

**FINANCE COMMITTEE
JANUARY 13, 2014 AT 8:12 P.M.
LINCOLN CENTER – 1519 WATER STREET**

PRESENT: Alderpersons Moore, R. Stroik, Slowinski, O’Meara and M. Stroik

ALSO

PRESENT: Mayor Halverson; City Attorney Beveridge; C/T Ladick; Clerk Moe; Ald. Suomi, Patton, Phillips, Doxtator; Directors Lemke, Ostrowski, Schrader, Schatschneider, Supt of Maintenance Laidlaw; Asst. Police Chief Skibba; Fire Chief Kujawa; Deputy C/T Freeberg; Kelley Pazdernik; Brandi Makuski; Larry Lee; Nate Enwald; Barb Jacob; Holly Carter; Josh Zimmerman; Mary Ann Laszewski; Joe Senn; Tony Babl

ITEM #1 – DISCUSSION ON SETTING AN ANNUAL CAP OF \$870,000 ON PILOT PAYMENTS FROM THE WATER UTILITY.

Director Lemke gave a brief history on PILOT payments stating that some time ago, Municipal Electric and Water Utilities were made to start paying a PILOT payment to the municipality they belong to because there was an inequity that existed between the municipal utility and any nearby existing private utilities. The argument there was that the private utility could not provide the service for the same cost because they had to pay taxes on all of their assets and the municipal utility did not. Currently, they are in the \$860,000 - \$880,000 range depending on where the tax rate estimates lie. They would like to stabilize water rates going forward. Statewide, the municipality average PILOT rates are about 17% of their expenses for the year and in Stevens Point they are between 20 and 21%, which is due to recent high value construction. Every year that they reconstruct new water infrastructure, they retire old infrastructure at what can be as low as less than a dollar per foot of pipe. When they put it back in, it can then be up to \$130 per foot, which raises their asset level. Any rate study that is currently done, 20% of that justification is going to be that PILOT.

C/T Ladick added that the value is whatever the price was when it was initially installed so then when the new pipe is put in at current value and would stay at that value, never depreciating. The PILOT is based on the total value of the infrastructure for the Water Utility only, which is multiplied by the City, the Tech College and the School Districts tax rates, making the budget process difficult because we do not know what the school or tech college rates are going to be. He also added that the question arises on how we want to pay for local services, through utility rates or through property taxes, to which there are arguments to both sides. The ERP funding would also be affected as every extra dollar we spend, we get seven cents back in ERP.

Ald. Moore stated he put this on the agenda as a discussion item because of the amount of items to consider when making a decision.

Ald. O’Meara stated he is concerned over capping the PILOT because there are a lot of entities that are paying this. If the PILOT is capped, the larger water users will get a break because the more you use, the less you pay, so he is concerned over homeowners having to subsidize the large water users.

ITEM #2 – AUTHORIZATION TO COMMENCE PROCESS FOR 2014 CAPITAL PROJECTS BORROWING – APPROXIMATELY \$2,350,564.00.

C/T Ladick stated this is the borrowing for the 2014 Capital Projects, which was discussed and approved during the budget process. The borrowing that we just did was for some of the TIF projects that we had at the East Park Commerce Center and Great Lakes.

Motion made by Ald. R. Stroik, seconded by Ald. O'Meara to authorize commencing the process for the 2014 Capital Projects borrowing at approximately \$2,350,564.

Ayes: All

Nays: None

Motion carried.

ITEM #3 – APPROVAL OF APPRAISAL SERVICES FOR 100 AND 104 SECOND STREET NORTH, RELATED TO INTERSECTION IMPROVEMENTS.

Director Schatschneider stated that they received 3 written offers to do the work. Appraisal Services, LLC for \$3,500, \$5,400 from Scott Williams Appraisal and \$3,600 from Bob Cole. He is recommending going with Appraisal Services LLC for \$3,500.

Ald. Moore verified this was just for the building and property, Director Schatschneider agreed.

Motion made by Ald. R. Stroik, seconded by Ald. O'Meara to approve Appraisal Services, LLC for 100 and 104 Second Street North, related to intersection improvements.

Ald. Slowinski stated he has concerns as to whether or not we have looked at all the options on what to do with this. He does not like approving an appraisal before knowing what we are going to do.

Mary Ann Laszewski, 1209 Wisconsin Street, stated she would like to ask Dept of Public Works as to whether we are allowed to have two streets, namely Walker and Maria, within 150 feet of each other. She would also like Public Protection asked if public safety would be jeopardized with two parallel intersections positioned 150 feet from each other. She spoke against the project, stating she is concerned over getting legally bound to a buyer's agreement and would also like the site checked for soil contamination.

City Attorney Beveridge stated getting an appraisal does not bind us to anything, it is being used to determine what the fair market value truly is.

Ald. Doxtator stated he has had constituents call recommending action on this, stating they would like the walk to Madison School safer for the children.

Ald. R. Stroik reaffirmed the reason he made a motion to accept this. This is going to give us an idea on whether or not they want a fair market price. He stated he needs the appraisal to say whether or not we are paying fairly.

Ald. Slowinski stated he is afraid that once the appraisal is received, the process will be started.

Ayes: Ald. Moore, R. Stroik, O'Meara and M. Stroik Nays: Ald. Slowinski Motion carried.

ITEM #4 – APPROVAL OF REAL ESTATE SERVICES FOR WHITETAIL TRAIL/WHITETAIL SUBDIVISION.

C/T Ladick stated we received 2 proposals, one from First Weber for 8% and one from Coldwell Banker for 6%. He stated the proposal from First Weber was a little higher than wanted and the marketing was limited to internet advertising. The proposal from Coldwell Banker was more price competitive and also had a marketing plan that more closely matched what he was looking for. He stated the recommendation would be to go with Coldwell Banker.

Motion made by Ald. O'Meara, seconded by Ald. M. Stroik to approve the proposal from Coldwell Banker for real estate services for Whitetail Trail/Whitetail subdivision.

Ald. Moore voiced concerns over the fact that other real estate agents will not work for less than 4% so he is not sure if they would sell these or show them for a 3%/3% split.

Holly Carter stated that ethically a realtor cannot put their commission ahead of what their clients best wants and needs are. Right now, 6% is the going rate.

C/T Ladick stated in the past we have paid 5% if a realtor is involved. There is a lot of potential for Whitetail as 6 lots were sold last year.

Ayes: All

Nays: None

Motion carried.

ITEM #5 – APPROVAL OF PAYMENT OF CLAIMS.

Motion made by Ald. R. Stroik, seconded by Ald. Slowinski to approve the payment of claims in the amount of \$1,059,253.04.

Adjournment at 8:42 P.M.