

FINANCE COMMITTEE
MARCH 8, 2010 AT 6:02 P.M.
LINCOLN CENTER – 1519 WATER STREET

PRESENT: Alderperson Moore, Walther, Molski, R. Stroik and Mallison

ALSO

PRESENT: C/T Schlice; Mayor Halverson; City Attorney Molepske; Clerk Moe; Ald. Wiza, Slowinski, Trzebiatowski, Brooks, O'Meara, M. Stroik; Directors Lemke, Morrissey, Halverson, Schrader, Morris; Assessor Siebers; Director Morris; Police Chief Ruder; Deputy C/T Freeberg; Airport Manager Wheeler, Asst. to Mayor Pazdernik; Gene Kemmeter; Sue Hall; Susie Eberhard; Barb Jacob; Mike Harrigan; Dawn Gunderson; JoAnne Evice; Cathy Dugan; David Ratz; Spencer Johnson; Kevin Spaay; Shawn Johnston; Joanne Suomi

1. SALE OF 2010A SEWERAGE SYSTEM REVENUE BOND.

Mike Harrigan, Ehlers & Associates, distributed a folder containing two documents containing the sale results and the final resolution prepared by Foley & Lardner. He gave a brief presentation on the bid tabulations, the various types of bonds we can get (traditional tax exempt or the BAB TIC – Build America Bond True Interest Cost, which is taxable) and how the interest is calculated. They received six bids from all over the country with interest rates ranging from 3.498 % up to 3.82% based on a 20 year rate, all as BAB's. He congratulated the City on being the first community in the United States to take advantage of this program that was made available by Congress through the stimulus program last year. He also stated that they were able to make available some additional dollars for the project costs. The total project cost for the Utility were expected to be offset by cash from the City of some dollar amount, but since the underwriters fee came in lower than projected, as did the rating fee and the reserve fund requirements, that difference was made available for us to reduce the cash we would otherwise have to spend to meet the reserve obligations. The amount of the borrowing was not changed. The key thing with the Build America Bond Program is the Federal Government will rebate us 35% of the cost of the interest. The investors get the amount of interest listed but we would get the 35% rebate that comes back from the Federal Government on each interest payment resulting in the net amount. By going with the Build America Bond, we will be saving about \$19,000-\$20,000 a year in interest payments, which amounts to \$297,000 over the life of the issue. The City and Ehlers & Associates had a rating presentation with Moody's Investors Service to affirm where we rated and the City rated very high and has an excellent financial position which is why we received as many bids as we did and why we received such a good rate. He stated to act on this we would need to approve the resolution, which would award the bid, lock us in to the interest rate, provide the minimum coverage requirements and other certain provisions associated with the use and management of the funds and approval of official statement going into the sale.

Ald. Stroik questioned if there has been any problems with getting the 35% rebate back.

C/T Schlice stated we received the interest rebate on our BAB five days before the interest payment was due.

Mike Harrigan stated the experience has been positive so far. They have included, for our protection, a provision in the bond resolution which is an extraordinary call feature. This means that if the Federal Government should choose to discontinue the program or they would not make your rebate payment, we would have the ability to terminate this bond and refinance with a traditional tax exempt issue.

Motion made by Ald. Stroik, seconded by Ald. Mallison to approve the sale of the 2010A Sewerage System Revenue Bond.

Ayes: All Nays: None Motion carried.

ITEM #2 – APPROPRIATION OF FUNDS TO CLOSE 2005 FIREFIGHTER GRANT.

Motion made by Ald. Molski, seconded by Ald. Walther to approve appropriating the funds to close the 2005 Firefighter Grant in the amount of \$6,639.00 from the contingency account.

Ayes: All Nays: None Motion carried.

ITEM #3 – CLAIM FOR EXCESSIVE ASSESSMENT – MILLS HOLDING COMPANY.

C/T Schlice stated the City Attorney is recommending that we deny the claim.

Motion made by Ald. Mallison, seconded by Ald. Stroik to deny the claim for excessive assessment by Mills Holding Company.

Ayes: Ald. Moore, Molski, R. Stroik and Mallison
Nays: None
Ald. Walther Abstained Motion carried.

ITEM #4 – LICENSE AGREEMENTS – USE OF CITY RIGHT OF WAY.

C/T Schlice stated this request came from Ald. Brooks, a list was provided and it currently brings in about \$1,600 a year in revenue.

Ald. Brooks stated this started with a call from the owner of Skipps Bowling Center. They were receiving a bill annually for this particular license agreement and they were not really sure what it was for. He did some investigating on Skipps and other properties around the area and also downtown and does have some concerns over the inconsistencies as to why some places are getting billed and others are not. He would like to see some consistency and a better understanding on these agreements.

Ald. Stroik questioned whether it was a flat fee or how it was calculated.

C/T Schlice replied it is a flat \$100 fee annually.

Ald. Stroik commented that we get \$1,600 but still probably have three or four times that in the City that are not being billed at all.

Mayor Halverson agreed that there are some businesses being billed and some that are not. The difference with downtown is that it is in the Central Business District, which allows for different types of right of way encroachments because of the zoning code. This is also true in other areas of the City. The goal is to have a licensing element so we can make it clear that these businesses are occupying licensed right of way. He suggests we continue the licensing but suggested we do not charge for it.

