

**FINANCE COMMITTEE
JULY 10, 2017 AT 6:00 P.M.
LINCOLN CENTER – 1519 WATER STREET**

PRESENT: Ald. Phillips, Kneebone, Shorr, Johnson, and McComb.

ALSO

PRESENT: C/T Ladick; Mayor Wiza; City Attorney Beveridge; Clerk Moe; Directors Lemke, Schrader, Ostrowski, Beduhn; Police Chief Skibba; Fire Chief Finn; Ald. Slowinski, Morrow, Oberstadt, Dugan, Jennings, Nebel; Deputy C/T Freeberg; Neil Pendergast; Dave Ladick; Carla Gogin; Nathanael Enwald

ITEM #1 – PRESENTATION ON THE 2016 AUDIT REPORT BY BAKER TILLY.

Carla Gogin, Baker Tilly, presented the 2016 Audit report.

ITEM #2 – PRESENTATION ON THE CITY BUDGET PROCESS.

C/T Ladick gave a detailed presentation on the budget process.

ITEM #3 – ESTABLISHING A TIMELINE AND PROCESS FOR ADDRESSING CITY SPACE NEEDS AND HIRING AN ARCHITECT TO UPDATE THE FACILITIES STUDY DONE IN 2013, INCLUDING OPTIONS TO RELOCATE THE POLICE DEPARTMENT AND CITY HALL, AND COMPILER ESTIMATES OF CAPITAL AND OPERATIONAL COSTS FOR THE OPTIONS.

Director Ostrowski stated that a space study was done by Bray and Associates in 2013 to take a look at Mid-State Technical College to see about room for a City Hall/Police Department option. They presented a number of different scenarios but after the presentation, it never went anywhere. The costs were fairly significant. Since then a Space Needs group was put together consisting of 2 Alderpersons and a number of department heads. A number of different options were put out there and presented to Council with positives and negatives, estimated costs, etc., late last year. The space study done in 2013 may be a little outdated, but he feels it would still reflect most of the needs. This agenda item is on here to look at some options for moving forward and establish a timeline so we can address both space needs for the Police Department as well as City Hall. At the last meeting, we were directed to send a letter to the County and they will be reviewing the letter at the Space and Properties Committee meeting on 7-11-17.

Ald. Shorr stated he feels a decision can be made without revisiting another space study and says he has looked into the matter, listened to the Police Chief and has made a decision in his mind that the Police Department should move to Mid-State and City Hall needs to stay downtown.

Ald. Johnson stated she does not want to get stuck in the cycle of studies and also strongly supports moving the Police Department to Mid-State before this winter and leaving City Hall downtown to help strengthen business owners and the entire downtown area. She would like to see maybe 1 or 2 options at this point for City Hall but does not feel like we need any more studies as the work has been done already. She also would like the Police Chief to present his report.

Mayor Wiza clarified that the Police Chief will be presenting his findings at the next Council meeting. He also clarified that the issue is not about creating another study, it is about the actual design/remodel of the Mid-State building and finding out what the actual cost will be. We are looking for authorization to hire Bray to provide us with the costs needed to remodel Mid-State, which will be two-fold, getting the Police Department there as soon as possible and also, the full remodel. We need those two numbers before a decision can be made. Since Bray was already involved, we would like them to reanalyze our space needs to see if anything changed, but likely nothing has changed. We would get a better price to have it done at the same time. Basically, we are hoping that the Finance Committee can make a decision authorizing us to hire Bray to give us cost estimates to move the Police Department into the Mid-State building as soon as possible and subsequently the entire remodel cost. He also stated that

the Committee could also authorize hiring Bray to reevaluate the 2013 plan to see if our needs at City Hall have changed.

Ald. Slowinski stated he supports moving the Police Department into the Mid-State building but questioned what is happening with City Hall.

Ald. Phillips stated this has been talked about for a long time and there is a lot involved with building a new building, the costs are tremendous. We have already stated that we are leaving the County-City Building, so we need to investigate the costs involved with moving City Hall also. He supports the Police Department moving to the Mid-State building and feels that will be happening, but he wants a discussion held as to what is happening with City offices and what the costs are. He feels it would be worthwhile to look at this at the same time. Ald. Johnson stated she cannot support having the City offices at Mid-State. Ald. Phillips stated his constituents keep asking why everyone is not going to Mid-State due to lower cost, lower maintenance, and lower operational costs.

Ald. McComb stated it took her awhile to get to the point where she was agreeable to move the Police Department to Mid-State, but now she is fully for it. It seems to her like we have come to a solution before the analysis and being she is a downtown business person, she supports the other offices being downtown. She feels like we need to explore what the needs of the City offices are and go from there.

Mayor Wiza stated he agrees that City offices should be kept downtown, however, to alleviate holding up the Police Department, maybe the question needs to be split. He suggested a decision made to hire Bray Architect to evaluate the costs of the remodel for the Police Department and then take up the issue with City Hall separately.

Motion made by Ald. Shorr, seconded by Ald. McComb, to commission Bray to focus on studying the cost and design of moving the Police Department to the Mid-State building.

Ald. Johnson asked for a friendly amendment to the motion that while Bray is working on their plan, that we continue to work with the Police Department on their plan and have it integrated into what Bray is working on.

Mayor Wiza stated since things are getting confusing, he suggested something like authorizing the City to hire Bray Architects to determine the remodel costs to move the Police Department to Mid-State. The goal then would be, once we have those costs, the decision would then be made to move the Police Department or not move them.

Ald. Slowinski stated he understands that as a Council we want to expedite this to move the Police Department to Mid-State, but he took the agenda item as it was going to be dealt with as City Hall as a whole, including the Police Department. That being said, he does not understand the motion of moving forward with the Police Department but nothing with the rest of the City offices. He also asked what would be done with the rest of Mid-State if only the Police Department moves in.

Director Ostrowski commented that we do not have a proposal from them and he does not know if anyone has even contacted them to see if they would do the work. He suggested that maybe an appropriate motion would be to direct staff to contact Bray to see if they would be interested in doing a proposal to do the work.

Motion amended by Ald. Shorr to read, approve commissioning an architect to focus on studying the cost and design of moving the Police Department to the Mid-State building, Ald. McComb still seconded the motion.

Police Chief Skibba stated he contacted Bray Architects and they got back to him yesterday and stated they would be interested in taking their old work and updating it for an estimated \$7,500.

Ald. Kneebone asked if rather than having Bray redo the study, if it would be wiser to have them give us an estimate for modifying the building for just Police and then modifying the building to put City Hall and the Police there. She feels that maybe that would be cheaper in the long run.

Ald. Phillips stated that is what he was hoping to accomplish.

Ald. Slowinski stated we made it clear that we want to move out of the County building and it sounds like we are comfortable putting the Police Department at Mid-State, what are we going to do with the rest of the City offices. He does not want to push it off and say we will take care of that later, we need to do this as a package.

Ald. Shorr stated basically we have two options, City Hall also goes to Mid-State or we build a new building. He feels that some of the other alders have the same opinion as he does with regards to City Hall not going to Mid-State. Ald. Slowinski questioned what the other options were. Ald. Shorr stated that he is ready to have those discussions.

Ald. Phillips commented that he is confused as to why we would not spend \$7,500 for a project that would last approximately 50 years. Ald. Johnson stated the \$7,500 was just for the Police Department, Mayor Wiza confirmed that was true.

Director Ostrowski stated to keep things moving along that we should maybe have a contract with Bray, in front of the next Council. He also stated to keep in mind that any City function that moves to Mid-State also requires a conditional use permit, so another 30-60 days. Mayor Wiza stated we can use the proposal that Police Chief Skibba presented (attached) and have a contract drawn up by Monday's Council meeting.

Ayes: Ald. Shorr, McComb, Kneebone, and Johnson Nays: Ald. Phillips Motion carried.

Ald. Phillips stated we are now going to deal with the second part of this item, which is space needs for City Offices.

Motion made by Ald. Johnson, seconded by Ald. Shorr, to direct staff to start working on bringing the Space Needs Committee back together and create no more than 3 options for possible locations within the downtown for City Hall within the next 60 days.

Ald. Phillips stated he has been working on this for a couple of years and he does not know what prompted some not wanting to go to Mid-State. He has heard a lot of positive and the only negative is that it is not downtown. He feels that we are restricting ourselves too much with insisting City Hall be downtown and also the expense is going to be more than what some may think. He said we overspend and need to stop, we have a building and it is feasible to stay there for 50 years and we are ignoring it. He feels that the alderpersons need to represent their constituents, not their personal agendas.

Ald. Slowinski stated he feels that they are doing their constituents a disservice by not looking at the Mid-State option for City Hall. He stated it is going to be expensive to build a new building, we need to watch what we spend and having a building we own right now, we have to look at the option. He agreed with Ald. Kneebone in which he would like to see all the numbers and then make a decision.

Ald. McComb stated she agrees that we need to take a look to see what it would cost to move City Hall to Mid-State as one of the options.

Ald. Shorr stated we did reject an offer to purchase Mid-State by UWSP Physical Therapy department due to parking and preserving Goerke as a park. He had spoken with the Parks Director regarding the parking since it is an issue because of events that are held at the Willett Arena and the park itself. By moving all City Hall there with all the employees and all the visitors, it is starting to look a lot like the Physical Therapy proposal.

Ald. Johnson replied to the comments about representing constituents and stated that when they are elected they certainly represent their constituents, but each person is a unique individual with unique interests and needs. That being said, alderpersons are to represent their districts by using a variety of ways, such as evaluating data and information, etc. and looking at the whole picture. She agreed with Ald. Shorr regarding the parking issues and preserving the park. She feels that keeping City Hall downtown will help strengthen the business unit in our community and the return on investment will eventually anchor our downtown, TIF 6, etc. She feels that staff would eventually be bumping elbows again in the Mid-State building and is concerned about all the costs.

Director Schrader clarified that there is a big difference between City Hall/Police and the University as it relates to the park. The parking needs were after 5 p.m. and City Hall closes at 4, so there would not be an issue. He stated he would not discount Mid-State as a City Hall because of parking, there will not be a problem.

Ald. Phillips stated that Mid-State has a lot more square footage than the current City Hall does.

Ald. Shorr stated he either misunderstood or misremembered the previous discussion regarding the UWSP proposal. He does understand that the most intense conflict comes after hours and is associated with the Willett Arena. He thought he understood the discussion to not only be the evening hours for use and access of the park, preservation of the park. Director Schrader stated there is not much use or demand during the day. The University was bringing in 260 cars, they would fill the entire parking lot and also during the summer months when the pool is in session. For City Hall, there would be a max of 40-50 employees. He stated there is no comparison in the demand when it comes to parking between the two.

