

JOINT FINANCE AND ECONOMIC DEVELOPMENT COMMITTEES

Date and Time: Tuesday, April 8, 2014. At 5:00 pm., Board Room

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

ED Members Present: Brezinski (C), Wagner, Nagle, Oberbeck, Rasmussen

Others Present: Tipple, Jacobson, Hardel, Giese, Groat, Loy, Lenz, Marquardt, Mielke, Kellbach, Gisselman, M. Lawrence, Lapinski, Goede, Rayala, Deb Ryan and other interested parties.

It was noted that a quorum of both the Economic Development and Finance Committees was present and the meeting was called to order by Chairperson Brezinski and Nagle.

ED Item: Approve the Economic Development minutes from 2/18/14

Motion by Rasmussen, second by Wagner to approve the minutes of the meeting on 2/18/14. Motion carried 5-0.

ED Item: Approve Thomas Street Corridor Master Plan

Marquardt stated back in February GRAEFE presented the Thomas Street Corridor Master Plan to the Committee of the Whole. He explained the master plan is a working document that was provided to us to use going forward to help make decisions on Thomas Street. He indicated it was taken to and approved at CISM Committee in March. He explained once the document is approved by ED and adopted by the Council we will use it going forward to make decisions as to whether it is two lanes, four lanes, a combination, street width, what property to buy, boulevards, etc. Rasmussen noted that this is just Step 1 of many steps by accepting what the consultant provided.

Oberbeck stated the consultant recommended a type of plan, two lanes with a turn lane, and questioned if they had the option to accept that recommendation from GRAEFE. Marquardt stated the consultant is still working on it and although they made that recommendation they also noted there were other cross sections that maybe should be looked at. He felt we need more information before a particular concept can be chosen to go forward with.

Mielke felt they should hold off on it because there were still too many unanswered questions. He wanted as much input from the residents of Thomas Street as possible. Abitz stated there are some residents that need to sell their properties as soon as possible and can't sell because of this project. She felt it was time to move forward.

Motion by Rasmussen, second by Wagner to approve the Thomas Street corridor Master Plan.

Motion by Oberbeck, second by Nagle to amend the motion to accept the consultant's recommendation for two lanes with a turn lane and four lanes from 3rd to the Bridge. Motion failed 2-3.

Vote on the original motion approving the plan. Motion carried 5-0.

Joint Item: Discussion and possible action in regards to request by CBL & Associates to amend the ground lease, extend the terms of the special letter of agreement, hire an attorney and/or consultant and related budget modification.

Megan Lawrence explained that the City of Wausau has a ground lease with CBL for which they pay \$76,000 per year. In closed session, Finance Committee unanimously voted to reduce that to \$1 for a 12 month period as requested by them. CBL also pays an additional amount each year that is calculated on their net cash flow and this year that amount is \$70,000. It was also unanimously approved that would be waived in 2014 to mitigate the loss from JC Penney and help them start re-tenanting that space. She stated through a special let of agreement CBL refinanced the property in 2011 and a resolution went through Council indicating 10% of the proceeds were supposed to go through the City of Wausau, but it was changed to 5% and they were to match that 5% and use it for tenant improvements. The deadline for that was the end of this year, but they have asked for an extension. She indicated the committee also discussed hiring a consultant or an attorney who can help staff with the assistance CBL may need to redevelop tenant space.

Groat noted the motion from ED and Finance was a one year period of time and it was discussed that they had already paid us for a portion of the year, or four months of that ground lease to date. The impact to the 2014 budget would be approximately \$56,000 and she recommended it be taken out of contingency.

Rasmussen stated the agreement for them to use the 5% for tenant improvements, inducement and incentives is a sound practice because it does incentivize them to improve the mall, attract new tenants, and retain tenants they have. This obviously reduces their net operating expense and the money they owe us, but questioned if it would be appropriate to secure that CBL is a long term player by having them use this money for this same purpose.

