

FINANCE COMMITTEE

Date and Time: Tuesday, September 23, 2014 @ 5:00 pm., Board Room

Members Present: Winters, Kellbach, Nagle, Oberbeck, Nutting

Others Present: Tipple, Groat, Giese, Werth, Barnes, Hite, Hardel, Wagner, Rasmussen, Goede, Neal, Abitz, Goede, Mark Craig, Joe Mella, Kari Rasmussen, Kasey Taube, Dawn Follenberg, John Robinson, Brad Karger, Jim Rosenberg, 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 Winters.

Public Comment on matters appearing on the agenda.

- 1) Kari Rasmussen, Director of Wausau Area Events, addressed the committee regarding the 400 Block Policy as it pertains to rental fees. She stated they are a non-profit organization, which puts on the majority of special events on the block. She felt the fees would have a devastating effect on downtown events and asked the committee for careful consideration before accepting the projected fee structure.
- 2) Kim Scholenberger, 702 S. 21st St, spoke regarding the “pay as you throw” option for garbage collection and voiced concerns that she will end up paying more and taxes won’t go down.
- 3) Mark Craig, Compass Properties, stated they are considering the purchase of a building on 3rd Street and reinvesting a couple million into the downtown. He referred to the city’s parking agreement with Murdock who currently owns the building. He asked them to reconsider the agreement and lock the \$27 per stall in for five years instead of just one year because that is what the bank is looking for.
- 4) Deb Ryan, 702 Elm St, commented on Window & Wall as well as Revi Design issues.
- 5) Joe Mella, President of Central Wausau Progress & Main Street, spoke regarding the 400 Block fee structure proposal. He felt the increase of fees or imposition of additional fees would have a chilling effect on the continued development and use of the space.
- 6) Jim Rosenberg, former Alderperson, spoke regarding The 400 Block and fee structure.

Discussion and possible action on amendment to Parking Space Lease Agreement between City of Wausau and Murdock Wausau Limited Properties

Nagle commented we have an opportunity to partner up with an organization (Compass Properties) that has shown a great deal of initiative in Wausau and he was supportive of the five year arrangement.

Winters questioned how much would be invested in the building and what could be expected in terms of increased tax base. Mark Craig responded he did not know what the final value would be yet, but they were not intending to come back to the city to ask for any other dollars. He stated they anticipated investing a quarter to a half million dollars in the first couple years. He indicated they are going to pull out the dysfunctional escalator and put in a staircase and do façade work to clean up the exterior. The building is only 70% occupied and to attract more businesses into that building we need a parking rate that we can lock in.

Motion by Nagle, second by Kellbach to approve the amendment to the Parking Space Lease Agreement with Murdock Wausau Limited Properties. Motion carried 4-1. (*Winters was the dissenting vote.*)

Minutes of the previous meeting(s). (8/13/14)

Motion by Nutting, second by Nagle to approve the minutes of previous meetings on 8/13/14. Motion carried 5-0.

Update on Brokaw by County Officials - Karger and Robinson

Brad Karger, County Administrator, stated they commissioned a study from which some ideas have been generated which he will be sharing with the Brokaw Board on Thursday. He noted if they had ideas they could participate in this process as individuals or as a group. He indicated the end of the process will be 90 days from Labor Day; there will be a community meeting of elected officials of all the impacted communities and they will explain the results, their findings and recommendations. At that point the municipal bodies will have to make whatever decision they think is most appropriate, starting with Brokaw. He stated however, there is a lot more than just Brokaw at stake and there are opportunities here for some creative thinking. He provided contact information for the committee.

John Robinson commented this is a challenge to the community and the county as well as for the City of Wausau because it was depending upon the future of Brokaw in many ways relative to water service. It is a neighbor to the north and their problems will resonate throughout the county if they default. He strongly encouraged the city to be an aggressive participant in the process. Winters questioned what would be a good way for the city to participate. Nagle indicated he would put the issue on and upcoming the Economic Development Committee agenda for discussion.

Discussion and possible action regarding the animal control budget – Groat; and Discussion and possible action regarding the costs associated with an in-house kennel operation for statutory cat holds – Barnes

Winters stated this was our first full year of the animal control program and we've made great strides, but revenues are not what we had hoped, in particular the cat revenue.