Motion amended by Ald. Johnson to direct staff to bring back the Space Needs Committee and direct them to create no more than 4 options for possible locations for City Hall, with one of those options to be the Mid-State building and the rest to be downtown, to the Finance Committee within the next 60 days, seconded by Ald. Shorr.

Director Ostrowski clarified that if Bray comes in and does the analysis for the Police Department and then we find out Mid-State is the best alternative for City Hall, we may have to revisit this and pay another fee to have it done over. Ald. Johnson stated that she understands that and still feels that it would be another \$7,500 well spent.

Ayes: All

Nays: None

Motion carried.

Ald. Phillips questioned what the next step is with regards to the current City Hall and suggested that we consult with a realtor to put our part of the County-City building on the market. Mayor Wiza replied that the County Space and Properties Committee has it on their agenda to discuss that offer to sell at a meeting tomorrow and he feels that it would be premature to make a decision regarding that tonight.

Mayor Wiza asked the City Attorney since the County Space and Property Committee will be considering that letter at their meeting tomorrow, and the agenda said, including options to relocate Police Department and City Hall, would it be appropriate to discuss the results of the Space and Properties meeting, should there be any decisions made at that meeting, under this agenda item. City Attorney Beverage replied that the Council agenda is not bound by what appears on the Finance Committee agenda.

Ald. Phillips asked if that would then appear on the Council agenda. Mayor Wiza asked to allow him the flexibility that if there is something that we think needs discussion after the Space & Properties meeting, we will have it on the Council agenda for Monday's meeting.

ITEM #4 – FUNDING FOR NEW CONFINED SPACE ENTRY EQUIPMENT FOR THE PARKS DEPARTMENT.

Director Schrader stated that currently they have confined space entry equipment and when CVMIC came in and did a seminar for us on how to use the equipment, they stated it was outdated as it is 15 years old, and stated we needed to replace it.

Ald. Phillips verified this was our new insurance carrier.

Director Schrader stated that was good because we do not want people going down into confined spaces with equipment that does not meet the new standards.

C/T Ladick added that one of the nice things with CVMIC is that they have a safety grant program, which we are allocated \$7,000 per year. The departments have already been taking advantage of that, so there is only about \$3,000 left, and with the total expense being \$10,727, \$3,000 would be safety grant and approximately \$7,700 would then come from contingency. He stated that he would like to get the grant money spent, but he wanted to make the Committee aware that if a department comes up with an item related to safety, we would then be asking for the Committee's consideration on funding that item.

Ald. Johnson questioned if other departments have the equipment and if that could be borrowed. Director Schrader stated yes, Public Works has the equipment and no, they cannot borrow it due to a possible overlap of needing the equipment.

Motion made by Ald. Phillips, seconded by Ald. Johnson, to approve the purchase of the confined space entry equipment for the Parks department.

Ayes: All Nays: None Motion carried.

ITEM #5 – ADJUST THE FEE FOR SPECIAL ASSESSMENT LETTERS (PROPERTY STATUS REPORTS).

Director Ostrowski stated that the City gets special assessment letters, which are disseminated to different departments with regards to any special assessments on these properties or any monies owed on these properties. He went on to state that we are starting to expand that now to include any outstanding orders on the property, etc. It currently gets passed around to approximately 5 different departments and the fee is currently at \$15 and we are requesting it be increased to \$75 to be more in line with some of the actual costs that it takes to administer this service.

Motion made by Ald. Shorr, seconded by Ald. Kneebone, to adjust the fee for special assessment letters from \$15 to \$75.

Ayes: All Nays: None Motion carried.

ITEM #6 – FUNDING FOR THE CENTER FOR ENTREPRENEURSHIP AND CREATIVITY.

C/T Ladick stated that he did extend the invite to Greg Wright to attend, but unfortunately he had another commitment. He will be at the Council meeting Monday night with his annual report presentation. This would be the third and final payment that we committed to. We committed to \$10,000 per year for 3 years.

Mayor Wiza stated the annual report for the Idea Center will be a presentation at Monday's Council meeting. We had committed \$10,000 a year for 3 years to get the Idea Center off the ground and his opinion was that it was very slow the first two years, but the third year has gained some traction. They will be asking for continuing financing in a more sustainable manner, so be prepared as that will be up for the Council to decide.

Ald. Phillips stated the last time we approved this, he challenged him to come up with something that they had done so until he hears what that is, he cannot make a decision as to whether he wants to fund the \$10,000 or not.

Ald. Slowinski clarified that this is the \$10,000 that we have committed to. Mayor Wiza stated for 3 years this \$10,000 has been approved and in the budget.

C/T Ladick stated we pledged that we would do \$10,000 a year over 3 years. We gave them the first \$10,000 and when it came to the second year, we had a little bit of a discussion as we wanted to see what they were doing as they hadn't really gotten off the ground. We agreed to give him the second \$10,000 but we wanted him to come back again to give us an update before making the third payment. If they still had not gotten it open when they said they were going to, we would have been within our rights to say you did not hold up your end and we are not giving you anymore. The additional money that they will be asking for will be discussed at a later time, it is not part of this agenda item.

Motion made by Ald. Johnson, seconded by Ald. McComb, to approve funding the Center for Entrepreneurship and Creativity the \$10,000 that has been budgeted and committed to.

Ayes: Ald. Shorr, McComb, Kneebone, and Johnson Nays: Ald. Phillips Motion carried.

ITEM #7 – CONSIDERATION OF CLAIM-RACHEL LEACH/MARK ATKINSON-DAMAGE TO CAR FROM FALLING TREE.

C/T Ladick explained that this was during the evening of the storm that went through on June 12 when a number of trees in the City came down. We received this claim because their son's car was parked in their driveway and a City street tree fell over and hit the car. The claim was submitted to our insurance company, to which they replied that it was an act of God and that the City was not negligent in anyway. They suggested that this person should submit this to their insurance company as we cannot be liable for every tree that could fall in the City. He also noted that there was several other claims related to that storm event and flooding and those were against the Stormwater Utility so the Board of Water and Sewerage Commissioners will be taking those up and then they will forward a recommendation to Council.

Mayor Wiza stated that the Board of Water and Sewerage Commissions met today and they upheld the CVMIC decision to deny the claims related to flooding as well.

Motion made by Ald. Kneebone, seconded by Ald. Schorr, to deny the consideration of claim for Rachel Leach/Mark Atkinson.

Ayes: All Nays: None Motion carried.

ITEM #8 – APPROVAL OF PAYMENT OF CLAIMS.

Ald. Johnson questioned if it would be possible to change the wording of this since the claims have already been paid. C/T Ladick agreed.

Motion made to approve the payment of claims in the amount of \$716,444.00

Ayes: All Nays: None Motion carried.

Adjournment at 8:19 P.M.



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CITY OF STEVENS POINT
REPORT TO THE CITY COUNCIL

July 11, 2017

Presented By:

Baker Tilly Virchow Krause, LLP
Ten Terrace Court
P.O. Box 7398
Madison, WI 53707-7398
800 362 7301

Dan La Haye, CPA, Manager
Carla Gogin, CPA, Partner

Actual data was derived from current and prior years audited financial statements

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CITY OF STEVENS POINT
2016 FINANCIAL STATEMENT HIGHLIGHTS

GENERAL FUND - NET CHANGE IN FUND BALANCE

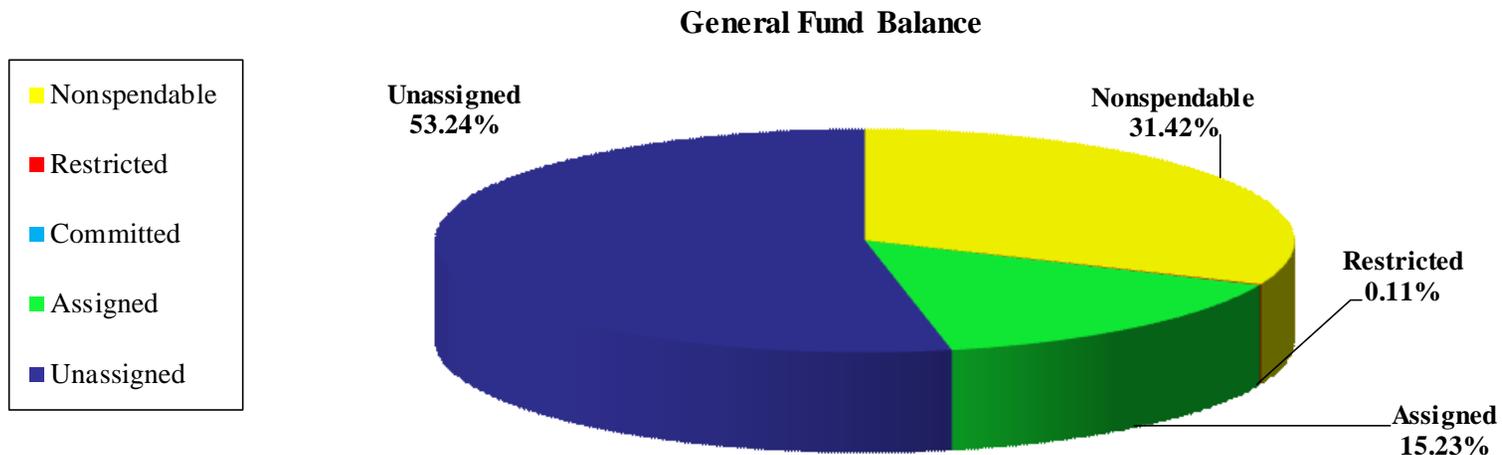
	<u>2016</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Favorable Variance</u>
Total Revenues	\$ 21,171,088	\$ 20,708,610	\$ 462,478
Other Financing Sources	1,134,566	1,100,000	34,566
Less: Expenditures	(20,572,478)	(21,506,297)	933,819
Less: Other Financing Uses	<u>(1,062,665)</u>	<u>(675,785)</u>	<u>(386,880)</u>
Net Change in Fund Balance	670,511	(373,472)	1,043,983
Fund Balance Beg. of Year	<u>19,920,640</u>	<u>19,920,640</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 20,591,151</u>	<u>\$ 19,547,168</u>	<u>\$ 1,043,983</u>

CITY OF STEVENS POINT

2016 FINANCIAL STATEMENT HIGHLIGHTS

DETAILS OF GENERAL FUND BALANCE

	<u>2016</u>
<u>Nonspendable</u> <i>includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.</i>	\$6,470,353
<u>Restricted</u> <i>includes fund balance amounts that can be spent only for the specific purposes stipulated by an external source.</i>	22,554
<u>Committed</u> <i>includes fund balance amounts constrained for specific purposes that are internally imposed by government through formal action of the governing body.</i>	-
<u>Assigned</u> <i>includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed.</i>	3,136,274
<u>Unassigned</u> <i>includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories.</i>	10,961,970
Total General Fund Balance	<u><u>\$ 20,591,151</u></u>



