

FINANCE COMMITTEE
APRIL 9, 2018 AT 6:45 P.M.
POLICE DEPARTMENT – 933 MICHIGAN AVENUE

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

ALSO

PRESENT: C/T Ladick; City Attorney Beveridge; City Clerk Moe; Directors Schrader, Ostrowski, Schrader, Beduhn; Police Chief Skibba; Fire Chief Finn; Ald. Oberstadt, Dugan, Jennings; Deputy C/T Freeberg; Steve Shepro; Trevor Roark; Brandi Makuski; Gene Kemmeter; Andrew Halvorsen; Amy Fairchild

ITEM #1 – UPDATE ON BORROWING FOR 2018 AND PROJECTIONS ON TOTAL OUTSTANDING DEBT.

C/T Ladick gave a presentation on the borrowing for 2018 and also projections on total outstanding debt. He went over the different types of debt, what we currently have and what is anticipated in the next few years. The Utility Revenue Debt is not something he was going to be reviewing at this meeting but stated if there was interest, he could go over it at another time. Ald. Johnson asked that he please do that as she would be interested in seeing that presentation. C/T Ladick stated he would do that at a time when Director Lemke would be available.

C/T Ladick continued with his presentation, stating that there will be a lot going on in 2018-2019. The groundbreaking for City Hall will be now be in 2019, so borrowing for that will now not take place until the 2019 borrowing instead of 2018. That will make the overall general capital debt for 2018 stay relatively stable, however in 2019 it will go up about \$4 million.

Alderman Shorr asked for a refresher on the relationship between City Hall and the TIDs. C/T Ladick replied that with City Hall, there is an anticipated project amount of about \$6 million and the reason why there is only \$4 million listed is because there was money left over from the grade separation project. As far as the downtown TIF, we have advanced approximately \$6 million to it but the prospects are looking better, especially because of growth in some of the donor TIFs. What we are looking at is probably starting in 2020, that TIF will be able to repay the City's general fund approximately \$1 million per year. Our projections are that between 2020-2024, we will recover a total of \$5 million from that district. That money will then be put into our capital projects so that rather than borrowing 4.75 million a year, we can borrow 3.75, which will put us back where we were before the City Hall project.

Ald. Johnson questioned if the same calculus could be used if had we stayed in the current building and pay the County for all the work to improve that building. C/T Ladick stated that they have a \$5.5 million capital budget per year, so looking at City Hall, it was clear that they were not going to be able to fit that into our \$5.5 million capital budget and still take care of the rest of the City. If we would have stayed in the current building, it still would have put pressure on the capital budget, but it would have depended on whether it was coming in bits and pieces or a lump sum.

Ald. Dugan questioned what the maximum is that the state sets and what our policy is regarding borrowings, and if we will still be within both of those limits. C/T Ladick stated that we will not go over either limit. The internal policy limits us to using only 3% of the equalized value, which is 60% of the state limit, so the rough calculation on that would be about \$54 million, and with this, they would be looking at \$35 million. The limit by the state is 5% of equalized value, which would be approximately \$90 million.

ITEM #2 – TRANSFER OF THE ARTS ENDOWMENT INVESTMENTS FROM THE ROOM TAX FUND (FUND 202) TO THE ARTS CENTER FUND (FUND 251).

C/T Ladick stated they have an arts endowment where the principal is kept intact and they just use the interest to support the Arts. The source of this fund was from Room Tax when the City still had control over the portion of room tax that goes to tourism promotion and development. Traditionally it has been used to support the Riverfront Arts Center. When changes were made with room tax

and we created a separate Tourism Commission, we separated the Room Tax Fund, the Arts Center, and the Willett Arena. The one piece that did not get formally approved yet was the transfer of the Arts Endowment investments from the Room Tax Fund to the Arts Center Fund, which is basically a bookkeeping item.

Motion made by Ald. McComb, seconded by Ald. Johnson, to approve the transfer of the Arts Endowment to the Arts Center Fund.

Ald. Johnson questioned if the 6-7% earnings that the Endowment has been receiving is standard, stating they are good earnings. C/T Ladick replied that it is all invested in bonds and sometimes as interest rates change, there is some price appreciation, so that would be the reason for the increase.

Ayes: All Nays: None Motion carried.

