

**FINANCE COMMITTEE
JUNE 8, 2015 AT 7:58 P.M.
LINCOLN CENTER – 1519 WATER STREET**

PRESENT: Ald. Slowinski, Phillips, Patton, Van Stippen and Kneebone

ALSO

PRESENT: Mayor Wiza; C/T Ladick; Clerk Moe; Directors Ostrowski, Schrader, Schatschneider; Ald. Doxtator, Morrow, Ryan, Mrozek, McComb, Oberstadt; Fire Chief Finn; Interim Police Chief Skibba; Asst. Police Chief Zenner; Deputy C/T Freeberg; Brandi Makuski; Nate Enwald; Larry Lee; Sari Lesk; Barb Jacob; Allen Rasmussen Jr.; Cathy Dugan

ITEM #1 – INFORMATIONAL PRESENTATION BY THE COMPTROLLER-TREASURER ON THE COMPONENTS OF FUND BALANCE.

C/T Ladick gave a brief presentation on the components of fund balance. Presentation is attached.

ITEM #2 – ADOPTING A TIMELINE FOR THE 2016 CITY BUDGET.

Ald. Slowinski stated he thinks this is a good idea and appreciates having more time for discussions and analyzing the budget.

C/T Ladick stated in the past the entire budget, both operating and capital, were presented at the end of October and then approved at the November Council meeting. That really only allows 3-4 weeks to really look at and evaluate the budget, so he came up with a solution to now separate the capital and operating budgets since they are both financed with different sources of revenue. The capital budget is financed with either fund balance or borrowing, which would not be used to fund the operating budget. He stated he is proposing to do the capital budget first and to start it in September and then start the operating budget in October, which is basically bringing the capital budget up by one month.

Mayor Wiza commended C/T Ladick for putting this together, stating that when he was an Alderperson, he found it difficult to only have 3-4 weeks to digest everything the City was going to spend. He believes it is important for all the Alderpersons to have an opportunity to review every stage of the budget process.

Motion made by Ald. Phillips, seconded by Ald. Van Stippen to adopt the timeline for the 2016 City budget as recommended.

Ald. Kneebone stated that according to the timeline between late July and October, all she sees is the Treasurer and the Mayor making all the decisions. She questioned if there is a point where, at least, the Alders on the Finance Committee, could see what has been submitted. She stated she does not want to micromanage the Departments, but she would like to see the general submissions before things are cut.

Mayor Wiza agreed, stated he believes that is important and he is going to do his best to keep the Chairman involved so he can disseminate the information and give periodic updates. He wants everyone to be involved as much as they possibly can be, but cautioned everyone that sometimes things may change.

Ald. Kneebone stated that her concern is that the department heads submit capital requests and then the Mayor and C/T decide what can be spent when ultimately the decision is up to the Council and they may want to spend more or less than what is decided by the Mayor and

the C/T. Mayor Wiza replied that ultimately, the decision still rests with the Council, we would just be offering recommendations. Ald. Kneebone stated that she would just like to see it all before it is a done deal.

C/T Ladick stated that going through the capital projects and trying to reduce them enough to get down to the target is not easy and involves tough decisions. There is usually more capital requests than what we have the money to fund. He also stated that the key point is that the proposal is received in September or October, it is not final numbers at that point. The City Council has the absolute ability to make changes to the budget anyway that they would like.

Ald. Patton stated he believes what Ald. Kneebone is stating is that they would like to see what has been cut also, which is something he would also like to see. C/T Ladick and Mayor Wiza agreed. C/T Ladick stated that sometimes they have to delay projects because there is not enough money to do them all.

Mayor Wiza also stated that the capital projects are carried out several years, so it is not that everything that everyone wants is going to come in this year, they are planned out for many years.

Ald. Van Stippen questioned if in the future the process could be lengthened even more. C/T Ladick replied that we can continue to look at the process and did state that this year is a pretty big change. He went on to say that with the operating budget, it was kept the same because the closer you get to it, the clearer the picture will be. People can change health insurance plans, continuing education plans, etc. all right up to the deadline.

Mayor Wiza recommended the Alderpersons take a look at the current budget to get familiar with it and then as we get closer to the operating budget deadlines, we will have a better understanding of what our funding sources will be, for instance, this year it appears as though our Responsible Unit Recycling Grant will be gone, which is about \$35,000. Capital is much more defined, we know those things ahead of time. The goal is to keep the Council involved, as much as possible, with the budget process.

Cathy Dugan, 615 Somers Street, thanked C/T Ladick, Mayor Wiza and all the Alderpersons for pushing for more information sooner as it is great for the public so that they can be in on it too and can see the big picture.

