

**FINANCE COMMITTEE**

**MINUTES**

The Finance Committee and Full Council of the City of Willmar met on Monday, October 12, 2015, in the Council Chambers at the Willmar Municipal Utilities Building.

Present:	Denis Anderson	.....	Chair
	Ron Christianson	.....	Member
	Rick Fagerlie	.....	Member
	Audrey Nelsen	.....	Member

Others present: Mayor Marv Calvin, Council Member Andrew Plowman, Finance Director Steve Okins, Interim City Administrator/City Clerk Kevin Halliday, Planning and Development Services Director Bruce Peterson, Police Chief Jim Felt, Fire Chief Frank Hanson, Public Works Director Sean Christensen, Community Ed & Rec Director Steve Brisendine, IT Coordinator Ross Smeby, and Accounting Supervisor Carol Cunningham.

Item No. 1      Call to Order

The meeting was called to order by Mayor Marv Calvin at 4:45 p.m. who noted that this is a Finance Committee meeting with full council participation for purposes of discussing the 2016 Mayor’s Proposed Budget. Chair Denis Anderson arrived at this time.

Item No. 2      Public Comments

There were no comments from the public.

Item No. 3      Consideration of Proposed 2016 Departmental Budgets (Motions)

Various departments are presenting their proposed 2016 budgets at this time for Council’s approval.

Discussion began with the Planning and Development Services proposed 2016 budget. Director Peterson reviewed this budget noting no real significant changes except for Personal Services which includes the addition of the Downtown Development Coordinator position of just under \$66,000. Other areas include an increase in Travel/Conferences/Schools to increase staff training for ISO Certifications, and an increase in Insurance/Bonds which is a result of the City-wide change to distribute this cost among individual departments rather than entirely allocated to a non-departmental account.

Council Member Christianson raised concerns about the need for a Downtown Development Coordinator position. Chair Anderson said that since the current Planner splits time between airport issues and planning issues, maybe the City should look at hiring a full-time airport manager, thereby allowing the Planner to dedicate time toward planning and development issues. Council Member Nelsen wondered why half the Planner’s time is not charged to the airport since that portion is spent on airport issues. Staff explained that due to budget cuts a few years ago, the Planner was given the airport responsibility but that was never meant to be a permanent situation. Further, expenditures in the Airport Fund, even without the salary, are more than sufficient to substantiate the maximum reimbursement available from the State of Minnesota.

Mayor Calvin stated he would like to see the funding for the Downtown Development Coordinator position left in the 2016 budget but does not want to fill it until the new City Administrator is hired. Council Member Nelsen supports looking at and exploring the makeup of the position. It was noted that the budget may be approved with the additional \$66,000 without approving the position at this time.

Following discussion, Chair Anderson made a motion to include \$578,356 for the Planning and Development Services Department in the Proposed 2016 Budget. Council Member Nelsen seconded the motion. Council Member Christianson made a motion to reduce the 2016 Planning and Development Services Department Budget by \$66,000. This motion died for lack of a second. The original motion approving \$578,356 for the 2016 Planning and Development Services Budget was then voted on and carried.

Coordinator Ross Smeby reviewed the proposed 2016 Information Technology (IT) Budget explaining several changes from the previous year. The required renewal of the WRAC-8 agreement has caused increases in both Licenses/Taxes and Professional Services. Communications is increasing to accommodate ongoing costs. Small Tools is also increasing because there are several items needing replacement. It was noted that the Cable Advisory Committee has recommended that WRAC-8 be split out of the IT Budget for reporting purposes. This issue will be addressed in the future. Various Council members requested an upgrade for their tablets/software. Mr. Smeby recommended utilizing funds from another unused CIP project rather than adding this expenditure to the operating budget.

Following discussion, Chair Anderson made a motion to include \$631,827 for the Information Technology Department in the Proposed 2016 Budget. Council Member Plowman seconded the motion which carried.