ITEM #3 – TIMING OF HEALTH SAVINGS ACCOUNT CONTRIBUTIONS RELATED TO THE WELLNESS INCENTIVE FOR CITY EMPLOYEES.

C/T Ladick stated currently the City offers a wellness incentive for their employees in which, if they are covered under the City health plan, they can participate in wellness activities and then based on that, they earn money for a health savings account contribution the following January. This was implemented when we changed to a high deductible health plan, which was intended to soften that initial impact of the higher deductible. However, in order to legally make an HSA contribution, the employee needs to be covered under a high deductible HSA qualified health plan. If an employee changes health insurance at the end of the year, they may not necessarily be switching to that type of plan. As a result of that, people who may have completed all the activities may not receive the money. Staff recommendation is to change the payments to December so that if someone wants to change health insurance the next year, they would still get the money for participating.

Motion made by Ald. Johnson, seconded by Ald. Shorr, to approve the recommended distribution timing, moving it from the start of the year in January, to December.

Ald. Johnson questioned what the deductibles were for the City's health insurance. C/T Ladick responded \$3,000 for the family plan and \$1,500 for individual plan. The max out of pocket for family is \$5,000 and \$2,500 for single.

Ald. Phillips questioned if there is a report that could be shared that shows this wellness program is benefiting the whole group of employees. C/T Ladick stated they do get reports on the overall health of the group, so he will look into it.

Ayes: All Nays: None Motion carried.

ITEM #4 – ORDINANCE AMENDMENT – CHAPTER 33, REMOVAL OF THE REQUIREMENT FOR A SURETY BOND FROM THE MUNICIPAL COURT JUDGE.

City Attorney Beveridge stated this is based on a change in the State Statute. They were granted more flexibility in a way that they can provide the function that a surety bond would have served formerly. It is now allowed to be covered under the City's Crime Insurance policy. It will simplify things, but because it is a joint municipal court with Plover, they will have to pass the same identical ordinance.

Motion made by Ald. Johnson, seconded by Ald. Kneebone, to approve the ordinance amendment revision as presented.

Ayes: All Nays: None Motion carried.

ITEM #5 – CONTRACT WITH FIRST WEBER REALTORS (WARD WOLFF) FOR THE LISTING AND SALE OF 3049 CHURCH STREET.

Director Ostrowski stated Ward Wolff has done a lot of work with the City in the past and that his fee is 7%, 6% if he finds the buyer for the property. This is for the former Normington Cleaners and will be submitted soon to the DNR for closure. This property was acquired through tax deed by the County and then transferred to the City so that we retained our liability exemption from any environmental contamination. Staff recommends we proceed with the sale. He also noted that there may be an encroachment with the adjacent business that we may have to work out.

Motion made by Ald. Johnson, seconded by Ald. McComb, to approve the contract with Ward Wolff from First Weber Realtors for the listing and sale of 3049 Church Street.

Ayes: All Nays: None Motion carried.

ITEM #6 – AUTHORIZATION TO APPLY FOR A COMMUNITY DEVELOPMENT INVESTMENT GRANT.

Director Ostrowski stated they are looking at potentially doing some downtown redevelopment on the Belke block, former Eagle Plumbing site, and Lullabye site and that the State WDC has Community Development Investment Grants for shovel ready projects. The next round of grant funds will be made available in approximately July, so he is looking for authorization to apply for them. There is no specific project as of this date, but he wanted to get the application done so that it can move forward with the intent that we will have a project soon. The grant will cover 25% of the project costs, not to exceed \$250,000.

Motion made by Ald. Shorr, seconded by Ald. McComb, to proceed with the application for the Community Development Investment Grant.

Ayes: All Nays: None Motion carried.

ITEM #7 – THE SALE OF APPROXIMATELY THREE ACRES OF CITY-OWNED LAND WITHIN EAST PARK COMMERCE CENTER AT AN UNADDRESSED PARCEL (A PORTION OF PARCEL ID 281230801210004) ON E.M. COPPS DRIVE.

