

## CITY COUNCIL WORK SESSION

November 26, 2012

The Willmar City Council Work Session was called to order in the Willmar Municipal Utilities Auditorium at 4:00 p.m. by Finance Committee Chair Denis Anderson. Those present included Mayor Frank Yanish, Council Members Doug Reese, Rick Fagerlie, Ron Christianson, Jim Dokken, Steve Ahmann, Bruce Deblieck, and Tim Johnson. Also present were City Administrator Charlene Stevens, City Finance Director Steve Okins, Police Chief Dave Wyffels, City Clerk Kevin Halliday, Planning and Development Services Director Bruce Peterson, Community Education and Recreation Director Steve Brisendine, Rice Hospital Representatives Mike Schramm and Bill Fenske, Willmar Municipal Utilities Representatives Dave Baker and Wes Hompe, Willmar Design Center Treasurer John Christianson, West Central Tribune Journalist David Little, and Accounting Supervisor Carol Cunningham.

The purpose of this Council Work Session was to receive the 2013 budgets from Rice Memorial Hospital and Willmar Municipal Utilities, and to discuss the 2013 Mayor's Proposed Budget.

**Item 1 – Rice Memorial Hospital 2013 Budget Presentation.** CEO Michael Schramm and CFO Bill Fenske reviewed the 2013 Budget which was adopted by the Rice Hospital Board of Directors on November 14, 2012. The 2013 Budget was developed based on assumptions that were reviewed and approved in the Hospital's 5- Year Financial Plan presented earlier this year. However, volumes and revenues appear to be trending downward so far in 2012 so lower numbers in those areas were incorporated into the 2013 budget to more accurately reflect this trend.

Mr. Fenske reviewed the statistics used in preparation of the budget as well as the current and past years' financial statements. The 2013 Budget reflects Net Operating Revenue of \$105,699,502 with Net Operating Expenses of \$103,171,437. Rice Hospital is projecting a Net Income of \$3,462,015 in 2013. Discussion included the Inpatient versus Outpatient census, reduced average daily census, sewer rate increases, and bad debts. This matter was for information only.

**Item 2 – Willmar Municipal Utilities 2013 Budget Presentation.** MUC Chair Dave Baker and General Manager Wes Hompe presented the 2013 Budget to the Council. Mr. Baker thanked the council for their support over the last year and also City Administrator Stevens for her assistance. He also noted that no rate increase is anticipated at this time. Mr. Hompe provided the council with the 5-year capital improvements budget, noting some of the major projects anticipated. The 2013 Operating Budget reflects Operating Revenues of \$30,461,800 and Operating Expenses of 27,742,800. After Non-Operating Revenue and Expenditures, including the Intergovernmental Transfer to the City of Willmar, the MUC is projecting a Net Income of \$587,400 for 2013. Discussion included property acquisition costs budgeted for potential future land purchases to enable the MUC to stay downtown, merging City Offices with MUC Offices, and the district heating system. This matter was for information only.

**Item 3 – Mayor's Presentation of 2013 Budget.** Mayor Yanish began the discussion with a reminder to the council that now is the time to make any changes to the 2013 budget. City Administrator Stevens reviewed with the Council the revisions to the 2013 Budget acted on by the council to date. Increases to revenue totaling \$220,735 include: 1) Net reallocation of WRAC-8, \$165,000; 2) Net Increase in MUC Intergovernmental Transfer \$40,735; and 3) Building Services Contract with Kandiyohi County, \$15,000. Net increases to expenditures totaling \$177,966 include:

1) Mayor/Council Salaries (\$13,000); 2) IT/WRAC-8 Reallocation \$154,845; 3) Police Department Wage Settlement \$26,314; 4) Fire Chief (\$26,152); 5) Library Funding (\$5,000); 6) Historical Society (\$1,000); and 7) Airport Management \$41,959. As a result of these adjustments, the net available revenue in 2013 is projected at \$98,061. Options for this balance are 1) Reduce the proposed \$240,000 tax levy earmarked for the street program/infrastructure; 2) Increase the transfer to the Capital Reserve; or 3) Restore funding previously cut.

The Council reviewed the proposed \$240,000 tax levy increase and it was noted that the tax increase to property owners would be approximately \$25.47 per year or \$2.12 per month based on a \$115,000 home. Council Member Christianson is of the opinion that the \$98,061 surplus should reduce the increase proposed to the tax levy. Council Member Ahmann is of the opinion that the \$98,061 surplus should reduce the increase proposed to the tax levy but that the full \$240,000 be used for street work as the City hasn't been able to keep up with needed overlay and crack sealing. Council Member Reese agreed the City is falling behind but suggested the \$98,061 surplus be added to the \$240,000 to enable more projects.

Council Member Deblieck suggested using the \$98,061 to reinstate the cuts previously made to the West Central Integration Collaborative and the Willmar Design Center. Chair Anderson called on Willmar Design Center (WDC) Treasurer John Christianson who distributed the WDC 2013 Budget reflecting expenses that could or could not be paid depending on the amount the Council allocates for them. It was noted that the Mayor's originally intended to allocate \$32,000 for the Willmar Design Center of which \$7,000 would be used for flowers downtown. After considerable discussion, it was the consensus of the Council that the amount allocated for the Willmar Design Center should stay at \$32,000 but that an additional \$6,200 be included in the City's 2013 Budgeted Expenditures to contract for flowers downtown.

Council Member Deblieck was of the opinion that the amount allocated on the 2013 budget for the West Central Integration Collaborative of \$21,000 be increased to their original request of \$42,000. Council Member Reese supports this action as well. No other council member indicated support.

Council Member Christianson was of the opinion that the \$1,000 budgeted in 2013 for the Chamber of Commerce Leadership Perspectives Program be deleted. After considerable discussion, it was the consensus of the Council that this item be removed from the 2013 budget.

Council Member Deblieck asked about the Retirees Insurance Expense budgeted in the amount of \$65,000. It was explained that a good share of this amount is revenue neutral. While the City pays the insurance premiums directly to the company, retirees reimburse the City for the total amount of their premium or for the portion in excess of the buy-out agreement. This agreement allows a retiring employee who has been employed with the City for 20 years or more to receive a credit of \$430 per month which is granted at a rate of one year for every three years of employment. This issue was deferred to the Labor Relations Committee for future discussion.

Council Member Ahmann explained he would like to seek a council meeting in closed session to discuss personnel issues. This item was deferred to the Labor Relations Committee for further discussion.

There being no further business, the Work Session adjourned at 6:52 p.m. upon motion by Member Fagerlie, second by Member Johnson, and which carried.

Respectfully Submitted,

Carol Cunningham  
Accounting Supervisor