

FINANCE COMMITTEE

Date and Time: Tuesday, January 27, 2015 @ 5:00 pm., Birch Room

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

Others Present: Tipple, Groat, Giese, Barnes, Jacobson, Werth, Stratz, Hite, Whalen, Wesolowski, Wagner, Neal, Rasmussen, Mielke, Gisselman, Abitz, Goede, Jon Trautman, Mark Goffin, Joe Gehin, 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) Mark Goffin, Elk Creek Architectural, LLC, spoke regarding the sale of the Wausau Club. He stated he had not been seeking a final blessing on the project, just a contingent approval to move forward and apply for a grant. He asked them not to sell the Wausau Club and to give him an opportunity to speak to it.
- 2) Deb Ryan, 702 Elm St, commented on accounting procedures and encumbrances.

Minutes of the previous meeting(s) (11/25/14 & 12/09/14)

Motion by Kellbach, second by Nutting to approve the minutes of the previous meetings (11/25/14 & 12/09/14).
Motion carried 5-0.

Consider and possible action on the Sole Source purchase of Clarion 415 which is a Alum/Polymer blend used to remove Iron and Magnesium from the water supply - Boers

Winters stated this is an approximate \$75,000 per year purchase. Groat noted they approved a sole source purchase for this last year, as well and it will come back each year for approval. Nagle commented the Plant Superintendent specifically states that General Chemical created this blend and is not willing to share it with other chemical companies.

Motion by Nagle, second by Nutting to approve the sole source of Clarion 415. Motion carried 5-0.

Presentation and possible action on the preliminary Report of Agreed Upon Procedures - Schenck CPA's Jon Trautman

Jon Trautman reviewed the preliminary report of the process started back in October. The objective of the report is solely to assist the city in evaluating the following items: serial payments to vendors used to evade the \$25,000 bid threshold; duplicate payments to vendors; internal controls over sole source purchases; development agreements; and internal controls over legal services; and to make recommendations for improving the internal controls over city operations. He went over their observations and recommendations in detail. (*Report on file.*)

Motion by Oberbeck, second by Kellbach to accept the report as final and to request management to write written responses to all of the recommendations by February 24, 2015. Motion carried 5-0.

CLOSED SESSION: Pursuant to section 19.85(1)(c), of the Wisconsin State Statutes, for considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility, relating to the Report On Agreed Upon Procedures 2014 presented in #4.

Withdrawn

Discussion and possible action regarding the sale of the Wausau Club - Winters

Winters stated the Wausau Club was given to the City of Wausau by the Schuette family and has an assessed value of \$499,000, including \$324,000 for land and \$175,000 for improvements. The building has been vacant for over a decade and needs a substantial amount of renovation to be used. The 1901 building is on the National Register of Historic Places. Last year the city put out an RFP for renovation and redevelopment and the initial direction of the Council was the proposals would receive no city money. He stated we only got one proposal back which required a significant amount of public investment on finance the project and it was turned down by Council on January 13, 2015. He indicated the carrying costs of the building were estimated to be \$12,000 a year lost in taxes plus \$1500 in utilities. He asked the committee to consider if they wanted to sell the Wausau Club to the highest bidder in an

auction subject to the following conditions: a minimum bid of \$265,000; the winner of the bid will owe the taxes for all of 2015; upon transfer the building will be inspected and the new owner will be responsible for addressing code violations in a timely manner; and the city may choose to restrict the uses of the facility as terms of transfer or change the zoning. He stated the city may also wish to give Elk Creek a specific amount of time to find an additional nonpublic financing for its project before going ahead with the sale or auction.

Nagle noted they intended to put the CDI Grant in relation to the Wausau Club for discussion and possible action on the next ED Committee agenda next Tuesday. Oberbeck moved to give Elk Creek a specified amount of time to find sufficient nonpublic financing and questioned Goffin as to what amount of time would be reasonable.

Mark Goffin stated in a meeting with WEDC this afternoon he was informed it is typical in these situations for the developer and the city strike a planning agreement, which allows certain terms that the city is requiring to be met by the developer and also allows the developer to perform due diligence. These agreements are usually upwards of 12 months, but he indicated he was seeking between six to eight months. He stated he would like the opportunity if we don't meet the April deadline for the CDI grant application, that they be able to have that window to meet the September deadline.

Goffin clarified in his original proposal back in January he was seeking TIF funding of \$525,000 loan from the city and \$93,000 grant for job creation through WEDC. He subsequently learned of the CDI Grant, which is less than two years old, and was told it was a wonderful way of mitigating any city risk. So instead of seeking the \$525,000 loan from the city, he would be able to procure those funds through a state grant. He was also informed at the end of September for that deadline there was no other project in the entire state up against his project. He pointed out this is a half million that would be infused into the city and does not have to be paid back. He has offered to pay this money back to the city for them to use as a revolving loan fund over the course of that payback period. He could not understand why the city would turn down \$500,000 from the state.

