*** All present are expected to conduct themselves in accordance with our City's Core Values ***

OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department, Committee, Agency, Corporation, Quasi-Municipal Corporation, or sub-unit thereof.

Meeting of:	**JOINT ECONOMIC DEVELOPMENT COMMITTEE AND FINANCE COMMITTEE**
Date/Time:	**Tuesday, June 28, 2016 at 4:30 p.m.**
Location:	**Board Room, 2nd Floor, City Hall**
ED Members:	Tom Neal (C), Joe Gehin (VC), Lisa Rasmussen, Pat Peckham and Romey Wagner
FINANCE Members:	Lisa Rasmussen (C), Joe Gehin (VC), Karen Kellbach, David Nutting and Dennis Smith

JOINT AGENDA ITEM(S) FOR CONSIDERATION/ACTION

1 Public Comment on Matters Appearing on the Agenda

2 Discussion and Possible Action on the East Riverfront Frantz Community Investors Final Plan and Proposal and related Tax Increment Financing

3 **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

- Discussion and Possible Action on the East Riverfront Frantz Community Investors Final Plan and Proposal

4 **RECONVENE** into Open Session to Take Action on Closed Session Items, If Necessary

Adjournment of ED Committee only

5 Discussion and possible action on the budget modification for Finance staff succession costs

Finance Committee Adjournment

Tom Neal, ED Chair Lisa Rasmussen, Finance Chair

This notice was posted at City Hall and emailed to the media on 6/22/16 at 2:00 p.m.

It is possible and likely that members of, and possibly a quorum of the Council and/or members of other committees of the Common Council of the City of Wausau may be in attendance at the above-mentioned meeting to gather information. **No action will be taken by any such groups**.

Please note that, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids & services. For information or to request this service, contact the City Clerk at (715) 261-6620.

Other Distribution: Media, Alderpersons, Mayor, City Departments

TO: FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE

FROM: MARYANNE GROAT

DATE: June 21, 2106

SUBJECT: FRANTZ DEVELOPMENT AND TID FINANCING

PURPOSE:
To consider the TID financing strategy for the Riverfront Redevelopment

BACKGROUND INFORMATION
The City created Tax Increment District Number Three in 1994 to facilitate redevelopment within the East Central Business District. The main objectives were to construct a hotel, office building, parking facilities, convention center and 4th mall retail anchor. Over the years the City has filed a number of project plan amendments to add territory and project costs including:

- Amendment 1 - 2000 – Riverfront Improvements and Pick N Save
- Amendment 2 - 2006 – RiverEdge Improvements, 3rd Street construction, Franklin School, 400 Block improvements
- Amendment 3 – 2010 – Kayak Course Improvements
- Amendment 4 – 2015 – Wausau Center Mall Redevelopment

In addition, the State of Wisconsin granted special legislation that extended the life of the district 10 years and provided an additional two plan amendments. This was critical because without the amendment the expenditure period would have ended 9/1/2016. The revised mandated termination date is 2031.

Frantz Community Investors will construct and invest in the Riverfront in a phased approach. Phase 1 consists of a commercial building, apartment complex and townhouse construction. On behalf of Frantz Community Investors, Baker Tilly computed the anticipated financing gap, expected increment and related developer incentives which are outlined below:

Sources of Funds	
Increment	$ 5,329,344
Uses of Funds	
Mixed Use Space:	
Developer Incentive Loan - paid by increment	$ 990,000
Developer Incentive Foundation Grant	250,000
Environmental Remediation	?
Apartment and Townhome Development:	
Developer Incentive Loan - paid by increment	1,250,000
Developer Incentive Foundation Grant	250,000
Environmental Remediation	?
Street Project	2,300,000
Financing Costs	720,000
Total Uses of Funds	$ 5,760,000
Shortfall	$ (430,656)

Based upon the 15 year life of the district, the projections indicate that the increment generated from the project will fall short of the project costs. Baker Tilly made the recommendation that the City create a new Tax Increment District to finance these project costs.

