

**PETCO STUDY COMMITTEE MINUTES**  
**Committee Room #2, Oneida County Courthouse**  
**April 2, 2019 • 9:00 a.m.**

**COMMITTEE MEMBERS PRESENT:** Bob Mott/Chairman, Tom Kelly, Mike Timmons, Bruce Stefonek (Highway Commissioner), Stacey Johnson (Economic Development Executive Director)

**COMMITTEE MEMBERS ABSENT:** Jack Sorensen, LuAnn Brunette (Facilities Director) and Darcy Smith (Finance Director)

**COMMITTEE MEMBERS PRESENT BY TELEPHONE:** Russ Fisher

**ALSO PRESENT:** Lindsey Kennedy (LRES); Steven Schreier (County Board Supervisor); Ben Meyer (WJFW)

**CALL TO ORDER AND CHAIRMAN'S ANNOUNCEMENTS**

Chairman Mott called the Petco Study Committee to order at 9:05 a.m. in Committee Room #2 of the Oneida County Courthouse. The meeting has been properly posted in accordance with the Wisconsin Open Meeting Law and complies with the Americans with Disabilities Act.

Mott indicated that Johnson has asked to continue as a committee member but as an advisor/consultant and a non-voting member. Her wishes will be honored by the committee. Johnson wanted to clarify that she will still follow all the rules and procedures that apply to committee members but wishes to be a non-voting member as she is the only member that is not a County employee.

**APPROVAL OF AGENDA (ORDER OF AGENDA ITEMS AT CHAIRPERSON'S DISCRETION)**

Motion by Timmons to approve today's agenda. Second by Kelly. All Committee members present voting 'Aye'. Motion carried.

**APPROVAL OF MINUTES**

Motion by Kelly to approve the minutes from the March 25, 2019 meeting. Second by Mott. All Committee members present voting 'Aye'. Motion carried.

Stefonek wanted clarification on whether the committee members are only the elected county officials or if Brunette and he have voting privileges as well. Schreier stated that the recently formed Funding Opportunities Committee gave power to everyone sitting on the committee, staff and committee members, voting privileges and that these committees are only fact finding in nature so no county codes are violated by allowing staff to vote. All agreed that all members of the Petco Study committee have voting privileges with the exception of Johnson who has requested to be a non-voting committee member.

**SELECT VICE-CHAIR**

Brief discussion held regarding the selection of a vice-chair. Motion by Timmons to appoint Russ Fisher as vice-chair of the Petco Study Committee. Second by Kelly. All Committee members present voting 'Aye'. Motion carried.

**REPORTING SHEET FOR VARIOUS QUESTIONS**

Mott reviewed the Information Reporting Sheets that were distributed in previous communications to committee members. The committee members will complete a sheet for each of the topics/area of study questions they have been assigned. Mott requested completed sheets be forwarded to Kennedy and himself for distribution to all committee members.

## **QUORUM ADVICE**

Mott consulted Corporation Counsel, Brian Desmond, for information regarding walking quorums. The main issue the committee needs to be aware of to avoid a walking quorum is with sharing information. Sharing information is acceptable for general knowledge purposes but not for influencing decision making. The committee determined that the safest way to avoid a walking quorum is to send all correspondences and communications to Kennedy for distribution to all committee members.

Schreier questioned how the committee will address the concern of quorums when touring the Petco Facility. Timmons clarified that when committee members tour the Petco Facility there will be quorums, it would be unavoidable. In these incidences, the tours would be properly posted in accordance with the Wisconsin Open Meeting Laws.

## **REVIEW OF INITIAL QUESTIONS/FINDINGS**

Mott stated that each of the questions will be reviewed and those committee member that were assigned the topic/questions will respond with the information they have attained.

Mott wanted clarification from the committee members regarding the need for this committee to go into closed session. Brief discussion held. The discussion clarified that the goal of this committee is entirely fact finding in nature and not to negotiate with potential leasers or vendors. If there is a need to discuss potential leasers or vendors that wanted to remain unidentified, the committee could have discussions in open session without releasing their name.