Lt Matt Barnes stated this is typically the time of year that we would start having conversations with the Humane Society in regard to contracts for 2015. He pointed out one of our biggest expenses is the sheltering and housing of stray and feral cats. The current 2014 contract with HS contained a fee of \$30,000 which covered 150 cats for the Everest Metro jurisdiction and the City of Wausau. This calculates to \$200 per cat for the first 150 and any after are \$220 per cat. He noted we are currently between the 160 – 170 cat rate, so he was expecting a bill shortly. He stated the city needs to make a decision on how to handle cats in the future. The options are: 1) Have a set amount of money and after it is gone we no longer deal with cats for the year; 2) Continue with our current system; or 3) the city handles cats on our own by sheltering them at our own facility.

Barnes stated the city could shelter the cats for a significantly reduced rate compared to what we pay the Humane Society. He indicated they have some room near the Police Department in our external building where we would have to put kennels and have staff to daily care of those animals. He noted the statutory requirement is that we would keep stray cats for seven days. The cat would be scanned for a chip and/or collar to determine the owner and return it or stay 7 days and on the 8th day would be made available to rescue groups or the Humane Society. Any animals left over that would be euthanized on the 9th day. Chief Hardel commented for staffing reasons, having a contract with the Humane Society is the best if we could work out a contract at a reasonable amount. Winters stated the question becomes is the price so outrageous that we have to do it in-house.

Wagner stated the Public Health & Safety Committee had a special information meeting on Trapp-Neuter-Return which showed an extremely lower price, but that had to be started by an outside volunteer group going through the Humane Society. Rasmussen commented there are two schools of thought on TNR; the Humane Society and cat lovers love the idea; property owners who have to deal with ferals and bird lovers/bird clubs hate the idea. No matter what you do with TNR, half the people are going to be angry with you. The cost is only \$20 - \$50 per cat; however, they are released back to where they were found, are fed and although they can't breed they are not gone.

Winters felt the committee should pick an option from the ones presented by Lt. Barnes, so that we know what kind of budget amendment we need for 2014 and what kind of budget to set up for this fund for 2015. If we choose to go with our in-house kennel, we will need approximately \$15,000 for cages and a table prior to next year so it is ready to go on January 1st.

Motion by Nagle, second by Nutting to approve the in-house kennel option as presented.

Oberbeck objected, stating this is not appropriate for Finance Committee and needs to go to Public Health & Safety to get a recommendation on how to deal with the animal control issue. Winters requested PH&S take up the policy aspects of having our own kennel and come back to Finance if it is not doable, but we need to move on with the budget.

Vote was taken, Motion carried 4-1. (*Oberbeck was the dissenting vote*).

Oberbeck stated we are getting deeper and deeper into this animal control issue. He believed this has to be thoroughly thought out and analyzed before buying equipment and providing another service. He felt they should be looking at the Humane Society as Hardel suggested, negotiating a contract and moving forward.

Rasmussen stated the Humane Society has flatly refused to help us by selling our pet licenses. She felt if we implement this plan it is because we have been forced to. We are paying \$220 per cat to house cats that nobody wants to sit out there for a year at taxpayer's expense. The county's decision to defund cats and the shelter's unwillingness to partner with us to ramp up license sales has backed us into a corner. She pointed out we are required to give the HS notice by October 31st if we intend to terminate or renew.

Hardel questioned as an option if we should request a proposal from the Humane Society for 2015 and bring it to Finance to review. The committee agreed and Barnes indicated he would contact them.

Motion by Nagle, second by Kellbach to direct the Finance Director to prepare a 2014 budget amendment to include a one-time cost of \$14,500 to set up a kennel, along with \$65,000 in operating deficit for the program and bring it back to the next meeting. Motion carried 4-1. (*Oberbeck was the dissenting vote.*)

Winters asked Groat to put together a budget for 2015 based on projected year end costs with a couple of amendments: take off the animal services contract with the Humane Society under contractual services; add in \$26,000 under supplies expense, which would be the operating costs of the program; and we will be losing the grant from the county. He asked Rasmussen to have PH&S consider increasing pet license fees to \$12/\$24 for next year.

Groat stated we are currently paying PetData approximately \$21,000 per year to issue licenses. About 70% of those licenses are issued at the counter in City Hall, the rest through the mail and a few online. She indicated there has been a lot of feedback that the online pet licensing is not very user-friendly. It is hard to get your vaccination information attached so many people come to us to scan the document to send to PetData. She felt we could do this in-house rather than using PetData, which would save the \$20,000 per year. We would not require any additional staffing and would send out the notices being done by PetData in December and the delinquency notices. She indicated the IT Department is investigating if they can create an online database. Rasmussen questioned what to do with our partners in Weston who have gone to 100% PetData sales and don't sell across their counter. Groat suggested selling them here or by mail and could continue to invoice Weston pet owners and either charge them that \$3.90 or another rate. Winters suggested adding this to PH&S agenda as well.