The Common Council has at least three strategies to consider:

1. Fund through Tax Increment District Number Three – No project amendment is necessary. The shortfall for this specific project would be funded with other increment generated by the district.
2. Fund through the creation of a new Tax Increment District – Develop district boundaries, project costs, project plan, conduct public hearings and obtain Common Council and Joint Review Board support. If created prior to October 1, the new district value for the riverfront property would be zero due to City ownership. If created after October 1 the value will be based upon improvements constructed at 1/1/2017. A Tax Increment District that overlays an existing district effectively freezes growth in the existing district and all new growth goes to the new district. The new district would have a 27 year life.
3. Fund phase 1 through the existing Tax Increment District Three and reserve the opportunity to create a new tax increment district for future phases of the project.

Below is a review of items to consider when evaluating each strategy:

1. Existing TID 3
    - Administratively very easy and no project plan amendments are necessary.
    - The shortfall would be funded by other increment generated in the district.

2. Create a New Tax Increment District
    - Administratively more difficult due to creation of a new plan
    - Must obtain Joint Review Board and Council approval
    - Could expand the boundaries to include Wausau Chemical and Athletic Park neighborhood or other redevelopment areas.
    - Could include other infrastructure improvements within the project plan such as Street Reconstruction, Riverfront Park and Parking facility.

3. Consider new TID creation in the future
    - Delay the decision on the district creation. This may provide time to gather more information on other pending development and redevelopment projects such as the Wausau Center Mall.

FISCAL IMPACT

If the Council chooses to finance the developer incentives the short term fiscal impact will be the same regardless of whether a new TID district is established. As indicated earlier the benefit of the new TID creation is the ability to collect increment for a longer period of time.

Frantz Community Investors, LLC
Wausau, Wisconsin
Riverlife Phase I Apartment Building & Townhome Term Sheet

Purpose	Financing from the City of Wausau to develop an apartment and townhome community in the Riverlife District. This landmark development will provide 52 market rent apartments and six townhomes on a previously industrial brownfield site.
Secured Loan	A $1,250,000 loan for development costs associated with the construction of an apartment building and townhomes. The note will be secured by a second-mortgage on the apartment and townhome building structures.
Term	15-Years
Interest Rate	0% Interest
Repayment	Loan shall be repaid with incremental tax revenues generated from the project. All incremental tax revenues associated with the project shall be applied to the loan until it is paid in full. Repayment begins one year after completion of construction. Should the increment not fully repay the debt payment in a specific year, the developer is liable to the balance. Additional increment shall be paid forward. Loan is contingent on borrower meeting conditions set forth in the development agreement, which will include completing the project and ensuring ongoing operations.
Draw Schedule	TIF Loan shall be placed into a construction escrow with a local title company and disbursed no more frequently than monthly upon receipt of invoices for completed work or delivered materials, together with appropriate lien waivers for such work or materials.
Foundation Grant	Due to soil conditions on the site, a grant for the amount of $250,000 shall be awarded to the developer at the start of construction for the purpose of constructing a secure foundation.

Environmental Remediation	The City shall be financially responsible for any preexisting environmental conditions on the project site and shall manage the environmental remediation with the Wisconsin Department of Natural Resources.
Infrastructure Improvements	The City shall construct, own, and maintain all infrastructure, including, roads, sewers, and other utilities needed for the project.
Ground Lease Rent Abatement	Upon execution of a development agreement, abatement of annual base ground rent to $1 per year for five years. On the sixth year excess cash flows from the project will be paid as ground lease up to $10,000 annually.

Frantz Community Investors, LLC
Wausau, Wisconsin
Riverlife Phase I Mixed-Use Building Term Sheet

Purpose	Financing from the City of Wausau to develop a mixed-use space in the Riverlife District. This landmark development will provide approximately 38,000 square feet of retail and office space on a previously industrial brownfield site.
Secured Loan	A $990,000 loan for development costs associated with the construction of a mixed-use building. The note will be secured by a second-mortgage on the Mixed-Use building structure.
Term	15-Years
Interest Rate	0% Interest
Repayment	Loan shall be repaid with incremental tax revenues generated from the project. All incremental tax revenues associated with the project shall be applied to the loan until it is paid in full. Repayment begins one year after completion of construction. Should the increment not fully repay the debt payment in a specific year, the developer is liable to the balance. Additional increment shall be paid forward. Loan is contingent on borrower meeting conditions set forth in the development agreement, which will include completing the project and ensuring ongoing operations.
Draw Schedule	TIF Loan shall be placed into a construction escrow with a local title company and disbursed no more frequently than monthly upon receipt of invoices for completed work or delivered materials, together with appropriate lien waivers for such work or materials.
Foundation Grant	Due to soil conditions on the site, a grant for the amount of $250,000 shall be awarded to the developer at the start of construction for the purpose of constructing a secure foundation.

