

Meeting Minutes

FINANCE COMMITTEE MEETING

DECEMBER 11, 2000 AT 7:12 P.M.

CITY WATER DEPARTMENT PRESENT: Chairman Barr, Ald. Rackow, Phillips, Nealis, and Pazdernik

ALSO PRESENT: Comptroller-Treasurer Schlice; City Attorney Molepske; Clerk Zdroik; Interim Admin. Asst. Marciniak; Directors Van Alstine, Gardner; Schrader; Assessor Kuehn; Administrator Disher; Capt. Dowling; Personnel Specialist Jakusz; Ald. Kedrowski, Sevenich, Molski, Seiser; Gene Kemmeter (Gazette); Scott Krueger (WIZD); Mike Jacquard (Stevens Point Journal)

ITEM #1 - ASSESSOR'S REPORT

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

Ayes: All Nays: None Motion carried.

ITEM #2 - CONSIDERATION OF CLAIMS

A. PROFESSIONAL BUILDING

B. HIBACHI JOE'S

C. CONTEMPORARY PHOTOGRAPHY

D. REBECCA KLESMITH

Comptroller-Treasurer Schlice explained that two of the claims have direct requests from Sentry Insurance to deny them. All four are being brought here for your consideration so that they can continue to proceed with the contractors insurance agency. Three of them are directly related to the Highway 10 project and will come through the contract that the state did. The other one, Rebecca Klesmith, was from a contractor that we had for the Michigan Avenue underpass.

Motion made by Ald. Phillips, seconded by Ald. Rackow to approve the recommendation made by Sentry Insurance to deny the claims.

Ayes: All Nays: None Motion carried.

ITEM #3 - ACQUISITION OF LAND - TAMARACK STREET

Comptroller-Treasurer Schlice explained this has been through Plan Commission and the Board of Public Works and after talking to Portage County, they have said that they will sell it to the City for half of the bill. They gave us two choices, we eat the \$6,600 that we put on the tax bill from special charges for demolishing the property and we split the taxes or to just split the bill down the middle as it stands. We actually come out ahead by splitting it down the middle. If approved it would come out of the land acquisition account.

Motion made by Ald. Nealis, seconded by Ald. Pazdernik to approve acquiring the land by splitting the total bill down the middle.

Ayes: All Nays: None Motion carried.

ITEM #4 - TELEPHONE CONTRACT RENEWAL

Comptroller-Treasurer Schlice explained that over the last year and a half we have been looking over phone systems. The Ameritech Centrex Contract expired on December 1, 2000 so we are in need of a new contract. We should be receiving the contract in the next week or two. We have looked at a number of different systems and the Voice over IP system is the way things will be going in the future. Although, with the technology changing so rapidly right now we would like to make sure there is a regular standard that is approved by the industry before we start implementing it. Basically, a three year extension would give us service for the next three years. We would have something in time for the 2003 budget so we could start implementing any costs of a changeover. The recommendation is to go with the current system, the Centrex system, which is also being used by Portage County.

Ald. Nealis questioned whether or not the Voice over IP system will be a savings.

Comptroller-Treasurer Schlice answered yes, in the future it would. Right now there is only one vendor that is really on top of the market and they are making money on it because they can get the high prices. The standards are suppose to be set for that system later in 2001 and once that is set, the current thinking is that there will be a lot more vendors coming into the market with the equipment. We would have to change all the phones with that system.

Ald. Nealis questioned why we are going with a three year contract if there will be savings with switching.

Comptroller-Treasurer Schlice answered that the problem is that we can only get two different options, we can go with a one year extension or a three year renewal. They will not give us a two year extension. Our other option would be month-to-month, which would be really pricy, plus they lower our service level. If we thought we could implement it within one year we would have to start setting it up in three to four months and we are not prepared for that.

Ald. Rackow stated that he likes the idea of sticking with the County.

Ald. Kedrowski questioned whether or not we had a consultant do a phone study.

Comptroller-Treasurer Schlice replied that we did and what it did is organize everything we had so that we can go out for proposals with that information and get an accurate estimate of what the cost of the service would be.

Ald. Kedrowski questioned that if we lock ourselves in for three years we will not need to be getting proposals.

Comptroller-Treasurer Schlice stated that we will not be adding very many lines between now and then.

Ald. Kedrowski questioned how much the study cost us.