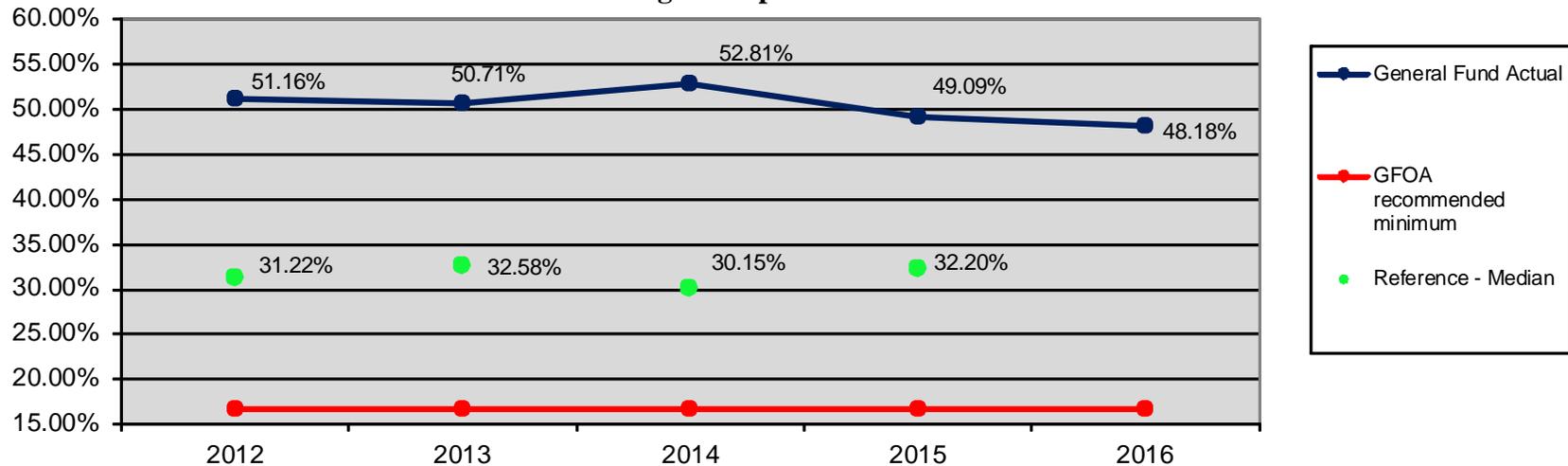
CITY OF STEVENS POINT

2016 FINANCIAL STATEMENT HIGHLIGHTS

ANALYSIS OF GENERAL FUND BALANCE

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Unassigned Fund Balance	11,126,592	10,912,994	11,593,873	10,888,110	10,961,970
GF Actual Subsequent Years Expenditure Budget	21,749,259	21,521,298	21,955,766	22,182,082	22,750,462
% of expenditures	51.16%	50.71%	52.81%	49.09%	48.18%

**Unreserved or Unrestricted General Fund Balance
as a Percentage of Expenditures**



GFOA recommended range for % of expenditures:
Acceptable range per city policy:

no less than 2 months of regular GF operating expenditures
4-6 months of the following year's budgeted general fund expenditures

Reference values for the population range: 17,500 to 30,000 generated from 2012-2015 Baker Tilly municipal client data for Wisconsin.

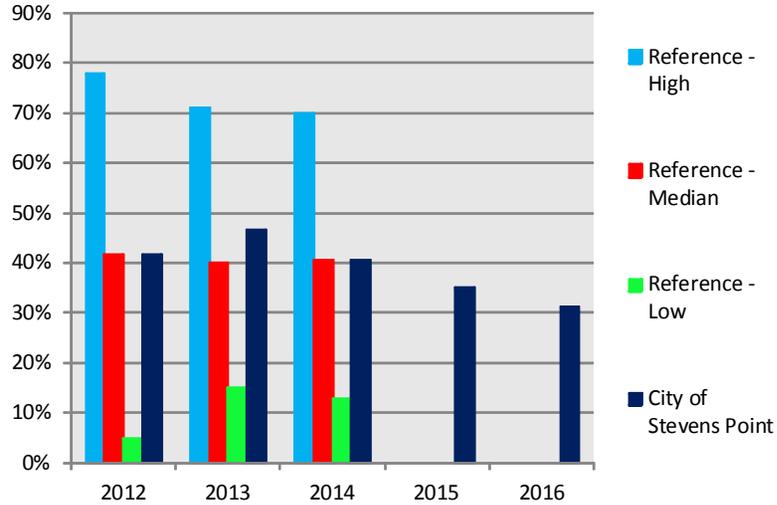
CITY OF STEVENS POINT

2016 FINANCIAL STATEMENT HIGHLIGHTS

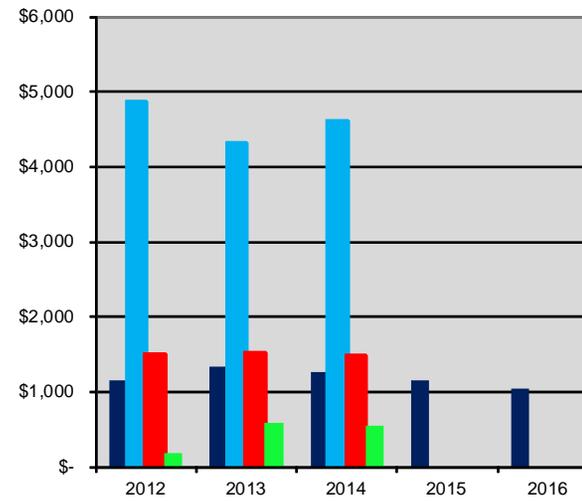
GENERAL OBLIGATION DEBT OUTSTANDING

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Total General Obligation (G.O.) Debt (net)</u>					
City	\$ 28,982,272	\$ 33,530,027	\$ 31,944,111	\$ 28,869,176	\$ 26,287,044
Utilities	<u>1,996,814</u>	<u>1,908,187</u>	<u>1,801,663</u>	<u>1,678,055</u>	<u>1,545,862</u>
TOTAL	<u>\$ 30,979,086</u>	<u>\$ 35,438,214</u>	<u>\$ 33,745,774</u>	<u>\$ 30,547,231</u>	<u>\$ 27,832,906</u>
Population	26,717	26,670	26,673	26,658	26,604
G.O. Debt Capacity	\$ 74,429,455	\$ 76,148,020	\$ 83,248,635	\$ 87,019,990	\$ 88,864,330
G.O. debt per capita	\$ 1,160	\$ 1,329	\$ 1,265	\$ 1,146	\$ 1,046
% of debt limit	42%	47%	41%	35%	31%

Percentage of Debt Limit



G.O. Debt Outstanding - Per Capita



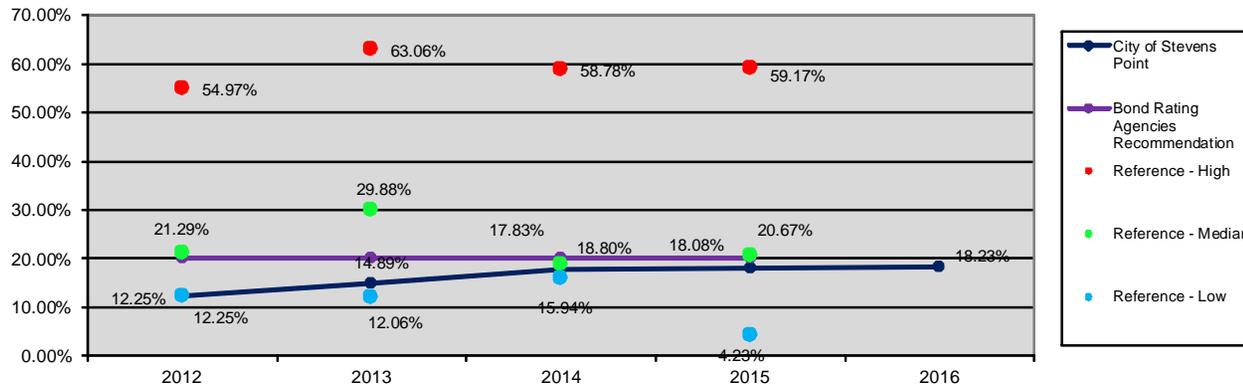
2012-2014 Reference values for the population range: 17,500 to 30,000 taken from *MunicipalFacts15* publication by the Wisconsin Taxpayers Alliance, 2015.

CITY OF STEVENS POINT 2016 FINANCIAL STATEMENT HIGHLIGHTS

ANALYSIS OF DEBT SERVICE - GOVERNMENTAL FUNDS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Total Debt Service</u>					
Principal	\$ 2,771,974	\$ 3,272,245	\$ 3,955,916	\$ 4,284,935	\$ 4,852,132
Interest	<u>1,039,973</u>	<u>1,039,205</u>	<u>1,013,820</u>	<u>909,828</u>	<u>851,830</u>
TOTAL	<u>\$ 3,811,947</u>	<u>\$ 4,311,450</u>	<u>\$ 4,969,736</u>	<u>\$ 5,194,763</u>	<u>\$ 5,703,962</u>
<u>Total Non-Capital Expenditures</u>					
Total governmental funds expenditures	\$ 35,458,322	\$ 33,884,974	\$ 31,612,597	\$ 30,782,914	\$ 36,890,308
Less: capital outlay	<u>(4,341,670)</u>	<u>(4,931,942)</u>	<u>(3,739,571)</u>	<u>(2,046,001)</u>	<u>(5,600,336)</u>
TOTAL NON-CAPITAL EXPENDITURES	<u>\$ 31,116,652</u>	<u>\$ 28,953,032</u>	<u>\$ 27,873,026</u>	<u>\$ 28,736,913</u>	<u>\$ 31,289,972</u>
% of debt service to non-capital expenditures	12.25%	14.89%	17.83%	18.08%	18.23%

Debt Service to Non-Capital Expenditures



	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Bond rating agencies recommended %	20.00%	20.00%	20.00%	20.00%
High - Reference:	54.97%	63.06%	58.78%	59.17%
Median - Reference:	21.29%	29.88%	18.80%	20.67%
Low - Reference:	12.25%	12.06%	15.94%	4.23%

Reference values for the population range: 17,500 to 30,000 generated from 2012-2015 Baker Tilly municipal client data for Wisconsin.

