

**FINANCE COMMITTEE**  
**JUNE 11, 2018 AT 7:28 P.M.**  
**POLICE DEPARTMENT – 933 MICHIGAN AVENUE**

**PRESENT:** Ald. Phillips, Johnson, and Morrow

**VIA PHONE:** Ald. Slowinski

**EXCUSED:** Ald. Shorr

**ALSO**

**PRESENT:** C/T Ladick; Mayor Wiza; City Attorney Beveridge; City Clerk Moe; Director Schrader, Ostrowski; Beduhn; Police Chief Skibba; Fire Chief Finn; Ald. Kneebone, McComb, Oberstadt, Dugan, Nebel, Jennings; Brandi Makuski; Mary Meyer; Dave Ladick; Mike Disher; Doug Bitson

**ITEM #1 – REQUEST FOR FINANCING OF ARTIFICIAL TURF PROJECT AT ZENOFF PARK.**

C/T Ladick stated that this is similar to a project we did a few years back at Goerke Park, which also was an artificial turf field project. For that project, we had pledges, most of which were over 10 years, so it was mainly private financing that went into that. The City then borrowed the money to do the project and then the pledges were used to make the debt service payments. We have an estimated price to do artificial turf at Zenoff Park for \$560,177 and Mike Disher, of the Softball Association, has secured \$468,000 in pledges, leaving a little gap, but he is confident that the rest of the pledges can be secured. The commitment from the City would be that we need to borrow the part of the money that we are not getting up front, which would be about \$400,000, with the understanding that we would have these pledges over 5-10 years and those would then repay the debt.

Mike Disher, 2616 Prais Street, stated he has been with the Softball Association since 1974. He went on to state that only the infields are going to be turfed and by doing this they would be able to expand the program to the special needs people who cannot play ball on dirt infields. They are also working with the YMCA for more programs. They have \$468,000 in donations through today and within a week, he predicts they may be at another \$75,000. The project is being worked on with the Rettler Corporation and they are hoping it would start this fall and finish up next spring. He stated that they had the money raised, but then they found out the cost of the turf went up 34%, but is confident that they will raise the rest of the money.

Ald. Johnson questioned if they have checked to see if Rettler had the best price available. Mr. Disher responded that Rettler does not make or install the turf, they are the general contractor and one of the best in the state and did a great job at Goerke Park. The actual work will be bid out.

Ald. Johnson questioned what the debt schedule looks like so the Association is aware of how they are paying us and at what rate. C/T Ladick responded that the debt schedule, as much as possible, will be timed with how their pledges run, so we would load the principal payments a little bit heavier on the first five years to correspond with how the cash inflows are coming in from the pledges.

Mr. Disher stated that he does not believe that they can do the whole project this fall, there is a lot of ground work that needs to be done first. The ground work would be done September-October and then finished in 2019. They figured out that they would need \$560,000 for the whole project, a little less than \$375,000 is for the turf, so the remaining approximate \$190,000 would be what is needed in 2018. The balance would then be due by the City in 2019. He stated they have \$145,000 of the \$190,000 for the 2018 costs. He also stated that if they have enough money, he would like to remove the volleyball court at Zenoff Park and put in a multi-surface basketball/pickleball court for the community to be able to use.

Ald. Johnson questioned how much time this would save on maintenance due to the shift of work. Director Schrader said it would be a lot easier for them and the cost savings of \$5,000 was based on not needing to send crews out on Sunday nights to prepare fields and for weekend tournaments, there would be 3 diamonds eliminated that they would not need to work on at all. They would only

have the maintenance of raking the field once a week. The turf at Goerke field was said to last 8 years, but they have maintained it well and are now on year 10 with an expected two more years yet. He said they maintain it so well that the company did a workshop at the Goerke field to show others how to maintain it.

Ald. Slowinski stated that he thinks it is a great project but has concerns over pledges made but not kept and what that would do for the payments on the debt and if it would fall back on the City taxpayers. C/T Ladick stated the debt would be the responsibility of the City but stated we have not had any problems with the pledges coming in for Goerke. Mr. Disher also stated that these pledges are made by reputable businesses and it has been explained to all of the donors that a contract needs to be signed that will lock them into that pledge.