**1. What is the asking price of the building including a listing of all materials and land that will be included in the sale? Include associated costs of buying. *Stacey Johnson, Darcy Smith (Finance Director) and Jack Sorensen***

Johnson spoke with the brokers and they have not set a price to release this building nationally yet because they are waiting to see if there is a community need. They have not had an appraisal done but have had inspectors come in and measure the square footage of the building. At this time they are going off the estimated fair market value of the building which is \$4,067,600 with the full understanding that this number is 100% negotiable (*Refer to binders provided by Johnson for assessment and tax information*).

Mott requested Johnson follow up with Petco to answer the following questions: Clarify what the exact asking price is? What will be included in the sale (Racks, machines, computers, etc.)?

**2. Appraisal – cost; timeline; what firm could do this? How accurate would it be w/o comparables in the area? *Jack Sorensen and Stacey Johnson***

Mott communicated that Sorensen stated he spoke with several area appraisers but none were capable of doing an appraisal of this size. Those appraisers provided Sorensen with contact information for appraisers that may be more qualified. Sorensen will work on getting estimates on the cost of the appraisal. When the cost of the appraisal is known the request can be submitted to County Board for consideration.

**3. Building Inspection- cost; who could do? Should cover entire structure- roof; windows; heating/cooling systems; lighting; electrical; other *Bruce Stefonek and LuAnn Brunette* (*Refer to #3 Information Reporting Sheet Stefonek provided*)**

Stefonek stated that with a building of this magnitude an expert is needed to handle the inspection. Stefonek has contacted Barrientos Design and Consulting, a company the county has worked with in the past. They are a Wisconsin industry leader working with municipal facilities. They do not build or remodel, their services offer cost estimates, plan layout, bidding specifications and project

management. The estimated cost Barrientos provided Stefonek for the facility condition assessment was \$11,000.

Mott reviewed the report from Barrientos on the Rusk County Highway Department Analysis and stated that it sounds like what Oneida County is looking for with the new Highway Building, the size is the only difference that he noted. He added the document may be able to be used for preliminary numbers for this committee's purposes.

Johnson stated that two issues need to be considered: Do multiple companies need to bid on the project and the committee needs to make sure that Barrientos is a certified building inspector so that the inspection is valid.

Timmons added that the April County Board meeting is on April 16<sup>th</sup> so the committee should consider requesting the needed funds for the inspection at that meeting to try to stay within the study's timeline.

Johnson stated that the project should be bid out to quantify and justify the numbers and to avoid one company from having preferential treatment. Stefonek is going to reach out to other contractors to find out if the quote provided by Barrientos is reasonable for the project and also contact Barrientos to find out if they are certified building inspectors.

4. **Remodeling costs to accommodate highway and transit. Interior walls; air exchange system; drains; wash bay; lifts; overhead cranes; lighting** *Bruce Stefonek and LuAnn Brunette*  
Combined with #3.

5. **Tax impact and ways to offset for city and county (new business at highway property; rental and its impact; etc.)** *Bob Mott and Stacey Johnson*

Mott stated that he contacted the Treasurer, Corporation Counsel and Land Records and asked if the County can tax renters and he was told could not tax renters but will ask other sources. The 2018 taxes for the building and an out-building was \$92,815.73 (*Refer to binders provided by Johnson for specific tax information*). Johnson stated that one of the most important things that were considered at the beginning that if this building moves to an ownership that removes it from the tax roll that the gap is filled somehow. Whether it be payment in lieu of taxes or another method to avoid a negative tax impact to either the County or the city of Rhinelander. Kelly questioned whether Kwik Trip would be paying \$92,000 in taxes. Johnson stated that Kwik Trip would not be paying that amount in taxes but she has tax information on comparable size Kwik Trips and she will provide that to the committee as a reference. Mott stated that he got the tax information on Kwik Trip on Stevens Street but not on Eisenhower Parkway and that information can also be used for comparison.

