

Meeting Minutes

Finance Committee Minutes

September 13, 2004 at 7:45 P.M.

PRESENT: Chairman Barr, Ald. Rackow, Molski, Walther, Moore

ALSO PRESENT: C/T Schlice; Mayor Wescott; City Attorney Molepske, Admin. Assistant Gebert; Directors Gardner; Assessor Kuehn; Personnel Specialist Jakusz; Fire Chief Barnes; Police Chief Morris; Capt. McCulley; Transit Manager Lemke; Deputy C/T Wroblewski; Ald. Sevenich, Sowieja, Markham, Stroik, Wiza, Barber; Steve Plaski; Mike Phillips; Gene Kemmeter (Portage County Gazette)

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1. Assessor's Report.
2. 2003 Audit Report - Virchow Krause & Company.
3. Capitalization policy.
4. Depreciation policy.
5. Consideration of claim - Jacoboski.
6. 2004 Section 5311 Capital Assistance Contract - Transit.
7. Whitetail Subdivision - pricing/restrictive covenants.
8. Proposal to hire consultant for health insurance.
9. Approval of payment of claims.
10. Adjournment.

1 - ASSESSOR'S REPORT

Motion made by Ald. Molski, seconded by Ald. Walther to accept the report of the Assessor and place it on file.

Ayes: All Nays: None Motion carried.

2 - 2003 AUDIT REPORT - VIRCHOW KRAUSE & COMPANY

C/T Schlice introduced Robert Schuettpelz of Virchow Krause and Company, who is the lead auditor for the City.

Robert Schuettpelz gave a brief overview of the audit report, which was handed out at the meeting. He stated that the City is doing very well from a financial standpoint. The financial statements have a clean opinion, which is the highest opinion given. He commended John Schlice and his staff for all their hard work. He stated that the management letter has no new problem areas. He also described the difference between the "old" audit and the "new" GASB 34 audit and gave an overview of the GASB 34 audit.

3 - CAPITALIZATION POLICY

C/T Schlice explained this is needed as part of the implementing of GASB 34 and needs approval by the governing board.

Motion made by Ald. Rackow, seconded by Ald. Barr to approve the depreciation policy as written.

Ayes: All Nays: None Motion carried.

4 - DEPRECIATION POLICY

C/T Schlice again stated that this is needed as a part of the implementing of GASB 34 and needs approval by the governing board.

Motion made by Ald. Barr, seconded by Ald. Molski to approve the depreciation policy as written.

Ayes: All Nays: None Motion carried.

5 - CONSIDERATION OF CLAIM - JACOBOSKI

C/T Schlice stated that Sentry has denied the claim and has recommended that we do the same.

Motion made by Ald. Rackow, seconded by Ald. Moore to deny the claim made by Andrea Jacoboski.

Ayes: All Nays: None Motion carried.

6 - 2004 SECTION 5311 CAPITAL ASSISTANCE CONTRACT - TRANSIT

C/T Schlice explained this is a grant from the State that was applied for a year or two ago and we just received notice that it has been approved. We need authorization for the Mayor to sign the contract.

Motion made by Ald. Walther, seconded by Ald. Barr to approve the 2004 Section 5311 Capital Assistance Contract for the Transit Department.

Ayes: All Nays: None Motion carried.

7 - WHITETAIL SUBDIVISION - PRICING/RESTRICTIVE COVENANTS

C/T Schlice stated that there was a meeting this morning involving the City Attorney, the Mayor, John Gardner and himself to do a last run through on the Whitetail subdivision pricing/restrictive covenants. He handed out some papers which were the restrictive covenants from the first phase of Whitetail and we want to be consistent so we are also using them for phase two. We are recommending authorization for the Comptroller to be able to sell the lots at a fair market price and authorization is also needed to have a fair market price analysis done by a outside party. He spoke to a couple of appraisers and received a price from Lee Beveridge (a specialist in appraising residential properties) of \$1,500. Lee stated that he could have the results to us in about 30 days. We would like to get this on the market right away so people can start looking at buying lots and work out contracts so they can start spring construction. We will be looking at doing bidding on the infrastructures in January-February and the utilities would also be laid out in the early part of the year. The impact from this will not really affect us until the 2007 budget, which is actually right around the corner. It would generate about \$12,000,000 in additional assessed value and will give us some additional allowance under the "new growth" portion of the ERP formula. We are looking to authorize the Comptroller to get the appraisal, to sell the lots at the fair market value with the