Ald. Slowinski stated he is concerned about our borrowing capacity with all the projects we have going on. C/T Ladick stated he shares that concern because we do have a lot going on for both this year and into 2019 and we do have to be choosy in what we do and how we utilize that debt capacity. He also stated that he does see the opportunity and likes the private sector support with a chance to do something without utilizing City taxpayer dollars.

Motion made by Ald. Johnson, seconded by Ald. Morrow, to move forward with the concept of completing this project with the Softball Association.

Ayes: All                      Nays: None                      Motion carried.

**ITEM #2 – REQUEST FOR MORTGAGE FINANCING – 281 WASHINGTON AVENUE.**

C/T Ladick stated that the gentleman at this address had some redevelopment loans on the property from both the City and the RA for making improvements and unfortunately he did pass away, making those loans due and payable. The daughter of the individual has inherited the house and she has asked if the City would extend mortgage financing for a 15 year loan at 3% interest. He stated he appreciated the offer, but the correct channel to direct this person to would be bank financing. We need to keep these revolving loan funds, revolving, we are not a bank and are not set up to take monthly mortgage payments, and we are not set up for paperwork, compliance and regulatory capabilities to handle traditional consumer lending. 0% loans for rehabilitation is different than doing a market interest rate/traditional mortgage. He recommended to deny the request and refer them to traditional financing.

Director Ostrowski stated that this property also had an RA loan and the RA did grant approval for the daughter to take over the loan for her father as she did meet their income requirements so there is public money involved with this project and he agrees that we probably should not get into the business of charging a market rate interest on projects like this.

Motion made by Ald. Morrow, seconded by Ald. Johnson, to deny the request and refer them to a traditional mortgage lender.

Ayes: All                      Nays: None                      Motion carried.

**ITEM #3 – REPLACEMENT OF WINDOWS AT THE PORTAGE COUNTY LIBRARY BUILDING, 1001 MAIN ST.**

C/T Ladick stated this is a request from the library and is to replace 12 windows that fog up and do not meet certain standards. The estimate is anywhere from \$10,000-\$17,000, but they have not gotten quotes yet because they want to know first if the City is willing to pay for them.

Ald. Morrow questioned if the County shares in this cost. C/T Ladick responded that the County contract is written that the County pays for the first \$2,000 of a repair and we pay for anything over that, however, there are a few exceptions to that, one being the parking lot and sidewalks and the other is windows. With those exceptions, the City has to pay 100% of the cost.

Ald. Phillips questioned if there was still a list from when they took the library over and did not want to take it from us. C/T Ladick stated yes, with the current lease agreement that we have, they did agree to make a specific list of capital repairs that did include some windows, but those windows are in a different section of the library and that repair has not yet been completed. They have a request into the Historic Preservation Commission to see about the type of windows they wanted to install. Historic did have some feedback, so they are modifying their plan to work with the Historic Preservation Commission's concerns.

Ald. Phillips questioned why we are not going out for the quotes, we own the building. Mayor Wiza stated that we do not have a facilities department and he does not feel that we would get any different bids than they would. C/T Ladick stated we also keep the City Engineer, Scott Beduhn, typically involved, so we can make sure he gets a copy of the bids and can review them as well to give it some City oversight.

Ald. Phillips questioned if we will get a final number by Council. C/T Ladick stated the challenging part is that contractors are really busy right now.

Mayor Wiza suggesting making a motion to authorize replacement of the windows, up to a certain amount and if it is above that amount, it comes back to Committee.

Ald. Jennings questioned if the windows being referred to were the large panes on the 50's style portion of the library. Ald. Phillips stated he was in the building and there were some windows that were fogged up, but they were on the west side, 2<sup>nd</sup> floor. They were not the monster windows, they were big windows, but not the ones she was referring to. Mayor Wiza stated they would get the exact locations of the windows and get back to the members. Ald. Jennings stated she was asking because if they were going to invest in new windows, maybe they could do some additional façade work to improve the looks of the building.

Motion made by Ald. Phillips, seconded by Ald. Morrow, to approve replacing the windows at the Portage County Library for up to \$15,000.

Ayes: All                      Nays: None                      Motion carried.

