

**FINANCE COMMITTEE
OCTOBER 12, 2015 AT 7:07 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; City Attorney Beveridge; Directors Ostrowski, Schrader, Lemke, Schatschneider; Ald. Ryan, Mrozek, Morrow, McComb, Oberstadt; Interim Police Chief Skibba; Fire Chief Finn; Deputy C/T Freeberg; Brandi Makuski; Nate Enwald; Barb Jacob; Steve Shepro; Jeff Kraemer

ITEM #1 – PUBLIC COMMENTS ON THE PROPOSED 2016 CAPITAL BUDGET.

There were no public comments.

ITEM #2 – APPROVAL OF 2016 CAPITAL BUDGET.

Mayor Wiza thanked C/T Ladick for the idea and bringing this forward earlier and getting a lot more public, aldermanic and department participation. He welcomed any additional comments, now and in the future, on how to improve this process.

Ald. Slowinski agreed with Mayor Wiza, stating absorbing smaller pieces of the budget at one time is easier.

Ald. Kneebone questioned what the process was that got the list and amount narrowed down to what it is at. Mayor Wiza stated the departments were given the on-going capital spreadsheets and asked them to look it over for changes, etc. Once that was done, the requests were reviewed by himself and C/T Ladick. There were meetings held with all the department heads to go over their requests and then he did some site visits to see the items that were being requested. After that, he met with C/T Ladick again and figured out how much money they had and what we could accomplish with it. It was then sent back to the Department Heads to let everyone review what they came up with and if need be, plead their case. That brings us to the public hearing and now approval.

Motion made by Ald. Patton, seconded by Ald. Kneebone, to approve the 2016 Capital budget.

Ayes: All Nays: None Motion carried.

ITEM #3 – APPROVAL OF QUOTE FOR 2016 PROPERTY INSURANCE COVERAGE.

C/T Ladick stated in the past we have been insured by the Local Government Property Insurance Fund (LGPIF) through the State, but unfortunately that Fund is having some issues so they are increasing their premiums by 85%, which prompted us to look for some other options. The League of Wisconsin Municipalities was able to put together the Municipal Property Insurance Company (MPIC), to replace the LGPIF. The two quotes that he received were in the packet, one was for a \$10,000 deductible and one was for a \$25,000 deductible. We have had a \$10,000 deductible in the past and even though \$25,000 sounds like a big deductible, he looked at our claims and the difference in premiums and over the last five years we would have had an additional \$19,844 that the City would have had to pay in claims with a \$25,000 deductible. However, over five years, we would save \$55,195. He recommends the \$25,000 based on our claims, experience and cost.

Ald. Slowinski questioned how this compares to years past with LGPIF. C/T Ladick replied it is fairly comparable. Our premium for this year was \$80,000 but the \$90,000 premium is exactly the same rate that we got from the LGPIF, the difference is actually that the value of our property has gone up. If we wanted to keep the deductible at \$10,000, we would be looking at a rate increase of 12%. He also mentioned that this quote does encompass, as it does every year, the entire City, which would include Water, Sewer, Transit, and the Housing Authority; the general fund portion is only about \$30,000.

Motion made by Ald. Phillips, seconded by Ald. Van Stippen, to approve the staff recommendation by going to MPIC with a \$25,000 deductible, standard premium being \$90,868.

Ayes: All Nays: None Motion carried.

ITEM #4 – WITHDRAWAL FROM THE LOCAL GOVERNMENT PROPERTY INSURANCE FUND.

Motion made by Ald. Patton, seconded by Ald. Phillips, to approve the withdrawal from the Local Government Property Insurance Fund.

Ayes: All Nays: None Motion carried.

ITEM #5 – ORDINANCE AMENDMENT REPEALING SECTION 2.19 (RESOLUTIONS APPROPRIATING FUNDS) AND SECTION 2.23 (CLAIMS AGAINST CITY) OF THE REVISED MUNICIPAL CODE.

C/T Ladick stated he is doing some housekeeping with the ordinances and found that these two ordinances are under Chapter 2, (Standing Rules for the Government of the Common Council), which really is not the right place to have ordinances that deal with Finance because we have Chapter 4 of the City Ordinances, which is titled Finance. He believes it is important to make our ordinances user friendly and that people know where to look for any sort of restrictions on anything related to finance. He stated that in regards to 2.19, Governing Resolutions Appropriating Funds, the budget is a resolution appropriating funds and under this ordinance, it would require a vote of the Council of at least 8 members, regardless of how many are present. The problem could potentially be that if 8 alderpersons is a quorum and only 8 show up and one of them votes against the budget, you would not have a budget. He stated that in general, to require 2/3's of the entire body makes sense for things where there is a status quo option, an option to do nothing, but there is not an option to fail to adopt a budget. We have to adopt a budget, it is a statutory requirement.