sales going through the City or through the MLS realtors. If MLS would sell the lots, they would get a commission of 5% and if their office did the paperwork, an additional \$150. We are looking at doing sealed offers to the Comptrollers office which would be processed everyday and the people would be notified if they were accepted or rejected. We would not sell below the market price. The closing must be completed within 60 days of the accepted offer to purchase, construction must start within 12 months and must be completed within 24 months (we don't want people to buy the lots and just hold them to resell when market is up). We want the property to be built upon because the value is based on what is put on the land, not the land itself. If they would not complete the construction within 24 months we would trigger a reversion clause where the property would revert back to the City less any closing costs, commission costs and their portion of real estate tax. This development was part of the plan when we put sewer down Torun Road to service Fairview Village. The City spent a considerable amount of money in regards to the sewer and the plan at that time was to do a couple of phased-in developments to recover the funds. Two more issues we have address are tree cutting and ditch lines. Since there is a lot of jack pine in some of the areas and people may want to clear cut, we would want them to replace at least 25% of their land with other trees to keep the woody "flavor". In regards to the ditch lines, they are to remain open, no backfill or any other dirt may be used to fill them in due to potential water problems.

Ald. Markham expressed that she would like to have it say that they cannot clear cut their land, that they have to leave some of the original trees. She stated that in the first phase they were to leave at least 25% of the original trees on their lots, they were not allowed to "clear cut." She would propose that be changed to say that 25% of the original trees need to be left.

Ald. Rackow questioned phase one and whether all the lots were sold.

C/T Schlice stated that the only lots that did not sell were the six lots at the top of the map because the services were not connected to it. The rest of the lots were sold in about a year.

City Attorney Molepske stated that the phase one lots sold within the first year and they were built on within the following year.

Motion made by Ald. Molski, seconded by Ald. Rackow to authorize the Comptroller-Treasurer to have the lots appraised, to sell them at market value, and approve the restrictive covenants of phase one and other suggestions listed.

Ayes: All Nays: None Motion carried.

8 - PROPOSAL TO HIRE CONSULTANT FOR HEALTH INSURANCE

C/T Schlice stated that it was brought up a previous personnel meeting that we are having a problem with health insurance claims going up and we would like to get some programs going with the employees or some other types of evaluations. We went through a number of firms over a couple of months and came down to Virchow Krause and Aon, two that ranked top in the state. Jeff Steckbauer, currently with Virchow Krause, is very familiar with the City plan because he formally worked for WPS when we were with them and he helped us work out our plan at that time. The health insurance does take up about 10% of the operating budget, which is \$2,000,000, and if the health insurance premiums continue to grow at 15% a year, it doesn't take long before it takes over the entire budget. We cannot afford to have those kinds of increases, so its time to get the product evaluated and work with employees to see if we can get some wellness programs going or some screening programs where potential problems could be detected earlier. Both companies have said that they can save us enough on the reinsurance premium to cover the costs of their services. It would be a charged to fund 650, which is our health insurance account, so it would not affect the ERP. It will be monitored and there will be more reports. Ald. Molski will be sitting in when we talk with the consultants because she has a lot of knowledge from the past when she worked in the personnel office.

Motion made by Ald. Barr, seconded by Ald. Walther to approve the hiring of Virchow Krause to be our consultant for our health insurance plan for a fee of \$18,000.

Ayes: All Nays: None Motion carried.

9 -APPROVAL OF PAYMENT OF CLAIMS

Motion made by Ald. Molski, seconded by Ald. Rackow to approve the payment of claims in the amount of \$283,320.01.

Ayes: All Nays: None Motion carried.

Adjournment at 8:18 P.M.

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