

FINANCE COMMITTEE

Date and Time: Tuesday, **April 28, 2015** @ 5:30 pm., Board Room

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

Others Present: Groat, Giese, Hite, Jacobson, Kujawa, Lindman, Schock, Mohelnitzky, Petit, Ray, Wagner, Neal, Mielke, Goede, Joe Mella, Lindsey Lewitzke, Amy Frolick, Elizabeth Field, Phil Valtichka, Lisa Barry, Fritz Schierl, Andrew Halvorsen

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 at 5:45 pm.

Public Comment on matters appearing on the agenda.

- 1) Elizabeth Field, Executive Director of the Wausau River District, read a letter of support of the proposed Schierl Development on the corner of Stewart and 3rd Avenue. (*Letter placed on file.*)
- 2) Andrew Halvorsen, Ellis Stone, indicated he was present to answer questions regarding the Schierl project.
- 3) Lisa Barry, Wausau/Central Wisconsin Visitors Bureau, indicated she was present to speak to the room tax to support the Sports Authority.
- 4) Joe Mella, President of River District Wausau, stated they were more than willing to volunteer their time and efforts for the City of Wausau to undertake the Schierl project.
- 5) Janet Koss, Business Manager for Wausau Community Theater, spoke regarding their room tax request and how their shows are becoming a strong destination event for Wausau.
- 6) Lindsey Lewitzke, Director of Wausau Events, spoke regarding the room tax funding for events to improve quality of life in Wausau.
- 7) Amy Beck, Marketing & Communications Manager Woodson Art Museum, spoke regarding room tax funding of Artrageous Weekend.

Minutes of previous meetings. (4/14/15)

Winters indicated he was sending the minutes back because he wanted more discussion reflected on the budget carryover item.

Discussion and possible action regarding sole source purchase justification and the nomination of Associated Trust Company N.A. as Trustee for Wausau Cemetery Perpetual Care Fund and approving Agreement between City of Wausau and Associated Trust Company N.A.

Jacobson stated M&I had been charging \$5,000 annually to perform this service and indicated their rates would be increasing after June, but did not say to what extent. The sole source is filled out with Associated Bank as the trustee and their fees for service are \$7,476.54. She noted she found four full service lending institutions that provide trust services on the Internet. Winters commented there are dozens of people who can provide this service and he felt the price was a little on the high side and although he understood it would be more convenient for them to have all their accounts at Associated, he was not sure that met the standards of a sole source justification.

Motion by Nagle, second by Oberbeck to send it out for quotes. Motion carried 5-0.

Discussion and possible action regarding budget modification for the Schierl Redevelopment Project - Tax Increment District Number Eight

Winters stated it appeared to be two projects in one, a convenience store and an apartment complex. He commented the Finance Committee was more interested in the numbers, the "but for" question, and the highest and best use question for each project. He questioned how much city money was going into each project relative to the cost and asked for a breakdown of the two projects as stand-alone items.

Fritz Schierl stated at ED level they discussed the cash flow of the project and "but for" question heavily in closed session. Andrew Halvorsen explained as we look at the cash flow specifically relating to the residential component, given that for the remodel as well as the addition of that particular component it is approximately a \$1.1 million expenditure of the \$3 million total that we would be obligated via the developer's agreement to invest. Total project costs right now are at roughly \$3.65 million, which includes property acquisition of the Stahmer Clinic. He indicated they are at a negative cash flow for the first seven years. A big financial constraint is the earth excavation

with the majority of it being rock. He stated since the c-store and apartment complex will be built at the same time concurrently it is definitely of interest to Schierl Sales Corporation to have both of those entities be examined as one project.

Halvorsen indicated the vast majority of the concern as well as the cash flow projections that were shared rest with the residential piece significantly from an annualized perspective. Schierl agreed and commented the cash flow alone for the residential justifies the "but for" need. Winters stated if the \$500,000 was going for the apartment complex which is \$1.1 million, we are paying a third of the cost which seemed a little high. He questioned whether the Council would be comfortable paying anything towards a c-store. Chris Schock stated they are together; it is presented as a joint project and the apartment complex alone requires a level on incentivitation that would meet the threshold for a "but for" type of test.

Nagle commented we have an opportunity to improve and raise the bar in this near west side area. Oberbeck questioned the closure or vacation of Clark Street, which was a donation of value. Jacobson indicated it would be going to CISM Committee.

Motion by Nagle, second by Nutting to approve the budget modification for the Schierl Redevelopment Project in TID #8. Motion failed 2-3. (*Winters, Oberbeck and Kellbach were the dissenting votes.*)

Discussion and possible action regarding 2015 Room Tax Requests and related Room Tax Budget Modification - Paper Copies of the Room Tax Applications Distributed in Advance

Groat stated the city has a two time per year room tax application process; in August people submit applications for the next year and we offer another application process in February for supplemental requests. In August and incorporated into the 2015 budget was an estimated room tax revenue of \$727,000. Groat stated the 2014 actual came in at \$809,198 and based on the requests as well as the grants given in August she put together a revised budget. She noted at the last meeting the committee authorized \$5,000 to come from room tax for the airport electrical upgrades. The revised budget includes adjustment to the room tax revenues up to \$750,000 and it shows that there are funds available at the end of the year.

Motion by Nagle, second by Oberbeck to approve the room tax budget modification. Motion carried 5-0.

