

Minutes
FINANCE COMMITTEE
Tuesday, July 1, 2014
City Hall, Room 207

Immediately following Personnel which begins at 4:30 p.m.

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

OTHERS PRESENT: Dawn Foeller, Diana Ellenbecker, Rick Jensen, Russ Schwandt, Chief Litten, Division Chief Melissa Spielman, Steve Grenier, Craig Bonter, Mayor Schmitt, and Tom Matuszak

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

A motion to approve the amended agenda delaying number 5 until Mr. Bonter and Mayor Schmitt are present, 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 June 3, 2014.

A motion to approve the minutes of the Finance Committee made by Ald. Andy Nicholson, seconded by Ald. Tom De Wane and carried to approve.

4. Request by Tom Matuszak, owner of four gas stations/convenience stores, to review the personal property tax assessment rules regarding the gas stations and convenience store of Green Bay.

Ald. Zima stated that he was approached by Mr. Matuszak to discuss and develop a better understanding as to how personal property tax was assessed. Ald. Zima asked if we assess pumps and why, as well as whether or not the canopy is considered part of the personal property or is it considered part of the real estate.

Assessor, Russ Schwandt stated yes that pumps are considered personal property; however, the canopy is considered part of the real estate and would be broken out as such on the transfer return when purchased.

Mr. Schwandt went on to say pumps are usually broken out as personal property, with the advantage to the property owner that this type of property depreciates and the personal property tax form takes that into consideration.

Mr. Schwandt further discussed the personal property tax process in relation to why Mr. Matuszak's personal property tax value was adjusted. For the benefit of the committee, Mr. Schwandt stated that personal property values are self reported and are due March 1 of each year. A review is done by type of business to see if values are relatively close for similar businesses. When Mr. Matuszak's values were compared to other fueling properties, the values reported appeared to be low. Mr. Schwandt referenced the comparison sheet located in the committee's packet.

The assessor's office took a closer look at each of the properties reported and detailed out the number of pumps, their approximate age and the number of dispensers on each pump for Mr. Matuszak's properties. The assessor's office then used Marshall and Swift, an industry standard on building and valuing property, to approximate the value of Mr. Matuszak's personal property. Notices of updated values were sent out on April 14, 2014 as required by state statute.

A motion to suspend the rules for the purpose of allowing interested parties to speak made by Ald. Tom De Wane, seconded by Ald. Tom Sladek and carried to approve.

Tom Matuszak responded to Ald. Zima's earlier question regarding the break out personal property and real estate property and affirmed that the pumps were considered part of the personal property equipment purchased.

Mr. Matuszak questioned the value placed on his University Avenue property in relation to the Shell gas station on University Ave. located two blocks down the street from Mr. Matuszak's store, which has more pumps, larger and newer canopy but yet, for some reason, Mr. Matuszak's gas station was assessed more.

Mr. Schwandt stated that the assessor's office had explained the process to Mr. Matuszak upon him receiving his notices and gave him the option to re-file or to attend the board of review to have the values discussed in that forum.

Mr. Matuszak did attempt to attend the board of review, however, some confusion had taken place and the paperwork had not been filed before the appropriate time line to meet with the Board of Review which has since closed for the year.

At this time, Mr. Schwandt recommended Mr. Matuszak sit down with the Personal Property Clerk to walk through the process and the form in order to complete to document correctly for next year's filing.

Motion to go back into regular order of business made by Ald. DeWane, seconded by Ald. Nicholson and carried.

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

5. Request by Ald. Thomas De Wane to have American Hospitality, with their bank loan officers and lawyers, to update the Clarion Project.

A motion to suspend the rules to hear from interested parties was made by Ald. DeWane and seconded by Ald. Sladek.

Mr. Craig Bonter was present to represent American Hospitality Management. Mr. Bonter stated they are shooting for August 15, 2014 to close on the purchase of the Clarion. The offer to purchase includes a signed purchase agreement and earnest money of \$100,000 has been deposited with the title company.