Chief Jim Felt reviewed the Proposed 2016 Police Department Budget with the Committee. There is an increase in the Overtime Budget to more accurately reflect anticipated costs. Part-Time Salaries was increased to reflect a proposal for Community Service Officers hourly rate to be set at \$10 with a \$.50 increase after each of the first and second year. It is also being proposed that a part-time position be added sometime next year that would be scheduled for about 16 hours per week to assist with crime prevention projects and to assist with grant writing. Small Tools is increasing for purchasing defibrillators and Subsistence of Persons is increasing substantially to purchase body armor replacements needed. Travel is also increasing for anticipated training costs. It was noted that the Humane Society charges have been put back into the Police Department Budget, from Non-Departmental, thereby increasing Professional Services. Further, it was discovered that due to a typographical error, the amount budgeted under Rents should not be \$47,052 but should be \$4,705. The revised total of the Proposed 2016 Police Department Budget is \$4,216,972.

Following discussion, Chair Anderson made a motion to include \$4,216,972 for the Police Department in the Proposed 2016 Budget. Council Member Nelsen seconded the motion which carried.

Chief Frank Hanson reviewed the Proposed 2016 Fire Department Budget with the Committee. Personal Services is increasing substantially to reflect additional costs anticipated to achieve the desired level of 40 firefighters. In pursuit of that goal, five have recently been hired with an additional five anticipated to be hired in January, 2016. Further, the Department will be doubling its public education effort through which firefighters spend time going out into the community.

Other areas increasing include Maintenance of Equipment for painting fire hydrants, Subsistence of Persons to replace helmets and boots, and Professional Services. Typographical errors were noted under Travel/Conferences/Schools which should be \$5,000 less and under Maintenance of Equipment which should be \$5,000 more.

Following discussion, Chair Anderson made a motion to include \$766,241 for the Fire Department in the Proposed 2016 Budget. Council Member Fagerlie seconded the motion which carried.

Director Sean Christensen reviewed the Proposed 2016 City Hall Budget with the Committee, noting not much change from the previous year except for the increase in Maintenance of Structures for needed air conditioning repairs.

Following discussion, Chair Anderson made a motion to include \$125,355 for the City Hall Department in the Proposed 2016 Budget. Council Member Fagerlie seconded the motion which carried.

Director Christensen reviewed the Proposed 2016 Engineering Budget with the Committee, noting not much change from the previous year except for the decrease in Licenses/Taxes. Most of these costs were moved to Information Technology since they were for software and hardware costs.

Following discussion, Chair Anderson made a motion to include \$564,602 for the Engineering Department in the Proposed 2016 Budget. Council Member Plowman seconded the motion which carried.

Director Christensen reviewed the Proposed 2016 Public Works Budget with the Committee, noting various line item increases and decreases, resulting in a total net increase of \$10,000.

Following discussion, Chair Anderson made a motion to include \$2,490,185 for the Public Works Department in the Proposed 2016 Budget. Council Member Fagerlie seconded the motion which carried.

Council Member Nelsen then brought up concerns about Community Education and Recreation staff covering work normally performed by Public Works staff because of short staffing issues and that adding staff should be researched.

Director Christensen reviewed the Proposed 2016 Airport Budget with the Committee. It was noted that Transfers In are required to balance the fund while Transfers Out are for the Capital Improvement Program. Since Capital Projects for the Airport were recently reduced by \$126,500 by the Council, both of these line items should be reduced by that amount.

Following discussion, Chair Anderson made a motion to include \$709,472 for the Airport Fund in the Proposed 2016 Budget. Council Member Christianson seconded the motion which carried.

Director Christensen reviewed the Proposed 2016 Waste Treatment Plant Budget with the Committee. Staff reported that General Supplies were substantially decreased due to lower than anticipated chemical usage. It was also noted that sewer rates are in place through 2017, working toward the goal of achieving reserves of one year debt service and six months operating costs.

Following discussion, Chair Anderson made a motion to include \$9,165,051 for the Waste Treatment Plant Fund in the Proposed 2016 Budget. Council Member Christianson seconded the motion which carried.

