

## **FINANCE COMMITTEE**

Date and Time: Tuesday, August 9, 2016 @ 5:15 pm., Council Chambers

Members Present: Rasmussen (C), Smith, Gehin, Kellbach, and Nutting

Others Present: Groat, Lindman, Jacobson, Mielke, Neal, Gisselman, Glenn Speich and other interested parties.

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 there was a quorum present and the meeting was called to order by Chairperson Rasmussen.

### **Public Comment**

- 1) Deb Ryan, 702 Elm St, stated the county is also considering a wheel tax which would be a double whammy for Wausau citizens. She felt if they were going to implement the wheel tax it should be levied against all vehicles and trucks, but suggested they cut spending instead.

### **Minutes of previous meeting(s). (7/12/16 & 7/26/16)**

Motion by Nutting, second by Kellbach to approve the minutes of the previous meetings on 7/12/16 & 7/26/16.

Motion carried 5-0.

### **Discussion and possible action regarding 2016 budget modification for - Fire Department Air Conditioner**

Groat stated the air conditioner at central fire has broken down and requires repair; they are currently using temporary air conditioning. She indicated the cost of repairs is estimated at approximately \$15,000 and noted per budget policy it will not require Council approval.

Motion by Kellbach, second by Gehin to approve the budget modification for the Fire Department air conditioner.

Motion carried 5-0.

### **Discussion and possible action regarding the 2016 budget modification - Skywalk Architect and Engineering Services**

Lindman explained as requested by the committee they put out RFPs for the design and bidding documents for the proposed skyway to connect the McClellan Ramp to a tower and then over to the Dudley Tower. He indicated they received five proposals, three of which scored very well. The one that came out on top of their ratings was SEH and he recommended the city proceed with them.

Motion by Nutting, second by Kellbach to approve the budget modification for Skywalk Architect and Engineering Services with SEH. Motion carried 4-1.

### **Discussion and possible action regarding recommendation for Engineering Design Services for North 1st Street/Fulton Street Extension**

*Gehin indicated he would leave the room for this discussion and vote due to a conflict of interest as an employee of Becher Hoppe.* Lindman indicated they received seven proposals and they were scored by four different raters. He stated Ayres Associates came out with the highest score as well as the most comprehensive proposal and he recommended moving forward with them.

Motion by Kellbach, second by Nutting to approve the recommendation of Ayres Associates for Engineering Design Services for North 1<sup>st</sup> Street/Fulton Street Extension. Motion carried 3-1. (*Gehin did not vote.*)

### **Discussion and possible action regarding 2017 Room Tax Strategy including consideration of the CVB Room Tax Proposal, creation of a Tourism Commission and related Budget Process**

#### **- Overview of the new law and impact to current room tax budget and policy**

Groat indicated the city has been collecting room tax since before 1994 and at that time raised the rate to 8%. She explained when this occurred we were grandfathered into having more flexibility in how we spent our room tax. In 2015 we collected \$845,000 in room tax funds and have an agreement with the CVB that we allocate approximately 37.5% of our room tax for general CVB purposes and/or the Sports Authority. \$205,000 of the funds were used for City of Wausau purposes; we issued grants of another \$300,000; and allowed the hotels to retain about \$9,000 to offset credit card charges, etc.

Groat stated the Wisconsin Legislature enacted a new law that takes effect on January 1, 2017 to eliminate municipal control over the room tax. She explained it requires us to forward to a tourism entity or a room tax commission any room tax revenue exceeding the amount the city is allowed to retain. The city could create a tourism commission of 4 to 6 members appointed by the Mayor and approved by Council for a one year term. At least one member would have to be an owner or operator of a hotel located within the city. Another option is a joint commission. She went on to explain the duties of the commission (see memo in packet).

#### **- CVB presentation**

Richard Barrett, of the Wausau/Central Wisconsin Convention & Visitors Bureau, commented the law itself was implemented by the Innkeepers Association and the municipalities and we are stuck in the middle. He indicated they put forward a blended proposal to the communities, noting tourism does not know boundaries. He recommended all six municipalities form one zone for a commission. Everyone working together is what keeps our community great and moving forward. *Questions and answers/discussion followed.*