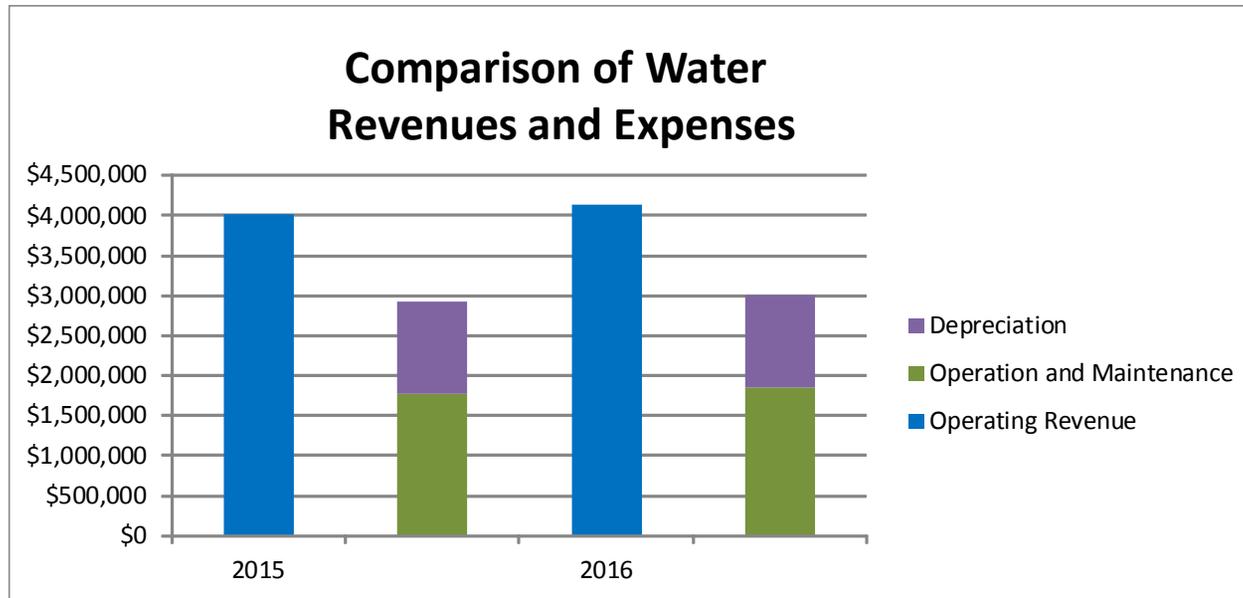
CITY OF STEVENS POINT
2016 FINANCIAL STATEMENT HIGHLIGHTS

HISTORICAL SUMMARY OF TAX INCREMENTAL FINANCING DISTRICTS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2016

	<u>TIF District No. 5</u>	<u>%</u>	<u>TIF District No. 6</u>	<u>%</u>
<u>Sources of funds</u>				
Tax increments	\$ 2,794,404	97%	\$ 428,015	3%
Exempt computer aid	100,279	3%	319,652	2%
Intergovernmental	-	0%	784,500	6%
Investment income and miscellaneous	4	0%	937,440	7%
Subsidy from TIF No. 7	-	0%	261,000	2%
Transfer In	-	0%	3,000	0%
Premium on bonds	-	0%	13,521	0%
Capital lease issued	-	0%	140,000	1%
Long-term debt issued	-	0%	10,944,945	79%
TOTAL	\$ 2,894,687	100%	\$ 13,832,073	100%
<u>Uses of Funds</u>				
Capital expenditures	412,608	18%	11,176,681	60%
Developer Payments	1,785,918	79%	1,200,000	6%
Professional Services	58,036	3%	143,696	1%
Discount on long-term debt	-	0%	47,720	0%
Transfer Out	-	0%	-	0%
Transfer Out	-	0%	-	0%
Debt issuance costs	-	0%	75,344	0%
Interest on debt	-	0%	1,712,288	9%
Principal on lease obligation	-	0%	40,000	0%
Principal on long-term debt	-	0%	4,126,674	22%
TOTAL	\$ 2,256,562	100%	\$ 18,522,403	100%
TIF Fund Balance (deficit) - December 31, 2016	\$ 638,125		\$ (4,690,330)	
<u>Calculation of Net Cost Recoverable through TIF Increments</u>				
General obligation debt/lease outstanding	\$ -		\$ 6,918,271	
Less TIF Fund Balance / Add Fund Balance deficit - December 31, 2016	(638,125)		4,690,330	
Net cost (recovered) recoverable through TIF increments - December 31, 2016	\$ (638,125)		\$ 11,608,601	
Creation date:	May 16, 2005		May 15, 2006	
Last date to incur project costs:	May 16, 2027		May 15, 2028	
Last year to collect increment:	2033		2033	

	<u>TIF District No. 7</u>	<u>%</u>	<u>TIF District No. 8</u>	<u>%</u>	<u>TIF District No. 9</u>	<u>%</u>
<u>Sources of funds</u>						
Tax increments	\$ 3,854,039	32%	\$ -	0%	\$ 669,177	11%
Exempt computer aid	211,189	2%	66,364	100%	7,163	0%
Intergovernmental	-	0%	-	0%	-	0%
Investment income and miscellaneous	14,043	0%	9	0%	3,006,468	50%
Transfer from water utility	-	0%	-	0%	-	0%
Transfer In	-	0%	-	0%	-	0%
Premium on bonds	92,841	1%	-	0%	34,830	1%
Capital lease issued	-	0%	-	0%	-	0%
Long-term debt issued	<u>7,995,000</u>	66%	<u>-</u>	0%	<u>2,350,000</u>	39%
TOTAL	<u>\$ 12,167,112</u>	100%	<u>\$ 66,373</u>	100%	<u>\$ 6,067,638</u>	100%
<u>Uses of Funds</u>						
Capital expenditures	3,287,180	27%	391,167	43%	1,837,141	50%
Developer Payments	2,244,127	19%	515,000	56%	1,248,451	34%
Professional Services	78,857	1%	8,376	1%	4,053	0%
Discount on long-term debt	-	0%	-	0%	-	0%
Transfer Out	3,000	0%	-	0%	-	0%
Subsidy to TIF No. 6	261,000	2%	-	0%	-	0%
Debt issuance costs	144,379	1%	-	0%	112,344	3%
Interest on debt	1,274,631	11%	-	0%	113,640	3%
Principal on lease obligation	-	0%	-	0%	-	0%
Principal on long-term debt	<u>4,690,000</u>	39%	<u>-</u>	0%	<u>385,000</u>	10%
TOTAL	<u>\$ 11,983,174</u>	100%	<u>\$ 914,543</u>	100%	<u>\$ 3,700,629</u>	100%
TIF Fund Balance (deficit) - December 31, 2016	\$ 183,938		\$ (848,170)		\$ 2,367,009	
<u>Calculation of Net Cost Recoverable through TIF Increments</u>						
General obligation debt outstanding	\$ 3,305,000		\$ -		\$ 2,170,000	
Less TIF Fund Balance / Add Fund Balance deficit - December 31, 2016	<u>(183,938)</u>		<u>848,170</u>		<u>(2,367,009)</u>	
Net cost (recovered) recoverable through TIF increments - December 31,	<u>\$ 3,121,062</u>		<u>\$ 848,170</u>		<u>\$ (197,009)</u>	
	Creation date:	April 30, 2008	May 17, 2010	January 1, 2013		
	Last date to incur project costs:	April 30, 2023	May 15, 2025	May 20, 2028		
	Last year to collect increment:	2028	2030	2033		

Stevens Point Utilities

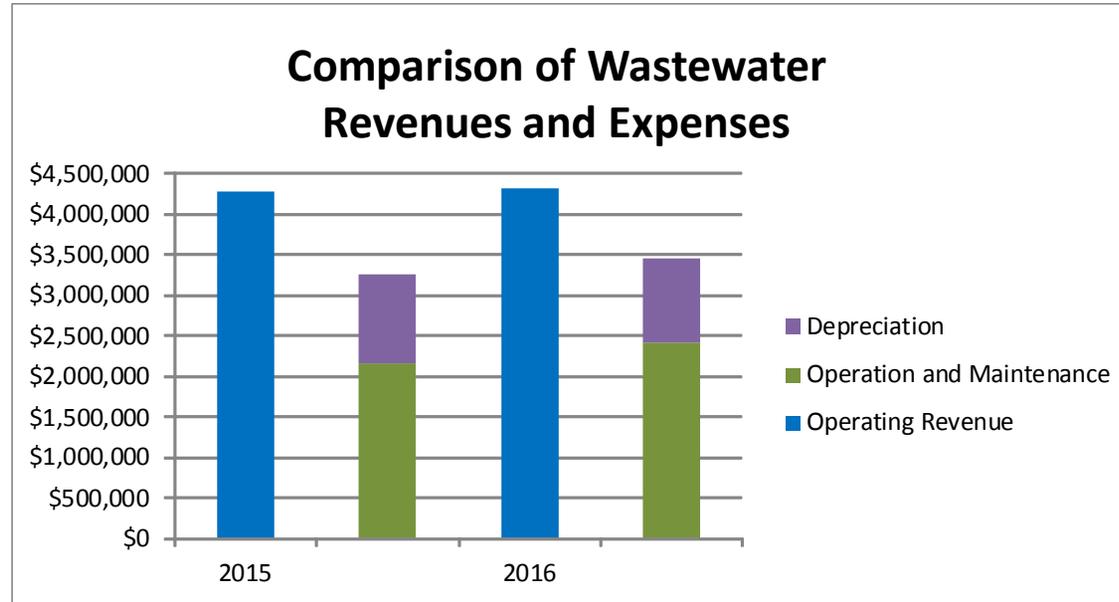


	2015	2016
Operating Revenues	\$4,020,784	\$4,137,751
Operating Expenses		
Operation and maintenance	1,767,625	1,845,441
Depreciation	1,148,553	1,162,430
Total	<u>2,916,178</u>	<u>3,007,871</u>
Operating Income	<u>\$1,104,606</u>	<u>\$1,129,880</u>

What it means...

Water revenues increased in 2016 compared to 2015 due to a large industrial customer write off in the prior year. Operation and maintenance costs increased slightly compared to the prior year due to more transmission and distribution maintenance.