Community Education and Recreation Director Steve Brisendine reviewed the Proposed 2016 Auditorium Budget with the Committee noting it's similarity to 2015 with the exception of utilities. With the new HVAC system, those costs are estimated to be slightly higher. Further, additional part-time salaries were not included for staffing the gun range, but it is estimated those costs would be \$2,500; consequently, staff is requesting approval to increase Personal Services by \$2,500. Council Member Nelsen was of the understanding that there should be a staff member present at all times when the Auditorium is open and not just for the Gun Range. Mr. Brisendine responded that various program staff are present during other uses of the facility, only the Gun Range is not staffed at this time.

Following discussion, Chair Anderson made a motion to include \$53,901, which includes \$2,500 for part-time staff costs for the Gun Range, for the Auditorium in the Proposed 2016 Budget. Council Member Christianson seconded the motion which carried.

Director Brisendine reviewed the Proposed 2016 Leisure Services Budget with the Committee. The only major change from the previous year is an increase in Part-Time Salaries which is being requested because of an increase in programs offered and the increase in minimum wage. Council Member Nelsen raised concerns about short-staffing issues and school staff covering City buildings. She also stated the Community Center Board asked for an increase to the budget to staff a presence at the building. Staff explained that there are already a couple of employees that spend time at the Community Center to administer various programs located there. Staff also noted that budget amendments for 2015 as well as 2016 will be forthcoming for Council approval to adjust for the changes in staffing allocations over the last

year due to retirements. Council Member Nelsen asked that these allocations be shared with the Community Ed and Rec Advisory Board.

Following discussion, Chair Anderson made a motion to include \$484,933 for the Leisure Services Department in the Proposed 2016 Budget. Council Member Plowman seconded the motion which carried.

Director Brisendine reviewed the Proposed 2016 Civic Center Budget with the Committee which reflects an increase in Part-Time Salaries and Utilities. It is anticipated that additional part-time staff is needed to assist the Arena Manager due to the loss of an Administrative Assistant earlier this year.

Following discussion, Council Member Christianson made a motion to include \$607,077 for the Civic Center in the Proposed 2016 Budget. Council Member Fagerlie seconded the motion which carried.

Director Brisendine reviewed the Proposed 2016 Community Center Budget with the Committee which reflects an increase of about \$14,000 in Maintenance of Other Improvements to purchase tables and chairs for the building.

Following discussion, Council Member Christianson made a motion to include \$119,735 for the Community Center in the Proposed 2016 Budget. Council Member Plowman seconded the motion which carried.

Director Brisendine reviewed the Proposed 2016 Aquatic Center Budget with the Committee which reflects an increase of about \$8,000 in Part-Time Salaries for the purpose of increasing Life Guard wages.

Following discussion, Chair Anderson made a motion to include \$191,275 for the Aquatic Center in the Proposed 2016 Budget. Council Member Plowman seconded the motion which carried.

Director Steve Okins reviewed the Proposed 2016 Finance Department with the Committee which reflects an increase in Personal Services to accommodate the new Human Resources (HR) position proposed by the Mayor. Council Member Nelsen stated she supports the need for an HR position but does not support having the HR position in the Finance Department.

Following discussion, Chair Anderson made a motion to include \$466,354 for the Finance Department in the Proposed 2016 Budget. Council Member Fagerlie seconded the motion. Council Member Nelsen again stated it is inappropriate to leave the HR position in the Finance Department. Council Member Fagerlie felt it should be left in Finance and then discuss the possibility of moving it in the future. Mayor Calvin stated there will be future discussion on where the HR position should be located in the organization, however, approving the Finance Budget as presented now would allow for the possibility of adding that position to the organization in 2016. Council Member Nelsen made a motion, to amend the original motion, to move the HR dollars to a different line item as a stand-alone position. This motion died for a lack of a second. The original motion to include \$466,354 for the Finance Department in the Proposed 2016 Budget was then voted on and passed on a 4-1 vote with Council Member Nelsen voting no.

Director Okins reviewed the Proposed 2016 General Government Non-Departmental Expenditure Budget with the Committee.