#### **- Public Hearing**

*Rasmussen opened the floor to public comment:*

- Joe Mella, President of Central Wausau Progress and River District Wausau, as well member of the Board of Directors of Wausau Events, spoke regarding the challenges of the upcoming legislation. He felt the city should form a tourism commission and continue to allocate the funds the way they have been doing.
- Rose DeHut, Executive Director of the Center for the Visual Arts (CVA), spoke regarding what the CVA brings to the community and how the room tax funds allocated to the CVA helps them to accomplish their mission and goal to serve.
- Elizabeth Field, Executive Director of Wausau River District, indicated the \$30,000 room tax allocation has accounted for approximately one quarter of the annual operating budget and has gone entirely to our more than \$56,000 promotion and advertising budget. She provided statistics on what makes them a tourism entity.
- Deb Ryan, 702 Elm St, commented on things the city could be doing/promoting/expanding on to bring in more tourism dollars, especially in the sports area.
- Melanie Schuman, Marketing Director for the Grand Theater, indicated they rely heavily on the room tax funds in all that they do, including bringing 132,000 people through their doors last year and being in usage 325 days of the year compared to the industry standard of 187 days.
- Richard Barrett, CVB, commented the proposal he put before them keeps all these things stated by the previous organizations moving forward and having one zone commission is the cleanest way to get it done.

*There being no additional comments, Rasmussen closed the public hearing.*

Groat reiterated this law came from the desire to take local control away, but with control you have flexibility and the opportunity to make decisions. She felt by the City of Wausau retaining as much control as possible, we will have a better way to manage our future success. She pointed out they are only committing to one year if they stay as a solo commission. Committee discussion followed.

Motion by Gehin, second by Nutting to retain the maximum allowable amount of room tax; to direct the Mayor to set up a commission to manage the funds; and enter into a contract with the CVB. Motion carried 5-0.

#### **Discussion and possible action regarding the implementation of a \$20 Wheel Tax and the repeal or modification of Municipal Code Chapter 3.10.010 Fees for Municipal Service - Referendum**

Groat spoke about the implementation of a Wheel Tax, explaining that wheel tax is a sharing of the vehicle registration fee the State of Wisconsin currently imposes. The law allows for municipal governments to add on their own fees and the State of Wisconsin adds that to the overall registration costs. The state keeps \$0.17 for administrative costs. The law only allows the fee to be imposed on automobiles and trucks that weigh not more than 8000 pounds. Looking at the current statistics she estimated we would gain about \$650,000. There is some question on these numbers, because, for example, someone that lives in the Town of Rib Mountain lists a Wausau mailing address. The law requires that we use the funds for transportation purposes. We would use part of the funds to maintain and improve our streets and part of the funds for transit. Since the city adopted an ordinance in 2006 that provides that we have a referendum prior to implementing new fees, we would either have to have an advisory referendum or we would need to repeal or modify that ordinance. There has been some public interest to do a sales tax versus a wheel tax, however, the city doesn't have any authority to do a sales tax.

Mayor Mielke said that this situation is dire; there are road projects that are two and three years behind and there are drivers popping their tires and breaking axels. He came into office with a \$1.5 million deficit and there has been so much cut from the budget. He pointed out the county is going to implement a wheel tax.

Jacobson wanted to make this clear as it was being discussed said this wouldn't be an advisory referendum, based on the direct legislation; the language was prepared by the people that proposed it. The language states "The city shall hold a citywide referendum requesting citizen authorization." She interpreted this to mean that if a referendum is held it is binding, needing citizen input to impose a fee. She stated this has been on the books for more than two years, so by statutes they have the opportunity to vote to simply repeal the ordinance and then can institute whatever fee they want; they could amend this ordinance and provide an exception to it; or authorize a referendum. She reiterated if they choose to go to a referendum, they must abide by what the voters tell the council.

Motion by Gehin, second by Nutting to repeal Ordinance 3.10.010 Referendum. Approved 3-2.

Motion by Nutting, second by Gehin to implement a \$20.00 Wheel Tax fee, contingent on the outcome of the repeal of Ordinance 3.10.010 by Council. Motion passed 4-1.

**Continuation of the PowerPoint presentation regarding 2015 audit financial results all funds**

Groat concluded the PowerPoint presentation of the 2015 financial results that was delayed from previous meetings. The report was placed on file.

**Discussion and possible action regarding June 2016 General Fund Financial Report**

Groat reviewed the monthly report noting we are still within budget guidelines. The report was placed on file. (Financial reports can be viewed online.)

**Discussion and possible action on considering appraisals, counteroffers and project acquisition and funding summary for the Thomas Street Reconstruction project: Parcel 27 - 1044 South 11th Ave - Second counter offer from owner and Update on Thomas Street acquisitions**

Lindman stated this parcel is coming back for consideration of a second counter offer by the landlord.

**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: Parcel 27 - 1044 South 11th Ave - Second counter offer from owner and Update on Thomas Street acquisitions**

Motion by Gehin, second by Nutting to convene in closed session. Roll Call Vote: Ayes: Gehin, Kellbach, Smith, Nutting, and Rasmussen. Noes: 0. Motion carried 5-0.

**Adjourn**

Meeting adjourned in closed session.