Environmental Remediation	The City shall be financially responsible for any preexisting environmental conditions on the project site and shall manage the environmental remediation with the Wisconsin Department of Natural Resources.
Infrastructure Improvements	The City shall construct, own, and maintain all infrastructure, including, roads, sewers, and other utilities needed for the project.
Ground Lease Rent Abatement	Upon execution of a development agreement, abatement of annual base ground rent to $1 per year for five years. On the sixth year excess cash flows from the project will be paid as ground lease up to $10,000 annually.

EHLERS
LEADERS IN PUBLIC FINANCE

June 28, 2016

Ms. MaryAnne Groat, CPA
Finance Director
City of Wausau
407 Grant Street
Wausau, Wisconsin 54403

Via Email.

RE: Confidential Analysis of Developer *Proforma* for Riverlife Village Project.

Dear MaryAnne,

At your request we have reviewed the following documents from Frantz Community Investors:

- RFP dated 11/2/15.
- Memorandum of 6/7/16 regarding Riverlife Village Support Documentation

We have also reviewed subsequent *proforma* spreadsheets prepared by Mr. Brad Elmer of Baker Tilley on behalf of Frantz Community Investors.

We have utilized the base data provided by Baker Tilley to prepare our own spreadsheet templates to mathematically verify the net cash flows of the project and to calculate the internal rates of return (IRRs) for the Apartment and Townhouse portion segment and the Mixed Use / Office segment of the project. Please find copies of our spreadsheets attached.

Following are our initial observations, comments and suggestions:

- Apartments, Townhouses
    - Using an 8.5 % capitalization rate we are projecting an IRR of 9.69% in Year 10 with $1.5 M up front TID participation, and 4.62% without TID participation. This cap rate may be slightly high for apartments (same rate as for office).
    - This compares to IRR's in the range of 12% - 15% in most markets in Wisconsin today. Thus, even with TID participation, this appears to be a relatively low level of return.
    - The rent levels proposed here are higher than the market within Wausau based upon the market data provided to us, however as a new product with proposed higher amenities, these levels may be achievable given the riverfront location and walkability to downtown businesses.
    - The development fee of 8% is somewhat higher than normal. We would expect the fee to fall within the range of 4-6% but they may be looking at this fee as a means of recouping some of what they are losing with the relatively lower IRR. There is still a gap over the proposed equity and TIF request; Baker Tilly has

suggested cost savings, additional equity, or a portion of the development fee to be deferred as ways to address this gap, however none of these remedies has been decided upon at this time. For purposes of our analysis, we have assumed ½ of the development fee to be deferred, with the balance of the gap as additional equity, further to our discussions with Baker Tilly.
  - Costs of sales for realty commissions at 6% is high for the multi-family residential market by 2-3 %.
  - Vacancy rates of 5% going in are within the norm for residential projects.

- Mixed Use Office Project
  - Using an 8.5 % capitalization rate we are projecting an IRR of 7.35% in Year 10 with $1.25 M up front TID participation, and 1.51% without TID participation.
  - Again, this compares to IRR's in the range of 12% - 15% in most markets in Wisconsin today. Thus, even with TID participation this appears to be an even lower level of return.
  - No competitive rent comps were provided for the office/mixed use component, it is assumed for the time being that the rent levels are appropriate for this product.
  - Costs of ongoing office expenses appear to be lower than what would be the norm for facilities of this type.
  - Again the development fee at 8% is high but see same comment above regarding the Apartment units.
  - Costs of sales for realty commissions at 6% is high for the commercial market by 2-3 %.
  - Vacancy estimated going in at 7% is within the norm for commercial projects.