Brezinski commented we need to work with the mall and do what we can to ensure its viability as we move forward. Oberbeck stated once we decide if we are going to hire an attorney or a consultant that selection should come back to the Economic Development Committee. Brezinski suggested that staff invite representatives of CBL to come and speak to ED and share their plans.

Economic Development:

Motion by Nagle, second by Wagner to approve amending the ground lease to \$1.00 for a one year period; waive the additional rent of \$70,000 due beginning May 1, 2014; and extend the special letter of agreement for a two year period ending December 31, 2016.

Motion by Rasmussen, second by Wagner to amend the motion that language that the money saved will be diverted to tenant improvement, inducement and incentives be attached to this funding. Motion carried 5-0.

Vote on the original motion as amended. Motion carried 5-0.

Finance:

Motion by Winters, second by Nutting to approve amending the ground lease to \$1.00 for a one year period; waive the additional rent of \$70,000 due beginning May 1, 2014; and extend the special letter of agreement for a two year period ending December 31, 2016 as amended; and to approve the budget modification from contingency. Motion carried 5-0.

Adjournment (ED Committee)

Motion by Oberbeck, second by Nagle to adjourn the Economic Development Committee. Motion carried unanimously. Adjourned at 5:35 pm.

FINANCE ONLY ITEMS

Public Comment on matters appearing on the agenda.

Debra Ryan, 702 Elm St, addressed the committee regarding the claims for excessive assessment on the agenda, commenting this will be a continuing issue and they have to make sure they have the proper evaluation.

Minutes of the previous meeting(s). (3/04/14, 3/11/14, 3/19/14)

Motion by Nutting, second by Winters to approve the minutes of the previous meetings on 3/04/14, 3/11/14 and 3/19/14. Motion carried 5-0.

Consider Vehicle Donation from Yachs - 2006 Chevrolet Cobalt

Chief Hardel stated they absolutely need the car because the Explorer that was assigned to Safety Officer Maureen Pilsner had to be used for the K9 and she does not have a car. He indicated she also wrote a \$22,000 grant to the Community Foundation for a simulator for text and driving instruction so we need a vehicle.

Motion by Winters, second by Nutting to approve accepting the donation of the 2006 Chevrolet Cobalt from Yachs. Motion carried 5-0.

Consider procurement policy modifications

Groat stated there were two modifications proposed at the last Finance Committee meeting. One change would allow for competitive purchasing through written quotes for commodities of \$5,000 - \$50,000, so that we would be able to respond to those quotes on an immediate basis versus a formal bid process that would delay the purchase versus the quote.

Groat explained historically when a project is let by the Department of Public Works, as change orders come in they are presented to the Board of Public Works for approval and the documents are signed by the Board. The current procurement policy provides for the Mayor, City Clerk, Finance Director and City Attorney to sign contracts, however, it is silent on signatures for change orders. With our past practice, neither the Mayor nor the City Clerk is signing change orders; the modification will put us in compliance with past practices and the procurement policy.

Oberbeck suggested changing the wording on page 3, number 4, from “may seek” to “shall seek.” He also suggested taking out “if possible” and stating that they “must document efforts to obtain three written quotations.” Nagle noted that “written” could be a text or a fax. Oberbeck stated that payments should not be made until there was a properly signed contract in the file attached to the purchase order. He agreed with the changes presented but felt the policy should be brought back to Finance again in the future for more work on it to ensure processes are being followed.

Motion by Brezinski, second by Winters to approve the procurement policy modifications as presented. Motion carried 5-0.

Motion by Winters, second by Brezinski to add that if a change order to a contract exceeds the bid by 15% it would trigger a requirement to come before Finance for review. Motion carried 5-0. Nagle noted that state law does not allow it to be exceeded by more than 15%.

Discussion regarding Council I pads, paperless agendas, and agenda management software

Gerry Klein indicated it came down to three different problems: 1) the posting online of information packets for committee meetings; 2) the use of IPads instead of printing; and 3) software solution for the workflow in creation of agendas for more efficiency and transparency. He noted they have looked at a company called IQM2 for agenda management. He stated the reality is that the city has a lot of projects and there is more IT demand than there are resources to do them, so they have been prioritized. He questioned which was more important to them, agenda management or IPads. The committee felt agenda management was more important and that should be put on another agenda for more discussion. Mayor Tipple requested that Klein present this at a staff meeting first.