Stevens Point Utilities

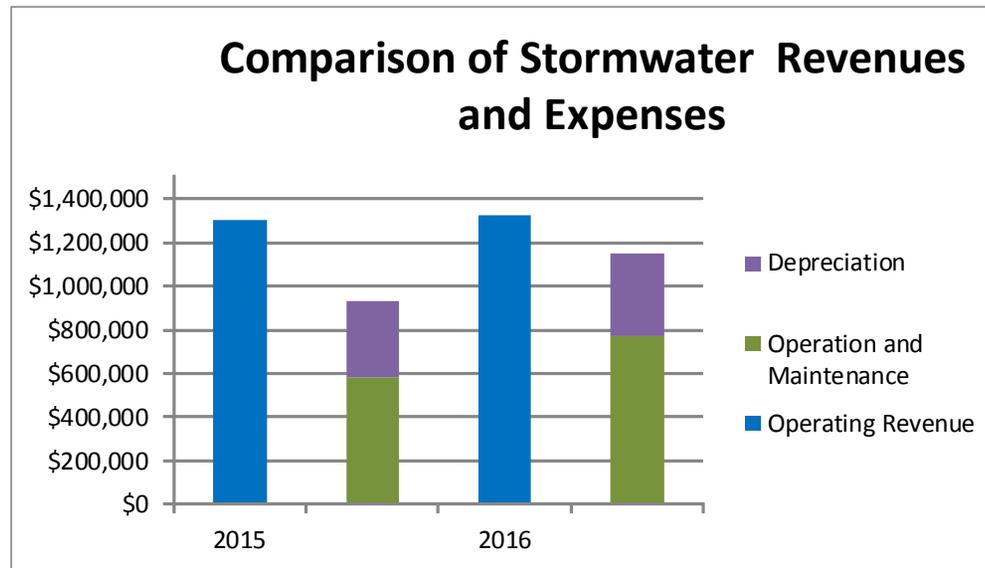


	<u>2015</u>	<u>2016</u>
Operating Revenues	\$4,282,252	\$4,313,357
Operating Expenses		
Operation and maintenance	2,171,237	2,414,536
Depreciation	<u>1,092,890</u>	<u>1,039,100</u>
Total	<u>3,264,127</u>	<u>3,453,636</u>
Operating Income	<u>\$1,018,125</u>	<u>\$ 859,721</u>

What it means...

Operating revenues slightly increased in 2016 compared to 2015 due to increased high strength surcharge billings. Operation and maintenance expenses increased 11% from 2015 mainly due to increased collection system maintenance.

Stevens Point Utilities

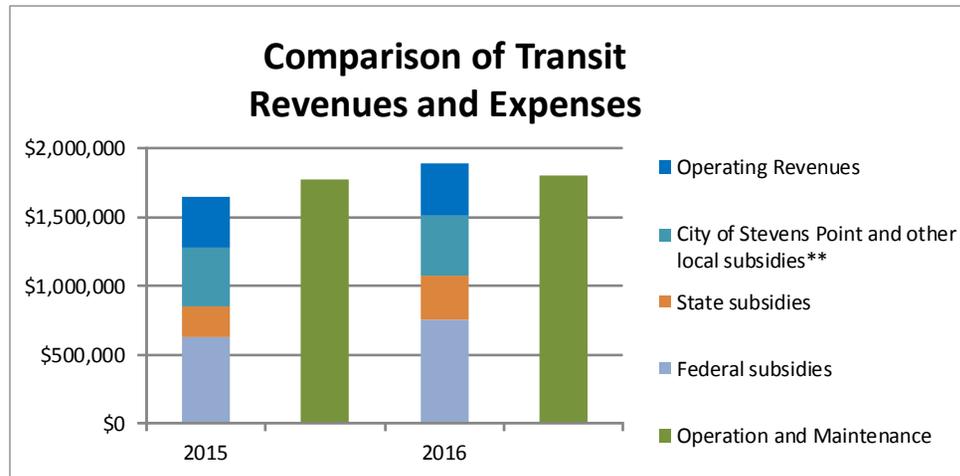


	<u>2015</u>	<u>2016</u>
Operating Revenues	\$ 1,302,352	\$ 1,320,926
Operating Expenses		
Operation and maintenance	580,725	772,602
Depreciation	<u>353,030</u>	<u>373,959</u>
Total	<u>933,755</u>	<u>1,146,561</u>
Operating Income	<u>\$ 368,597</u>	<u>\$ 174,365</u>

What it means...

The rates charged generated sufficient operating revenues to recover the operating expenses incurred for both 2015 and 2016. The decrease in operating income was due to an increase in operation and maintenance expenses mainly due to increased maintenance costs as well as an increase in depreciation.

Stevens Point Utilities



	<u>2015</u>	<u>2016</u>
Operating Revenues	\$ 363,980	\$ 375,989
City of Stevens Point and other local subsidies**	424,197	439,759
State subsidies	230,102	320,383
Federal subsidies	<u>626,032</u>	<u>756,410</u>
Total	<u>1,644,311</u>	<u>1,892,541</u>
Operation and maintenance	<u>1,774,353</u>	<u>1,801,829</u>
Net Result of Operations*	<u>\$ (130,042)</u>	<u>\$ 90,712</u>

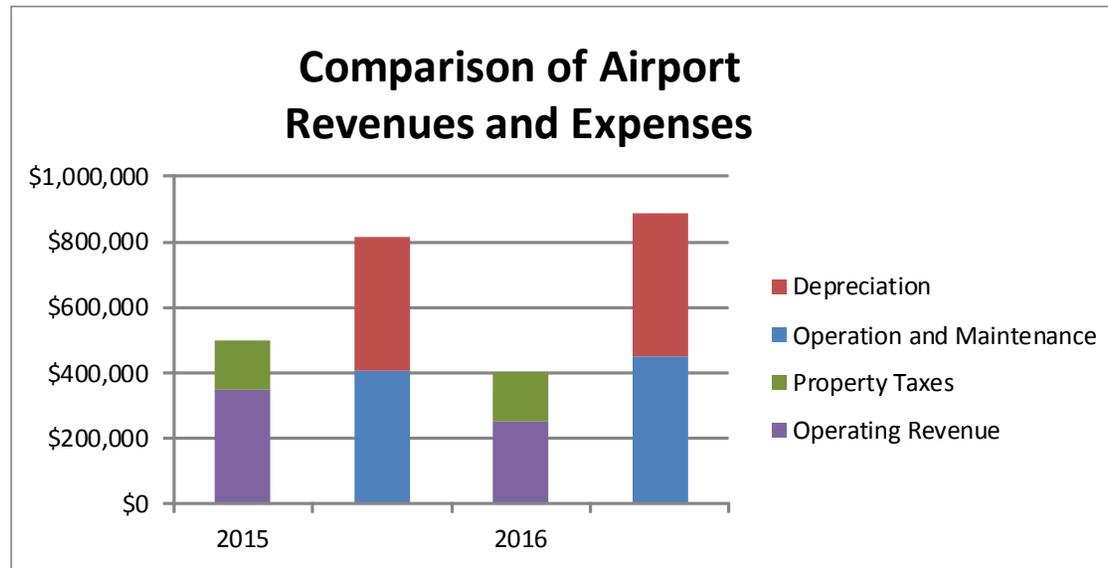
What it means...

The transit department had a \$248,000 increase in operating and non-operating revenues and a slight increase in operations and maintenance expense in 2016 versus 2015.

*This excludes depreciation, capital contributions and debt service.

**This excludes debt service forgiven through transfer.

Stevens Point Utilities

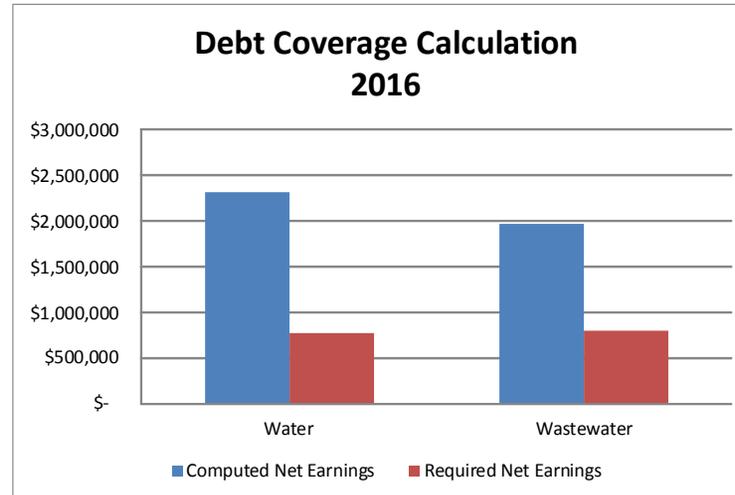


	2015	2016
Operating Revenues	\$ 349,595	\$ 250,113
Property Taxes	150,000	150,000
Total	<u>499,595</u>	<u>400,113</u>
Operating Expenses		
Operation and maintenance	406,684	452,501
Depreciation	409,089	435,894
Total	<u>815,773</u>	<u>888,395</u>
Net Result of Operations	<u>\$ (316,178)</u>	<u>\$ (488,282)</u>

What it means...

The results of operations are relatively close to a break-even excluding depreciation, which is a non-cash item.

Stevens Point Utilities



	Water	Wastewater
Operating Revenues	\$ 4,137,751	\$ 4,313,357
Investment Income	23,575	8,442
Miscellaneous non-operating income (expense)	(277)	66,833
Less: O & M Expenses	<u>(1,845,441)</u>	<u>(2,414,536)</u>
Computed Net Earnings	<u>\$ 2,315,608</u>	<u>\$ 1,974,096</u>
Highest Annual Debt Service - Revenue Bonds	706,630	\$ 643,326
Coverage Factor	<u>1.10</u>	<u>1.25</u>
Required Net Earnings	<u>\$ 777,293</u>	<u>\$ 804,158</u>
Difference	<u>\$ 1,538,315</u>	<u>\$ 1,169,938</u>
Coverage	<u>3.28</u>	<u>3.07</u>

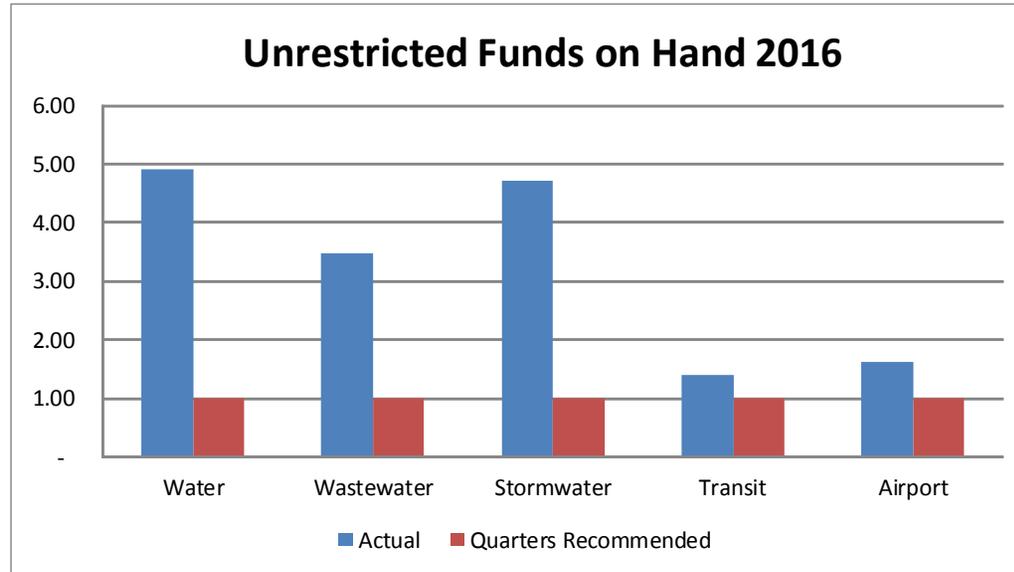
What it means....