Several delays has pushed this closing out including the design work for the KICC expansion, finalizing the Alta survey to include five easements to the original document recorded and other due diligence being required by the banking industry. Mr. Bonter

stated there is specific order they need to follow, A and B must be completed before C and D. He went onto say that a bank won't commit to financing the project until AHM has site control and a clear title.

Ald. Tom De Wane questioned if the goal is to have all these items completed by August 15.

AHM Representative Craig Bonter responded yes, that is the goal. That the easements and everything else to be completed by the target date.

A motion to return to the regular order of business made by Ald. Tom De Wane, seconded by Andy Nicholson and carried to approval.

Motion to receive and place on file made the updated given by American Hospitality on their progress to purchase the Clarion by Ald. Tom De Wane seconded by Tom Sladek and carried to approve.

6. Request by Ald. Nicholson to review all City fees and permits with possible action.

Motion to hold for one month made by Ald. Andy Nicholson and seconded by Tom De Wane and carried to approve.

7. Request by Ald. Nicholson to review the parcel of the former Body Shop with an updated status.

Finance Director directed the committee to page 7a – 7w of their packet that walks through the process the City went through to purchase, take down and turn the property into a temporary parking lot.

Director of Public Works, Steve Grenier, was present to further the discussion and added that the Parking Utility purchased the property last year and turned it into the short term parking lot. The intent of this property is to assemble enough property in that general location and redevelopment that entire corner.

In August of last year, I & S committee awarded a contract for demotion of that building which followed by its grading and blacktop surfacing. A lease agreement was approved at the December I & S committee to approve a parking lease agreement with Camera Corner for 24 stalls at a rate of \$25.00 a stall and all required maintenance of the lot.

Ald. Tom De Wane stated that Camera Corner does the maintenance on that lot.

Director of Public Works Steve Grenier responded yes, they do the snow removal and liter pick up.

Ald. Tom De Wane asked how much the Department of Public Works paid for that lot.

Finance Director Dawn Foeller responded just under \$180,000, Parking Utility had paid for the purchase of that land.

Ald. Tom De Wane had asked for information on specifics of the purchase of that property including any back taxes.

Finance Director Dawn Foeller agreed to get that information.

Specific information on the purchase of the Body Shop property is the Parking Utility paid a total of \$179,728.13 for the property in two payments, one to Liberty Title in the amount of \$175,030. The title company handled the sale of the property for the sellers. Another payment of \$4,698.13 was made out directly to the seller for the second half of taxes due on the property 7/31/13. Assessed value on the property was \$208,700.

Ald. Guy Zima asked how is the Parking Utility being accounted for, which Director Foeller replied it is a special revenue fund and has been one prior to 2000.

Ald. Guy Zima asked how do bonds from parking ramps get paid.

Finance Director Dawn Foeller responded from the general levy with Director Grenier stating an exception is the Pine Street Ramp expansion, which the parking utility has been making a payment toward that borrowing.

Director of Public Works Steve Grenier responded a portion of it. That was one of the reasons why the parking and parking operation study was completed. Department of Public Works is working on an implication plan. To implicate recommendation that the parking consolidate came up with.

Ald. Guy Zima asked if the capital costs had come out of operating budget.

Ald. Guy Zima requested a 20 year history of budgets and actuals of the Parking Utilities Operations and asked when that report could be brought forward to the finance committee. Director Grenier responded he believes he could have that completed by the August meeting.

Ald. Tom De Wane asked if the price offered to Camera Corner to lease the property had been negotiated or decided at the time we had bought the property.

Director of Public Works Steve Grenier responded that is half of the cost of the downtown service parking and is common with other lots where the leaser is completing the maintenance of the lot.

Ald. Tom De Wane when the next time we can negotiate the price or what to do on this is property.

Director of Public Works Steve Grenier stated the lease is for five (5) years. Camera Corner does have a right to an extension but we have an out clause on that as well. This is not intended to remain a parking lot for an indefinite amount of time. The hope is to assemble a redevelopment to higher better use of that property.

Ald. Guy Zima questioned rate that Camera Corner is charged for the parking spots.

Director of Public Works Steve Grenier responded that is comparable with other parking lots that rented out. He referred to the spreadsheet (located on 6U of the finance packet) showing the costs of the spots in various lots rented out by the City of Green Bay.

