

FINANCE COMMITTEE

Date and Time: Tuesday, January 6, 2015 @ 5:30 pm., Birch Room

Members Present: Winters, Kellbach, Nagle *Entered Late:* Oberbeck, Nutting

Others Present: Tipple, Giese, Hardel, Jacobson, Werth, Wagner, Neal, Rasmussen, Mielke, Goede.

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) Deb Ryan, 702 Elm St, commented on the referendum items, garbage pickup, water gardens, enterprise funds and TIF's.
- 2) Mary Nordstrom, on 4th Avenue, spoke in support of renovation of The Wausau Club and suggested it be used for a small private arts college.
- 3) Coleman Peiffer, member of the Citizen Committee that reviewed Elk Creek's original proposal, explained the reasons for their recommendation to Economic Development Committee in favor of the project.

Minutes of the previous meeting(s) (11/11/14 & 11/18/14)

Motion by Nagle, second by Kellbach to approve the minutes of the previous meetings (11/11/14 & 11/18/14).

Motion carried 3-0.

Discussion and possible action on terms of development agreement with Elk Creek Architectural LLC (Wausau Club)

Werth stated Mr. Goffin was seeking contingent approval of the Finance Committee because he is under a time constraint to apply for the grant from WEDC. She commented the historic preservation of the Wausau Club was good for the city and for our downtown area. She felt the citizens committee did a lot of work in vetting the proposal and sending it back to the drawing board a number of times.

Winters stated the WEDC grant is a \$500,000 no interest loan, but on the cash flow statement provided he did not see any repayment of that loan from 2015 – 2023. Werth indicated Economic Development Committee would put together the loan terms, the development agreement and bring it back to Finance. Winters pointed out it would take approximately 21 years to pay back.

Rasmussen stated ED approved this in concept contingent upon execution of appropriate development agreements and assuming that he is able to secure the grants. She noted without contingent approval he can't move forward off of step one in even getting funding approved. She explained the city would receive the \$500,000 grant as a flow-through mechanism to be loaned to him. It is a one-time use for that project and but for that project we would not be getting that grant money. She pointed out it was not a requirement of that grant that he repay it; a grant was just a grant. Turning that money into a revolving loan fund was a fairly new concept that ED considered. If the project allows us to secure the \$500,000 and obtain repayment from him, we would be able to reinvest those funds.

Mayor Tipple indicated Goffin wanted the committee to know that there are no construction funds committed to the cash flow projection and all the maintenance, insurance and utilities will be the responsibility of every tenant in the building.

Rasmussen commented if he does not receive the contingent approval it is basically a death knell to the project. That would leave us with zero prospects for that building which she did not want the city to own in the first place. She felt for us to pass on a project and retain the ownership longer and longer just makes the risk continue and she would like to dispense with the Wausau Club as soon as we can. She pointed out if he gets the grants he is ready to execute lease agreements.

Winters commented he originally wanted someone to take this without any public money and although he had no doubts about Mr. Goffin's skill as a carpenter, he did not know if he had skill as a developer or the financial expertise.

Motion by Nagle, second by Kellbach to approve a development agreement with Elk Creek Architectural LLC. Motion failed 0-3.

Review, discussion and possible action on 2014 budgeted cost-of-living pay increases for non-represented staff.

Tipple stated he asked the consultant who worked on this project to attend but she was unable to make it on short notice. He stated the consultant looked at comparables in the industry for each job as well as cost of living. He pointed out when you move from a matrix plan to a pay-for-performance plan there needs to adjustments. He noted the county is working on this plan but will not implement until 2016. He commented it is a tough process and we needed experts in the industry to help, which was why we hired Wipfli and numerous presentations were made to the HR Committee on the transition from one pay scale to another. Winters questioned HR Chair Wagner whether he understood the plan included a 2% across the board raise for non-represented employees and Wagner responded that he did not. Wagner felt there were a lot of things that they needed to go back and look at and find answers. (*Oberbeck entered the meeting.*)

Winters suggested a worksheet or spreadsheet be generated to determine whether \$146,000 was allocated correctly or not. He stated the data should include names of all non-represented employees, titles, salary raise, the dollar amount of increase, percentage of increase, and evaluation criteria shown as a numeric score. Tipple felt the consultant needed to be brought back in to explain the methodology because there appeared to be a lot of misunderstanding.

Motion by Kellbach, second by Nagle to direct Human Resources Department to prepare a spreadsheet as presented. Motion carried 4-0.

Discussion and possible action on adopting principles or practices of zero-based budgeting.

