

Minutes
FINANCE COMMITTEE
Tuesday September 30, 2014
City Hall, Room 207
6:30 p.m.

MEMBERS: Alders Tom De Wane, Andy Nicholson, Tom Sladek and Guy Zima

OTHERS PRESENT: Dawn Foeller, Lynn Boland, Rick Jensen, Diana Ellenbecker and others.

1. Roll Call.
2. Approval of the Agenda.

A motion to approve the agenda made by Ald. Andy Nicholson, seconded by Ald. Tom De Wane, and carried to approve.

3. Approval of the minutes of the Finance Committee meeting of September 30, 2014.

A motion to hold the minutes of September 30, 2014 until the next meeting made by Ald. Andy Nicholson seconded by Ald. Tom DeWane and carried to approve.

4. Request by Ald. Nicholson for Finance and Economic Development to create a report and map to show any areas that have been designed blighted for development.

Finance Director, Dawn Foeller, stated that Director Flom has her staff creating the maps after receiving additional information from Ald. Nicholson earlier this week. A motion to hold until the next meeting made by Ald. Andy Nicholson, seconded by Ald. Tom De Wane and carried to approve.

5. Request by Ald. Nicholson to review the City's policy on paying bills, such as what is the dollar amount that needs to be approved by the City Council.

Director Foeller stated that any authority starts at the budget time, whereby, the Council approves operating budgets for each department and is our guideline going forward. The City of Green Bay does have a policy in place of anything over \$10,000 does come back before the council. Other levels include \$0-\$2,500, requiring 1-3 competitive quotes from the vendors and the departments authorize this expense. Quotes from \$2,500 to \$5,000, requiring departments to receive 1 – 3 competitive quotes, making the decision, but sending the documentation to the purchasing department to review. Anything over \$5,000 purchasing handles the competitive quote process, choosing the low qualified bidder. Anything over \$10,000 requires the appropriate committee and council approval.

Ald. Andy Nicholson inquired about the furniture purchased for the Mayor's office.

Director Foeller stated that the furniture purchased would stay with the City and the purchase price was for \$3,483.

Ald. Andy Nicholson stated that anything \$0-\$5,000 needs a competitive quote. \$10,000 or more needs approve by the council.

Purchasing Manager, Rick Jensen clarified that when the purchase is \$0-\$2,500, departments will get their own quotes. The value between \$2,500 and \$5,000 still requires departments to receive 1-3 quotes, but they are responsible for their budget. Any item or service expecting to exceed \$5,000 need to submit a requisition and Purchasing Dept. issues a formal request for quote. Goods or services valued over \$10,000 is brought forward to the appropriate committee and then to City Council for approval.

Ald. Nicholson asked Director Foeller if the document contained in the finance detail was a policy or an ordinance, in which Director Foeller stated that it is a policy previously approved by the Finance Committee.

Ald. Andy Nicholson asked if the committee is comfortable with the policy that is in place to which Ald. Tom De Wane replied this issue has been brought up in the past and the policy has remained the same.

Ald. Guy Zima asked what the source of funds were used to pay for the office in the Mayor's office.

Finance Director, Dawn Foeller stated the City borrowed money through our annual borrowing for various City Hall remodeling projects including the renovations that took place in this room, the committee meeting next door, and bathrooms to become ADA compliant.

Ald. Guy Zima asked if money was budgeted for the Council Chambers to which Director Foeller the bonded money was placed in the City Hall Maintenance Fund for general city hall renovations which also has included upgrades City Hall's HVAC and boiler system, maintenance completed on its chimney, ceiling tile removal and replacement and electrical upgrades completed for energy efficiency.

Ald. Guy Zima stated that the maintenance fund is one thing but buying new furniture and remodeling projects should have its own budget which should come before the Finance Committee for review.

Ald. Guy Zima stated the budgeting should be more precise. \$50,000 is not a small amount. He feels all these items should be budgeted and more detail should be given for any items over \$5,000.

Ald. Andy Nicholson wanted clarification as to the value that comes back before the Council to which Purchasing Manager, Rick Jensen clarified values between \$0 to \$2,500 requires departments to get quotes on their own at the department level and award to the lowest bidder. Goods or services valued between \$2,500 to \$4,999, departments solicit the requests for quotes and then are also reviewed by the Purchasing Department that they followed purchasing policies. For goods and services over \$5,000, departments enter a requisition for purchasing to solicit formal quotes. A good or service over \$10,000 comes back to the committee to make those awards.

