FINANCE COMMITTEE
Date and Time: Tuesday, May 5, 2020 @ 5:45 pm., Council Chambers
Members Present *In person*: Rasmussen, Ryan, Herbst, and Watson. *By WebEx*: Martens.
Others Present: Groat, Rosenberg, Jacobson, Goede, Van Krey, Klein, Lindman, Rubow, Thompson, Schock, Sorenson

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner. The meeting was called to order by Maryanne Groat, Finance Director.

Select a Chairperson and Vice Chairperson for 2020-2022 term.
Herbst nominated Lisa Rasmussen for chair, seconded by Martens. Ryan nominated Dawn Herbst, however, Herbst declined the nomination. Herbst nominated Michael Martens, there was no second. A vote was taken and Lisa Rasmussen was selected as Chairperson for the 2020-2022 term unanimously. Groat turned over the meeting to the chair.

Ryan nominated Michael Martens as Vice Chairperson, seconded by Watson. A vote was taken and Michael Martens was selected as Vice Chairperson for the 2020-2022 term unanimously.

Establish Regular Meeting Date and Time for 2020-2022 term.
Rasmussen stated the committee has been meeting the second and fourth Tuesday at 5:15 pm., along with additional meetings during the budget process. Consensus of the committee was to stay with this same schedule.

Approval of the minutes of previous meetings (3/24/20 & 4/14/20)
Motion by Herbst, second by Martens to approve the minutes of the previous meetings on 3/24/20 and 4/14/20. *Ryan indicated she will abstain from voting since she did not attend those meetings.* Motion carried 4-0-1.

Discussion and possible action regarding a budget modification for the CAMA Assessment Software
Rick Rubow and Gerry Klein reviewed the previous failed implementations with vendors and what they learned during the process. They explained the latest RFP process and explained the qualifications for the recommended vendor, Patriot. Patriot has some significant successful implementations in Wisconsin including Milwaukee, Appleton and Racine. Milwaukee converted three different systems to Patriot within a nine months. Rubow believes the City will benefit from the robust data available in the Patriot system. Klein explained that it is important to migrate to a new software because the current software is no longer maintained by the vendor, the software is stored on a server that is obsolete and will require the City to pay $25,000 annual maintenance since this would be the sole software located on the server. In addition, the software requires Microsoft 7 which is also out of date. Klein indicated that a review of the financial software projects underway revealed that the overall budget shortage in this budget category is $32,000. The budget modification pulls money from the Network budget to the Financial Software budget. Rasmussen indicated that bench marks and performance should be included in the contract.

Motion by Michael Martens, second by Ryan to approve the budget modification for CAMA Assessment Software and move forward with the purchase. Motion approved 5-0.

Discussion and possible action regarding a budget modification for the Great Lakes Cheese Facility Demolition
Rasmussen questioned why this was coming back because it was voted down at Council. She stated the intent was to use the funding in the budget to demolish the building and leave the hardscape sit until there is a plan for either a public/private partnership to remove the rest of it or funding became available. It appears that now there is someone that wants to crush that material and use it as road base, which is an environmentally friendly way to use the material, but she felt the Council said no to completing the entire project. She asked what was different.

Groat clarified Council did not vote on a budget modification that added funding; the budget modification was amended to only use the existing funding, it was not failed resolution. The previous term Finance Committee had approved the budget modification submitted to the last council meeting and its funding source was debt. This resolution has a different funding source which proposes to use Community Development funds that would be paid by the tax increment district.

Groat explained when Eric Lindman developed the initial budget he added $20,000 to the base bid for contingency because of things like asbestos. The original $115,500 is sufficient for the demolition costs, but there will be a pile of asbestos product that at a minimum, needs to be hauled away. If they choose to delay the slabs and remove at a later date it will cost the city more in the long run. The demolition project is enjoying savings under the current bid because of the ability to remove the concrete slab and reuse the product at the nearby Fulton Street site.

Ryan questioned if the asbestos issue could be dealt with the Holtz Krause funding. Groat responded that it could, but would still require a budget modification because money is not spent out of any funds without budgets.

Rasmussen clarified they would just be shifting earmark from one fund source to another because neither of them planned for this. The budget modification is a transparent process so that the public can understand where we have spent money now that we didn't plan for January 1st. Ryan stated she did not believe they would have to do a budget modification if the expenditure is applicable to Holtz Krause which is used for the whole city for environmental issues with funds available. Groat reiterated if we spend out of an expense line item that has not been budgeted for we do a budget modification. A budget was established for Holtz Krause Fund and it did not anticipate spending $18,000 on asbestos abatement for this project so we would need to do a budget modification to increase the expenses from that funding source.