The water department bond resolution requires that earnings from the system be greater than 1.10 times the highest annual debt service.

The wastewater department bond resolutions require that earnings from the system be greater than 1.25 times the revenue bond annual debt service based on the bond year.

Both departments have met their requirement as shown above.

Stevens Point Utilities



	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>	<u>Transit</u>	<u>Airport</u>
Minimum Funding Benchmark 1 Quarter Operations	<u>\$ 1,034,438</u>	<u>\$ 1,078,339</u>	<u>\$ 330,232</u>	<u>\$ 450,457</u>	<u>\$ 113,125</u>
Actual Unrestricted Funds on Hand	<u>\$ 5,083,854</u>	<u>\$ 3,760,277</u>	<u>\$ 1,554,130</u>	<u>\$ 634,308</u>	<u>\$ 182,686</u>
Quarters Operations on Hand	<u>4.91</u>	<u>3.49</u>	<u>4.71</u>	<u>1.41</u>	<u>1.61</u>

What it means....

An enterprise fund should maintain funds to cover its operations in a normal business operation cycle (i.e. quarterly, monthly) plus a contingency. In addition, an enterprise fund should have available an amount equal to one year's capital improvements. These funding levels facilitate budgeting since there will be less concern for business cycle fluctuations.

Overview of Budget Process

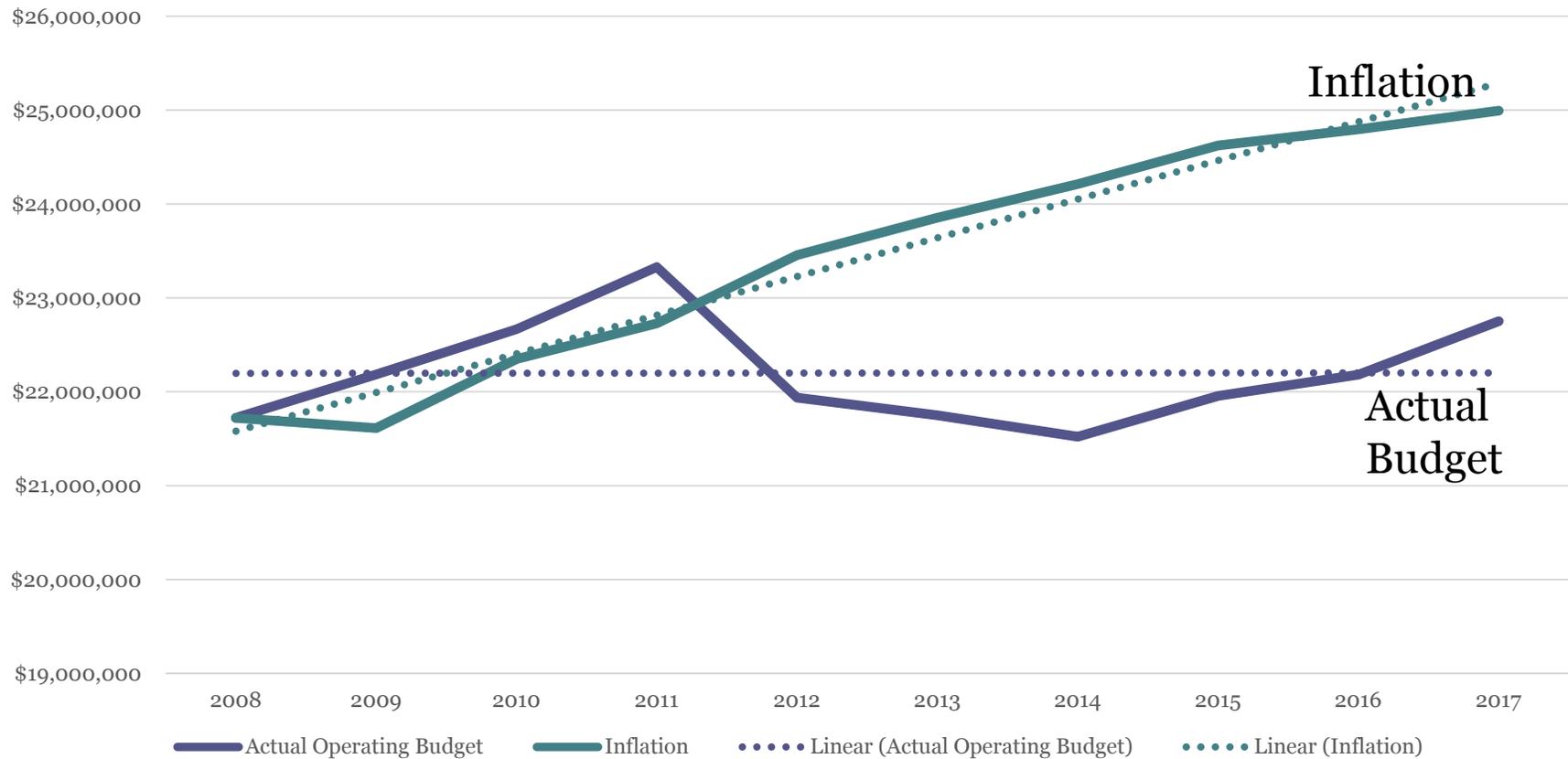
Key Philosophies

Procedures and Timeline

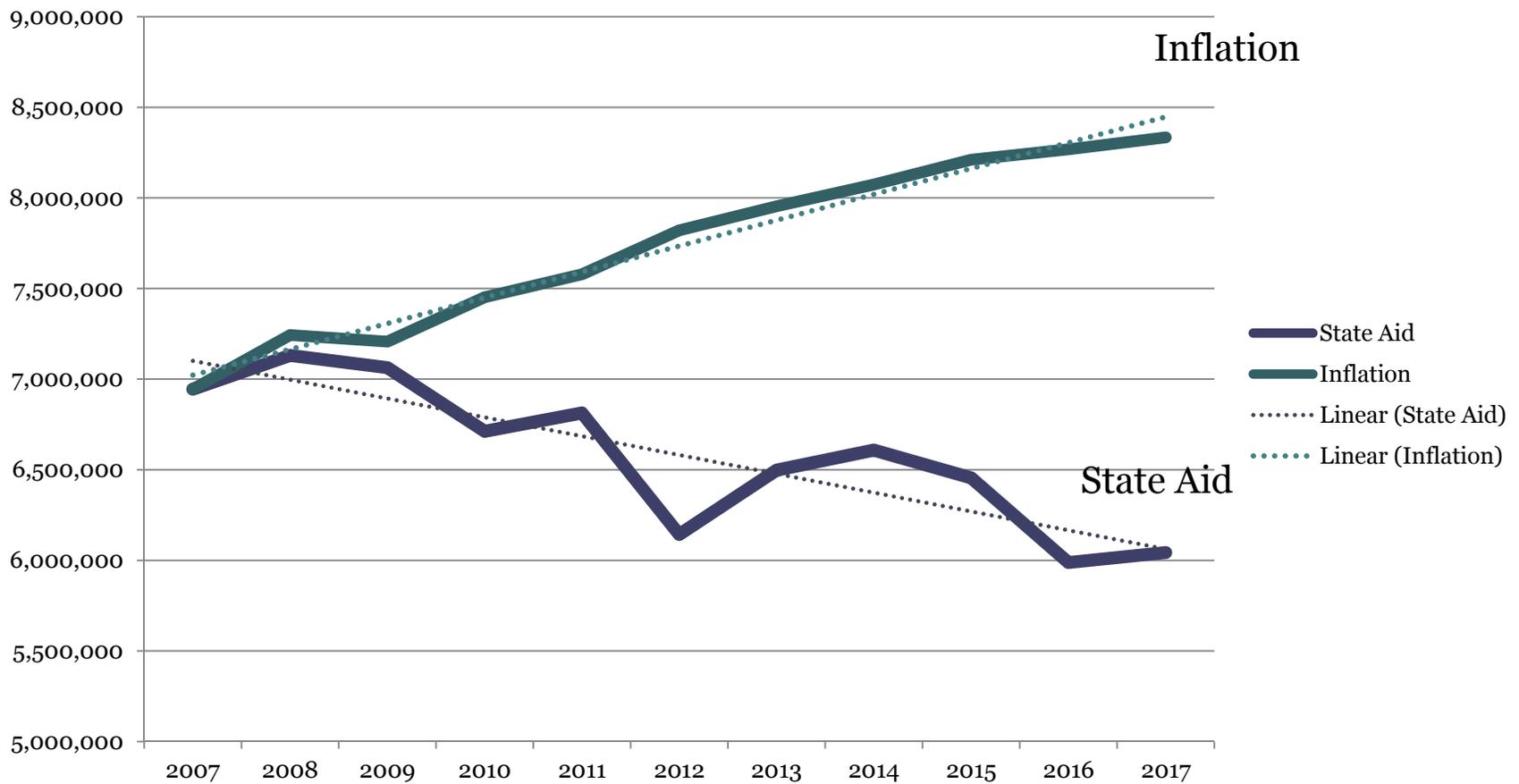


Current Budgetary Environment

Total City Operating Budget



City of Stevens Point: State Aid



Capital Vs. Operating

Capital

- Lasts for a long period of time
- Can fund through borrowing
- Effectively Unrestricted by levy limits

Operating

- May Last for Short Period of Time
- Cannot fund with borrowing
- Tightly restricted by Levy Limits

Capital Vs. Operating (Cont.)

