

AGENDA
COMMITTEE OF THE WHOLE MEETING
BERLIN, WISCONSIN
TUESDAY, NOVEMBER 6, 2018 - 7:00 P.M.
COUNCIL CHAMBERS - BERLIN CITY HALL

1. Call to order.
2. General Public Comments. Registration card required (located at podium in Council Chamber).
3. Approval of Minutes. RECOMMENDATION: Approve the October 2, 2018 Committee of the Whole minutes.
4. World War I Remembrance Proclamation. RECOMMENDATION: Recommend to Common Council to approve the Mayoral Proclamation for a National Tolling of Bells to Honor Those Who Served in the Great War.
5. Audit Contract Renewal. RECOMMENDATION: Recommend to Common Council to waive the formal bidding requirements for the 2019-2021 auditing renewal contract and accept the renewal quote with Hawkins, Ash, Baptie & Co.
6. Housing Rebate Incentive Program. RECOMMENDATION: Review of Housing Rebate Incentive Program and action as appropriate.
7. 2019 Budget. RECOMMENDATION: Discuss and action as appropriate.
8. Motion to convene into closed session pursuant to Sec 19.85(1)(e), of the WI Statutes, to deliberate or negotiate the purchase of public property, investment of public funds or conduct other specified public business, whenever competitive or bargaining reasons require a closed session. *(1) Discuss potential developers agreement with Wisconsin Spice)*
9. Reconvene into open session and take appropriate action as a result of closed session discussion.
10. Adjourn.

Note: In adherence to the City of Berlin Public Meeting Participation Policy, public participation will be allowed under each agenda item at the discretion of the presiding officer, with the exception of the Consent Agenda. Attendees must register their intention to participate on either a general comments section or a specific agenda item prior to the meeting by filling out a Registration Card, which can be obtained from the Internet, City Clerk's office or in the City Hall Council Chambers at the podium. Registration Cards should be turned in prior to the meeting to either the presiding officer or City Clerk.



**CITY OF BERLIN, WISCONSIN
PROCLAMATION
BELLS OF PEACE: A WORLD WAR I REMEMBRANCE
November 6, 2018**

***A National Tolling of Bells to Honor Those Who Served in
the Great War***

WHEREAS, a century ago 4.7 million American families sent their sons and daughters off to World War I; and

WHEREAS, men and women from Berlin, Wisconsin, served selflessly and honorably in World War I; and

WHEREAS, 116,516 Americans gave their lives in the war, and more than 200,000 were wounded; and

WHEREAS, the tolling of bells is a traditional expression of honor and remembrance; and

WHEREAS, in November 2018 the world will commemorate the 100th anniversary of the Armistice that ended the fighting in World War I at 11:00 a.m., November 11, 1918 – the eleventh hour of the eleventh day of the eleventh month; and

WHEREAS, on April 6, 2018, the United States World War I Centennial Commission called upon all Americans across the nation to toll bells in remembrance of those who served in World War I on Armistice Day, November 11, 2018;

NOW THEREFORE, BE IT RESOLVED that the City of Berlin, Wisconsin does accept the request to toll the city's bells in remembrance of those who served in World War I, especially those brave men and women from Berlin and surrounding area, at 11:00 a.m. on November 11, 2018.

Mayor Richard D. Schramer

DATE: November 1, 2018

TO: Mayor and Committee of the Whole

FROM: Jodie Olson

RE: Audit Contract Renewal

BACKGROUND: Our auditing contract is up for renewal in 2019. We typically have a three-year audit contract, which is done by going out for formal bids every three years. The auditing contract does not constitute a public construction contract as governed by §62.15 and §66.29, which would require formal bidding for contracts over \$25,000.

This year, our current auditing firm Hawkins, Ash, Baptie & Co (HABCO), submitted a renewal quote for Council consideration in lieu of going through the formal bidding process. The renewal quote was initially for a three-year contract with a 3% increase each year. I was able to negotiate them down to a 2% increase. The renewal quote is attached.