Ald. Patton asked if the two-thirds requirement would also apply to something that we would borrow money for.

C/T Ladick responded that borrowing only requires a simple majority, but spending the borrowed funds would require a two-thirds majority.

Ald. Patton responded that he would be against it then, because of the upcoming vote on Edgewater.

C/T Ladick responded that if there is a desire to keep the two-thirds threshold, then we should put the two-thirds requirement on the initial borrowing to avoid a situation where we would borrow money but be unable to spend it.

Mayor Wiza stated that he agreed that if the Council wants to keep the two-thirds requirement, then it should apply at the borrowing level, rather than the spending level. He commended C/T Ladick and his staff for finding this because even though it has not been a problem in the past, he is being proactive in reviewing ordinances and making changes to avoid issues in the future.

Ald. Patton stated that he would like to have this come back next month so he has time to research it and review how certain scenarios would be impacted.

City Attorney Beveridge stated that this would not change the two-thirds requirement for adopting the budget, but it would eliminate the two-thirds requirement for spending the budgeted funds.

Ald. Van Stippen stated that if the intention to move these provisions from chapter 2 to chapter 4 of the City ordinances, could staff bring back recommended changes next month.

City Attorney Beveridge stated that the two-thirds requirement already exists in Chapter 65 of state statute.

Ald. Van Stippen asked if there is a need then to have this in Chapter 2.

City Attorney Beveridge responded no, he doesn't think there is a need to have this at all, that he checked with several other municipalities and they don't have this self-imposed higher threshold, and that this could lead to some odd parliamentary positions.

Clerk Moe asked if there are similar requirements at other municipalities.

C/T Ladick responded that he checked with Marshfield, Wausau, and Portage County, and none of them have a similar requirement.

Ald. Kneebone stated that this seems redundant, and if there are already other safeguards in place, then do we need this at all.

Mayor Wiza stated that it is more than redundant, it actually conflicts with Chapter 4.

Ald. Patton stated that he would like to postpone action on this item until the next Finance Committee meeting.

C/T Ladick stated that this would cause us to miss our window for this budget, but that is okay because his concerns are more long term, and he just wants to make sure that at some point this is addressed.

City Attorney Beveridge stated that this doesn't actually have anything to do with the budget process, it has to do with appropriations after the budget has been established, and it doesn't apply to the actual adoption of the budget, just the appropriation that are made afterwards based on the adopted budget.

Ald. Slowinski asked if when we approve the budget, are we automatically appropriating the funds?

City Attorney Beveridge stated that the budget already requires two-thirds, and when the money is actually spent it is approved again through the payment of claims, which would require two-thirds under this provision.

C/T Ladick stated that the ordinance refers to "Resolutions Appropriating Funds", and we do adopt the budget by resolution, so his interpretation is that this would apply to the budget, but it maybe isn't 100% clear.

Motion made by Ald. Patton, seconded by Ald. Phillips, to postpone action on repealing these ordinances until next month.

Ayes: All

Nays: None

Motion carried.

ITEM #6 – CHANGING THE PRICE OF THE LOT AT 5000 WHITETAIL DRIVE.

C/T Ladick stated there is one lot remaining in Whitetail, which is Lot #2. It is a little unique because the easement for the natural gas line that runs through the subdivision takes up much of the lot. The issue is that the price of this lot is \$37,560 and in looking at a lot that sold right across the street, with similar square footage, it sold at \$32,400. Due to the fact that the easement does affect some building options on the site and also to be consistent with other lots, he recommended we change the price of Lot #2 to \$32,700.

Ald. Slowinski stated that since this was the last lot, the lot they voted on to buy back last month, must have taken care of itself. C/T Ladick stated it resolved itself because the owner ended up selling it to someone who has intention to build.

Motion made by Ald. Phillips, seconded by Ald. Patton, to approve changing the price of Lot #2 in Whitetail to \$32,700.

Ayes: All Nays: None Motion carried.

ITEM #7 – REQUEST FOR RELEASE OF LIEN ON THE PROPERTY AT 1220 BRIGGS COURT. (RELATING TO AN EXISTING DEVELOPMENT AGREEMENT WITH CENTRAL RIVERS FARMSHED)

C/T Ladick stated that we have a Developers Agreement with the Farmshed group. We originally provided them with a \$100,000 upfront incentive with a requirement to meet a specific assessed value and we also have a lien on that property until they hit one of two thresholds. One, to hit an assessed value on the improvements of \$250,000 for at least 12 months or two, if they would hit \$275,000, the lien could be released immediately. This year they hit \$263,900 and the City Assessor feels that they will, at least, remain at that same value into next year so we assume they will qualify for the release, however, they are requesting it to be released sooner.