Lindman stated there is a large pile of concrete with asbestos on it that has to be landfilled. It has gone through the process, the DNR is aware of it and now it is just sitting there. The cost to take is to the landfill is just under $18,000.

Groat stated if they spend the money out of the environmental fund they will only be able to spend it once because there is no funding mechanism to regenerate those dollars. If they provide the funds temporarily out of the Community Development Impact and the TID repays it when it has the cash flow, then the environmental funds are still there for other projects.

Rasmussen summarized they need to decide if there is greater value in moving funds between a fund source that can be replenished and reused (*Community Development Impact*) or just pay for this and be done (*Holtz Krause*), but recognize the fund is permanently depleted.

Jacobson clarified this was not a failed resolution so it did not fall under the reintroduction prohibition in the Council Rules. They approved an amended resolution which did not fund the full project. They could choose to reconsider because it is being brought back with a new funding source.

Mayor Rosenberg commented the Council did say no to funding it with debt and she felt if there is another way they certainly can consider it, especially with the environmental issue.

Watson questioned if they could use the Holtz Krause environmental funds just for the asbestos disposal and the rest to come from the Community Development fund. Groat reiterated that long term, it impacts the work the city can do to maintain Holtz Krause versus if it is charged to the TID which the increment will pay. Groat reviewed the maintenance that is required at the Holtz Krause site. She felt they should keep this account intact for future remediation where there is no other funding source available. Groat also indicated that she recognizes that it is the Common Councils decision as to how to fund projects.

Ryan did not want to extend the TID another year or two for additional expenditures. She wanted more information on the Holtz Krause and on revolving loan funds. She suggested going to the Alexander Foundation.

Lindman explained the reason this came back so quickly is because they are about done with the demolition out on site with the money the city has allocated. If they move off site and then we ask them or someone else to come in later it will cost more to remove it then it will now. The concrete can be crushed and used on the Fulton Street project.

Motion by Herbst, second by Martens to approve the budget modification as originally proposed using Community Development Impact Funds reimbursed by TID #3 when it is able to pay, not incurring additional debt.

Motion by Ryan to amend the resolution to pay the asbestos removal of $17,680 from Holtz Krause Fund and the balance from the Community Development Impact. *Motion died for lack of second*.

Vote on the original motion: Ayes: Herbst, Martens and Rasmussen. Noes: Watson and Ryan. Motion carried 3-2.

Discussion and possible action on budget modification for street improvements Tax Increment District Number 7

Groat stated the City Common Council and the Joint Review Board approved a project plan amendment for TID 7 that increased spending by $1.1 million for street improvements. A map of the projects was included in your packet. The engineering department obtained extremely favorable bids of $672,000 for the road project. Groat indicated that the project plan expected funding the street improvements with debt amortized over 3 years. After updating the cashflow projections the district will be paid off and ready to retire a year early in 2022 so funds will only be needed for two years. Our financial advisors estimated interest and debt issuance of $31,000. Groat proposed instead of issuing debt for the funds they use idle funds within the Environmental Fund to pay for the project upfront. TID 7 would then pay the Environmental Fund back by May of 2022. The TID could even pay the Environmental Fund interest for the use of the funds. Groat indicated that Deb Ryan had requested via email an accounting of the individual streets. Groat explained the bid was not itemized by Individual Street. Rasmussen said she totally supported the closure of the district a year early. Ryan indicated she did not support the Hwy 52 Parkway project. Groat indicated that the landscaping is not included within the budget modification under consideration. The parkway landscaping was already included in the 2020 budget and the City has already signed the construction contract.

Motion by Martens, second Herbst to approve the budget modification within TID 7 for Street Improvements in the amount of $672,000 and fund the project with an advance from the Environmental Fund to be repaid over two years including interest of 2.25%. Motion carried 5-0.

Discussion and possible action on renewal of parking lot lease with Colonial Property 4, LLC (Grant and 3rd Streets)

Groat explained the parking lot has been leased by the City for over 25 years. The lot has 44 stalls. The lot is managed by parking pay stations. The financial terms remain unchanged. Language in the agreement were modified to reflect the use of pay stations and to allow parking instruction signage. The parking lot is used by downtown patrons. Ryan does not believe the city should lease the lot since parking revenues do not fund the full lease.

Motion by Herbst, second by Martens to approve the lease as presented. Motion carried 4-1. (*Ryan was the dissenting vote*.)

2019 Financial Presentation

Groat presented a PowerPoint on the City of Wausau 2019 Financial Results. The presentation can be viewed in the committee packet or watched online on YouTube:
https://www.youtube.com/watch?v=B9IhgkVb0Ng&list=PLTKmYFdlHPXd_az-LTeAEdTdJTFzvnwtd&index=3&t=0s

Adjourn

Motion by Herbst, second by Watson to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 8:15 pm.