In our view, it is clear that the project would not be able to attract investment capital without the levels of TID participation contemplated here. In fact the levels of return are somewhat lower than what we are seeing elsewhere in the state. If this developer is able to attract equity with these levels of return we believe this to be a "win" for the City; nevertheless, we also highly recommend that the City consider the inclusion of a lookback clause in the development upon sale, maturity or a 10 year point. The lookback would typically allow for the review of actual rents, expenses and sales data to verify the NOI and then re-run the IRR to compare to estimates. Given the levels he is proposing going in, we would recommend the look back to provide the opportunity to share any returns over the 12% level on either project on a 50/50 basis with the City to help reduce it's participation. We would also recommend a review of the rents and capitalization rates with the City's assessor as a means of further checking these against local market data. It is recognized that with 5 phases contemplated for the overall redevelopment, it may take several years for the project to achieve critical mass and generate necessary reimbursements.

In addition, the participation has been characterized as a zero percent "Loan" from the City to the developer. We understand that the "Loan" would be paid from Tax Increment revenues. We would encourage you to pursue, within your negotiations, a provision that would actually require

the developer to repay to the City any portion of said "loan" that could not be covered by tax increment revenues from his projects. This is a "shortfall" guarantee and this could be backed by a letter of credit or possibly special assessments. Without such a provision, the City's participation really amounts to a grant.

It also bears noting that the developer's proposal includes the land to be ground-leased to the project at $1 per year for 99 years, which we believe is excessive. The proposal further states that the City would own, construct and maintain all roads and utilities that would normally be part of a development project. Finally, the proposal states that the City would also be responsible for any pre-existing environmental conditions, and the City shall manage the environmental remediation with Wisconsin DNR, again at no cost to the project. These are all costs that may potentially increase the City's obligations in this project, and should be considered in the larger scope of the overall redevelopment plan.

We would be happy to discuss our analysis further upon request. Good luck with your negotiations.

Very Truly Yours

Michael C. Harrigan, CIPMA
Chairman / Sr. Municipal Advisor

Frank Roman
Municipal Advisor

CC: Phil Cosson, Ehlers
James Mann, Ehlers

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City of Wausau
Riverlife Village - Phase I
Apartments, Townhomes

Sales Analysis

YEAR		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
SALE ANALYSIS END OF YEAR		6	7	8	9	10	11	12	13	14	15
Net Operating Income End of Year		715,247	725,976	736,865	747,918	759,137	770,524	782,082	793,813	805,721	817,806
Divided By Cap Rate		8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Gross Sale Price		8,414,670	8,540,891	8,669,004	8,799,039	8,931,025	9,064,991	9,200,966	9,338,981	9,479,065	9,621,252
Minus Series A Debt		4,805,390	4,562,171	4,306,507	4,037,764	3,755,271	3,458,325	3,146,187	2,818,079	2,473,185	2,152,166
Minus Series B Debt		0	0	0	0	0	0	0	0	0	0
Minus Series C Debt		0	0	0	0	0	0	0	0	0	0
Net Sale Amount		3,609,280	3,978,720	4,362,497	4,761,276	4,737,448	5,606,666	6,054,779	6,520,901	7,005,881	7,469,085
Sales Expense	6.00%	(504,880)	(512,453)	(520,140)	(527,942)	(535,862)	(543,899)	(552,058)	(560,339)	(568,744)	(577,275)
Deferred Developers Fee						438,306					
Final Amount		**3,104,400**	**3,466,267**	**3,842,357**	**4,233,333**	**4,639,893**	**5,062,766**	**5,502,721**	**5,960,563**	**6,437,137**	**6,891,810**