The City's bidding policy calls for a formal bidding process unless otherwise waived by the Common Council upon determination that the contract will have no substantial changes upon the renewal and that such waiver would best achieve stated objectives. This waiver can be for up to three years. Therefore, Council considerations need to be:

- 1) Will there be any substantial changes upon renewal? *There are no changes to the auditing contract beyond a fee increase of 2% each year.*
- 2) Are the objectives of the policy being met? The objectives are the following:
 - OBJECTIVE A: To ensure the lowest price paid by the City. *Not receiving other bids will not allow us price comparison in this case; however, HABCO's pricing has been in line with other firms in the industry in each of the past bidding cycles they have participated in. Because of this and the quality of their work, the City has chosen them as the firm of choice for the past fifteen years. The increase they are proposing is very reasonable at 2% for each of the three years.*
 - OBJECTIVE B: To prevent against impropriety in letting bids or contracts by specific individuals and department heads. *Neither the City nor any city employees are receiving any gratuities or "kickbacks" as a result of this contract.*
 - OBJECTIVE C: To allow for Common Council supervision over the bidding process. *The Common Council has complete oversight over the bidding process as always.*
 - OBJECTIVE D: To ensure other factors are considered in the process of bidding and letting of contracts, other than just price, such as quality of work, efficiency of contract renewals, locality of vendor, previous experience with the vendor, and the

like. *HABCO has served the city and the utility well over the past 15 years. It is important for a municipality to have a consistent relationship and history with an auditing firm, as annual audits build on previous audits and city history. I have nothing to offer the Council that would suggest that this would not continue or that a change in auditing firms would be advised at this time.*

Therefore, I am recommending that the Common Council waive the formal bidding requirement for the 2019-2021 audit contract and continue our working relationship with Hawkins, Ash, Baptie & Co.

RECOMMENDATION: Recommend to Common Council to waive the formal bidding requirements for the 2019-2021 auditing renewal contract and accept the renewal quote with Hawkins, Ash, Baptie & Co.

CITY OF BERLIN
MEMORANDUM OF UNDERSTANDING
FOR THE YEARS ENDING
DECEMBER 31, 2019, 2020 AND 2021

MEMORANDUM OF UNDERSTANDING

1. AGREEMENT

This agreement is entered into on November 1, 2018, between the City of Berlin, hereafter referred to as the City, and Hawkins Ash CPAs, LLP, hereafter referred to as the Auditor. The parties agree as follows:

2. SCOPE OF WORK

A) The Auditor shall perform an audit of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City as of, and for the years ended December 31, 2019, 2020 and 2021. The purpose of our audits is to enable us to express our opinion on the basic financial statements. We will conduct our audits in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and Uniform Guidance.

No audit can give absolute assurance that errors and irregularities will be detected. If conditions are discovered that lead us to believe that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, we will promptly inform management.

B) The Auditor will compile the Wisconsin Department of Revenue Financial Report and the Annual Report to the Public Service Commission.

3. REPORTS

The Auditor shall submit to the City the following reports:

- (a) Independent Auditors' Report on the basic financial statements
- (b) Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- (c) Independent Auditors' Report on Communication With Those Charged With Governance
- (d) Independent Auditors' Report on Management Advisory Comments (if applicable)
- (e) Independent Accountants' Compilation Report on the Wisconsin Department of Revenue (WDOR) Financial Report
- (f) Independent Accountants' Compilation Report on the Annual Report to the Public Service Commission of Wisconsin (PSC)

(g) Irregularities and illegal acts (if applicable)

(h) Audit exit conference on the last day of field work to review preliminary audit results

(i) City Council presentation

4. COMPENSATION AND TERMS OF PAYMENT

The fees for the services as described above will be:

	<u>2019</u>	<u>Amount</u>
All inclusive Basic Financial Report	\$	19,210
All inclusive Utility Basic Financial Report		12,250
All inclusive WDOR Financial Report		780
All inclusive Annual Report to the PSC		2,170
All inclusive Singe Audit (if required)		2,890
TIF Compliance Audit (if required)		<u>2,500</u>
	\$	<u>39,800</u>

	<u>2020</u>	
All inclusive Basic Financial Report	\$	19,590
All inclusive Utility Basic Financial Report		12,500
All inclusive WDOR Financial Report		800
All inclusive Annual Report to the PSC		2,210
All inclusive Singe Audit (if required)		2,950
TIF Compliance Audit (if required)		<u>2,550</u>
	\$	<u>40,600</u>

	<u>2021</u>	
All inclusive Basic Financial Report	\$	19,980
All inclusive Utility Basic Financial Report		12,750
All inclusive WDOR Financial Report		820
All inclusive Annual Report to the PSC		2,250
All inclusive Singe Audit (if required)		3,010
TIF Compliance Audit (if required)		<u>2,600</u>
	\$	<u>41,410</u>

The Auditor will submit bills as work progresses and as expenses are incurred.