Comptroller-Treasurer Schlice stated that it was about \$5,000 and the County paid \$15,000 for theirs so we both have a good idea of what we

have. With Ameritech, we can reduce our Centrex lines up to 15% with no penalty during the next contract period. He also stated that he agreed with Ald. Rackow that it is a good idea to stick with the County.

Chairman Barr questioned if the County already renewed.

Comptroller-Treasurer Schlice replied yes, it has gone through their committees already.

Motion made by Ald. Pazdernik, seconded by Ald. Phillips to approve the renewal of the three year Centrex contract.

Ayes: All Nays: None Motion carried.

ITEM #5- WATER/SEWER DAMAGE - LOIS WEED/NANCY KURSZEWSKI

Ald. Phillips explained that he has been working on the backup claim from last February in regards to Lois Weed and Nancy Kurszewski. He stated that he thinks that the City should take care of the costs these two residents endured because it was a sewer backup that involved a water main problem and it is not fair to the two people involved to have to pay out of their pocket for a recurring problem in that area. Currently there is four black top holes in Water Street where work was done, five breaks or problems in a 200 foot stretch. In approximately 1995 or 1996 a new street was put in, nothing was done underneath the street at that time. Since 1995 there has been nothing in a budget or anywhere to fix the problem on that street. He asked how we can blame Lois Weed and her neighbor for the problem, they have nothing to do with it. The water break was in the street, flowed over into a defective manhole and then flowed into their basements creating \$7,500 - \$8,000 total damage. The City knew that there was a problem there but did nothing to fix it, up to this point. Five years later we still have the problem. He questioned why these two people have to suffer. These people did nothing wrong, but they are being penalized a lot of money that they cannot afford to take care of this. If it was a private contractor doing this work, they would have to pay. The City spent millions of dollars in the last five years on sewer projects, bypasses, additions to the City, etc. and they cannot take care of this problem. During the winter there is truck traffic on that street, the frost is coming through and he bets there is another leak there. He stated that we should do the right thing and reimburse the ladies for their damages and reaffirm to the taxpayers that the City Council is fair and just in all its decisions.

Motion made by Ald. Phillips, seconded by Chairman Barr to reimburse Lois Weed and Nancy Kurszewski for damages done from the water break in February 2000.

Ald. Pazdernik questioned if he was implying that the City was negligent.

Ald. Phillips replied yes.

Ald. Pazdernik stated that our insurance company said that we were not.

Ald. Phillips stated that after talking to the insurance company, they stated that the law reads that as long as the City is not negligent, the resident is responsible.

Ald. Pazdernik stated then we are not negligent.

Ald. Phillips stated that the insurance company stated that we are not and he does not think the insurance company had all the facts. He does not think they are aware of the prior two breaks. When he spoke to the insurance person, he said state law says that we are not negligent if we do regular maintenance on our items. There was a cracked manhole, therefore there is a problem.

Ald. Pazdernik replied that stuff like that happens but we are not negligent.

Ald. Phillips stated that was the reason they gave for not paying the claim. He questioned if Ald. Pazdernik wanted to burden the residents.

Ald. Pazdernik replied they should have had some insurance coverage. If they would have had some at such a reasonable rate, they would not have this problem.

Ald. Nealis questioned the amount of money.

Ald. Phillips replied approximately \$7,500 for both of them.

Ald. Nealis commented that after the insurance plan that was just initiated last month, they could get up to \$1,000.

Comptroller-Treasurer Schlice stated that after the \$500 deductible, it would be a \$1,000 on a dollar to dollar match basis, so in theory you would have to have about \$2,500 in damages to collect \$1,000.

Ald. Nealis questioned if they took this to court.

Ald. Phillips replied they cannot afford to hire an attorney.

Ald. Nealis stated they may not need an attorney. They could go through small claims. There is a \$4,000 limit but if the total of the claims is between them, they could do it separately. If they go to court and win it in court, then Sentry Insurance pays for it. He stated that Ald. Phillips could probably go into court and testify for them. That way, if they win in court, Sentry would have to pay them.

City Attorney Molepske replied yes, but that would not happen. He can agree with Ald. Phillips and the problem. Whether the problem is caused by us, them, or some third party, they have a problem. Unfortunately, the problem in this case is that we denied the claim. The statute of limitations is now past. They have six months to file action against us. That claim will be barred by the statute of limitations. We have no legal obligation to pay that claim. We are a public corporation and we have different rules that we have to follow. Our responsibility is to pay just claims, nothing more, nothing less. In this case we need to take a good look at whether or not we have the authority, a year later, to pay the claim which is now outlawed. We also have a lot of other claims just like this from years past that we were concerned about, some of them substantial.