Ald. Moore adjourned the Finance Committee meeting at 6:20 to the Special Common Council Meeting.

Ald. Moore reconvened to the Finance Committee meeting at 6:22 p.m.

Ald. O'Meara would like to see us keep track of encroachments and but still charge for them because if we made them free, he is concerned that the owner could claim no acknowledgement. By paying for the license you are acknowledging that you understand you are encroaching.

Ald. Mallison stated that by signing the license agreement, that alone is acknowledgement. He also stated that does not want to cause hardships for the businesses.

City Attorney Molepske stated he drew these license agreements up 15–20 years ago because of the encroachments on US-51. He stated that in order to have the signs remain, we needed some sort of license arrangement. The license agreement is there for two reasons, it permits the property owner to encroach upon the City's right of way and it spells out what the rules are in connection with the encroachment. We have a right at any time to tell them that the sign needs to come down. As far as the money is concerned he stated that it does not matter if there is a fee or not, the agreement is a mutual agreement.

Ald. Molski asked how these are being enforced.

City Attorney Molepske replied that every 10-15 years, the Surveyor checks for signs that are encroaching. The Engineering Department would notify the Clerk's Office that we have an encroachment and they would then send out a letter to that business requesting the permit.

Ald. Stroik stated he thinks the \$100 is a fair stipend for someone to have something in the right of way, but believes it is more about having a system in place for the City by which we can treat all business or residential owners the same way for encroaching on the right of way. He would like to see these properties get identified in some way so that if the City needs to, they can rescind the contract.

Ald. O'Meara commented that whenever State or Federal funds are being used for a construction project, it is required, as part of the getting the money, to do an encroachment report and to catalog all the encroachments. He suggested making a policy that will give us the encroachment reports so we can decide if they get a license or if we will clear them of it.

Ald. Brooks stated that Skipps had no right of way agreement and this did not occur until after they rerouted Church Street, so what Ald. O'Meara stated was probably true in this case. He stated he is concerned over consistency and feels it is unfair to assess some \$100 and not others.

Ald. Moore stated there are a lot of unanswered questions and he would like to see this postponed until a further date.

Motion made by Ald. Moore, seconded by Ald. Molski to postpone acting on the license agreements for the use of the City's right of way until a further date.

Ald. Walther questioned if we have a list of the businesses from the Central Business District that we track, even though they are exempt.

Mayor Halverson replied we do not and there is no need to do so.

Ayes: All Nays: None Motion carried.

ITEM #5 – CONSIDERATION OF PROPOSAL TO CREATE TID 8 – EHLERS.

Mayor Halverson stated we have an opportunity to take a look at Tax Increment District #8, which is now on the Spectra Print site and some of the adjacent areas. It is a huge detriment for the owners of Spectra Print to be able to develop the internal lot because it currently does not have sewer. It has also been an impediment to the City to bolster a Micro-Business Park on that site. The area that is being looked at is the old Woodward Governor site, Carol's Lane, areas of Country Club Drive, the Joern's property, all of the streets within the current Stevens Point Industrial Park, some areas of Hoover and a vacant piece of commercial property, which is just west of Hoover owned by Albert Feltz. We do have perspective developers that are looking at the lots along Carol's Lane for duplexes. This would be a mixed use TID allowing for a small amount of residential but primarily commercial and industrial redevelopment on the Spectra site and then commercial and/or industrial within the Industrial Park, as well as along Hoover Avenue. All of the parcel information has been gathered and we are looking at a base value of approximately \$11,000,000.

Ald. Stroik stated this site was in TID 2 which was created in approximately 1984 or 1985 and at that time, it did exactly what it was suppose to do. Now, we need the new TID to fill in the pieces.

Mayor Halverson agreed and stated we had two very successful TID's in 1 and 2 and they did do what they were supposed to. They paid for themselves and did create a lot of jobs, it was just that Woodward Governor did not stay as long as we would have liked them to.

C/T Schlice stated the request is to hire Ehlers to help us with the formation of the TID, who have helped us with TID's 5, 6, and 7 and are considered the experts in the State on TID laws.

Ald. Stroik questioned if we are going to segregate out what is potential residential. The last time this was tried, without a TID, we had problems with it.

Mayor Halverson replied that the clear direction of what we would be developing is under the sole control of the Common Council. It would be, from an Administration stance, that we only allow residential along Carol's Lane. We would like to preserve as much of the Industrial and Commercial corridor for job creation and Commercial and Industrial redevelopment opportunities.

Motion made by Ald. Stroik, seconded by Ald. Molski to approve Ehlers to create the proposal for TID 8.

Ayes: Ald. Moore, Walther, Molski and R. Stroik

Nays: None

Ald. Mallison Abstained.

Motion carried.

ITEM #6 – APPROVAL OF PAYMENT OF CLAIMS.

Motion made by Ald. Molski, seconded by Ald. Mallison to approve the payment of claims in the amount of \$526,222.97.

Ayes: All

Nays: None

Motion carried.

Adjournment at 6:46 p.m.