Ayes: All Nays: None Motion carried.

ITEM #3 – FUNDING FOR IT ADMINISTRATOR POSITION.

C/T Ladick stated the money was budgeted in IT Contracted Services, which was increased by about \$70,000 from the prior year and if we look at hiring someone around August 1, we are looking at about \$36,000 for the remainder of the year.

Ald. Patton questioned if the IT person is a Director or if they are under a Department. Mayor Wiza replied they would be a direct report to the Mayor.

Motion made Ald. Patton, seconded by Ald. Phillips, to approve funding the IT Administrator position.

Ayes: All Nays: None Motion carried.

ITEM #4 – DISCUSSION ON AMENDING THE PROJECT PLANS FOR TIF DISTRICTS 5 AND 7.

C/T Ladick stated as part of the packet, he included a concise TIF District financial summary and also a summary of the Ehlers feasibility analysis. Basically, you can see what the projected surpluses would be in TIF Districts #5 and #7. In the most optimistic scenario, we could have a surplus in those two districts of about 10.4 million and that compares to a projected deficit in TIF 6 of about 10.2 million, so there is potential to move money from 5 and 7 into 6. He stated that regarding the timeline, last week the Plan Commission did approve calling for a public hearing on this and convening the Joint Review Board so next week at Council, Ehlers will be on-site to go over the presentation and answer questions. We would be looking for Council approval at that point.

Ald. Phillips questioned if they can vote on this before Plan has their hearing. C/T Ladick replied that next week the Council would be voting on convening the Joint Review Board. Plan Commission has already voted to have a public hearing on it next month so then the vote from the Council would be to convene the Joint Review Board and start the process. He did not agenda this for action because he knew Ehlers would be presenting at Council and he did not want a vote before hearing the presentation from them.

ITEM #5 – ESTABLISHING A GRANT PROGRAM RELATED TO RESERVE CLASS B LIQUOR LICENSES.

Clerk Moe stated going back to 1997, the State implemented a new law that said as of December 1st of that year, any licenses that you have, based on the quota system that they had at that time, would be regular licenses and any license not issued at that point would be considered a reserve license. As the population grows, more reserve licenses could be added. Regular licenses are \$500 a year and reserve licenses are \$10,000 up front and then \$500 a year. Currently we have 55 regular licenses and 5 reserve licenses, of which only 1 has been issued. The person who received the reserve license also ended up getting a TIF grant from the City to help make that up. He stated it was actually brought by Director Ostrowski a couple of weeks ago when there was a discussion on the limits of the licenses and he asked if we could do something like the Village of Plover does. He stated that was when he started looking into things and there are quite a few municipalities that do this. He stated he feels that although the State did this, municipalities know what they need more than the State does and if someone comes in with a proposal for a business, why should they be punished. The City Attorney was able to write up a resolution, last minute, which Clerk Moe handed out and is attached. He recommended that if this is the route the Council wishes to pursue, then there are some requirements that can be set up, such as focusing on restaurants, rather than taverns, 51% of the sales would need to be other than alcohol and he would also request that some type of investment needs to be done to the property that will improve the property value. He suggested how much they get back be based on how much they are going to invest, such as 50 cents on every dollar, etc.

Ald. Patton stated he would like to see the grant total \$9,500, especially if there is a building involved that has not been a restaurant or a bar before as they are going to easily put that kind of money into it. It would be a wash for them and add to our tax base. He believes this is a good idea.

Clerk Moe stated all licenses are property of the City and if they do not need them any longer, they need to be turned back into the City, they cannot sell the license to someone else.

Ald Slowinski questioned if a business wants to build in a bigger place, they cannot take their license with them. Clerk Moe stated the license would come back to the City for determination, if it is the same entity, it would not go back to the \$10,000, but if they were to sell that business to someone else, it would go back to \$10,000.

Ald. Slowinski questioned as the City grows and we need to add licenses, those are all reserve licenses. Clerk Moe responded that was correct.

Mayor Wiza stated the Clerk stated that he would like some conditions put on the application for the grant. The liquor license is going to be \$10,000, that cost cannot be reduced, however, we can offer potential grants to help offset that cost. The potential grant can include any number of conditions the Council sees fit. He would strongly recommend one of those be that 51% of sales be non-alcohol related. Other stipulations could also be added, such as putting x amount of dollars into building improvements. Of course, all of these dollars would be subject to Council approval.

