

FINANCE COMMITTEE

Date and Time: Wednesday, June 10, 2015 @ 5:30 pm., Board Room
Members Present: Kellbach (VC), Nagle, Oberbeck, Nutting, Mielke
Others Present: Groat, Jacobson, Giese, Hebert, Lindman, Tipple, Neal

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 Vice Chairperson Kellbach.

Select a Chairperson for the remainder of the 2014-2016 term.

Oberbeck nominated Karen Kellbach. Kellbach indicated she was not interested in serving as chairperson. The motion failed due to lack of a second. Mielke nominated David Oberbeck as chairperson, seconded by Nutting. Motion carried unanimously.

Oberbeck took over as presiding officer.

Public Comment

None.

Minutes of previous meeting(s). (5/12/15)

Oberbeck made a correction to the May 12, 2015 minutes; there was a correction on page three regarding the 2016 Budget Projections. The typo was corrected from \$11,446,464 to \$1,446,464.

Motion by Nutting, second by Nagle to approved the minutes from May 12, 2015 Finance Committee as corrected. Motion carried 5-0.

Consider Sole Source Purchase of portable radios - Police Department

Hardel stated the police department wants to transition to Motorola radios and purchase these radios locally. The service turnaround of these radios would be much quicker. Also, the police department is getting the same governmental rate that the state of Wisconsin is getting.

Motion by Nutting, second by Kellbach to approve the sole source purchase of portable radios.. Motion carried 5-0.

Discussion and possible action upon selection of successor trustee for Perpetual Care Fund of Wausau Cemetery Association.

Jacobson said this issue to select a successor trustee has been brought to committee previously once or twice and request for quotations was posted on the city's website and sent out to eleven firms providing financial planning of trust services. Only one quote was received and that was from Associated Bank. Associated Bank is charging an administrative fee to handle this fund and an additional \$500.00 annually to handle their tax preparation activities.

Motion by Nutting, second by Mielke to appoint Associated Bank as the successor trustee for perpetual care fund of Wausau Cemetery Association. Motion carried 5-0.

Discussion and Possible Action on the Potential Redevelopment Project for the property at 828 S. Third Avenue (Wausau World Market)

Stratz introduced ChengSou Her, Mai Her and Noah Her as investors intending to purchase the property and rehabilitate it to house the new Wausau World Market. Stratz stated Abby Bank is the major financier of this redevelopment project and we are also looking to the Hmong Chamber of Commerce. She indicated they were looking for TID #6 to be the gap financier. They requested \$100,000 – 15 year loan at the current interest rate and \$25,000 forgivable loan - \$5000 forgiven each year for 5 years – provided that the business meets the goals agreed upon in the development agreement. Stratz indicated that payments will be deferred until the project is complete, then the payments will be monthly for 15 years.

Motion by Nagle, second by Mielke to approve the potential redevelopment project as outlined in the staff memo. (*on file in the clerk's office*). Motion carried 5-0.

Discussion and possible action on the approval of the Project Plan for Amendment #4 to Tax Increment District #5

Groat stated this project plan was presented to the Committee of the Whole recently and we have been informing the ED Committee over the last several months that there was interest in moving Wausau Chemical off of the waterfront into the Business Campus so that we could redevelop the existing property. She noted the main facility was a superfund site along with the other three properties. She indicated there are substantial investments in the facility that are necessary due to the fact that this is a chemical company and the amount of regulatory oversight and changes needed to increase safety and environmental protection. The price of the new facility is estimated at approximately \$8.7 million and Wausau Chemical will contribute \$2.2 million with some equipment. The city's investment will be \$6.9 million in the existing facility along with donation of the property. They will donate their existing property on the east side river to the city, valued at \$1,020,000. The facility and our contribution is being funded through TID #5 and the eligible costs will be \$6.5 million for the contribution for the city, as well as \$400,000 of interest expense as we retire the debt over a five year period. The new building is anticipated to have an \$8 million value which will contribute about \$150,000 of taxes. She noted there will not be sufficient cash flow and it will be funded through existing increment that is coming into the district as well as any other income that the district currently receives on an annual basis.

Groat stated they have been working with Conestoga Rover which is the environmental company that has been working with the superfund site since its inception. They have been working with the EPA and the DNR to determine whether we could actually use that property for a higher and better use. She explained when they closed that superfund site it was for industrial use; they have done multiple borings on the property as well as inside the building to determine what level of pollution still exists in the soils. They have determined that it is totally feasible that we would be able to get that property up for residential or commercial use for a relatively small cost estimated at about \$30,000. She commented we look at this as a friendly condemnation; Wausau Chemical did not come to us, we approached them and introduced this idea.

