents. It really will benefit the businesses more so than the residents as far as the actual cost in their tax bill. She stated typically the homeowner is going to have the advantage on the stormwater utility versus the business, so by implementing them both you are kind of evening the score as far as that redistribution of city service fees.

Oberbeck questioned how effective a referendum would be trying to get that information out and that a plan would have to be put together on how people will be expected to understand and make a rational decision. Brezinski commented referendums are tough and this would be much more challenging. Groat noted the ordinance regarding holding a referendum was based on a petition we received. The concern at the time was that we would develop a fee structure to garner more revenues from those fees and have the levy, but now the levy limits prevent municipalities from doing that.

Adjournment

Motion by Brezinski, second by Oberbeck to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 6:45 p.m.