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

8. Request by Ald. Nicholson to review the debt of the City of Green Bay from 2003 to present.

Ald. Tom De Wane asked in 2003 what the City's debt was.

Finance Director Dawn Foeller referred to a spreadsheet included in the committee's packet that detailed all issues for the Redevelopment Authority Bonds, General Obligation Bonds and General Obligation Notes Issued. The detail also included amounts outstanding as of December 31, 2003 and June 27, 2014 as well as the principle payments made in that respective time frame.

Ald. Guy Zima commented that city has stayed pretty constant for the last ten years.

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

9. Request by Ald. Nicholson to review the Downtown TIF District.

Ald. Tom De Wane questioned how many downtown TIF Districts are in the City of Green Bay.

Finance Director Dawn Foeller responded that there are four TIF's located in the downtown area, TIF 4, 5, 13 and 14. TIF 4 covers the Washington Street Apartments (primarily on the west corner of Washington and Walnut Street, TIF 5 (covers both the east and west side of the river and overlays TIF 4), TIF 13 ranges from Pine Street on the south to the East River on the north. It includes projects such as Schreiber, CityDeck Commons, and Children's Museum. TIF 14 also known as North Broadway is made up the Larsen Green property. She walked through each of the TIF cash flows presented in the committee's packet and answered questions committee had.

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

10. Report of the Claims Committee.

The Committee may convene in closed session pursuant to Sections 19.85(1)(e), Wis. Stats., for purposes of deliberating or negotiating the sale of public properties, investing of public funds or conducting other specified public business as necessary for competitive or bargaining reasons. The Committee may thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to report the results of the closed session and consider the balance of the agenda.

Attorney Wachewicz responded to the questions asked of the committee.

A motion to approve the report of the Claims Committee made by Ald. Tom De Wane seconded by Ald. Sladek and carried to approve.

11. Report the purchase of twenty-three (23) vehicles through the V.A.L.U.E. Cooperative Purchasing Program in 2014 for \$546,666.

Purchasing Manager Rick Jensen reminded the committee that he was before them around the same time last year to discuss this program. The V.A.L.U.E. group is a consortium of governmental agencies, which the City belongs to. This consortium consolidates purchases in order to get the lowest prices and best value for their organizations. The lead agency on this purchase was Waukesha County. In August each year, the V.A.L.U.E. group solicits the estimated type (small/medium, car/truck) and number of vehicles each agency may be looking to purchase in the next year, consolidates the volume and competitively bids out the products.

The purchasing department, in turn, reaches out to each City Departments as they are putting together next year's budget to provide the purchasing department with specifications for vehicles they will be requesting so that those specifications can be consolidated into Waukesha County bidding process. The City of Green Bay is not obligated to purchase these vehicles if they are removed from the budget.

The bid is not specific to a particular brand of car, but focuses on type of vehicle being purchased. This type of bidding process allows all agencies to get an excellent price and value for their communities and the bids are transparent to all agencies.

Mr. Jensen is before you tonight to report out to the committee the purchases the City made through the V.A.L.U.E. vehicle program in 2014. In total, the City purchased 23 vehicles for a total amount of \$546,666.

Ald. Guy Zima asked how the City knows if we are really getting the best price.

Purchasing Manager Rick Jensen has made the comparison to the price we could purchase vehicles using the State contract as well as comparing the pricing to local vendors. On average, he believes the City realizes about 6% savings by using on the V.A.L.U.E. bid.

The vendors who solicited for the V.A.L.U.E. bid are typically high volume government vendors. These vendors receive all government discounts and pass them along to the governmental agencies through the bids we receive. The vendors receive very little mark up. The City of Green Bay has reached out to our local dealers and tried to engage them in this process and Mr. Jensen replied, quite honestly, they do not want to waste the time with the low mark ups involved.

Ald. Guy Zima questioned what exactly they are approving.

Ald. Tom Sladek stated they are two separate items the report of 2014 purchases and request to submit the City's estimated 2015 purchases to be incorporated into the V.A.L.U.E. bid process.

Ald. Guy Zima questioned if they purchase the vehicles directly from the manufactures.