6. **Moving costs** *Bruce Stefonek and LuAnn Brunette*

TBD. Stefonek stated that cost will be difficult to determine but he will reach out to other counties that have relocated to get a ballpark figure.

7. **Sale of highway property** *Tom Kelly, Stacey Johnson (obtaining original information), Jack Sorensen*

- a. **Advertise**
- b. **Does KT get first choice?**
- c. **Who contacts**
- d. **Offer details**
- e. **Who handles sale**
- f. **Timeline of sale/move - dovetail with possible Petco purchase**

Johnson stated this needs to be discussed with Pete Tenderholt, Kwik Trip's realtor. Mott stated he spoke with Hintz regarding generating a Letter of Intent and Hintz is not comfortable with that at this time. The discussion regarding a Letter of Intent vs. Letter in Interest was discuss and the committee agreed that it would be best to write a Letter of Interest not Intent. Mott stated that he will reach out to Hintz and discuss further.

Discussion held on how to advertise to other potential interested buyers besides Kwik Trip. Johnson stated this would be difficult without hiring a realtor. The committee gave direction for Johnson and Stefonek to follow up with Tenderholt and ask if providing a Letter of Interest will be sufficient to get updated sales offer information.

**8. Utility costs *Bruce Stefonek, LuAnn Brunette, Stacey Johnson and Russ Fisher***

**a. Full building including any cold storage costs**

*(Refer to the last page of the binder provided by Johnson and #8 Information Reporting Sheet Stefonek Provided)*

The Petco Main Building and Distribution Center annual utility costs is \$280,616 (total includes water and trash) and the annual utility costs for the current highway department is \$29,428. Timmons stated that these numbers are not comparable as the use of the building will be totally different as it is currently being utilized. Discussion held regarding remodeling or modifications that could be made to improve the utility costs.

**9. Utility Systems *Bruce Stefonek, LuAnn Brunette, Stacey Johnson and Russ Fisher***

**a. Heating and cooling**

**i. Age**

**ii. Condition**

**iii. Ability to heat and cool areas within building differently**

**iv. Effects of doors opening and closing on costs winter and summer**

*(Refer to Information Reporting Sheet Fisher provided)*

There are 18 rooftop units of which 16 have been replaced in the last 4 years. The other 2 were scheduled to be replaced this year. The cost to replace the 2 older units is \$5,000-\$6,000 each installed.

**10. List and costs of needed upgrades/ replacements *Bruce Stefonek, LuAnn Brunette (related to #3) Russ Fisher***

TBD until after building inspection.

**11. Purchase – options of how to pay *Darcy Smith***

Mott stated Smith will have this information for the next meeting on the April 12<sup>th</sup>.

**12. Rental *Brian Desmond (Corporation Counsel) and Stacey Johnson***

**a. Level of interest**

**b. Amount of space that would be rented**

**c. Return on those rentals**

**d. Details of rental-**

**i. Are utilities included?**

**ii. Who does the details of a rental?**

**iii. Length of lease/s**

**iv. Payment terms**

**v. What is included in the lease?**

- vi. **Who does the month to month details needed in the lease?**
- vii. **Renegotiation of terms**
- viii. **Space available and how to market that**
- ix. **Equipment needs for storage**
- x. **Insurance – amounts; who provides; other terms; who oversees**

Johnson stated she will provide some comparison numbers without company names of average square foot costs for commercial spaces and specifics for those that are currently interested for the next meeting on April 12<sup>th</sup>. Mott received information from Desmond and it is totally legal for the County to rent the space out but the only restriction is any lease terms would need to be approved by County Board. Mott stated that the concern of having the garage/shop and offices in the same space and what the air quality would be is something that needs to be considered. Timmons stated this should be included on the study/building inspection.