Ald. Patton questioned why they needed it released early. Layne Cozzolino, Central Rivers Farmshed, replied this Developers Agreement was with Central Rivers Farmshed, Elodin Holdings, who owns the facility, and the City of Stevens Point. Elodin Holdings is the one that has that security in place. They have had their \$100,000 wrapped up in that building since 2011 and since they originally thought this would move faster than it has, he did not expect that the money would be tied up for this long. Although the agreement would be up in January, he would like the lien to be released a little early. They are also, just recently, a recipient of a USDA grant that will put an additional \$45,000 of investment into the facility, as well as some programmatic activities, so they are continuing the work and will continue to improve the facility.

Steve Shepro, Contracted Assessor for the City of Stevens Point, stated the value was \$263,900 as of January 1, 2015, so the twelve months would be up in January of 2016. He also stated the value will at least hold, but based on these discussions, could probably go up.

Motion made by Ald. Van Stippen, seconded by Ald. Kneebone, to approve releasing the lien on the property at 1220 Briggs Court.

Ayes: All Nays: None Motion carried.

ITEM #8 – SALE OF A PORTION OF PROPERTY AT 1000 SIXTH AVENUE (PARCEL ID 2408-29-3003-22) TO VINCENT AND GINA MIRESE.

Mayor Wiza stated this is the same thing that was discussed at the Plan Commission. This is a parcel of land that the City owns that we do not use. That parcel includes the right of way for Third Street, and

just in case we ever wanted to run Third Street through, we are retaining those rights. This is part of the land that the City owns that was previously used as a community garden. The people that run the community gardens decided this was not a site they wanted to continue to use due to some water issues and because of that, the neighbor to the east inquired about the parcel. It was reviewed with City staff and they had a survey map completed. By doing this, it will bring the Miresse's property into compliance because currently the lot lines run right next to his garage. It is land that we do not use and we would sell it for market value, \$4,900, which would then put it back on the tax roll.

Motion made by Ald. Phillips, seconded by Ald. Slowinski, to approve selling the portion of property at 1000 Sixth Avenue to Vincent and Gina Miresse for \$4,900.

Ayes: All Nays: None Motion carried.

ITEM #9 – APPROVAL OF POTENTIAL LOAN WRITE-OFF DUE TO SHORT SALE AT 2924 OAK STREET.

C/T Ladick stated the property is currently in foreclosure and we have a Community Development Block Grant Loan against it for \$10,000. A short sale is when a property is in foreclosure or going to foreclosure and someone attempts to sell the property to avoid the process of going to Sheriff's sale and having it auctioned off. In exchange, if we accept this offer, people will get paid with the funds of the sale. Based on the amount of equity that is in the property and based on our placement, (we are third on the list, behind the first mortgage with Wisconsin Housing and Economic Development Authority and the second mortgage from the Redevelopment Authority), it is unlikely that we will recoup any of our money.

Ald. Patton questioned what our benefit is by writing it off. C/T Ladick stated the only benefits would be that we would increase the chances that the Redevelopment Authority can recover some of their money that they have in the property and avoid a property being sold at auction.

Ald. Van Stippen questioned if there is any amount of staff time or cost to the City if there is a Sheriff's auction. C/T Ladick stated that the City Attorney's office does get notified that we have a property that is in foreclosure, but no time from the C/T office.

C/T Ladick stated the biggest savings is that the Redevelopment Authority could recoup some of their money, which is good because they do the Housing Rehabilitation loans and a Sheriff's sale is not the most ideal situation to have happening in our community.

City Attorney Beveridge stated his office just files a notice of appearance and a demand for surplus, that way if there is money leftover at the time of sale, it would be used to satisfy our mortgages.

Ald. Slowinski questioned that if there was enough money left over, we could potentially get some of our money back. C/T Ladick replied yes.

Motion made by Ald. Kneebone, seconded by Ald. Van Stippen, to approve the potential loan write-off, due to a short sale at 2924 Oak Street.

Ayes: All Nays: None Motion carried.

ITEM #10 – APPROVAL OF PAYMENT OF CLAIMS.

Motion made by Ald. Patton, seconded by Ald. Kneebone, to approve the payment of claims in the amount of \$799,664.66.

Ayes: All

Nays: None

Motion carried.

ITEM #11 – ADJOURN INTO CLOSED SESSION (APPROXIMATELY 7:45 P.M.) PURSUANT TO WISCONSIN STATUTES 19.85(1)(E) (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) ON THE FOLLOWING: A. NEGOTIATING A POTENTIAL DEVELOPMENT AGREEMENT WITH KRAEMER DEVELOPMENT IN TIF DISTRICT 5.

Motion made by Ald. Phillips, seconded by Ald. Patton, to approve adjourning into closed session at 7:55 P.M.

Roll Call: Ayes: Ald. Van Stippen, Kneebone, Slowinski, Phillips, and Patton
Motion carried.

Nays: None

Adjourned in closed session at 8:38 P.M.