

**FINANCE COMMITTEE  
DECEMBER 15, 2015 AT 7:53 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; Ald. Doxtator, Ryan, Mrozek, Morrow, McComb, Oberstadt; Police Chief Skibba; Fire Chief Finn; Human Resource Manager Jakusz; Deputy C/T Freeberg; Paul Piotrowski; Brandi Makuski; Nate Enwald; Cathy Dugan; Barb Jacob; Kenny Rozek; Steve Louis; Cliff Bembeneck; Dale Schulfer; Dan Rutkowski; Roger Skrzeczkoski; Brett Beversdorf; Raina Zanow; Mike DeMoss (CVMIC); Greg Gilsinger (CVMIC)

**ITEM #1 – PRESENTATION BY THE CITIES AND VILLAGES MUTUAL INSURANCE COMPANY (CVMIC) ON INSURANCE PROPOSALS FOR 2016.**

Mike DeMoss, CVMIC, gave a brief statement regarding CVMIC, stating the company was formed in 1987 by 25 communities in the State of Wisconsin and they are now up to 46 communities. They deal with a variety of insurance both fully funded insurance and self-insurance. We would be the 10<sup>th</sup> community in a self-insured workers compensation program. The administration is all handled within CVMIC and they have 8 workers compensation adjusters, liability adjusters, and 8 loss control people, with a total staff of just under 30. AM Best rates them an A, which they have had for several years, and are labeled as stable. The dividends are paid yearly at approximately 10%. He stated they are a risk management organization that provides insurance, they are owned by municipalities, the board of directors is comprised of all public sector administrators, and the current president is an HR director.

C/T Ladick added that we reached out to them after getting recommendations from other Finance Directors. We started this process by looking for a third party administrator for our workers comp program. They made a proposal, along with another company, but theirs was cheaper and we liked that they focused exclusively on Cities and Villages in Wisconsin. Since we are looking at preventing losses and figuring out the best way to run departments, we felt that having an insurance company that focused on the issues of Cities and Villages could really be useful. He stated they do offer a lot in the area of training, which would also be beneficial. The City would be saving money as we would not be paying a commission to an insurance agent, nor would we be generating profits or dividends for stockholders.

Mike DeMoss stated they do training in the areas of risk management (OSHA), management development, supervisory development and pre-supervisory development. They also provide resources that relate to critical policies that the Police Department may need, they can do a risk assessment of a community, and they will also sit down with the department heads in January or February and do a work plan as to what sort of loss control services will be provided over the year, which would include training, both on-site and webinars. These services are all included in the cost of the insurance.

**ITEM #2 – SELECTION OF INSURANCE PROPOSALS (MULTIPLE LINES OF COVERAGE), AND PROPOSAL FOR THIRD PARTY ADMINISTRATION OF WORKER'S COMPENSATION, FOR 2016.**

Motion made by Ald. Patton, seconded by Ald. Phillips, to approve CVMIC's proposal for insurance and third party administration of the worker's compensation program for 2016.

Ald. Slowinski stated he thinks this is a great fit since they represent municipalities.

C/T Ladick stated the comparison that was included in the packet was between our current carrier, EMC and CVMIC. The savings by switching to CVMIC is just over \$75,000, but there is a difference in the deductible; although bottom line is that we are still saving money. He reviewed our claims from 2008-2014 and stated that for 6 out of the 7 years, it was less than \$75,000, and even though one year it was

over \$85,000, the average was approximately \$32,000. Those figures suggest that this is a good deal financially. He also stated that he would recommend that the \$75,000 be put into a Liability/Property Insurance Reserve Fund so that when we do have claims, we have a pot of money to pay those claims from. He also added that CVMIC was able to find a good insurance proposal through their group purchasing program as they were able to get a premium of \$33,000 for the stop-loss insurance for worker's compensation, in case we would have a claim in excess of \$500,000. Willis also quoted a premium for that and theirs was just over \$100,000.