Capital

- Variation from year to year may be okay
- Size: \$5.5 Million
- Examples:
 - Street Construction
 - Vehicles
 - Equipment
 - Building Construction

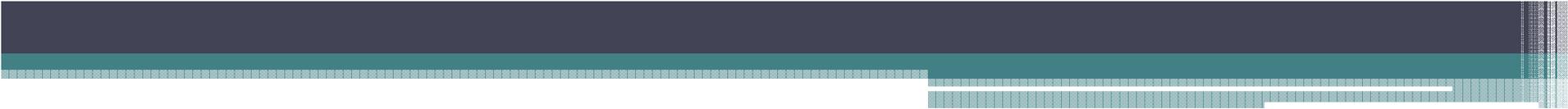
Operating

- Consistency is Expected
- Size: \$22.9 Million
- Examples:
 - Personnel (Salaries)
 - Utilities
 - Fuel
 - Insurance



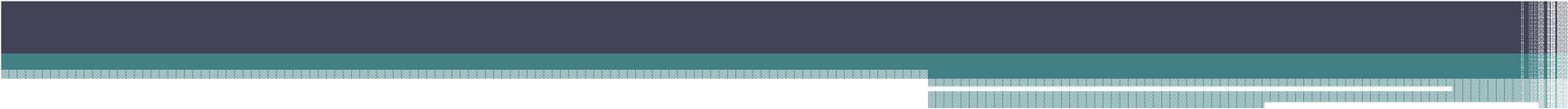
History of Processes and Philosophies

- Took over in 2013, first budget was 2014 budget.
- Initial goal was to avoid any significant changes for first year.
- Have made some changes since then
 - Split the process for approving Operating and Capital budgets, more than doubling the time for Council review
 - Now include original request vs. recommendations in capital budget to allow you to see changes that were made (Council Request)
 - Incorporating Long Term Capital Analysis into Capital budget (Ongoing process)
- Kept what works



Key Philosophies We've Kept

- Some Budgetary Decisions are best left to the Departments.
- Some Items are Outside of a Department's Control, requiring us to pool financial impacts.
- We budget for Continuity of Services
- We don't punish good behavior

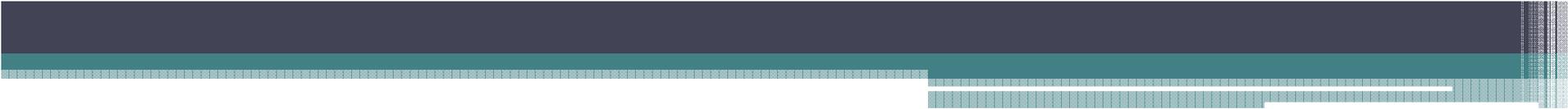


Decisions Left to Departments

- Office Supplies
- Mileage
- Gen Seminar/Education
- Tools and Supplies
- Gen Building Maintenance
- Contracted Services
- Overtime

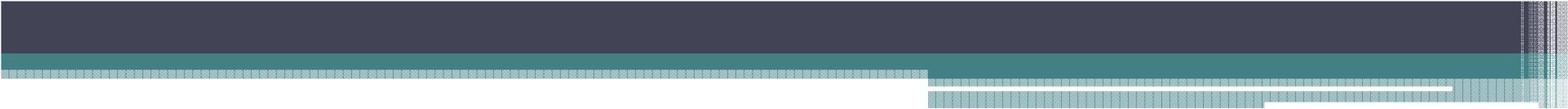
Note: Due to budgetary constraints, any increases need to be offset by decreases in other line items.

With the exception of overtime, no recent inflationary increases.



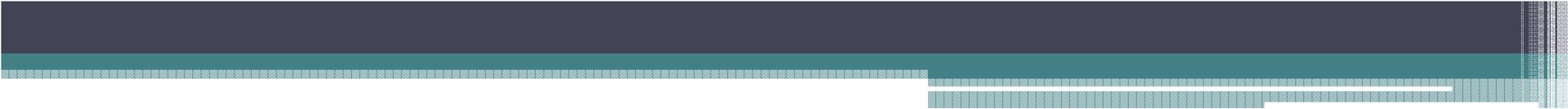
Pooled Financial Impacts-Outside of Departmental Control

- **Salaries**
 - Cost of Living Adjustment
 - Step Progression in Pay Plan (or Union wage rate)
- **Benefits**
 - Health Insurance
 - Both Rates and Participation can Change
 - Work Comp
 - WRS (Pension)
- Every Budget Has Positives and Negatives
- Hopefully there are enough Positives to offset the Negatives



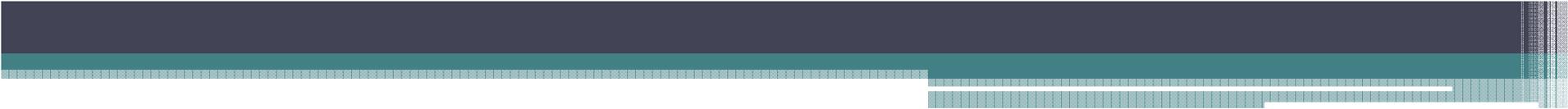
Examples of Financial Negatives (Covered with Overall Budget)

- An Employee moves to the next step in the Pay Plan
- An Employee adds City Health Insurance
- Across the board wage increases (Pay Plan and Union Agreements)
- A State Aid Payment is Reduced
- Insurance costs go up
- State Pension rates go up



Examples of Financial Positives (Used to Cover the Negatives)

- An Employee leaves, replaced with someone at a lower step in the Pay Plan.
- An Employee drops City Health Insurance
- Net New Construction allows for increased property tax collections
- The City increases a fee/Collects more Revenue
- A State Aid payment goes up
- State Pension Rates go down



Continuity of Services

- **Case Study: Wausau-Mowing Parks**
 - For the 2015 budget, Wausau cut funding for mowing parks
 - Decided to let some of their parks “Go Natural”
 - Amended ordinance to exempt parks from mowing requirements

Everything was fine until the grass started to grow.



Wausau Case Study-Cont.

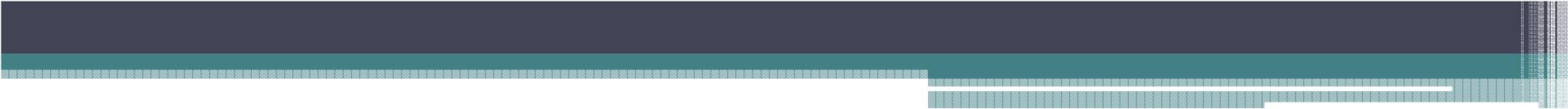
- By Early-June the grass was over a foot long
- Residents Complained
 - “We saw tall weeds where there used to be a nicely trimmed park. Use of the park was all of a sudden limited.”

-Concerned Resident Near One of the Parks

- The Council got an Earful
 - “This is one issue that I've heard more about than any other issue in the three or so years I've been in office”