Discussion and possible action regarding the Convention and Visitor Bureaus Proposed "Meetings Means Business Program" - Lisa Barry

Lisa Barry, Wausau/Central Wisconsin CVB, indicated they would be the first in the state to start a "Meeting Means Business Program." She explained it would put them in a higher playing field to be able to compete. She stated there have been conferences we have lost because we don't have the bidding money or the transportation money. She requested one half of one percent of room tax to be put into a fund to be set up just like the Sports Authority, where there is a board that requests have to go through. This will allow them to attract bigger conferences and fill hotel rooms during the week at slow times. She stated the money would only be used for meetings, conferences, and expos. The committee directed the Attorney's Office to put together a contract and bring it back to Finance.

Discussion and Possible Action on the Convention and Visitors Bureau Sports Authority - Lisa Barry

Barry stated the contract allows for the Sports Authority to receive one half of one percent of room tax. She noted it has now turned into an investment in which the city is getting back \$1.05 for every \$1 put in; she estimated it generated \$60,000 of new room tax last year. In 2013 the Sports Authority was recognized as # 1 in the nation in the dollars that we brought in.

Groat clarified the contract does not expire until December 31, 2016; it had an automatic renewal provision unless either party gives notice to terminate. Jacobson agreed that the original contract would have expired at the end of December 2014 but had two one-year automatic renewals taking it through 2016. She suggested they come back in June of 2016 for renewal of the contract for 2017 and indicated she would send them a letter of reminder.

Wagner questioned if there was some software that could monitor or track the expiration dates of contracts. Winters agreed there should be a master list of contracts as well as who is responsible for their renewal and indicated he would put this on a future agenda.

Discussion and possible action regarding the Capital Improvement Budget Process – Groat

Winters suggested that since we have Dr. Hintz working on our budget process, perhaps the committee should refer this discussion item and information to the Committee of the Whole.

Groat stated at the last meeting concern was expressed by Winters that the departments didn't really have a voice in the evaluation process, so as we launched the CIP budget process for 2016, she had the departments rate their own projects. The committee will be able to look at how they ranked them and ask questions.

Motion by Nagle, second by Oberbeck to refer this item to the Council as a Committee of the Whole. Motion carried 5-0.

Discussion and possible action regarding Resolution approving the Notice of Election to Self - Insure Worker's Compensation Program with CVMIC- Hite

Myla Hite explained this is primarily an administrative housekeeping item; we are not proposing any changes and there is no financial impact. Currently we are a self-insured workers compensation fund and CVMIC is our underwriter for claims over \$500,000. The Wisconsin Administrative Codes require a notice of declaration be on file with the state if a public employer is self-insured for workers compensation. We will need a resolution in order to forward that declaration to the state.

Motion by Nutting, second by Nagle to approve a resolution approving the Notice of Election to Self - Insure Worker's Compensation Program with CVMIC. Motion carried 5-0.

Presentation regarding Assessment Process – Giese

Jeremy Ray, Assessment Department, presented the assessment process used by the City of Wausau for informational purposes. *(Audio and handouts on file with the clerk)*

Discussion and possible action regarding Animal Control Fund Financial Activities, Licensing Fees and Other Animal related Costs

Winters provided data for committee review, noting one of the challenges we have now is that our sheltering costs exceed our license fee revenue. He pointed out in the list of revenues is the grant from the county that went from \$25,000 to \$12,000 and will be zero next year. There are substantial costs for sheltering of cats that exceeds revenue. He indicated it is a fact that the county shelter is filled to capacity with unwanted pets and animal complaints was #6 in the top 20 reasons police were called out in 2014.

Winters stated the ultimate goal or vision would be to have 100% of cats and dogs in the city licensed and have none taken to the shelter by city staff. Oberbeck commented in reality our goal should be that every cat and dog is vaccinated to provide public health and safety. If all animals were micro chipped, an escaped pet could be returned to its owner or if they have to be temporarily held at the shelter, the owner pays boarding costs. He wanted to see more proactive goals to create the right behaviors among pet owners and pets.

Winters stated things we can measure are the more pets that are spayed and neutered, the fewer unwanted litters you have and the more animals licensed and micro-chipped can be returned home without requiring sheltering. The base license fee could be increased and offer discounts for spay and neutering and/or micro-chipping; raise fines for noncompliance. Oberbeck agreed we want to incentivize the right behaviors.

Discussion and possible action regarding December 2014 General Fund Budget Report

Winters pointed out four of our five largest departments overspent their budget and we overspent our budget in total. Groat commented there was quite a bit of effort to pare down departments budgets to remove any sort of contingencies out of their departmental budgets because there was concern that the budget to actual variances left too much in the budgets at year end. By eliminating any sort of contingency the departments have, any change in personnel, such as an unexpected retirement, extra comp time, extra costs for utilities or major winter events affects them. She suggested budgeting more money. Winters questioned if they needed to do a budget reconciliation. Groat presented a handout of some research on other communities and the problems many have with budget to actual variances. She stated it was not uncommon for communities to not do a final budget reconciliation. The

purpose of the budget is to establish a spending plan and to determine how much of a levy we need based on that spending plan. She indicated a final year end budget modification could be done if that is the wish of the Finance Committee and Common Council.

Wagner questioned if it was trending higher, should department heads have come back to the Council. Oberbeck felt as things change, such as winter expenses, we need to budget accordingly otherwise it will be a rapid increase in property taxes. Winters suggested department heads get weekly or bi-weekly reports letting them know where they stand on their budgets. Groat indicated they all have access to run reports as well as access to the Intranet where monthly reports are posted.

Discussion and possible action regarding the March 2015 General Fund Budget Report

Held over to next meeting.

Suggestions for Future Agenda Items

Winters indicated he would provide a list for future consideration.

Adjournment

Motion by Kellbach, second by Nagle to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 7:00 p.m.