Ayes: All                      Nays: None                      Motion carried.

**ITEM #3 – CREATION OF A WORKERS COMPENSATION SELF INSURANCE FUND AND A LIABILITY/PROPERTY INSURANCE RESERVE FUND.**

Motion made by Ald. Patton, seconded by Ald. Slowinski, to approve the creation of a workers compensation self-insurance fund and a liability/property insurance reserve fund.

Ayes: All                      Nays: None                      Motion carried.

**ITEM #4 – COMMITMENT OF FUNDS 247 (EDGEWATER FUND), 248 (SPECIAL ASSESSMENT FUND), AND 249 (WILLETT ICE ARENA FUND).**

C/T Ladick stated committing funds is designating them for their intended purpose.

Motion made by Ald. Kneebone, seconded by Ald. Van Stippen, to approve the committing of funds for Funds 247, 248 and 249.

Ayes: All                      Nays: None                      Motion carried.

**ITEM #5 – RESOLUTION DESIGNATING PUBLIC DEPOSITORY AND AUTHORIZING WITHDRAWAL OF CITY MONIES.**

C/T Ladick stated this document is updated periodically and specifies financial institutions that the City can do business with. He has added Charles Schwab to the list due to the pricing on bonds and bond markups being a little more competitive than our current provider. He also updated the section as to who can transact business on the City accounts. It was not clear with regards to the Public Utilities and Transportation Department, as to who could conduct business on their accounts, so that has now been clarified.

Ald. Slowinski stated he is going to abstain from the vote due to his wife working for a bank that was on the list.

Ald. Kneebone questioned how you get on the list. C/T Ladick replied that he reviews the institution and looks at their financial statements and also if a bank is offering more competitive interest rates, he will add them to the list.

Motion made by Ald. Van Stippen, seconded by Ald. Kneebone, to approve the resolution designating public depository and authorizing withdrawal of city monies.

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

**ITEM #6 – FUNDING FOR ENERGY EFFICIENT LIGHTING AT FIRE STATION #1.**

C/T Ladick stated the Fire Chief approached him stating that they had Focus on Energy do an analysis of the lighting at Fire Station #1 and they looked at adding LED lighting. The total cost is estimated at \$11,411 and it is estimated to save about \$4,900/year, so the potential payback would be 28 months.

He stated that the Chief had stated there are certain rebates that they could also get so it may come in cheaper.

Fire Chief Finn stated they had some lights go out in the Apparatus Room at Station #1 and that they found that the ballasts that were in there were the original lights from 1967. He had Focus on Energy come in and do an assessment of the lights in the Apparatus Room and the outside lights. The total cost was about \$14,700 and that they are getting \$3,316 in credits. This was an alternative to replacing the lights here and there.

Ald. Slowinski questioned if this was for the whole building. Fire Chief Finn replied it was just for the Apparatus Room and the outside lights. The inside lights were redone when the station was remodeled. They are not all LED, but some were put on motion detectors, which has helped.

Motion made by Ald. Phillips, seconded by Ald. Slowinski, to approve the funding for the energy efficient lights at Fire Station #1.

Ayes: All                      Nays: None                      Motion carried.

**ITEM #7 – FUNDING FOR THE PURCHASE OF SNOW REMOVAL EQUIPMENT FOR THE AIRPORT.**

C/T Ladick stated Sentry Insurance has approached us and asked us to upgrade our snow removal capabilities at the airport. The total cost of the equipment is \$620,000, of which Sentry has offered to cover \$550,000, leaving \$70,000 as the City share. We are also working on a renting a broom to work with the current plow for this winter.

Director Lemke stated this is a great opportunity for us as it is a piece of equipment that is custom built for snow removal operations at an airport. They are currently using a plow truck from the Streets Department. The plow on the new piece of equipment is more than twice the width of the Streets Department plow and can operate at a lot higher speed and at the same time "brooming" behind it to give a really good surface for airport operations.