-Robert Mielke, Wausau City Council President at the Time

- The Wausau City Council voted unanimously to restore funding

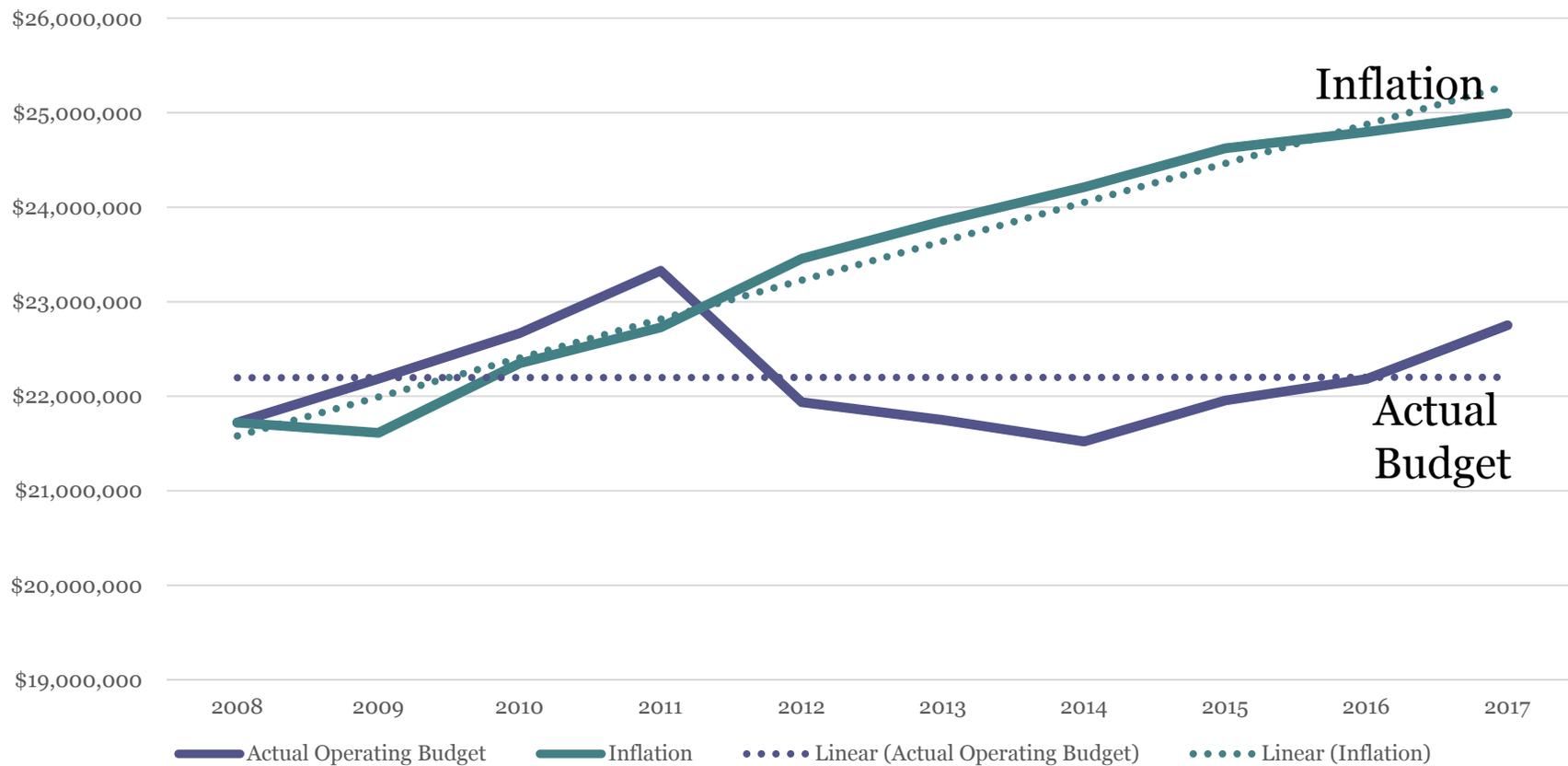


Continuity of Services

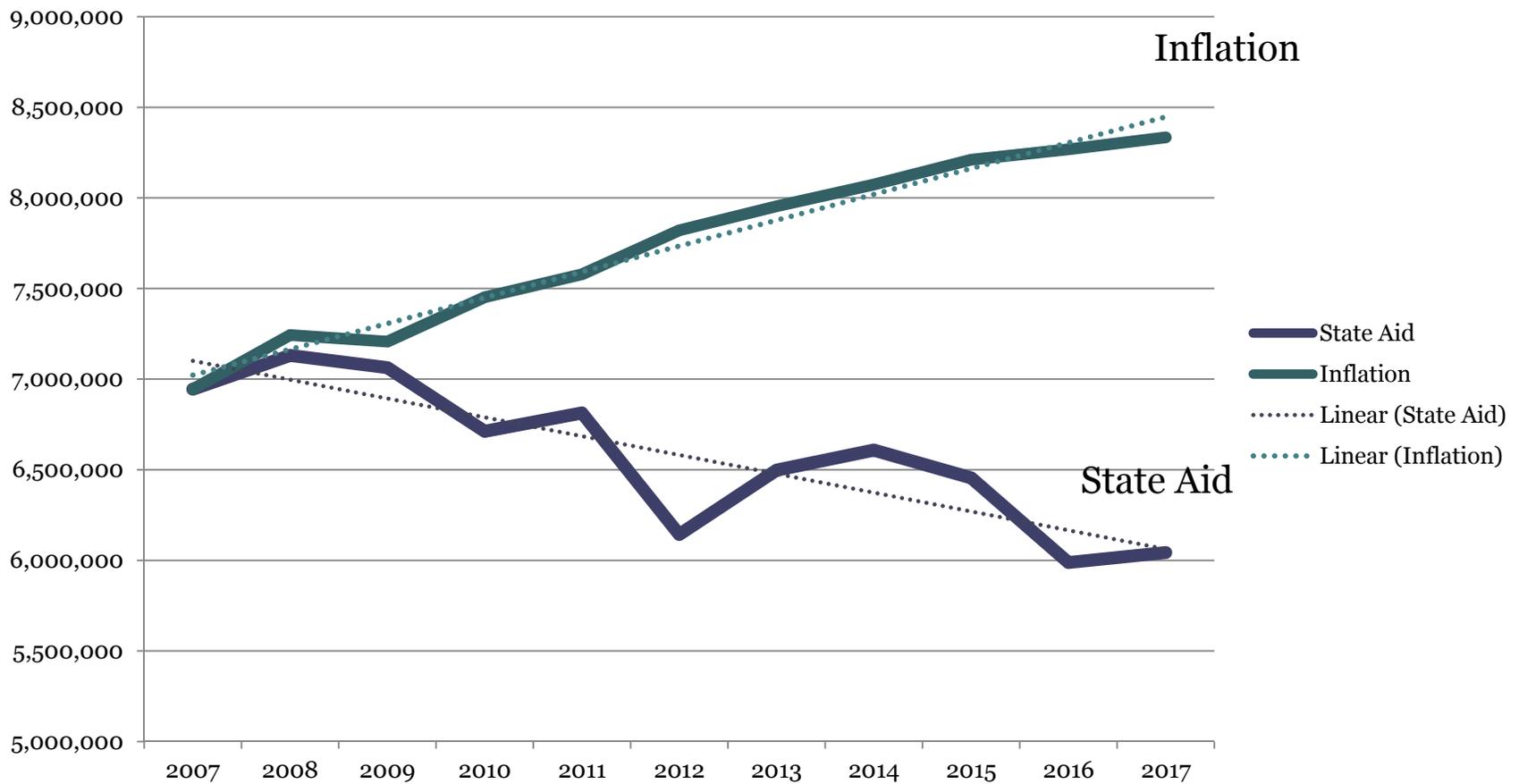
- The City provides a lot of services that are taken for granted
 - Not really noticed until you take them away
- We usually budget to maintain at least the same level of services
 - In most years, this consumes any new money that is available.
 - Sometimes a challenge just to get to this point.

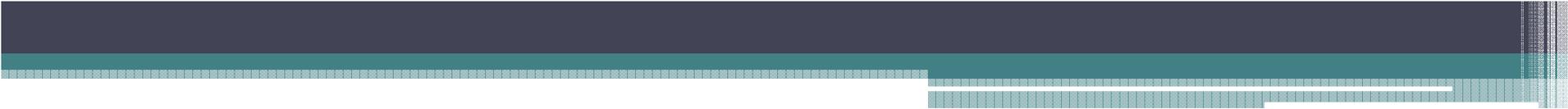
Current Budgetary Environment

Total City Operating Budget



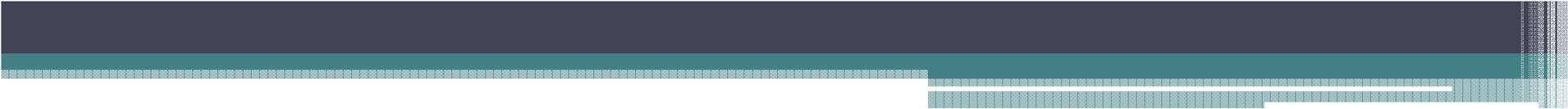
City of Stevens Point: State Aid





We Don't Punish Good Behavior

- Question: Is it appropriate to go through the budget of a department and look for line items that are underspent?



We Don't Punish Good Behavior

- Answer: No, this provides a Perverse Incentive to spend everything regardless of whether or not it is needed.
- Creates a rush to spend everything by the end of the year.
- We have an important trust with Departments: That we will not punish them for saving money.

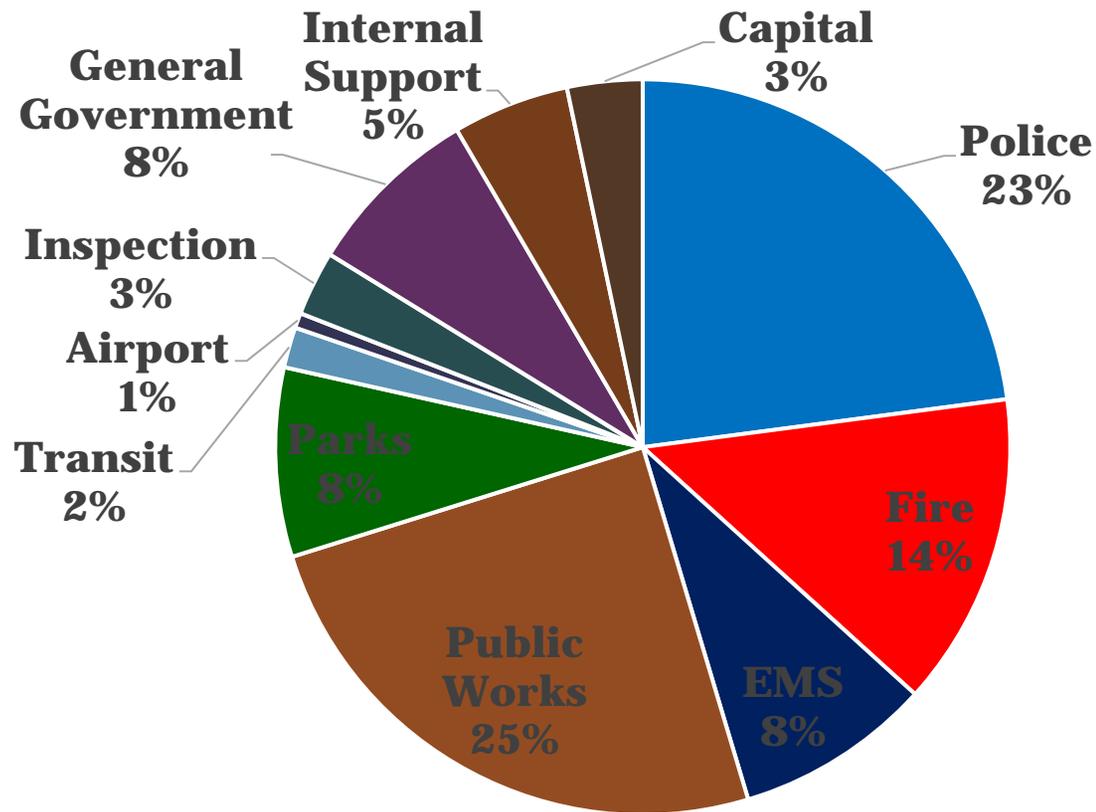
We Try To Avoid Shooting Ourselves in the Foot.

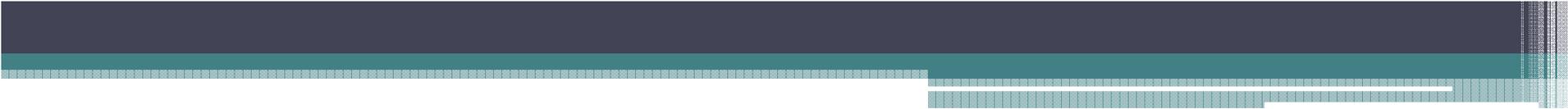


A Few Final Thoughts

- We are doing the best we can with the resources we have.
- Continuing current services consumes nearly the entire budget
- Process for changing the budget
 - Should be a complete thought
 - Where is the money coming from?
 - Where is it going?
 - Ideally we can include any proposed changes in the November Finance packet
- The budget is a public policy document-method of prioritizing resources

Operating Budget-Where the Money Goes





Operating Budget Timeline

- August: Department Heads fill out budget worksheets for their discretionary line items.
- August-October: Comptroller-Treasurer's office budgets wages, benefits, and other non-discretionary line items.
- October 23rd: Operating budget proposal is presented
- November 13th: Finance Committee
- November 20th: City Council



Friday | July 7, 2017

Chief Martin Skibba
Chief of Police
Stevens Point Police Department
mkibba@stevenspoint.com

RE: POLICE DEPARTMENT SPACE NEEDS STUDY UPDATE

Dear Chief Skibba,

Again, thank you for allowing Bray Architects the opportunity to submit a proposal for architectural study services for police department space needs.

Project Understanding / Objectives

The project scope proposes a two phased service effort.

Phase 1: Police Department Space Needs Update

- Complete a police department space needs reverification effort as an update to the 2013 space needs study. This effort would be completed over 2 – 3 discussion (in-person and/or via conference call). Discussions will focus on department staffing changes, equipment / asset updates and department operational and public service changes since the 2013 study.

Phase 2: Solution Test Fit | 933 Michigan Ave.

- Complete multiple solution options to test fit the space program within the existing city-owned 933 Michigan Ave facility and associated site. The intended study solution would assume maximizing all available existing square footage and proposing additions, if necessary, to support the Police Department space needs. The team will utilize the 2013 completed building systems engineering reports as basis of required / recommended system updates. Final study solutions will include updated project budgets.

Fee Proposal

Bray Architects' proposes a professional services contract to support as described above for a **fixed fee of seven thousand five hundred dollars (\$7,500)**.

Reimbursable expenses incurred include the following:

- Reproductions, plots, standard form documents and/or fees for agencies having jurisdiction over the project

Chief Martin Skibba
Stevens Point Police Department
Friday | July 7, 2017
Page 2

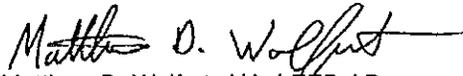
We do not invoice for the following traditionally reimbursable expenses:

- Transportation in connection with the project
- Travel and subsistence
- Electronic communications
- Expense of overtime work

Thank you for the City of Stevens Point's continued interest in Bray Architects; we look forward to partnering on this important continued study effort.

Sincerely,

Bray Associates Architects, Inc.



Matthew D. Wolfert, AIA, LEED AP
President



Michael A. Hacker, AIA, NCARD, LEED AP
Associate | Architect