**13. Security *LuAnn Brunette***

- a. **Needs**
  - b. **Cost**
- TBD

**14. Rental charges for the office area/call center #12, #14 and #15 go together; *Brian Desmond and Stacey Johnson***

- a. **Included?**
    - i. **Internet**
    - ii. **Utilities**
    - iii. **Insurance**
    - iv. **Fire protection**
  - v. **Security**
- TBD

**15. Needs to offset costs of being a landlord #12, #14 and #15 go together; *Brian Desmond and Stacey Johnson***

- a. **Office cleaning**
  - b. **Garbage disposal**
  - c. **Key/lock systems**
  - d. **Enforcement and problems arising from leases**
- TBD

**16. Blueprints of building to use to outline uses of the building *Tom Kelly, Russ Fisher and Mike Timmons***

- a. **Highway**
- b. **Transit**
- c. **Other uses**

Kelly provided copies of the blueprints he got from the city of Rhinelander (2017). See Kennedy for copies. Johnson and Kelly have still been unable to obtain the original blueprints but Johnson and Timmons will continue to try to contact Architecture North Limited to see if they have the originals.

**17. Uses *LuAnn Brunette and Stacey Johnson***

- a. **What county departments and their needs**

- b. **Local, area, regional groups that may be interested in rentals**
  - i. **Specific needs for each and who handles accommodating these needs**
- c. **Who recruits lessees?**

*(Refer to #17 Information Reporting Sheet Brunette provided)* Received responses from Forestry, Health, Veterans Services, UW, Land Information and Fair Committee. See sheet for specific requested needs.

**18. Cost versus return *Darcy Smith***

- a. **Need simple statement showing these**
- b. **What happens if lessee leaves – replacement- terms (how much notice etc.)**  
TBD

**19. Cost to operate highway building versus anticipated cost of the Petco facility *Bruce Stefonek and LuAnn Brunette***  
TBD

**20. Snow removal and other exterior and interior maintenance costs *Bruce Stefonek and LuAnn Brunette***  
TBD

**21. Sale *Stacey Johnson and Russ Fisher***

- a. **What equipment is left?**
- b. **Is there a cost for that material versus its value (computers; storage racks; etc)**
- c. **Who negotiates; who writes terms of the sale; who decides if it is a “good” deal**

*(Refer to #21 Information Reporting Sheet Fisher provided)* The computers are scheduled to be removed. The pallet racking and conveyer system are staying. The fork trucks are also included.

**22. Exact square footages and plans for areas of use *Bruce Stefonek, LuAnn Brunette, Tom Kelly and Russ Fisher***

*(Refer to #22 Information Reporting Sheet Stefonek provided)* Total heated square footage requirements are 71,500 and cold storage is 20,000. This is an estimated square footage requirement based off of archived and future building needs.

**23. Place to gather and display information *1<sup>st</sup> floor conference room, Oneida County Courthouse***  
Mott stated that Jason Rhodes with ITS is willing to help in any way that is needed. Johnson will be taking photos of the Petco facility and will contact Rhodes directly.

**24. Cost to bring in needed experts – way to pay those costs *Stacey Johnson***

Mott stated County Board Chairman Hintz advised him to bring the committee’s requested budget to the County Board for approval, and that a resolution needs to get created on the request. Next County Board meeting is on April 16<sup>th</sup> so Mott stated the cost estimates will be needed by then to submit for consideration. Johnson stated that the tour of the buildings would also need to be done as soon as possible by both the highway and the Petco Study committees.

Discussion held on how to proceed with the resolution to submit to County Board and how much should be requested. Initial inspection quote from Barrientos is \$11,000, appraisal is estimated at \$7,000. Stefonek asked if the appraisal is part of the second phase and whether the inspection needs to be done first to see if the space is even viable for relocation of the Highway Shop. Mott is going to ask Desmond to draw up a resolution stating that in order for the committee to move forward with

an informed decision that an inspection needs to be done and the cost of the inspection is not to exceed \$15,000. Stefonek to contact Barrientos and find out if they are a state certified inspector and tours of the Petco facility will try to be arranged prior to the April County Board for the Highway and Petco Study Committees.

**25. How to pay for the building – options *Stacey Johnson***

- a. Sale of highway property
- b. \$750,000 CBDG funds
- c. Borrow and costs
- d. Use “X” amount from general fund – perhaps all)

TBD

**26. Visuals for the presentation *ITS Department***

- a. Conceptual drawings
  - i. Who Does?
  - ii. Costs

Mott stated that Jason Rhodes with ITS is willing to help in any way that is needed.