YEAR		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
IRR ANALYSIS END OF YEAR		6	7	8	9	10	11	12	13	14	15
Year	Sales Proceeds	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow
Initial Investment		(3,020,066)	(3,020,066)	(3,020,066)	(3,020,066)	(3,020,066)	(3,020,066)	(3,020,066)	(3,020,066)	(3,020,066)	(3,020,066)
2017	0	11,249	11,249	11,249	11,249	11,249	11,249	11,249	11,249	11,249	11,249
2018	0	124,992	124,992	124,992	124,992	124,992	124,992	124,992	124,992	124,992	124,992
2019	0	206,037	206,037	206,037	206,037	206,037	206,037	206,037	206,037	206,037	206,037
2020	0	216,297	216,297	216,297	216,297	216,297	216,297	216,297	216,297	216,297	216,297
2021	0	226,711	226,711	226,711	226,711	226,711	226,711	226,711	226,711	226,711	226,711
2022	3,104,400	3,341,681	237,281	237,281	237,281	237,281	237,281	237,281	237,281	237,281	237,281
2023	3,466,267	0	3,714,277	248,010	248,010	248,010	248,010	248,010	248,010	248,010	248,010
2024	3,842,357	0	0	4,101,256	258,900	258,900	258,900	258,900	258,900	258,900	258,900
2025	4,233,333	0	0	0	4,503,286	269,953	269,953	269,953	269,953	269,953	269,953
2026	4,639,893	0	0	0	0	4,921,064	281,171	281,171	281,171	281,171	281,171
2027	5,062,766	0	0	0	0	0	5,355,325	292,559	292,559	292,559	292,559
2028	5,502,721	0	0	0	0	0	0	5,806,837	304,116	304,116	304,116
2029	5,960,563	0	0	0	0	0	0	0	6,276,410	315,848	315,848
2030	6,437,137	0	0	0	0	0	0	0	0	6,764,892	327,755
2031	6,891,810	0	0	0	0	0	0	0	0	0	7,231,651
	Total	1,106,902	1,716,779	2,351,768	3,012,698	3,700,429	4,415,861	5,159,932	5,933,621	6,737,950	7,532,464
INTERNAL RATE OF RETURN		**5.82%**	**7.37%**	**8.43%**	**9.17%**	**9.69%**	**10.08%**	**10.35%**	**10.55%**	**10.70%**	**10.77%**

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City of Wausau
Riverlife Village - Phase I
Mixed Use/Office

Sales Analysis

YEAR		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
SALE ANALYSIS END OF YEAR		6	7	8	9	10	11	12	13	14	15
Net Operating Income End of Year		491,288	498,507	505,834	513,271	520,819	528,481	536,257	544,151	552,162	560,294
Divided By Cap Rate		8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Gross Sale Price		5,779,864	5,864,789	5,950,989	6,038,481	6,127,286	6,217,422	6,308,911	6,401,773	6,496,027	6,591,695
Minus Series A Debt		3,880,530	3,684,121	3,477,664	3,260,644	3,032,520	2,792,725	2,540,662	2,275,703	1,997,188	1,737,954
Minus Series B Debt		0	0	0	0	0	0	0	0	0	0
Minus Series C Debt		0	0	0	0	0	0	0	0	0	0
Net Sale Amount		1,899,333	2,180,668	2,473,325	2,777,837	2,659,510	3,424,697	3,768,249	4,126,069	4,498,839	4,853,741
Sales Expense	6.00%	(346,792)	(351,887)	(357,059)	(362,309)	(367,637)	(373,045)	(378,535)	(384,106)	(389,762)	(395,502)
Deferred Develper Fee						435,256					
Final Amount		**1,552,541**	**1,828,780**	**2,116,265**	**2,415,529**	**2,727,128**	**3,051,652**	**3,389,714**	**3,741,963**	**4,109,077**	**4,458,239**