C/T Ladick added that in requiring a minimum investment, we could say that we will reimburse 50 cents on the dollar, up to a total grant of \$9,500 dollars, so that if someone spent \$10,000, they would get \$5,000 back, but if they spent \$19,000, they would get the full \$9,500 back. One recommendation he would like to see on the conditions would be that you make it as black and white as possible.

Clerk Moe stated there are two things that we have to look at; one being the issuing of the license and two being the grant and whether or not they can get it. We issue licenses based on the needs of the City and what the Council would like to do. We do not have to issue these licenses at all, if the Council believes we have too many establishments, we do not have to issue regular licenses. He stated there are a lot of things to consider when issuing the licenses and also with giving grants.

Ald. Phillips questioned if the criteria we have from Plover covers everything we want to talk about. Clerk Moe stated yes, those are examples and can be used in the creation of our program. C/T Ladick stated one of the reasons we did not go too far in crafting something very specific is because we wanted some input from the Council to see what they want to see in the policy.

Ald. Patton questioned if this is going to be established tonight or if they are just giving the go ahead to produce something and bring it back. Clerk Moe stated he was hoping to receive some direction as to what is wanted. He would just like some specific direction from the Committee as to anything specific that they wanted included. He stated the City Attorney could then draft something up and have it for the Council meeting and if it is a go, it could be approved and if not, it could be postponed and brought back.

Ald. Phillips stated he liked the Plover example as it covers everything, would be consistent with our neighbors and would be a good start. Ald. Patton agreed. Ald. Kneebone also agreed and stated she would like to see some sort of restaurant rather than another bar and/or property improvement to bring up the value to compensate.

Ald. Van Stippen stated he liked the language in the Marshfield example regarding paid receipts and invoices documenting improvements made to the property and pay out after the work is completed.

Mayor Wiza stated the deadline for getting things in for the Council packets, is Wednesday. That would leave tomorrow (Tuesday) as to when the City Attorney would need to be contacted to draft it. Clerk Moe added that it could be sent out separately. Mayor Wiza stated to vote on it next week, we need to make sure there is enough time to review and evaluate it.

Ald. Kneebone questioned if it has to be voted on next week or could there be a month given to draft something up so that staff is not having to rush.

Ald. Slowinski stated he liked the Plover example and would also like to include that 51% of sales need to be non-alcohol related along with submitting the receipts after the work is completed for reimbursement.

Ald. Patton questioned if there could be something included that would state that the outside of the building would have to be updated, he would not want it to include expensive equipment that could be moved. Clerk Moe replied that has been brought up, we do not want them investing in high-end furniture and then when they move they take it with them, it has to be an investment to the structure.

C/T Ladick summarized what has been said; 51% non-alcohol related sales, we want them to submit receipts for the structural improvements and we want it to be property that is not movable. He questioned if we want it dollar for dollar or 50 cents on a dollar. Ald. Van Stippen stated he would like to see dollar for dollar. Ald. Kneebone agreed.

Mayor Wiza stated we need to be careful because a new business owner could spend almost \$9,500 in signage that is attached to the building. Ald. Van Stippen stated there would need to be a definition listed about fixtures.

Ald. Slowinski stated he does understand what C/T Ladick is saying, do we want them to invest \$19,000 versus \$9,500. Ald. Van Stippen stated he believes they will spend that regardless, which is why he supports dollar for dollar. Mayor Wiza stated he is with Ald. Van Stippen, anyone who is going to open a new business is going to spend more anyway, but he would still recommend 50 cents on the dollar as it will not matter since they will probably spend in excess of the \$19,000. Ald. Slowinski supported the 50 cents on a dollar also.

Ald. Van Stippen stated that as a business owner, it is very easy to spend 50 cents on a dollar, but he would televise anything to get business driven entities to Stevens Point and he feels that would be a stronger incentive.

Ald. Phillips questioned if we need it next week or if it can wait until July. Mayor Wiza replied that if the City Attorney can get it drafted and it can be considered on Monday, go with it. It can always be postponed. Ald. Slowinski stated he would like to see something and it can be discussed at Council.

Ald. Morrow stated that \$20,000 is a drop in the bucket when you open a new business so he encourages some sort of limit so that the City can make some money on these. Mayor Wiza stated he hoped it was understood that it is up to \$9,500, leaving the City \$500 which is the same that the City gets from all the regular licenses.

Ald. Ryan stated that from a historical preservation perspective, it might be worthwhile to look at the Façade Grant program and pulling that language to add to this. He would like to see it used to push businesses into existing vacant spaces so that we can get some tax revenue that we are not now.

ITEM #6 – APPROVAL OF PAYMENT OF CLAIMS.

Motion made by Ald. Phillips, seconded by Ald. Patton, to approve the payment of claims in the amount of \$5,793,417.13.

