

Meeting Minutes

Finance Committee Minutes

November 10, 2003 AT 6:45 P.M.

PRESENT: Chairman Barr, Ald. Rackow, Phillips, Molski and Walther

ALSO PRESENT: C/T Schlice; Mayor Wescott, City Clerk Zdroik; Admin. Assistant Gebert; Directors Euclide, Gardner, Disher, Schrader; Fire Chief Barnes; Capt. McCulley; Deputy C/T Wroblewski; Personnel Specialist Jakusz; Ald. Sevenich, Seiser, Moore, Sowieja, Markham, Stroik; April Feltz; Kate Garsombke (Stevens Point Journal); Gene Kemmeter (Portage County Gazette); Joseph Miller; Henry Korger; Betty Kurtenbach; Daryl Kurtenbach; Pat Arnold; Bev Mancl; Jim Buck;

Jeremy Ray; Virginia Clark; Jeff May; Mike Jersey; Steve Voelz; David Plaisance

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1. Assessor's Report.
2. Approval of the 2004-2007 Price Structure for the Parks Department.
3. Amendment to Building Code Fees.
4. Amendment of Maintenance and Occupancy Code Service Fee.
5. Amendment of Multiple Family License Fees.
6. Purchase of vacant lot from Portage County and sale to Habitat for Humanities.
7. Purchase of tax delinquent property from Portage County.
 - A. 555 Franklin Street.
 - B. 2101 Welsby Avenue.
8. Approval of payment of claims.
9. Adjournment.

1 - ASSESSOR'S REPORT

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

Ayes: All Nays: None Motion carried.

2 - APPROVAL OF THE 2004-2007 PRICE STRUCTURE FOR THE PARKS DEPARTMENT

Motion made by Ald. Phillips, seconded by Ald. Rackow to approve the 2004-2007 price structure for the Parks department.

Ayes: All Nays: None Motion carried.

3 - AMENDMENT TO BUILDING CODE FEES

Motion made by Ald. Rackow, seconded by Ald. Barr to approve the amendment to the building code fees.

Ald. Phillips questioned how long it has been since they have been changed and what were they changed from.

Director Gardner stated building permit fees for new home construction were previously calculated on a square footage basis. These fees were changed over five years ago.

Ayes: All Nays: None Motion carried.

4 - AMENDMENT OF MAINTENANCE AND OCCUPANCY CODE SERVICE FEE

Motion made by Ald. Molski, seconded by Ald. Walther to approve the amendment of the maintenance and occupancy code service fee.

Ayes: All Nays: None Motion carried.

5 - AMENDMENT OF MULTIPLE FAMILY LICENSE FEES

Daryl Kurtenbach, 5282 Airport Road, stated that he and his wife have had a small student rental business for 25 years. He stated several points that he has outlined in a letter that he wrote that is attached. He hopes that the items is tabled and that a committee is formed that consists of a few landlords, finance committee members, and a few from the Community Development office. He states that this is a complicated issue and commended Director Gardner for his hard work but would like a committee formed that could research all the points he addressed.

Jeffrey May, PO Box 184, stated that he is not in favor of charging by the unit or person because the cost of issuing the license has not gone up a whole lot. The major cost to the City is them having to go out to take care of the problems and there should be a legitimate charge for that but that he feels that the landlords who are not taking care of their properties pay those charges. He also stated that he feels there is an efficiency problem with the licenses because in the last four years half of those years his licenses were not issued properly, there were mistakes on them and in those years he had to send three letters to the City Clerks office to get the licenses fixed and he feels that he should not have to waste his time doing that.

Bev Mancl, 518 Maple Bluff Road, passed out a couple of handouts that she reviewed, which are attached. She stated that she has been in the business for more than 30 years. She stated that she agrees that we need a license increase, but would like a formula that is fair for everyone. She went over the differences listed on her handouts and stated that the formulas do not add up and that they penalize the small owner.

Henry Korger, 3200 Water Street #2, stated that he has been doing this for 45 years and the stories that landlords are making a bundle of money and ripping people off is not true. He quoted a sentence from Director Gardner's paper that we received, "a fee of \$1.00 per month per tenant appears to be a low amount given the rents charged." He questioned Director Gardner's knowledge of the rental business besides rent paid. There are problem properties and those problems need to be taken care of, but not by punishing the tax payer for providing quality service. We are experiencing financial problems due to increases in real estate taxes, insurance increases, utility costs, service repairs, appliances, etc.. There is more to renting than collecting the rental money. He feels the license fee being presented is too high and would like the item tabled for more studies.