YEAR		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
IRR ANALYSIS END OF YEAR		6	7	8	9	10	11	12	13	14	15
Year	Sales Proceeds	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow
Initial Investment		(1,874,644)	(1,874,644)	(1,874,644)	(1,874,644)	(1,874,644)	(1,874,644)	(1,874,644)	(1,874,644)	(1,874,644)	(1,874,644)
2017	0	(46,281)	(46,281)	(46,281)	(46,281)	(46,281)	(46,281)	(46,281)	(46,281)	(46,281)	(46,281)
2018	0	36,172	36,172	36,172	36,172	36,172	36,172	36,172	36,172	36,172	36,172
2019	0	84,291	84,291	84,291	84,291	84,291	84,291	84,291	84,291	84,291	84,291
2020	0	91,195	91,195	91,195	91,195	91,195	91,195	91,195	91,195	91,195	91,195
2021	0	98,201	98,201	98,201	98,201	98,201	98,201	98,201	98,201	98,201	98,201
2022	1,552,541	1,657,855	105,313	105,313	105,313	105,313	105,313	105,313	105,313	105,313	105,313
2023	1,828,780	0	1,941,313	112,532	112,532	112,532	112,532	112,532	112,532	112,532	112,532
2024	2,116,265	0	0	2,236,124	119,859	119,859	119,859	119,859	119,859	119,859	119,859
2025	2,415,529	0	0	0	2,542,824	127,296	127,296	127,296	127,296	127,296	127,296
2026	2,727,128	0	0	0	0	2,861,973	134,844	134,844	134,844	134,844	134,844
2027	3,051,652	0	0	0	0	0	3,194,158	142,506	142,506	142,506	142,506
2028	3,389,714	0	0	0	0	0	0	3,539,997	150,283	150,283	150,283
2029	3,741,963	0	0	0	0	0	0	0	3,900,139	158,176	158,176
2030	4,109,077	0	0	0	0	0	0	0	0	4,275,264	166,187
2031	4,458,239	0	0	0	0	0	0	0	0	0	4,632,558
	Total	46,790	435,561	842,905	1,269,464	1,715,908	2,182,937	2,671,283	3,181,707	3,715,008	4,238,489
INTERNAL RATE OF RETURN		**0.43%**	**3.20%**	**5.08%**	**6.40%**	**7.35%**	**8.04%**	**8.55%**	**8.94%**	**9.22%**	**9.40%**

TO: FINANCE COMMITTEE

FROM: MARYANNE GROAT

DATE: June 21, 2016

RE: BUDGET MODIFICATION FINANCE STAFF SUCCESSION PLANNING

BACK GROUND INFORMATION

I have received informal retirement notification from two senior professional accounting staff with a total combined 59 years experience with the City. Both positions are considered mission critical.

The Accounting Manager position was previously classified as Assistant Finance Director prior to the classification study conducted by the previous HR Director. The position performs the Wisconsin Statute responsibilities of Treasurer including managing the tax roll and special assessment system and banking functions. The position supervises the financial system analyst and two accounting assistant positions that perform payroll, accounts payable, utility billing and accounts receivable functions. The position is responsible for maintaining the general accounting system, preparing the annual financial statements, serving as audit liaison and grant accounting.