5. PARTNER IN CHARGE

A partner of the Firm, all of whom are Certified Public Accountants, will be in charge of all work performed and is responsible for all aspects of this engagement.

Sincerely,
HAWKINS ASH CPAS, LLP

Randall L. Miller, CPA

Randall L. Miller, Partner

RESPONSE:

The City of Berlin accepts your Memorandum of Understanding for the three year engagement.

Name

Title

Date

HOUSING INCENTIVE PROGRAM

TO: Mayor & Common Council

FROM: Lindsey Kemnitz

In 1995, the Housing Task Force created a housing incentive program that to help developers offset the cost of special assessments which were charged against the property. That housing incentive program benefitted 64 properties from 1995 to 2002. The City paid out \$222,358.42 over this time period and assessed value totaled \$7,977,400. The program ended in 2002 due to the commitment for the funds. In 2005 the Housing Task Force proposed changes to the housing incentive program. The proposal was to 4% rebate with a maximum of \$10,000 for a new home within the City of Berlin. It would take approximately 4-5 years through tax dollars to recoup the rebate plan investment on the property. The incentive could be awarded to the builder or homeowner once the home is completed, certificate of occupancy is provided, and a completed assessment is determined.

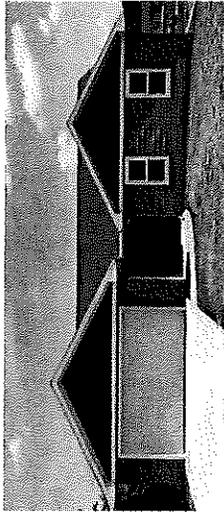
In 2013 to 2016 there were no housing incentives awarded. In 2016 there was one house built and 2017 four new homes. 2017 the increment created from the new homes were \$631,400 and \$25,256 was given for the housing incentive. Since the program started in 2005, there has been an increase in \$10,338,075 increment on parcels and \$325,145 awarded in housing incentive. The City has almost doubled their investment into the Housing Incentive Program, by receiving \$643,687.80 additional in taxes since the program started in 2005. Currently we only have \$9,000 available. This year three new homes were started and the estimated increment increase of \$875,590. With the three new homes the housing incentive would be \$27,800 and we would not be able award the incentive. A developer has told me he would not be building in Berlin without the housing incentive.

	<u>VALUATION</u>	<u>REBATE</u>	TAXES (yearly)	TAXES
2005	430,100	17,204	\$3,440.80	\$44,730.40
2006	997,700	39,908	\$7,981.60	\$95,779.20
2007	1,066,600	37,448	\$8,532.80	\$93,860.80
2008	1,579,400	52,744	\$12,635.20	\$126,352.00
2009	1,585,775	48,211	\$12,685.40	\$114,168.60
2010	1,345,200	51,432	\$10,761.60	\$86,092.80
2011	688,600	20,264	\$5,508.80	\$38,561.60
2012	452,400	16,696	\$3,619.20	\$21,715.20
2013	374,600	10,000	\$2,996.80	\$14,984.00
2014	0	0	\$0.00	0
2015	0	0	\$0.00	0
2016	149,500	5,980	\$1,196.00	\$2,392.00
2017	631,400	25,256	\$5,051.20	\$5,051.20
	9,301,275	\$325,143.00	\$74,409.40	\$643,687.80

Introduction

The purpose of the Residential Housing Incentive Program is to encourage residential development by providing financial incentives to developers and builders of residential housing within the City of Berlin. The program is specifically designed to encourage single family/duplex & multi-family construction projects, and therefore increase the tax base in an accelerated fashion, increase the available high quality housing stock in the community and, reduce blighted residential areas of the city.