Ald. Sowieja stated that he agrees with the landlords in that the ones at the lower end are supporting the ones at the high end.

Rich Sommer, 4224 Janick Circle, stated that in 18 years, to his knowledge, no inspector has ever been to his property for problems of noise, maintenance or parking issues. Anybody comes to town and throws money on the table, they get their apartment approved and it looks to him like we favor the out of town landlords.

Director Gardner stated that he appreciates the comments and thanks Bev Mancl and Daryl Kurtenbach for sharing their comments with him today. He stated that the licenses go from January to December so the renewals are normally mailed out around Thanksgiving. If we decide to table the issue until December, we will have to put off the effective date because it takes some time to get those done. The current system is set up using the number of units, not the number tenants so if you have one unit with 4 tenants, the fee is \$30, if you have 1 unit with 10 tenants, the fee is \$30. He questioned if that was fair. It does not seem fair that a landlord that has 10 tenants and collects 10 rents pays the same as a person with 4 tenants and collects 4 rents, so he has recommended to do it based on number of rent paying tenants. If you have a 10 tenant complex, you have a lot more garbage, a lot more parking, a lot more noise being generated, so the question is should that unit be paying more. The two reasons based behind that is that one they have more rent being paid and because they generally have more problems with that site than the one with fewer tenants. We collect \$28,000 a year now and if you look at the services, half of the inspectors time is in dealing with issues of maintenance including garbage complaints, noise complaints, etc. He brought the pile of noise complaints for 2002 and stated that his department is not the only department involved. It is the Police Department that has to respond to these noise complaints and the majority of them are at rental properties. He stated that he is trying to make it so that the small and the large landlords are treated equally. There are 384 licensed units, and with the change, half of them (195) have a less than \$50 increase, and three quarters of them are less than \$100 increase. We are talking about one dollar per tenant per month, twelve dollars per year per renter, that is what is being proposed. Only 42 units are capped out at \$400 maximum. He stated that there has not been an increase for 14 years, but using a 10 year range, he gave an example of what the cost would be at increasing the fee \$9.00 per year and the total cost over the 10 years would be \$405. If there is a delay, he would suggest not delaying it for more than a month. The new system is more equitable because under the current system, the more tenants you have, the less you pay per tenant. The new system will collect revenues from \$55,000 - \$60,000, which is something we need to be doing with the budget situation anyway and it is no where near the cost of services to the community as a whole. He suggests this system will work and recommends that we approve it.

Rich Somers stated that a 355% increase, for a property that has never been visited in 18 years for problems, is not equitable. He has talked to a lot of landlords in the past week and none of them feel that Director Gardner's proposal is equitable.

Jeffrey May stated that it sounds real convenient, but it still adds up to a 300-400% increase and how many businesses can justify that kind of increase. A lot of cities do not have license fees for their rental houses. He also stated that he feels that they are taxed higher because they are income properties.

Mike Jersey questioned why Director Gardner is the only man deciding this.

Daryl Kurtenbach stated that he worked for the Health and Human Services Department and he is very familiar with fee settings and no reputable agency has a fee increase every single year. He stated that it is very poor government to go thirteen years without raising fees a little bit and what is doubly poor government is to after thirteen years, whack the landlords with an astounding rate increase. He would hope that the fees would not be used totally to cover the services.

Henry Korger stated that Director Gardner does a good job of explaining everything, but it would have been nice to have him call in a couple of people who have worked very hard from the CWAA (Central Wisconsin Apartment Association). The Association is trying to educate people as they have seminars going on a couple of times a year and they invite people from the surrounding areas to help them understand. He stated that he is paying for the people who do not run their properties properly and does not appreciate that.

Director Gardner stated that he did invite Mr. Korger when he told him two weeks ago that we were going to have this meeting and his input was invited at that time and he also sent a letter to the CWAA.

Rich Somers stated that a 30% increase per year is not fair.

Ald. Rackow stated that he would like to see the committee explore the idea of forming a committee, but also come up with program that could be in effect for January 1 because he does not want to wait a year.