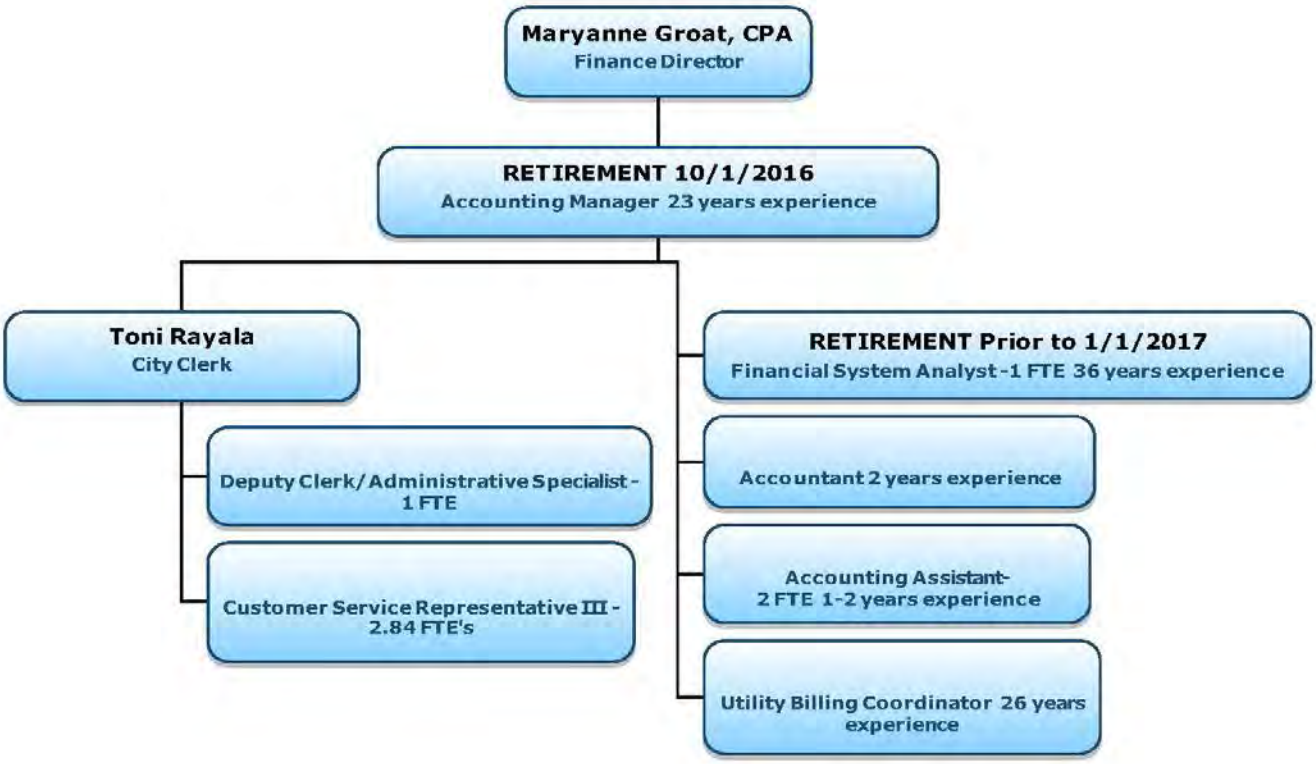
The Financial Analyst position serves as payroll backup, performs all of the payroll budget calculations, assists all customer service staff with cashiering efforts and resolves balancing problems. The position is the information technology expert within the department working closely with IT on system maintenance and software implementation. The software currently managed by this position is Cayenta our general ledger accounting system, TM1 budget software, Active Network cash collection software, Complus parking citation software and Evolve licensing software. The individual has Crystal report writing skills and scripting capabilities both considered expert type skills. The Accounting Manager and Financial Analyst each serve as back up to the other position.

The Accounting Manager and Financial Analyst were involved in the implementation of the current accounting system and have vast amounts of institutional knowledge. Their departure will leave a significant knowledge void. This will be particularly difficult when combined with the knowledge loss within CCITC as the program analyst responsible for the accounting system also retired within recent years.

When examining other communities of similar size you will see that the City of Wausau staffing is lean.

	Population 2010 Census	Total
Wausau	39,106	11.84
Fond du Lac	43,021	11.75
Beloit	36,966	14
Brookfield	37,920	14.8

In addition to the two retirements outlined above we also are experiencing a retirement in one full time Customer Service Representative position on July 20th. The three retirements together equate to 25% of the department workforce. A review of the organizational chart indicates that we have lost other institutional knowledge in the areas of Accountant, Payroll and Accounts Payable within the last two years. By adding these recent retirements the turnover is 51%.



Fall is a busy time of the year due to the budget. In addition, this year, we have the presidential election and licensing software implementation. In past presidential elections, accounting staff have assisted with election processing.

I am requesting authorization to replace these positions immediately which will have a 2016 budget financial impact. An aggressive recruiting schedule would be as follows:

- Finance Committee Budget Approval — June 28, 2016
- Common Council Approval — July 12, 2016
- Position Posting — July 13 – August 8, 2016
- Interviews — August 15 – August 26, 2016
- Hire — September 9, 2016
- Onboarding — September 26, 2016

This schedule results in little to no overlap in the Accounting Manager position and limited overlap in the Financial Analyst Position.

FISCAL IMPACT

The financial impact includes the overlap period and the unbudgeted retirement payout for the three senior staff members:

Retirement Payouts 3 FTE	$	66,364
Position Overlap:		
Customer Service Overlap		8,606
Accounting Manager Overlap		3,882
Financial Analyst Overlap		20,366
Total Financial Impact	$	99,218

Currently the three retiring staff are enrolled in single health and dental plans. The financial obligation above assumes new hires will elect family coverage.

No financial resources exist within the Finance budget to offset these costs. I would propose the funding be drawn from contingency.

RECOMMENDATION

I would recommend a budget modification of $99,218 from Contingency to the Finance Department Salary line items to fund the retirement and succession planning costs.