**ITEM #4 – REPLACEMENT OR REMOVAL OF BOLLARDS ON THE SOUTH-SIDE OF THE PORTAGE COUNTY LIBRARY BUILDING.**

C/T Ladick stated these bollards are on the south side of the building and are small posts that have lights inside of them on the outside of the building. The County said they either need to be repaired or removed and their preferred option is to remove them. The County is responsible for the first \$2,000 of this type of repair and he is not sure if it would be more than \$2,000. Director Beduhn looked at the bollards also and he did notice some are leaning and some have a few dents and could use some fresh paint, but overall, his analysis was that it was not in dire need of replacement, so recommendation is to allow the County to remove them at their expense.

Director Beduhn agreed with C/T Ladick and stated from what he could see visually, there was nothing there that would be a safety issue. Ald. Phillips questioned if these were in the cement, Director Beduhn stated some are in the cement in the sidewalk and some are in the garden area.

Motion made by Ald. Morrow, seconded by Ald. Phillips, to allow the County to remove the bollards, if they so choose, but at their own expense.

Ayes: All                      Nays: None                      Motion carried.

**ITEM #5 – CONSIDERATION OF BID FOR REPAIRS TO EDGEWATER MANOR, AND DISCUSSION OF OTHER OPTIONS.**

Director Ostrowski gave a brief overview of the history of the building problems and the façade issues. He did state that they were approaching the time when they were originally told that the temporary fix to the façade would need to be looked at again, so he is recommending that they have it looked at again to see where they stand and how much time they have left. They went out for bids, had 3 walk-throughs, but only 1 bid returned for a total of approximately \$4.2 million, well above what the needs assessment that was done on that property had stated those costs would be. There are many reasons why the bid could have come in so high; it is a tough bidding environment, contractors are full of work right now, etc. Another factor is that there is a lot of brick mass on that building. The \$4.2 million does not include what would have to be done for the power lines on the west side of the building, those would have to be temporarily relocated because of the closeness of them to the building or burying those lines so they do not have to be dealt with in the future. A rough estimate from WPS was around \$100,000. If we went out for a 10 year borrowing for this facility, it would make rents jump substantially, to over \$800/month. That is not something that most of the residents at Edgewater can afford and it would also put our ability to accept vouchers for that facility in jeopardy, because we do have to charge market rate rents in order to accept the vouchers.

Ald. Morrow questioned if the loan would go out further, like from 10-15 years, would that make the rents lower. This amount seems like it would be better to build a whole new building. Director Ostrowski stated that he has been in contact with some developers to see what they are seeing for construction costs for new facilities and one did a 72 unit development with a small commercial space, but that was about \$14 million. He did say going longer for the borrowing is an option but anything over 10 years requires a referendum. He also added that these are not the only repairs that Edgewater is going to need within 10 years. They still have some very outdated interior units, so as the prices of the rents would increase, we will start getting to a point where we are probably above what the market is going to bear for the conditions of the interior of the unit. That will start affecting the marketability. Currently, we are fairly full, last time he spoke with Candlewood, there were six vacancies, however they had three people set up for units, so they really only had three. He is guessing we would be at 60-70% of what it would cost to replace this building with brand new.

Ald. Morrow questioned that he thought that the rents were being built in with an amount to help fund the remodel and he thought they were slowly remodeling the units. Director Ostrowski stated they have started to slowly remodel some, by putting in new laminate floors, but the massive overall of all the appliances, plumbing, cabinetry, bathrooms, etc. is going to be a pretty large undertaking and cost a significant amount.

Ald. Johnson stated she has been spending a lot of time with continuum care, as the chair of the Health Care Center Committee, and learned a lot of assisted living, skilled nursing, community-based living and the like. She had a discussion with the County's owner representative working on the Courthouse remodel and Secure Courts and Corrections Facility and one of the things that was said was understanding the market need, which is not necessarily income based, but how we are transitioning as a society. She said people are transitioning from larger homes to smaller homes with the idea that they are going to age in place. She is finding that residential elderly living, which is income based derived, even moving forward with what everyone thinks the baby boomers are going to need that level of care, when you survey them, they want to stay in their own homes or in an apartment that is smaller, but not necessarily in a residential setting. She stated that we need to look at the need as it relates to our future projections as it relates to that continuum of care and how does aging placement and all the services for the aging, even for lower income folks, impact what we need.