**27. Secretarial help *Lindsey Kennedy, LRES***

- a. Printing costs
- b. Duplicating

**28. OCEDC arrangement for costs for administering some of the areas of rental and search and being possible contact *Stacey Johnson***

TBD

**29. Third party costs for renting and maintaining the lease *Stacey Johnson***

TBD

**30. Insurance Costs *Stacey Johnson***

Mott stated that he has reached out to Tracy Hartman, County Clerk, and she will get additional information regarding liability insurance costs.

**31. Kwik Trip or other prospective buyer *Bob Mott***

- a. Dollars and details
- b. Who handles those negotiations?
- c. Costs involved
- d. How is the city involved?

TBD. Stefonek and Johnson to reach out to Tenderholt for additional information.

**32. Rental costs for Transit and others?**

- a. How are rates set?
- b. Contracts involved – who draws them up and enforces them

TBD

**33. In the end there needs to be a pros and cons list developed *Stacey Johnson and Bob Mott***

- a. The Committee needs a clear way of determining what needs to be considered and what needs to be presented

- b. **Shall the Committee offer a recommendation and if so based on what information?**
- c. **It's been suggested that the Highway Committee and the Administration Committee needs the details – are there other groups who need this material?**
- d. **Does there need to be public information sessions to discuss the idea**

Mott requested that committee members continue to document their concerns, information obtained and ideas that can be compiled for the final presentation list.

34. **Is the final decision based on Expense versus Return? Other considerations –?** Mott stated the committee members should think about this for the next meeting as well.

35. **How should the committee work?** *Stacey Johnson and Bob Mott*

- a. **Set dates for meetings?**
- b. **Have reports at each meeting?**
- c. **Duties of committee**
  - i. **Investigative**
  - ii. **Formulate questions**
  - iii. **Decide when enough information on each topic is gathered**
  - iv. **Decide how to put together final report**
  - v. **Other**

Mott asked if the committee likes the process of working on the questions and topics and reporting back to the committee as a whole. Committee agrees that the format is working and will continue.

36. **Possible tasks**

- a. **Formulate questions that need to be answered to arrive at a sound recommendation**
- b. **Find the proper people to answer those questions**
- c. **Put together information in usable form**
- d. **Make a decision based on facts**
- e. **Decide if more than 60 day goal is needed**
- f. **Decide on meeting times and dates**
- g. **Assign duties/responsibilities**
- h. **Decide on ask for funding for “experts” – county board ask**
- i. **Other**

37. **Interest in building-** *Stacey Johnson*

Nothing new on the horizon. Johnson stated that the Rhinelander mayor received call from the Milwaukee area and he directed the caller to Johnson for inquiries but there has been no communications at this time.

### **NEW QUESTIONS**

None

### **NEEDS TO FIND ANSWERS**

None

### **TIMELINE – ORDER FOR DECISIONS**

TBD

**PUBLIC COMMENTS/COMMUNICATIONS**

Schreier stated that he has concerns regarding the relationship with the city of Rhinelander to this property and what amount of say so they have in the outcome of the property. Another questions he would like answered is what is the cost of building an entirely new Highway department facility. He stated it seems like there will need to be a lot of modifications to the property to meet the needs of the county. Schreier also had questions regarding liability insurance if the county leases the property to other businesses.

**FUTURE MEETING DATES**

April 12, 2019 at 9:00 a.m.

April 29, 2019 at 9:00 a.m.

**FUTURE AGENDA TOPICS**

Update on collected information from committee members

**ADJOURNMENT**

Mott announced the adjournment of the Petco Study Committee meeting at 11:27 a.m.

/s/ Bob Mott  
Bob Mott, Chairman

April 12, 2019  
Date

/s/ Lindsey Kennedy  
Lindsey Kennedy, Committee Secretary

April 12, 2019  
Date