Consider RFP Legal Services - Bond Counsel

Groat stated we have been using Foley and Lardner for a number of years. This will give us an opportunity to look at all firms that are currently involved in the public finance field. She stated when the RFP's come back they could select a small committee to narrow it down to the top three firms and then have them come to Finance to give a presentation and to be interviewed.

Motion by Winters, second by Brezinski to have a special committee select the top three and to have them present to and be interviewed by the Finance Committee. Motion carried 5-0.

Budget Modification - Irrigation 17th Avenue Landscaping Project

Oberbeck questioned what process would be used and Marquardt indicated it would go out for RFP.

Motion by Brezinski, second by Nutting to approve the budget modification for irrigation for the 17th Avenue Landscaping project. Motion carried 5-0.

Approving alleged claim for excessive assessment - GE Capital Franchise Financial Corporation (Applebee's)

Jacobson stated we receive these claims every year and they must file by January 31st and have paid their taxes in full as a prerequisite to making a claim for excessive assessment. She reviewed the information that has been included for all the claimants. She noted they have all been rejected by the Board of Review and staff recommends the Council disallow the claims. She indicated an error to the PIN has been corrected.

Motion by Brezinski, second by Oberbeck to approve the claim of GE Capital Franchise Corporation (Applebee's). Motion failed 0-5.

Approving alleged claim for excessive assessment - Financial Way, LLC

Groat pointed out Financial Way does have a development agreement with us that does speak to complaining about their value. Jacobson stated they did not complete the form and failed to provide requested information.

Motion by Brezinski, second by Oberbeck to approve the claim of Financial Way, LLC. Motion failed 0-5.

Approving alleged claim for excessive assessment - Sears Holdings Corporation

Jacobson stated they were rejected by the Board of Review for failure to complete their objection form. She stated on April 2, 2014 a Court of Appeals decision came down that basically said that if their assessment hadn't changed from the previous year and their previous year's challenge had not been resolved by the first day of the meeting of the Board of Review of the following year, they need not file another objection form. Staff is still asking the committee to disallow the claim based on their assessment. A correction was made to PIN.

Motion by Brezinski, second by Winters to approve the claim of Sears Holdings Corporation. Motion failed 0-5.

Approving alleged claim for excessive assessment - Walgreen Co., 105 Central Bridge Street

Jacobson stated they were rejected by the Board of Review for failing to properly complete the form.

Motion by Brezinski, second by Winters to approve the claim of Walgreen Co., 105 Central Bridge Street. Motion failed 0-5.

Approving alleged claim for excessive assessment - Walgreen Co., 504 S 17th Avenue

Jacobson stated they were rejected by the Board of Review for an incomplete objection form.

Motion by Brezinski, second by Nutting to approve the claim of Walgreen Co., 504 S 17th Avenue. Motion failed 0-5.

Approving Budget Modification - To Remove the Tax Increment District Number Seven Streetscape Project

Groat stated at the previous joint Finance and ED meeting they voted to remove out of the budget the parkway project west of the Interstate. This budget modification will reduce the budget to reflect the elimination of it. Nutting questioned what will take place instead of this because something needs to be done there. Oberbeck commented we could have changed it however we wanted but we chose to remove \$220,000 from the budget and now it will stay the way it is. Rasmussen stated she was not against streetscape projects but they need to be properly planned and if another project comes along we can reallocate the money.

Motion by Winters, second by Oberbeck to approve the budget modification to remove the TID #7 Streetscape Project. Motion carried 4-1. (*Nutting was the dissenting vote.*)

2015 Budget Priorities

Withdrawn.

Questions about \$650,000 O-Motion Grant.

Withdrawn

Adjournment (Finance Committee)

Motion by Brezinski, second by Nutting to adjourn the Finance Committee. Motion carried unanimously. Meeting adjourned at 7:00 p.m.