Ald. Morrow stated that \$4 million is really out of what he thought anyone on the Counsel thought this would be. Ald. Johnson stated she is not surprised by the amount, she is used to construction projects and contractors can pick, you do not get your preferred bid.

Director Ostrowski also stated that remodeling an existing building, there will likely be unknowns. There will likely be change orders and at that point and time, you are committed to this project because you cannot just stop in the middle of it. Being cognizant of the level of disruption that this

may cause to some of the tenants within the facility, this option would minimize the disruption as much as possible, by having standard work hours, building walls, keeping down the dust, etc.

Mary Meyer, 1450 Water Street, Apt. 302, gave a history of Edgewater and spoke in favor of keeping the facility as City owned, keeping the rents stable and in step with the Section 8 Housing Choice Voucher program.

Ald. Phillips asked what the timetable is for completing this project, as of today. Director Ostrowski replied that we would likely start later this year and would roll through the winter. Ald. Phillips asked about the drop dead date that we were given to have this done. Director Ostrowski stated that we need to get the consultant down here that did the last analysis of the wall to make sure that we are not seeing further degradation of the wall. The intent would be to have them out there this week with a final report being drafted the following week or two. He may be able to get some preliminary analysis before Counsel.

Ald. Phillips stated that we should probably postpone this until we have a better timetable. Director Ostrowski agreed and stated as soon as he has the report, he will report back on the findings.

Ald. Morrow questioned how much of the \$1.5 million that we already borrowed for has been spent. Director Ostrowski replied that they have not really used any of the \$1.5 million yet, other than what we have been spending on the architectural services. The operating funds at Edgewater have been paying for a lot of it. They have over \$600,000 in savings to use for some of the upgrades, which is from the rents.

#### **ITEM #6 – APPROVAL OF CLAIMS PAID.**

Motion made by Ald. Johnson, seconded by Ald. Morrow, to approve the claims paid in the amount of \$4,362,908.92.

Ayes: All                      Nays: None                      Motion carried.

**ITEM #7 – ADJOURN INTO CLOSED SESSION (APPROXIMATELY 7:45 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) ON THE FOLLOWING. A. NEGOTIATING THE TERMS OF A DEVELOPMENT AGREEMENT FOR A PROJECT IN TAX INCREMENTAL DISTRICT #5 (DIVISION STREET). B. NEGOTIATING THE TERMS OF A DEVELOPMENT AGREEMENT FOR A PROJECT IN TAX INCREMENTAL DISTRICT #5 (DIVISION STREET). C. NEGOTIATING THE PURCHASE OF PROPERTIES IN TAX INCREMENTAL DISTRICT #5 (DIVISION STREET). D. NEGOTIATING A DEVELOPMENT AGREEMENT IN ALDERMANIC DISTRICT #4. E. NEGOTIATING THE PURCHASE OF PROPERTIES IN TAX INCREMENTAL DISTRICT #6.**

Motion made by Ald. Morrow, seconded by Ald. Johnson, to adjourn into closed session at 8:30 p.m.

Roll Call: Ayes: Ald. Phillips, Morrow, and Johnson                      Nays: None                      Motion carried.

**ITEM #8 – RECONVENE INTO OPEN SESSION (APPROXIMATELY 8:45 P.M.) FOR POSSIBLE ACTION ON THE ABOVE REFERENCED CLOSED SESSION ITEM.**

Motion made by Ald. Morrow, seconded by Ald. Johnson, to reconvene into open session at 9:39 P.M.

Roll Call: Ayes: Ald. Phillips, Morrow, and Johnson                      Nays: None                      Motion carried.

A. NEGOTIATING THE TERMS OF A DEVELOPMENT AGREEMENT FOR A PROJECT IN TAX INCREMENTAL DISTRICT #5 (DIVISION STREET).

Motion made by Ald. Johnson, seconded by Ald. Morrow, to authorize staff to move forward with development on former K-Mart property.

Ayes: All

Nays: None

Motion carried.

Adjournment at 9:40 P.M.