Discussion and possible action regarding budget modification to utility relocation on 80th Avenue

Sean Gehin explained 80th Avenue is currently being extended south of Stewart Avenue, east of 77th Avenue, to facilitate the expansion of Wausau Coated. He indicated they just recently received cost estimates for the relocation of private utilities consisting of WPS electric, WPS gas, Frontier and Charter. The cost to relocate those facilities in the new road right-of-way is approximately \$105,000. Winters stated the funds are coming from TID #10.

Motion by Nagle, second by Kellbach to approve the budget modification to utility relocation on 80th Avenue. Motion carried 5-0.

Discussion and possible action regarding creating a stormwater utility - Wesolowski, Groat and Tipple

Groat indicated quite a bit of investigation regarding creating a stormwater utility had been done in 2005 and 2006 and Council actually approved the creation of a stormwater utility and we were working on getting some of the final pieces of information and system set up to implement it. During that implementation planning period the city received sufficient signatures on a direct legislation referendum petition that requested that the city require a city wide referendum anytime we were increasing fees or creating new fees. The Council considered that petition and determined they would create an ordinance that directs us to hold a referendum if we were creating new fees. She explained based on state statutes, that ordinance is only in effect for a two year period which has now expired. It was her understanding that as housekeeping item the Council could make a change of ordinance that eliminates that provision. Once that ordinance was eliminated we would have the right to create the utility and a fee structure for it, which would take about eight months. She noted the levy limit laws prevent us from not reducing the levy and creating a new fee, so we would have to reduce the levy by the amount of the new fee otherwise we would have to hold a referendum.

Oberbeck felt it would be valuable to separate it out from the levy as it would equalize the impact where people who have more pavement and create more issues end up paying more for the system. The advantages are you start

looking at different types of surfaces or stormwater retention; promotes better design as far as environmental; and puts the cost where the burden is. Disadvantages might be how people perceive this as a tax, but it's actually a service that you are providing for stormwater control and there are not a lot of negatives to it.

Nagle questioned what percentage of area in the city is owned by tax exempt properties. He commented it is probably a large percentage and they are not paying for any of the stormwater, but most have large impervious surfaces. This is one way all can pay their fair share. Rasmussen pointed out there will be a lot of pushback from church congregations and non-profits. She felt it could be done without repealing the direct legislation ordinance because we are having a referendum in April and this question could be added to it.

Motion by Nagle, second by Oberbeck to forward to Council the question of whether to keep or repeal the ordinance that requires a referendum for the creation of new fees. Motion carried 5-0.

Discussion and Possible Action of the 2015 Capital Improvement Plan Budget – Groat

Groat stated the CIP Committee met over the summer and spent quite a bit of time looking at the capital projects that were proposed from the departments. They also looked into the Motor Pool Fund to see what its financial capacity was to take on additional burdens. The committee took a tour of the public works facility to take a look at the deferred maintenance there. The committee ranked the projects and went through a funding analysis to determine how to fund each of the projects that received high rankings. There were things that ranked higher that they felt still could be delayed. She provided and reviewed a spreadsheet of the CIP plan. She noted this plan stays within the levy limit goal.

Motion by Nagle, second by Kellbach to approve the 2015 CIP plan as presented. Motion carried 5-0.

Discussion and possible action regarding budget modification - Stewart Avenue Median Project

Groat explained state law indicates that because we did not write the specs for requiring prevailing wage rates when they gave us the proposal for the project, we are obligated to pay the contractor those prevailing wage rates. She stated documentation was obtained from Revi for what they actually paid their employees and the exact number of hours they worked; we audited them and made some slight changes to their initial request based on how they had implemented the statutes on overtime and fringe benefits. Their original request was for \$18,893.30 and based on the audit it is now \$18,999.54. The owner of Revi mentioned having the Department of Workforce Development do the audit at a previous meeting. She indicated she reached out to the Department of Workforce Development to see if that was something they would be willing to do and they responded no, they had no interest in auditing these payments. She believed that we have done adequate procedures to determine what we should actually be paying them. As a result of having to pay these prevailing wages they have had to supplement that cost for Social Security and Unemployment Comp obligations which are based on salary. She indicated they have asked for additional funds on top of the wages however, Workforce Development has said we are not obligated to make those payments and it was up to the committee as to whether they wanted to compensate them. She stated they should consider if they want to pay them a total of \$22,814.33 to include the SS and Unemployment Comp or just the amount we are obligated to pay of \$18,999.54.

Motion by Oberbeck, second by Nutting to approve paying only what we are obligated to pay in the amount of \$18,999.54. Motion carried 5-0.