Oberbeck withdrew his motion. Nagle withdrew an action to table. No action was taken regarding the sale of the Wausau Club.

Consider Approving of Intergovernmental Humane Officer Services Agreement between the City of Wausau and Everest Metropolitan Police Department from January 1, 2015 through December 31, 2015

Winters questioned how we arrived at a 5% increase of \$810. Matt Barnes explained the increase is a result of Everest Metro's desire to have our CSO's assist with some animal control projects. He noted our Humane Officer was going to require some maternity leave and this will be necessary to fulfill some of the obligations. He stated they did an audit of the amount of time our humane officers spent in Everest Metro.

Motion by Kellbach, second by Oberbeck to approve the agreement. Motion carried 5-0.

Update and discussion on negotiations with Brokaw, Maine and Texas - Mayor Tipple

Tipple stated he received a letter from the attorney from Brokaw indicating the four attorneys will be meeting shortly to discuss any possible interest in collaboration between communities.

Discussion and possible on modification of the procurement policy.

Groat stated a goal of this committee is to create a comprehensive list of all things that require bid, quotes or sole source and the control function is the Purchase Order. The procurement policy currently states that if there is a contract or an agreement in place governing a purchase we don't need the purchase order, which would mean we would end up with half a list. She stated they proposed removing that exclusion for a PO when there is a written contract or agreement; all purchases over \$5,000 would require a PO and then there would be a complete numeric order list.

Groat stated currently the Mayor can sign a contract for a period of a year or less or if it is not for more than three years and the annual cost of the service does not exceed \$25,000. She indicated they found that there are contracts that we think will only last one year for a project and then it drags out longer for various reasons. She indicated they added the language "for a specific project." Winters requested she incorporate the responses to the audit along with these changes.

Discussion and possible action regarding serving as financial sponsor Monk Gardens – Groat

Groat stated the county's Environmental Fund requires government participation for grants. The Monk Gardens itself is not eligible to apply for environmental funds, they have to ask for a government sponsor and they have asked the city. It is an approximate \$300,000 grant that will be flowing through the city and they are seeking approval of Finance Committee and Council to authorize the city to be the fiscal agent. Oberbeck questioned if there was any administrative costs associated with it. Groat indicated there would be minimal paperwork involved.

Motion by Nagle, second by Nutting to approve the city serving as a financial sponsor for Monk Gardens. Motion carried 5-0.

Receive and Place on File the 2014 claims report - January through December 2014

Motion by Nagle, second by Kellbach to receive the report and place on file. Motion carried 5-0.

Update on status of the Wausau Center Mall - Mayor Tipple

Held over to next meeting.

Update and Gantt Chart on Citywide revaluation process - Mayor Jim Tipple

Tipple distributed an updated Gantt chart regarding the revaluation process in the Assessment Department.

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

Held over to next meeting.

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

Held over to next meeting.

Discussion and possible action regarding the Mayor's press release on merit pay – Winters

Winters read a memo he included in the packet and questioned why this was bypassing the Finance Committee. Tipple stated he still did not have all the information yet and the HR Committee gave them 30 days to provide a report which is coming up on February 9th. Wagner stated the Pay for Performance was an HR Committee initiated project and he will probably have it come before a Committee of the Whole. Discussion followed.

Motion by Kellbach, second by Nagle to bring the report to a Committee of the Whole. Motion carried 5-0.

Discussion and possible action regarding staff directives for the City of Wausau Strategic Plan process – Mayor Jim Tipple

Held over to next meeting.

Discussion and possible action regarding referral of discussion of pending tax litigation to which the city is a party, and directing staff to provide specific information for that discussion.

Jacobson stated she needed some direction as to what form or what body they want to hear the update on the tax litigation, whether it be a Coordinating Committee referral, Committee of the Whole, or suspend the rules and do it at a Council meeting.

Motion by Nagle, second by Kellbach to refer to the February 10, 2015 Council meeting in closed session with the following information being provided: an estimate of the cost of winning, including legal fees; an estimate of the cost of settling, including legal fees and the settlement; an estimated cost of losing, including legal fees and the payout; a one paragraph summary of our position; a one paragraph summary of the opposition's position; and a one paragraph legal analysis on where we are going with this. Motion carried 5-0.

Adjournment

Motion by Kellbach, second by Nagle to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 6:55 p.m.