Purchasing Manager Rick Jensen responded that the dealers purchase the vehicles directly from the vendors. The pricing between manufacturers is very tight pricing and is typically within \$15-\$100 on a vehicle.

In response to Ald. Zima's concern about keeping the bidding local, Mr. Jensen replied that we have reached out to local vendors including Chrysler, Dorsch, and Gandrud, however, dealers who specialize in government deals would underbid the local dealers.

Ald. Tom Sladek commented local dealers may operate under a strategic business model that caters to individuals where profit margins are wider. If they want to make a strategic business decision to enter this market they would have to make that choice.

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

12. Request approval to bid and award 2015 budgeted cars and light trucks through the V.A.L.U.E. Cooperative Purchasing Program.

A motion to approve made by Ald. Tom Sladek, seconded by Ald. Tom De Wane and carried to approve.

13. Request approval to award the purchase of five (5) Stryker Power-Pro Ambulance Cots. Bid tabulation and award recommendation will be presented at the July 1, 2014 Finance Committee Meeting.

Purchasing Manager Rick Jensen handed out the pricing spreadsheet. Due to the change in the committee schedule, the purchasing team issued a quick quote and received the responses back yesterday. Mr. Jensen is recommending the low bidder, Everest Emergency Vehicles for this purchase in the amount of \$86,375.

A motion to approve made by Ald. Tom Sladek, seconded by Ald. Tom De Wane and carried to approve.

14. Request of the Finance Director to review and possible action on refinancing certain debt issues for cost savings.

A motion to open the floor made by Ald. Tom Sladek, seconded by Ald. Tom De Wane and carried to approval.

Brad Viegut from, Robert W. Baird, the City's financial advisor, was present and addressed the committee. Part of the work that Robert Baird does on the City's behalf is to monitor the city's debt and work with the Finance Director to evaluate refinancing opportunities. There are two bond issues which could be refinanced at a considerable savings to the City. The new issues would not extend any payments for the respective bond issues.

As the timeline in the packet indicates, the initial resolution will be going before the Common Council at their July 15, 2014 meeting and final sale and resolutions would be presented to the Common Council at their August 19th meeting.

The two bond issues up for refinancing are \$2,615M which is a portion of the 2006B and 2007C issues and \$3,680M of the 2007A. Preliminary estimated net present values savings for the two separate bond issues are \$170,009 (or 6.8%) and \$219,188 (or 6.3%) respectively. The net present values savings is inclusive of all fees. The rate on the first bond is estimated to be 2.6% which would replace interest rates ranging from 5.4% to 5.8%. On the tax exempt issue, \$3,680,000 from 2007A Bonds, the rate is estimated to be 2.76% which would replace interest rates ranging from 4%-4.5%. As we get closer to sale date and for some reason interest rates move away from us and the refinancing is no longer efficient, we will report back to the City of Green Bay.

Ald. Guy Zima asked so the total savings is around \$400,000?

Mr. Viegut responded yes, not all of that direct levy supported debt, but it would definitely benefit the TIF districts. Those savings would be \$200,000 per year until 2027.

A motion to approve made by Ald. Tom Sladek and Andy seconded by Ald. Andy Nicholson and carried to approval.

15. Report by the Finance Director

The City's Comprehensive Annual Finance Report has been posted on the website.

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

2014 Contingency Fund
\$110,000

- 1) **THIS MEETING IS AUDIO TAPED:** THE AUDIO OF THIS MEETING & MINUTES ARE AVAILABLE ON LINE AT WWW.CI.GREEN-BAY.WI.US.
- 2). **ACCESSIBILITY:** Any person wishing to attend who, because of a disability, requires special accommodation should contact the City Safety Manager at 448-3125 at least 48 hours before the scheduled meeting time so that arrangements can be made.
- 3). **QUORUM:** Please take notice that it is possible that additional members of the Council may attend this committee meeting resulting in a majority or quorum of the Common Council. This may constitute a meeting of the Common Council for purposes of discussion and information gathering relative to this agenda.
- 4). **REPRESENTATION:** The party requesting the communication, or their representative, should be present at this meeting.