Director Ostrowski stated the City owns a seven acre parcel, south of Service Cold Storage, that was a remnant piece leftover when they sold land to Service Cold Storage and they are looking to sell three acres on the eastern side of this to a manufacturing firm. The sale price would be about \$20,000/acre which does equate to \$64,365, including the realtor fee. It will be going to Plan Commission next month for a site plan review because it is within the Industrial Plan Development District. He recommends proceeding but would like to add that if they fail to commence construction in 18 months and complete the construction within 36 months, the City would have the right to purchase that property back for the sale price of \$20,000/acre, not including the realtor fees.

Motion made by Ald. McComb, seconded by Ald. Johnson, to approve the sale of three acres of City-owned land within East Park Commerce Center at an unaddressed parcel on E.M. Copps Drive.

Ayes: All Nays: None Motion carried.

ITEM #8 – PURCHASE OF APPROXIMATELY THREE ACRES OF LAND FROM LANDS' END INC. ENCOMPASSING THE EASTERN 100 FEET OF THE PARCEL ADDRESSED 5700 LANDS' END WAY (PARCEL ID 281230801230001).

Director Ostrowski stated this is the 100 feet on the eastern edge of the Lands' End property to be used for the north/south road for East Park Commerce Center. They have been in contact with Lands' End and submitted the option to purchase, but still need the Finance Committee's recommendation and Council action to authorize the exercising of that option to purchase,

assuming Lands' End signs it before Council. The price is \$30,000/acre and is commensurate with what we were paying the land owners that we have all the options for in East Park Commerce Center.

Motion made by Ald. Shorr, seconded by Ald. McComb, to approve the purchase of approximately three acres of land from Lands' End.

Ald. McComb questioned why we are selling a piece of property around the corner for \$20,000/acre but yet buying a piece for \$30,000/acre. Director Ostrowski replied that the sale for \$20,000 includes an incentive to get the business here, which along with that comes a business with employees and with a tax base that will create increment within the district.

Ayes: All

Nays: None

Motion carried.

ITEM #9 – PURCHASE OF ABANDONED RAILROAD RIGHT-OF-WAY (APPROX. 1.66 MILES) FROM CANADIAN NATIONAL, SPANNING FROM THE VILLAGE OF WHITING TO THE CITY OF STEVENS POINT.

Director Ostrowski stated they have been negotiating with CN for almost a year and a half, and they have now settled on the price of \$175,000. The purchase contract was in the Finance Agenda packet, but there will be several things that will need to be modified, mainly leading to dates, clarification, legal protection, etc. that they will be working out with CN. He also stated that the other item in the contract that should be noted is that the purchaser, which is the City, will be responsible for removing the tracks at County Road HH and restoring the roadway. They have been in contact with Portage County to see if they would be a willing partner in that and the County was currently running it through their approval process but have not heard anything official as of yet. He recommends approval of the acquisition of this land as it would be a great recreational trail, but also a great commuter trail with the connection from the Village of Whiting to the City of Stevens Point.

City Attorney Beveridge stated he did have a conversation with County Board Supervisor Medin last week and they discussed the idea of the County Highway Department contributing with pulling the tracks out. Mr. Medin left him a message today stating he had been in contact with the Highway Department, so conversations are still on-going. Ald. Johnson stated there could be a little bit more of a lag time due to the County Board reorganization.

Ald. Phillips questioned what would happen if the County says no. Director Ostrowski stated that we would then need to bring it back to Committee for further consideration.

Motion made by Ald. Shorr, seconded by Ald. Kneebone, to approve the purchase of the abandoned railroad right-of-way from Canadian National in the amount of \$175,000.

Ald. Phillips stated he does not agree with this purchase because a portion of it is in Whiting and he feels that they should be contributing. Even if the County removes the tracks, 30% of the cost of that is being paid by Stevens Point taxpayers. He also questioned if the railroad ever paid for the land in the first place. Ald. McComb disagrees stating it will benefit many people and that it will have good ramifications. Ald. Shorr stated he is not thrilled with handing over this money to the railroad, especially because he has not forgotten how the City was left on the hook for approximately \$100,000 for changes they had to pay for the Hoover overpass. He went on to state that this is important and he trusts that the best deal was sought and this is what they have and supports it.

Director Ostrowski stated about 1/4-1/3 of the property is in Whiting. There was conversations with Whiting in terms on potential uses on the southern end and those conversations will be on-going. The opportunity in this is being able to make this trail connection, it is very rare to have a 1.66 mile connection. If this was to be purchased from land owners, it would cost 10x as much, if not more. He feels it will add a great benefit to the City and supports it.