City of Berlin Residential Housing Incentive Program



Assessed Value	Incentive	Payment Amount
100,000	4%	\$4,000
120,000	4%	\$4,800
130,000	4%	\$5,200
140,000	4%	\$5,600
150,000	4%	\$6,000
160,000	4%	\$6,400
170,000	4%	\$6,800
180,000	4%	\$7,200
190,000	4%	\$7,600
200,000	4%	\$8,000
210,000	4%	\$8,400
220,000	4%	\$8,800
230,000	4%	\$9,200
240,000	4%	\$9,600
250,000	4%	\$10,000



Program Design

The City of Berlin is offering an incentive payment of 4% based on the assessed valuation of a new home which are constructed within the city limits. It applies to new residential construction and not to additions, remodeling, or construction of accessory buildings. The incentive payment is based on the increased improvement value (land value not included) as determined by the City of Berlin Tax Assessor. The incentive payment is awarded when an occupancy permit is obtained from the Building Inspector. Maximum amount of the incentive payment is \$10,000 per property. Increases due to reassessment or revaluation of existing improvements are not eligible for incentive payment under the program. If the property has a special assessment against it, it must be paid prior to the payment of the incentive payment.

Housing Task Force Incentive Program

Shown below are various assessed values utilizing the 4% incentive payment which is recommended by the Housing Task Force.

- 1) The incentive payment will be applied to any new residential construction.
- 2) The incentive payment does not apply to additions, remodeling, or construction of accessory buildings.
- 3) The incentive payment will be awarded when an occupancy permit is obtained from the Building Inspector.
- 4) The incentive payment will be applied to any new residential permits obtained after 1/1/2013.
- 5) The incentive payment will be calculated on the improvement value only (not land value).
- 6) The incentive payment will be based on the full assessment value placed on the home as determined by the City Tax Assessor.

- 7) Maximum amount of the incentive payment is \$10,000 per property.
- 8) The incentive payment will be in a non-lapsing account whereas any carry-over will be taken to the next year and if there is a shortfall and there are no funds available for the builder, they would be funded out of the next year's allotment.

Contact:

Lindsey Kemnitz
City of Berlin
Community Development Director
108 N. Capron St.
P.O. Box 272
Berlin, WI 54923
Phone 920-361-5156
Fax 920-361-5405
E mail: lkemnitz@cityofberlin.net

DATE: November 1, 2018

TO: Committee of the Whole

FROM: Jodie Olson

RE: 2019 Budget Items Outstanding to Review

The following items are left from our budget discussion Here are the items we still have up for discussion with the 2019 budget.

1. Room Tax
2. Housing Rebate Program 2019 Funding
3. Expenditure Restraint: The State sent expenditure restraint figures on October 30. In order to qualify for a 2020 Expenditure Restraint payment, our budget cannot increase more than 2.7%. We are well within that range at .004%. Total increase between 2018 and 2019 not including debt service is \$25,360.
4. Attached is a letter from the BGC requesting continued support for a donation in the 2019 budget. We do have a donation included in the budget.
5. Anything else you wanted to discuss.

Please bring your budget information from prior meetings with as I won't be making additional copies unless requested.



BOYS & GIRLS CLUB
OF THE TRI-COUNTY AREA

Boys & Girls Club of the Tri-County Area
344 Broadway Street
PO Box 254
Berlin, WI 54923

October 30, 2018

City of Berlin
108 N Capron Street
PO Box 272
Berlin, WI 54923

RE: Your Support of the Boys & Girls Club

Dear City Officials:

On behalf of the Boys & Girls Club of the Tri-County Area we are asking for your continued support of our Club by helping us provide a place for our youth to open doors for a great future. With your help our Club will continue to serve the youth of our community. Your support helps us provide after school programs, lifestyle lessons, homework assistance, healthy eating habits, teen leadership programs, meals, and basic needs.

We believe the Club enhances our community by helping the youth learn academic, job and life skills that will benefit the community that they live in. It's also a safe environment for our youth to come and grow as individuals. We hope that the City continues to recognize the Club as an asset in the community both in terms of youth development and economic development.

The Boys & Girls Club of the Tri-County Area hopes that you continue to support our club with your generous donation in 2019. With your continued support we can build a solid foundation for the youth in our community.

Thank you for your time and consideration. We appreciate everything you do for us.

Sincerely,

Jason Presto