Ald. Andy Nicholson questioned whether or not those quotes are handled internally then.

Purchasing Director, Rick Jensen stated that the Purchasing Department advertises on our network and post the results on our network, so they are made public once the quote has been awarded. For goods or services between \$0 - \$10,000 are handled internally and brought back to a committee.

Ald. Tom De Wane asked Finance Director, Dawn Foeller whether there is an accounting of what and how this money is spent.

Finance Director, Dawn Foeller stated that all departments keep meticulous records of purchases.

A motion to receive place on file made by Ald. Andy Nicholson, seconded by Ald. Tom De Wane and carried to approve.

6. Request by Ald. Nicholson to review the amount of new debt (not refinanced debt), for Finance to prepare a report that show the principal amount of new debt, the total amount of new debt with interest, the amount of principal debt paid off and total amount of debt paid off each year since 2002.

Ald. Andy Nicholson asked when we are paying off a debt, is it less than 2002 and if so how much?

Director Foeller stated that as of December 2003, the City had general obligation bonds outstanding of \$104M and as of October, 2014 the City owed \$126M.

General obligation notes outstanding as of December 2003 were \$13.3M, and as of October, 2014 that value was \$10.4M.

So, overall as of December 2003 total outstanding debt was \$117.3M and as of October 2014 we have \$136.4M. Or roughly an increase of \$19M as stated by Ald. Guy Zima.

Ald. Andy Nicholson asked what was the amount of principle that was paid off on these two types of debt, in which, Director Foeller stated the City has paid off \$110.7M in bond principal and \$69.8M in principle for notes.

Ald. Andy Nicholson asked the total value of interest related to these bonds and notes to which Director Foeller responded the gross amount of interest due on the bonds was \$42.2M and notes was \$28.4M. This value does not represent the actual interest the City paid on these issues since much of this debt has been refinanced at lower rates.

A motion to receive place on file made by Ald. Andy Nicholson, seconded by Ald. Tom Sladek and carried to approve.

7. Request by Ald. Nicholson for a list of TIFs that are decrement, and an explanation as to why they are in decrement, and what could have been done to prevent this.

Director Dawn Foeller explained there are two primary reasons TIF values could be in a decremental situation, property that was once taxable becomes exempt from taxation and the overall market of real estate. (For a point of information, a decrement in a TIF means that the value of the TIF today is less than the value of the TIF when the TIF originally went online).

Director Foeller handed out a memo that showed an example of the impact that market could have on the TIF equalized value. Given a certain TIF with an assessed value of \$10M in 2007 and an assessed to equalized ratio of 92.5%, the State would have set the equalized value of that TIF at \$10.8M, however, fast forward to 2012 and an assessed to equalized value ratio at 106.8, that same assessed value of \$10M would only have a equalized value \$9.4M or a decrease of \$1.4M with absolutely no change in the value of the property.

Ald. Nicholson asked what could have been done to prevent the devaluation of the TIF to which Director Foeller stated banks and individuals who mortgaged more than their home was worth really drove the decline in the real estate market. The entire nation suffered, losing trillions of dollars in property value.

Ald. Nicholson asked specifically why TIF 11, which is the Main Street TIF, declined. Director Foeller stated there are two reasons for the decline market and moving property that was once taxable off the tax roll. She expanded upon that stating that the City has been purchasing property along the East River to form a connection of the East River trail that ends close to East High School to the section that is close to Streu's Pharmacy.

Ald. Andy Nicholson asked how much property is the city buying along the East River Trail to extend the trail to which Dan Ditscheit from the Parks Department stated roughly 10 properties have been purchased along that stretch that was made up of mostly commercial property on Main Street and a few residential properties which are in rough shape.

Other values relating to other TIF's not in a decremental value were asked by Director Foeller directed committee members to the report generated by DOR listing each of the TIF's and the current value and increment created since the TIF opened.

Ald. Guy Zima asked how many TIF is in the downtown area and how long can TIF's remain open, to which Director Foeller responded TIF 4, 5, 13, 14 and 17. As to how many years a TIF can remain open, that is based on the type of TIF but for the most part, 27 years the life of a TIF.

Ald. Andy Nicholson asked what is causing TIF 16 its decrease.