Winters stated he would like to embark on a modified plan where we would essentially ask the department heads to identify now, early in the year, things that they do that they think they get a really low return of public service on; to determine what the things they are investing dollars and staff time in that is not getting the best return on investment. Nagle commented he was concerned that with zero based budgeting in a public sector, that without a lot of oversight, it encourages just cutting. He felt the concept is okay if you do things intelligently to get to that zero base and not just cut. Neal stated it should be reality based. Winters stated we are just borrowing some principles of zero based budgeting and he would like investment in the services that produce the most bang for the buck for people. He suggested asking departments to come up with just four things.

Motion by Nagle, second by Kellbach to direct department heads to come up with four things they think provide the lowest utility to the taxpayers and bring them to Finance by the end of February. Motion carried 4-0.

Update from Human Resources staff on status of labor negotiations.

Mayor Tipple indicated there were tentative agreements which he could update the committee on in closed session.

CLOSED SESSION pursuant to Section 19.85(1)(e) of the Wisconsin Statutes for bargaining reasons requiring a closed session for the purpose of considering the following: Wausau Professional Police Association and Wausau Firefighters Association, Local 415 Collective Bargaining.

Motion by Nagle, second by Kellbach to move into closed session. Roll Call Vote: Ayes: Kellbach, Nagle, Winters, and Oberbeck. Noes: 0. Motion carried 4-0.

Nutting entered the meeting in closed session.

RECONVENED back into open session.

Review and discussion of 2015 TIF Budgets.

Winters reviewed the highlights from a list of TIF Budgets for 2015 provided in the packets. Oberbeck commented the intent of a TIF district is to create more growth and the infrastructure is where we need to spend so that other businesses can plug into that infrastructure. He felt we have gotten away from that and have been spot developing; giving private developer's money to develop on their own land. We want to create an environment that draws development of higher value so that the increment goes up further. Nagle agreed we have to show return on investment and a municipality does that by having a better city, a place that people want to move into and the only

way to do that is spend public money on TIF projects. Discussion followed regarding TID #5. Winters suggested bringing back a five year budget for the TIF districts.

Discussion and possible action on the integration of property inspection with police and fire services.

Held over to next meeting.

Discussion and possible action on reports for monitoring the Animal Control Enterprise Fund.

Held over to next meeting.

Discussion and possible action on setting up an educational presentation for the council on January 13, 2015, on the subject of city administrator.

Held over to next meeting.

Discussion and possible action on wording for an April 7, 2015, advisory referendum to hire a city administrator.

Jacobson stated the wording is due to the county on January 27, 2015. She indicated the wording before them was recommended by Dr. Steven Hintz, with additional wording suggested by Winters. She noted it was very close to what LaCrosse used. Nutting suggested some changes for clarity and discussion of the wording followed.

Motion by Oberbeck, second by Kellbach to approve the following wording for an advisory referendum on April 7, 2015: “Shall the City of Wausau establish the position of City Administrator, reduce the Mayor’s position to part-time and transfer administrative and operational responsibilities from the Mayor to the City Administrator? The City of Wausau will retain the Mayor-Council form of government under Chapter 62 of the Wisconsin State Statutes.” Motion carried 5-0.

Discussion and possible action on wording for an April 7, 2015, binding referendum on establishing a stormwater utility.

Neal did not feel the proposed wording tells the reader/voter enough about the implications of this and what it means to them; it is a usage fee. Winters suggested putting an explanation paragraph with the question. Oberbeck felt they needed some examples of a typical home and driveway, what is considered runoff drainage and what can be done to reduce your payment. Neal stated all of those things will be part of the separate educational process prior to the election. Winters questioned if they were going to be able to properly educate the public in time for this April election. Tipple felt the words ‘separate fee’ should be removed because they will jump out and make the reader immediately conclude that they are being charged an additional fee. Following discussion, Winters suggested moving the proposed draft wording forward without the words “separate fee” and work on wording for a floor amendment to be made at Council.

Winters indicated he was voting no because he felt we should be aiming for April 2016 rather than 2015 otherwise this is going to get killed.

Motion by Nagle, second by Kellbach to approve the following wording for a binding referendum on April 7, 2015: “Shall the City of Wausau modify 3.10 of the code of Ordinances – Fees for Municipal Services, by instituting a ~~separate fee~~ for the creation of a Stormwater utility and the collection of Stormwater, while removing the cost of Stormwater collection from the tax levy?” and include an explanatory paragraph. Motion carried 4-1.

Discussion and possible action on wording for an April 7, 2015, binding referendum on repeal of the ordinance requiring the city to go to referendum before establishing a new fee.

Winters questioned if they wanted to move this forward to referendum. Oberbeck felt it was evident the people do not want this ordinance repealed. Consensus of committee was that it should not be sent forward for a referendum. Jacobson noted the Council already voted not to repeal the ordinance.

Motion by Nagle, second by Kellbach to not move the question of repealing Chapter 3.10 forward to referendum on April 7, 2015. Motion carried 5-0.

Adjournment

Motion by Nutting, second by Kellbach to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 8:15 p.m.