Neal commented on the environmental aspect of having this facility literally feet from a major waterway that affects the whole state south of us. He felt this is not the place for that facility to be and removing it removes the potential risk of a catastrophe. Oberbeck noted the site we are going to move it to is also a wet area that feeds into our ecosystem. He stated we need to analyze how we handle TIF districts and how we are going to increase our operational budget to meet employee personnel expenses, health care and general operating expenses.

Werth commented there has been a major redevelopment of Athletic Park and Thrive Foodery has made an investment in that area. Wausau Chemical owns three other properties that surround the area and a growth of Wausau Chemical there would affect redevelopment of the other buildings.

Oberbeck felt they were asking the City of Wausau to build a chemical facility without any return on investment and questioned if we should be responsible for the building code of a specialized building and finance that cost. Groat pointed out in a condemnation we would be responsible.

Motion by Nagle, second by Nutting to approve the Project Plan for Amendment #4 to TID #5. Motion carried 4-1. (*Oberbeck was the dissenting vote.*)

Discussion and possible action on the proposed Development Agreement for the property located at Stewart Avenue and Third Avenue (Schierl)

Schock stated this project has continued to evolve and it is being changed significantly from when it was proposed following a response from the Labor Temple and neighborhood feedback. Andrew Halvorsen, representing Schierl, explained they would be abandoning the addition to the south side of the Stahmer Clinic, which allows us to go to 10 total beds on the property for the residential component of the project. This would allow us to build seven parking places on the south side of the building on the property, with 10 additional for a total of 17 specific residential spaces. He stated we have abandoned the street vacation and this will address the concerns of traffic flow and allow for greater on-street parking for the general public. He indicated the developer's agreement in terms of the financial impact is the same as it was before with a modification to the allocation period to January 2016.

Halvorsen stated if the development agreement is approved by Council they can move forward with engineering to bring forward the precise implementation plan and if approved, attempt to get building permits in mid-August to complete within the calendar year of 2015.

Groat stated the city would provide the \$275,000 loan to be paid from increment that we are currently collecting from the CVS development and our computer payments from the state. We would be receiving that back at the end of the 15 years and making five payments of \$57,500 as increment comes in.

Motion by Nagle, second by Nutting to approve Development Agreement for the property located at Stewart Avenue and Third Avenue (Schierl), subject to attorney review. Motion carried 4-1. (*Oberbeck was the dissenting vote.*)

Discussion and possible action on the Proposed Development for the property at 1212 North First Street (WOW)

Schock gave a summary of the Wausau On the Water project featuring an assortment of entertainment opportunities including an arcade, video games, pool tables, shuffle board, etc., along with a restaurant and patio with riverfront dining available. This project will have an additional expense of \$225,000-\$272,000 for pylons.

Motion by Nagle, second by Mielke to approve the agreement of the proposed development for the property at 1212 North First Street and the City would contribute up to \$275,000 for pylons adding additional support. Motion carried 5-0.

Discussion and Possible Action Regarding Transfer of Funds: Parks Lawn Mowing

Motion by Nagle, second by Mielke to allocate \$8,300 to the park mowing fund from the appropriate DPW account for part time staffing in the amount of \$7000 and overtime in the amount of \$1300, and return to previous mowing schedules; subject to Park Department discretion on transitional areas. Motioned carried 5-0.

Discussion and Possible Action Regarding Transfer of Funds: Tax Increment District Number Five - Wausau Chemical Developer Payment

Groat explained because this developer payment would be made in 2015 we have to do a budget modification. She stated we have a pretty strict deadline because of the expenditure period on TID #5 and because of the statutory regulations over tax increment districts this amendment must be adopted before July 8, 2015. She recommended they adopt the budget modification contingent upon approval of the project plan. She noted the funds would be coming from the State Trust Fund.

Motion by Nagle, second by Nutting to approve the transfer of funds TID #5 for Wausau Chemical Developer payment. Motion carried 4-1. (*Oberbeck was the dissenting vote.*)

Adjourn

Motion by Nagle, second by Nutting to adjourn. Motion passed unanimously. Meeting adjourned at 6:45 pm.