City Attorney Beveridge stated this corridor also presents an opportunity of a strategic piece of real estate that could be used as a utility corridor in the future. He stated that if you look at the way it lays out, it sets up a straight shot from the existing Whiting Sewerage Treatment plant and the City's, which when talking long-term, there is certainly possibilities of creating some redundancies there. He also stated that acquiring real estate for that type of easement is really expensive and also rare.

Trevor Roark, 701 Washington Avenue, stated that the BPAC supports this concept and he believes it would be a good investment for the City.

Ald. Phillips asked Director Schrader how this would be maintained. Director Schrader replied that they will use crushed rock and granite for the trail, as they do every trail, and then grade it every other year.

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

ITEM #10 – AUTHORIZATION TO APPLY FOR A WISCONSIN DNR STEWARDSHIP GRANT FOR THE ESTABLISHMENT OF A BICYCLE AND PEDESTRIAN TRAIL.

Director Schrader stated this grant would cover up to 50% of the land acquisition costs, located within the City, of the CN property in the previous agenda item. The deadline for this grant is May 1, 2018 so he needs approval to get it filed timely.

Motion made by Ald. Johnson, seconded by Ald. Kneebone, to authorize applying for the Wisconsin DNR Stewardship Grant for the establishment of a bicycle and pedestrian trail.

Ayes: All Nays: None Motion carried.

ITEM #11 – APPROVAL OF CLAIMS PAID.

The claims were discussed.

Ald. Phillips asked for a report that would show the total that we spend on phones. C/T Ladick stated they could provide that.

Motion made by Ald. McComb, seconded by Ald. Johnson, to approve the claims paid in the amount of \$1,436,151.22.

Ayes: All Nays: None Motion carried.

ITEM #12 – ADJOURN INTO CLOSED SESSION (APPROXIMATELY 7:30 P.M.) PURSUANT TO WISCONSIN STATUTES 19.85(1)(E) (DELIBERATING OR NEGOTIATING THE PURCHASING OF PUBLIC PROPERTIES, THE INVESTING OF PUBLIC FUNDS, OR CONDUCTING OTHER SPECIFIED PUBLIC BUSINESS, WHENEVER COMPETITIVE OR BARGAINING REASONS REQUIRE A CLOSED SESSION) AND WISCONSIN STATUTES 19.85(1)(G) (CONFERRING WITH LEGAL COUNSEL FOR THE GOVERNMENTAL BODY WHO IS RENDERING ORAL OR WRITTEN ADVICE CONCERNING STRATEGY TO BE ADOPTED BY THE BODY WITH RESPECT TO LITIGATION IN WHICH IT IS OR IS LIKELY TO BECOME INVOLVED) ON THE FOLLOWING: A. NEGOTIATING A POTENTIAL DEVELOPMENT AGREEMENT IN TAX INCREMENTAL DISTRICT #5 (NORTHSIDE). B. NEGOTIATING A POTENTIAL DEVELOPMENT AGREEMENT IN TAX INCREMENTAL DISTRICT #5 (NORTHSIDE). C. CLAIM FOR EXCESSIVE ASSESSMENT – 5001 JOERNS DRIVE.

Motion made by Ald. Shorr, seconded by Ald. McComb, to adjourn into closed session at 7:45 P.M.

Ayes: Ald. Kneebone, Johnson, Phillips, McComb, and Shorr Nays: None Motion carried.

ITEM #13 – RECONVENE INTO OPEN SESSION (APPROXIMATELY 8:00 P.M.) FOR POSSIBLE ACTION ON THE ABOVE REFERENCED CLOSED SESSION ITEMS.

Motion made by Ald. McComb, seconded by Ald. Johnson, to reconvene into open session at 8:54 P.M.

Ayes: Ald. Kneebone, Johnson, Phillips, McComb, and Shorr Nays: None Motion carried.

C. CLAIM FOR EXCESSIVE ASSESSMENT – 5001 JOERNS DRIVE.

Motion made by Ald. Shorr, seconded by Ald. Kneebone, to approve the settlement agreement for the claim of excessive assessment for 5001 Joerns Drive.

Ayes: All Nays: None Motion carried.

Adjournment at 8:55 P.M.