Ald. Phillips stated he does not know how you are going to put a bunch of people in a room and come up with something simpler than \$1.00 per tenant per month.

Ald. Rackow stated that the representatives from the Apartment Association could help decide.

Ald. Phillips stated that the cap would need to be addressed, but unless the fee per occupant is reduced, you cannot get simpler than that.

Chairman Barr questioned if we need to do this in steps.

Ald. Molski stated that is what has been done with the Park fees, they gradually increase them. In view of the much larger complexes that have come to town, she does not feel it is appropriate to have a cap of any sort. That way the lower ones are treated equally as the higher ones.

Ald. Walther agreed with Ald. Rackow in that we need to have a little bit more discussion with the property owners but also to have it in place by January.

Motion made by Ald. Walther to sent this back for discussion and to establish a committee to set the fees and make it more equal. Motion dies for lack of second.

Motion made by Ald. Rackow, seconded by Ald. Walther that the apartment owners select three members of their group to work with one or two members of the Finance Committee and John Gardner and maybe the inspectors to develop a fee adjustment schedule to become effective for January 1, 2004 and that the fee schedule be on the Mayors desk no later than Monday, December 1st.

Mayor Wescott stated that he is going to insist that this report is on his desk no later than the first Monday of December because that is going to be distributed to the Committee by the second Monday and the Clerks deadline is the Wednesday of that week. He stated that we need three members from the Apartment Association, two members of the Finance Committee, the building inspector and John Gardner.

Ayes: Ald. Rackow, Phillips, Molski and Walther Nays: Chairman Barr

Motion carried.

6 -PURCHASE OF VACANT LOT FROM PORTAGE COUNTY AND SALE TO HABITAT FOR HUMANITIES

C/T Schlice stated that this would be a purchase by the City and then we would sell it to Habitat for Humanities and we would recover the \$2900 upon the sale of the new property owner. What this would do is build a home on the vacant lot and make it owner occupied.

Ald. Seiser questioned where this lot was.

Director Gardner replied that it is north of Maria Drive next to the Danczyk house. He also stated that it is a very narrow lot.

Ald. Rackow questioned if we can afford this.

C/T Schlice stated that the repayment just in taxes alone over the next couple of years is more than justified. We are taking it out of land acquisition, which has \$100,000 put into it every year.

Motion made by Ald. Phillips, seconded by Ald. Molski to approve the purchase of the vacant lot from Portage County and the sale to the Habitat for Humanities.

Ald. Sowieja stated that he understands the noble cause for the Habitat for Humanities and the CAP services projects, but does not feel that the City should be getting into this broker/real estate agent business. The market place should dictate who purchases these lands, the City should not have any control over it.

Director Gardner stated that if we do not buy it, somebody else will and so in this particular case, Habitat for Humanities is for a good cause but if you do not want to do it then somebody else will get it. They have built seven owner occupied houses in this City, which has brought income into the City.

Ald. Phillips stated that it is a good business mode because we will be getting payback in less than two years and if we need to do that on these types of properties and a whole bunch of other benefits that go with it, so be it.

C/T Schlice stated that the County is selling it to the City for the delinquent taxes, they would not sell it on the open market for just the taxes and we are the only ones that can buy it that way.

Ayes: All Nays: None Motion carried.

7 - PURCHASE OF TAX DELINQUENT PROPERTY FROM PORTAGE COUNTY A. 555 FRANKLIN STREET B. 2101 WELSBY AVENUE

C/T Schlice explained that this one is a little different than the previous one because we are buying it at market value, which is the County's call and this would be a strict wash, we are the ones that can buy it right at the market value without going to bid. There are a couple people that are interested and the current occupants would like to purchase the property and if they can arrange financing, which would be the only condition that we would purchase these, would be if they can get the financing. We would be reimbursed immediately.

Motion made by Ald. Rackow, seconded by Ald. Walther to approve the purchase of 555 Franklin Street and 2101 Welsby Avenue, which are tax delinquent properties from Portage County.

Ayes: All Nays: None Motion carried.

8 - APPROVAL OF PAYMENT OF CLAIMS

Motion made by Ald. Molski, seconded by Ald. Barr to approve the payment of claims in the amount of \$560,024.13.

Ayes: All Nays: None Motion carried.

Adjournment at 8:12 p.m.

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