Chairman Barr questioned Director Van Alstine in regards to the manhole that was defective.

Director Van Alstine replied that the manhole does leak but the manhole is a structure of the street that is above the water table so a leaking manhole is not subject to ground water and water infiltration unless you would have something out of the ordinary, like a water main break. If you were on the west side where the groundwater is high, then a leaking manhole would be a problem and we would fix it. In this area there is no water to leak into the manhole so it is not a problem.

Ald. Nealis commented that he is hesitant based on the insurance plan that we just implemented. He would be hesitant to set a precedent of a past claim. He asked if Ald. Phillips would amend his motion.

Ald. Phillips replied no. When the break happened, it was agreed that something should be done about them. Five months went by and finally last month something was done about it. He apologized for not knowing there was a deadline. He stated that he is embarrassed that a water main can break in the street, a fluke accident, and we blame the residents of this community for it.

Ald. Nealis stated that he agrees but wondered what we are getting into. He asked that it be tabled until the Council meeting or next month so that we can research it farther. He agrees with Ald. Phillips and his heart goes out to these people, it was a hardship, but we need to see what we are getting into first. The City is our first obligation.

Ald. Rackow commented that the two individuals came to the appropriate committees and they also came to Council. They were told that we would work on a program that could possibly pay for their damage. He questioned if we could limit the liability by saying that we would re-examine all claims subsequent to January 1, 2000. We did tell these people that we were going to work on something. He questioned if we could include, in the motion, going back to January 1, 2000.

Ald. Phillips stated that he wanted his motion as stands.

Ald. Nealis stated that he would like the information for the Council meeting. He would not have a problem paying this but if it is going to cost the City several thousand dollars then he will not vote for it. He agrees with it, that it is right to pay it, but he does not want the City to get stuck paying it. He would like that information before he votes for this at Council, that may change his vote, but for now he will vote against it because of lack of information.

Ald. Pazdernik agreed with Ald. Nealis because our main responsibility is for the City and we have to protect the City as a whole and we cannot allow opening up a situation that will cost the City thousands of dollars, it is unacceptable. Private homeowners should be responsible, if they buy a house, they should be responsible enough to get insurance to protect themselves. If they are not doing that, it is their own fault. He stated that any responsible homeowner should protect their house, after all that is why they sell this type of insurance.

City Attorney Molepske questioned that when the ladies were here when we denied their claim and we told them that if we had a program in the future, they would be covered under that program.

Comptroller-Treasurer Schlice replied that is correct, it was in the minutes.

City Attorney Molepske stated since it is in the minutes, it is a different situation. The claimant could argue that she did not do anything because she anticipated that the City would be implementing a plan and she would be reimbursed that way. The City did that and they could be reimbursed the \$1,000 that the new plan would offer.

Ald. Molski stated that she was at the meeting the women were at and they were told that if the City put a plan into motion, they would be reconsidered but they would be subject to whatever plan was approved.

Ald. Phillips questioned Administrator Disher if there is anything in the budget to repair that street.

Administrator Disher replied that he has a larger problem on Second Street than he does on Water Street.

Ald. Phillips stated that he is not worried about Second Street, he is worried about Whiting Avenue and whether or not anything has been done on that street for five years.

Administrator Disher replied that he is not worried about Whiting Avenue.

Ald. Sevenich replied that maybe the women cannot afford the insurance. Even if they could get the \$1,000 it would be something.

Ayes: Ald. Phillips and Ald. Rackow Nays: Chairman Barr, Ald. Nealis and Pazdernik

Motion defeated.

Motion made by Ald. Rackow, seconded by Chairman Barr to reimburse Lois Weed and Nancy Kurszewski under the plan that was adopted last month.

Comptroller-Treasurer Schlice explained that the reason that it came to this committee is because Ald. Phillips requested that it come based on what happened in the previous meeting.

Ald. Pazdernik clarified that the motion is to send it to the Sewer Backup Committee, not to pay the \$1,000.

Chairman Barr replied that yes, it will go to the Committee.

Ayes: All Nays: None Motion carried.

ITEM #6 - APPROVAL OF PAYMENT OF CLAIMS

Motion made by Ald. Rackow, seconded by Ald. Phillips to approve the payment of claims in the amount of \$492,072.41.

The claims were discussed.

Ayes: All Nays: None Motion carried.

Adjournment at 7:50 p.m.

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