Director Foeller responded TIF 16 had taxable property that moved to exempt (Goodwill bought Best Buy) and there was a re-evaluation of the Cub Foods building when they moved out dropped the value about \$2M.

Ald. Andy Nicholson why would we allow them to purchase the Goodwill Store, because it's not on that tax roll anymore and is there any way to protect the city from issues like that?

Director Foeller stated there really is no way to protect the City of Green Bay from exempt organizations purchasing property within the City. If the organization is exempt, they can apply for the building to be exempt and by state law, we must allow it.

Ald. Guy Zima questioned TIF 13, Schreiber and Associated Bank are keeping that TIF in a positive state.

Ald. Andy Nicholson asked about TIF 15, North Webster, regarding that decrease in value.

Finance Director, Dawn Foeller responded primarily the change in market has driven down the value of that TIF and a large purchase that was moved to manufacturing to assess.

Ald. Tom De Wane asked how much of TIF 12 went to downtown, and was anything moved from TIF 10.

Finance Director, Dawn Foeller responded that \$5M of that was for downtown and that was for the demolition of the mall. Nothing was moved from TIF 10.

Ald. Guy Zima asked why wasn't TIF 12 closed. Thought the idea behind a TIF was trying to get it back on the tax roll as quickly as possible to benefit all the citizens, not just within the district. Director Foeller stated that there debt service that is outstanding in that TIF and would have the total remaining debt for TIF 12 for the committee members for the Common Council meeting.

A motion to receive place on file made by Ald. Andy Nicholson, seconded by Ald. Tom De Wane and carried to approve.

8. Request by Ald. Nicholson to review the total number of lawsuits since 2002 and to have the Finance Department prepare a report broken down by year that shows the cost of each lawsuit per year, brief description of the lawsuit, the amount paid in attorney fees, and the cost of the lawsuit.

Director Foeller handed out a report that was created by CVMIC. This list only includes lawsuits that CVMIC covered and does not include any large lawsuits where the City takes the lead or the City does not have insurance coverage such as Younkers and a breach of contract. Director Foeller had let Ald. Nicholson know that Attorney Mueller wouldn't be able to make this meeting since it was changed from Tuesday to Thursday as he had prior commitments.

A motion to hold until the next meeting made by Ald. Andy Nicholson, seconded by Ald. Tom De Wane and carried to approve.

Ald. Guy Zima questioned if this was summarized, the total number and total amount of the fees.

Finance Director, Dawn Foeller responded the first column shows the year, the next column is Green Bay, and the next column shows the department, followed by the type of claim and the claimant. The report is by department and then by year.

Finance Director, Dawn Foeller stated that any questions regarding specific lawsuits will have to be addressed by Attorney Mueller.

Ald. Guy Zima asked what column shows what is awarded.

Finance Director, Dawn Foeller stated there is column that BI Occurred which stands for bodily injury and includes what was reserved and paid on the claim. PD column stands for Property Damage and includes what was reserved and paid on the claim. The next column would represent legal fees; the collection column would represent any collects the city may have received through recovery or reimbursement. And the final column is the total of bodily injury plus property damage plus legal expenses minus collections.

A motion to hold until the next meeting made by Ald. Andy Nicholson, seconded by Ald. Tom De Wane.

9. Request for approval for a school resource officer contract between the Green Bay Police Department and the Green Bay Area Public School District.

Director Foeller stated that Ald. Sladek had brought to her attention a few clerical errors which will be corrected on the final copy. The clerical errors identified include page 4 of the document, paragraph P should read "The parties understand that there is a labor agreement" and in Attachment A, page A-3, under III.A.4, the document references Section II.D. and it should read Section II.E.

Finance Director, Dawn Foeller stated are clerical errors that will be fixed prior to signing the document.

Ald. Nicholson asked who is paying the officer to be in the school district.

Finance Director, Dawn Foeller stated the city pays the employee, and then the Police Department bills them out semi-annually.

A motion to approve changes in language made by Ald. Andy Nicholson, seconded by Ald. Tom De Wane and carried to approve.

10. Report by the Finance Director

We are moving forward on our ERP system which went live on October 1. Overall we are doing well. The next phase will implement Payroll and HR that is set to go live January 1st.

A motion to receive place on file made by Ald. Tom Sladek, seconded by Ald. Andy Nicholson and carried to approve.

A motion to adjourn made at 5:35 p.m. by Ald. Andy Nicholson, and seconded by Tom De Wane and carried to approve.