Ayes: All

Nays: None

Motion carried.

ITEM #7 – POLICE DEPARTMENT FACILITIES UPGRADES.

C/T Ladick stated this is a request from the Police Department and the proposal had said \$40,000, however, now they are asking for approval for up to \$50,000 to leave some space for contingency. He also believes there were two extra doors that were not included in the original proposal. Mayor Wiza added there were two doors that have been out for bid and have not returned, so the additional amount is not to exceed \$50,000 as we do not anticipate those doors being more than \$5,000 a piece. He stated this is something we need and although it is not going to solve all the problems, it will give us some time to decide what we are going to do next.

Ald. Slowinski stated this is very much needed and he is supporting it.

Motion made by Ald. Slowinski, seconded by Ald. Patton, to approve the improvements, not to exceed \$50,000, for the Police Department facility.

Ald. Patton questioned if there is anything that the County failed to do that would make them responsible. Mayor Wiza replied no, although there are some items that will need to go to the County for approval, but there is no negligence involved.

Ald. Kneebone questioned if this is a bad investment if we would move the Police Department in a year. Mayor Wiza replied it would be a bad investment if we moved the Police Department in six months, but that is not going to happen. This would get us through a couple of years, but he doesn't feel we will need that much time.

Ald. Van Stippen questioned if that area could be repurposed in any way if they would move. Mayor Wiza replied there is a possibility, depending on what we would do in that area.

Ald. Kneebone questioned where the funding is coming from. C/T Ladick replied there is an account in capital for general building maintenance, which typically has \$50,000 budgeted in it every year, and then there is about \$50,000 left in contingency that could be used and still have some money left in there for anything else that could come up.

Ald. Phillips questioned why the request has \$34,000 and the motion is for \$50,000. C/T Ladick stated he bumped it up to \$40,000 to allow for permit fees and the extra \$10,000 is for the door bids that are not back yet and contingency.

Interim Police Chief Skibba stated it will be less expense to have the County do the work, however, with them coming in, they are not general contractors or professionals. It will not be known what permits are needed until after the architectural drawing. That will determine whether or not they need to get a State critique of it versus being able to do it internally. He did speak with Inspector Zepp who believes that it should be able to be handled internally so it should be able to reduce the price, but again, it does not make sense to come back here in six weeks or longer and ask for more money.

Ald. Patton requested that anything over \$40,000 is summarized and given to the Alderpersons. Interim Skibba replied definitely.

Ald. Van Stippen clarified the original request was for \$40,000, there is an additional \$10,000 requested for two doors and contingency, not to exceed \$50,000. Ald. Wiza replied that is correct.

Ayes: All

Nays: None

Motion carried.

ITEM #8 – ADJOURN INTO CLOSED SESSION (APPROXIMATELY 7:40 P.M.) PURSUANT TO WISCONSIN STATUTES 19.85(1)(D) [EXCEPT AS PROVIDED IN S. 304.06(1)(EG) AND BY RULE PROMULGATED UNDER S. 304.06(1)(EM), CONSIDERING SPECIFIC APPLICATIONS OF PROBATION, EXTENDED SUPERVISION OR PAROLE, OR CONSIDERING STRATEGY FOR CRIME DETECTION OR PREVENTION] ON THE FOLLOWING: A. CAPITAL IMPROVEMENTS TO POLICE DEPARTMENT FACILITIES FOR THE PURPOSE OF MAINTAINING EVIDENCE SECURITY, WITNESS/INFORMANT CONFIDENTIALITY, AND PERSONNEL SECURITY.

Motion made by Ald. Patton, seconded by Ald. Phillips, to approve adjourning into closed session at 8:59 P.M.

Roll Call: Ayes: Ald. Slowinski, Phillips, Patton, Van Stippen and Kneebone Nays: None
Motion carried.

Adjournment at 9:19 P.M.

Overview of Fund Balance Components

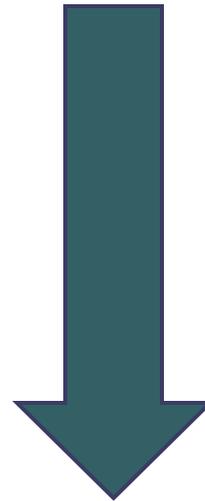
Corey Ladick: Comptroller-Treasurer



5 Components

- **Nonspendable**
- **Restricted**
- **Committed**
- **Assigned**
- **Unassigned**