Winters stated he was unhappy when the representative from Revi came to Finance and said they were not going to provide the city any more additional information. He wanted a letter sent to them that tells them they need to understand if we ask for additional information they need to provide it. He also wanted them to send us a written response acknowledging that. He stated if they don't agree to that, we should let them know it will reflect negatively on them in qualifying for future bids.

Motion by Nagle, second by Oberbeck to send the letter to Revi that we want them to acknowledge their responsibility to provide us information as suggested by Winters. Motion carried 5-0.

Discussion and possible action regarding removing refuse and recycling from the property tax levy and levying a special charge to the property owner- Groat

Oberbeck stated this is a direct service to the residents where they have the opportunity to go to automated recycling and refuse as far as sizing, subsequently producing less garbage and more going into recycling. This is better for the environment, less tipping fees, less cost to the city. He felt moving towards this, where you actually pay for what you produce, is a benefit. Groat noted we would need to restrict curbside service from the multi-unit buildings to single family homes up to three units.

Motion by Oberbeck, second by Nagle to move forward with removing refuse and recycling from the property tax levy for 2015. Motion carried 4-1. (*Winters was the dissenting vote.*)

Update on Back Tax Payments by Wausau Window and Walls – Groat

Groat stated this had gone to Council in one format where they would be paying over the next 15 years, but that resolution failed. Wausau Window and Wall presented an alternate proposal to the ED Committee last week. Werth indicated they will bring that proposal to the next Finance Committee meeting. They are asking the city to forgive the 1.5% interest and stick with the 15 years as in the original agreement over a 10 year time period.

Discussion and possible action regarding modifying the 400 Block Policy as it pertains to rental fees and rental fee exemptions - Duncanson and Groat; and

Discussion and possible action of accounting for the 400 Block expenses outside of the park budget - Duncanson and Groat

Nagle commented The 400 Block is not a park like the other parks, such as Oak Island or Fern Island, that have a general benefit to the city and as such the operation and maintenance comes off the general taxes. The 400 Block is a city square that is integral to our downtown and benefits all those taxpaying commercial entities. He was totally against raising the fees and didn't feel it should even be a part of the park budget, but should be city function.

Oberbeck agreed The 400 Block should not be part of the Parks budget and we need to develop funding for it to exist and maintain because right now it is taking away from all the other parks. He noted the fees proposed here are minimal. Rasmussen commented there of costs in staff time and overtime for events that are beyond park maintenance, so if you were to look at a separate fund for 400 Block costs some of those things would need to be rolled in. She pointed out that legally, the 400 Block needs to remain a park because that is the enabling mechanism for carrying in alcohol. She suggested room tax as a source of funding.

Winters asked if anyone was willing to put forth a motion to raise the fees; there was no motion.

Wagner suggested WAE, the Visitors Bureau or a foundation have a fundraiser event at The 400 Block once a year for expenses of The 400 Block. Vendors could come in for food but a percentage of their income could go toward the block in appreciation of its use for their business all year. He felt the entities that use the block should engage in some fundraising activities or there could be sponsorships. Kari Rasmussen indicated she would be happy to take the idea to the WAE Board meeting.

Motion by Oberbeck, second by Nagle to establish a special revenue fund for The 400 Block for the 2015 budget. Motion carried 5-0. Groat indicated the funding source would be room tax.

Discussion and possible action August 2014 General Fund financial report

Groat reviewed the financial report for August. She indicated revenues were looking very good and the only revenue issue was that the permit revenue continues to lag. Expenditures are currently at almost 64% of budget with almost 67% of the year completed. She noted the midyear budget resolution was on the Council agenda for tonight and if adopted, when they get the September report there will be a balanced budget in the general fund.

List of Development Agreements Issued Since 1/1/2006 with a Summary of Agreement Terms and Tracking System - Werth, Tipple

No discussion or action.

Consider purchase of 1006 N 1st Street – Werth

Werth requested they convene in closed session to discuss the offer to purchase.

CLOSED SESSION pursuant to 19.85(1)(e) of the Wisconsin Statutes for deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session: for negotiating the purchase of properties. (1006 N 1st Street) – Werth

Motion by Nagle, second by Kellbach to convene in closed session. Roll Call Vote: Ayes: Nutting, Nagle, Kellbach, Winters, Oberbeck. Noes: 0. Motion carried 5-0

Reconvened into open session to take action on closed session item.

Motion by Nutting, second by Kellbach to approve the purchase of 1006 N 1st Street for \$80,000. Motion carried 5-0.

Adjournment

Motion by Nagle, second by Nutting to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 6:47 p.m.