Mayor Wiza stated by doing this, we will be putting a City plow back on the streets making the plowing of city streets more efficient.

Motion made by Ald. Phillips, seconded by Ald. Kneebone, to approve the funding for the purchase of the snow removal equipment for the airport.

Ald. Slowinski questioned if this was just for the purchase of the plow and not for the rental of the broom. Director Lemke replied this is just for the purchase and that the rental of the broom will come out of the operating budget.

Ayes: All                      Nays: None                      Motion carried.

**ITEM #8 – WRITE-OFF UNCOLLECTIBLE PERSONAL PROPERTY TAXES AND ACCOUNTS RECEIVABLE.**

C/T Ladick stated we do this annually and this year we do have a fairly large accounts receivable account that we are writing off that was related to a hockey team that used the Willett Ice Arena.

Mayor Wiza stated Central Wisconsin Saints club is gone and this amount is about one seasons worth of ice rental time at \$150/hour. We were unfortunate to extend a full seasons worth of rental and the group has disbanded and we have no way of collecting on it. This does not mean that if someone wants to pay the bill, we would not take it, we would still take payment for any of these accounts that are on the list.

C/T Ladick stated what we are doing from an accounting perspective is saying that we are no longer recognizing this on our books as an asset that we expect to get money for, we are not carrying it on our balance sheet as we just cannot say that we expect to receive this money. The other users at the

arena are reputable and we have not been worried about credit risk before. He stated this has been a wake-up call and we realize we will have to be more careful in the future.

City Attorney Beveridge stated during the time this happened, he had some direct conversations with the person who was in charge of the organization. He looked into the possibility of bringing some sort of lawsuit against the Saints but it looked like that would be pretty fruitless. It appeared as though the reason they were not able to pay their bills was that they were not collecting the fees from the players. He also looked into going after the director in a personal capacity which, under certain circumstances is difficult to do under the law; however, even based on that, it looked like it might not have been worth the cost and time.

Deputy C/T Freeberg noted that Point Oil Express has been found to still be in business, so that needs to be pulled from the list.

Ald. Phillips stated this took two years to build up to this amount of money, what is the procedure for collecting this and why weren't they cut off sooner.

Director Schrader stated the way we bill people had changed. He stated about five years ago they would bill people directly and the money would come back to them so they knew when the bill was paid. Then we went to central billing and in this particular case, the bill was sent out through the C/T office and even though it is changed now, there was a time when they did not know if they were getting paid. Once they found out the bills were not being paid, they met with the management of the Saints and about a month after they met with them, the owner died unexpectedly and the whole franchise went into turmoil and went for sale. The new owners agreed to pay back the debt they inherited from the old owners and they were paying back \$1,000 per month. After a few months they decided they were not going to pay us anymore so we inherited most of the old bill and some of the new bill, which is when the legal issue started. It was in the newspaper and stated City of Stevens Point kicks youth out of the Willett Arena. The problem was it was too late to tell them they could not come to the arena any longer as their season was over by the time this all came to a head. It is now set up that every month they get a list of who has not paid so that they can go to them and say they are not going on the ice until the bill is paid. He stated he has been here for over 30 years and this is the first time this has ever happened, it was weird circumstances and there is now a procedure in place so that it does not happen in the future.

Motion made by Ald. Kneebone, seconded by Ald. Patton, to write-off the uncollectible personal property taxes and accounts receivable with the exception of Point Oil Express.

Ald. Slowinski questioned where the money will come from. C/T Ladick stated it will come from the general fund as we have an expenditure line item for write-offs.

Ayes: All                      Nays: None                      Motion carried.

**ITEM #9 – APPROVAL OF PAYMENT OF CLAIMS.**

Motion made by Ald. Phillips, seconded by Ald. Patton, to approve the payment of claims in the amount of \$1,908,637.87.

The claims were discussed.

Ayes: All                      Nays: None                      Motion carried.

Adjournment at 8:31 P.M.