Most Constrained/Least Available



Least Constrained/Most Available

Nonspendable

- **Not in Spendable Form**
 - Inventory
 - Prepaid Expenses
 - Non-current Receivables
 - Long-Term Advances to other funds
 - Will Not be paid back within 1 year
 - Endowment Funds
 - Not allowed to touch the principal

Nonspendable Examples

- **Salt and Fuel Inventory**
- **Delinquent Personal Property Taxes**
- **Advances to TID 6 (Downtown TID)**
- **Smongeski Health Fund**

Restricted

- Funds subject to **Externally** Enforceable Legal Restrictions
- Examples
 - Law Enforcement Grants
 - Debt Service Funds
 - TIDs 5 and 7 Surplus

Committed

- Self-Imposed Limitations Placed by Governing Body (City Council)
- Resolution Passed in December, 2011
 - Committed various funds for specific purposes
- Limitations can only be reversed by the Governing Body (City Council)
- Examples
 - Community Rehab Revolving Loan Fund
 - Telecommunications Fund (Cable Franchise Fees)
 - Whitetail Subdivision Construction Fund

Assigned

- Intended to be used for specific purposes, but...
 - Not externally restricted
 - Not committed by a formal Council action
- Comptroller-Treasurer is able to assign based on Council actions.

Examples

- Planned Capital Projects
- Jurisdictional Transfer Funds set aside for Overpass
- Police and Fire Overtime

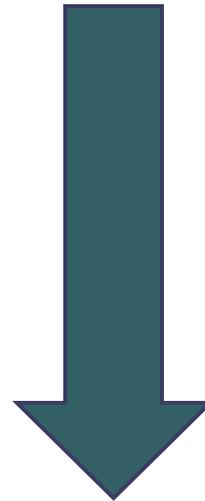
Unassigned

- Not set aside for any specific purpose
- No restrictions or constraints on the use
- Only the General Fund can have a positive unassigned balance
 - Logically, if it is outside of the General Fund (Special Revenue Fund, Capital Projects Fund) there is an intended purpose.
- Our Fund Balance policy is based on this category
- Arguably, the most important component to follow

Review: 5 Components

- **Nonspendable**
- **Restricted**
- **Committed**
- **Assigned**
- **Unassigned**

Most Constrained/Least Available



Least Constrained/Most Available

Understanding The Big Picture-General Fund

Fund Balance Type	2013	2014 Preliminary	Change
Nonspendable	\$2,966,409	\$4,338,937	\$1,372,528
Restricted	\$15,980	\$16,282	\$302
Committed	\$0	\$0	\$0
Assigned	\$3,179,504	\$2,413,709	(765,795)
Unassigned	\$10,912,994	\$11,593,873	680,879
Total	\$17,074,887	\$18,362,801	\$1,287,914

Understanding The Big Picture-All Funds

Fund Balance Type	2013	2014 Preliminary	Change
Nonspendable	\$3,199,159	\$4,561,843	\$1,362,684
Restricted	\$7,436,204	\$5,972,056	(1,464,148)
Committed	\$2,705,648	\$2,899,155	193,507
Assigned	\$10,183,785	\$9,677,071	(506,714)
Unassigned	\$7,255,895	\$8,335,702	1,079,807
Total	\$30,780,691	\$31,445,827	665,136

RESOLUTION

A Resolution to Implement a Grant for Reserve “Class B” Liquor Licenses

WHEREAS, the Common Council of the City of Stevens Point finds that business such as restaurants, hotels, and taverns make important contributions to the City’s economy, serve important public purposes including increasing the City’s property tax base, providing employment, and promoting tourism; and

WHEREAS, excessive license fees deter new business and are contrary to the above-stated public purposes; and

WHEREAS, 1997 Wisconsin Act 27 requires municipalities to establish a minimum fee of Ten Thousand dollars (\$10,000) for each Reserve “Class B” Liquor License issued which far exceeds the actual cost of licensing the activity, providing the City with additional revenue;

NOW, THEREFORE, BE IT RESOLVED, by the Common Council of the City of Stevens Point, that following the issuance of an original Reserve “Class B” Liquor License and upon application, the Common Council may provide a grant to the licensee in an amount not to exceed Five Hundred Dollars less than the amount actually paid by the licensee to the City of Stevens Point for issuance of the new Reserve “Class B” Liquor License.

BE IT FURTHER RESOLVED that prior to awarding any grant, the Common Council shall make such findings and establish such conditions to ensure that any funds awarded hereunder further the important public purpose identified herein.

Passed and adopted by the Common Council this 15th day of June, 2015.

APPROVED:

_____ Date: _____
Mayor Mike Wiza

ATTEST:

_____ Date: _____
John Moe, City Clerk