Following discussion, Chair Anderson made a motion to include \$1,170,000 for General Government Non-Departmental Expenditures in the Proposed 2016 Budget. Council Member Fagerlie seconded the motion which carried.

Director Okins reviewed the Proposed 2016 Public Safety Non-Departmental Expenditure Budget with the Committee, noting this is primarily used for civil defense sirens.

Following discussion, Chair Anderson made a motion to include \$15,000 for Public Safety Non-Departmental Expenditures in the Proposed 2016 Budget. Council Member Fagerlie seconded the motion which carried.

Chair Anderson called a recess at this time of 6:50 PM. The meeting reconvened at 6:54 PM.

Director Okins reviewed the Proposed 2016 Public Works Non-Departmental Expenditure Budget with the Committee, noting this is primarily used for State-mandated drug testing. This random testing may be done on employees in any department; however, to date it has mostly been done in Public Works.

Following discussion, Chair Anderson made a motion to include \$2,000 for Public Works Non-Departmental Expenditures in the Proposed 2016 Budget. Council Member Christianson seconded the motion which carried.

Director Okins reviewed the Proposed 2016 Transfers-Out Budget with the Committee.

Following discussion, Chair Anderson made a motion to include \$2,009,787 for Transfers Out in the Proposed 2016 Budget. Council Member Christianson seconded the motion which carried.

Director Okins reviewed the Proposed 2016 Library Budget with the Committee, noting this is the City's share of contributions needed for the Pioneerland Library System. Per the Maintenance of Effort Agreement, notification is received from the Department of Education of the City share. There is also an agreement with Kandiyohi County under which the City is responsible for a share of maintenance of the building.

Following discussion, Chair Anderson made a motion to include \$503,144 for the Library in the Proposed 2016 Budget. Council Member Fagerlie seconded the motion which carried.

Interim City Administrator Kevin Halliday reviewed the Proposed 2016 City Administrator Department Budget with the Committee. Staff noted since this budget was prepared prior to Council's direction to increase the potential salary for hiring the new City Administrator, Salaries in this department have not been increased to accommodate that potential.

Following discussion, Chair Anderson made a motion to include \$258,058 for the City Administrator Department in the Proposed 2016 Budget. Council Member Nelsen seconded the motion which carried.

Interim City Administrator Kevin Halliday reviewed the Proposed 2016 Mayor/Council Department Budget with the Committee, noting that Salaries have not been increased. Discussion has previously taken place regarding that issue, however, protocol for increasing the Mayor/Council salaries is to adopt an ordinance to establish the new salaries and then to implement the ordinance after the following election. Subsequently, in this case, changes to salaries would not be effective until 2017. Mr. Halliday also provided a detail of some of the items included in the budget for Subscriptions/Memberships: Coalition of Greater Minnesota Cities \$37,000, National League of Cities \$1,500, League of MN Cities \$5,500, Main Street \$100, Minnesota Mayors Association \$50; and Community Marketing Coalition \$1,500.

It was also noted that some of the costs budgeted under Professional Services include Kandiyohi County recording fees and the cost for the Council's retreat.

Council Member Nelsen would like steps to be taken to pursue salary increases for the Mayor/Council and to research insurance available for the Mayor and Council Members through the League of Minnesota Cities both for time commitment and for the future. She would like to see what other cities are doing in this regard.

Chair Anderson felt it would be important for Council Members to attend Community Events and asked if it was possible to accommodate paying for this cost. Staff explained the City could pay for the Council

Member but not for the spouse. Chair Anderson suggested that a procedure be established for this and that this type of expenditure be included in the budget.

Following discussion, Chair Anderson made a motion to include \$202,100 for the Mayor/Council Department in the Proposed 2016 Budget. Council Member Fagerlie seconded the motion which carried.

Interim City Administrator Kevin Halliday reviewed the Proposed 2016 City Clerk/Treasurer Department Budget with the Committee noting no major changes from the previous year.

Following discussion, Chair Anderson made a motion to include \$195,842 for the City Clerk/Treasurer Department in the Proposed 2016 Budget. Council Member Plowman seconded the motion which carried.

Interim City Administrator Kevin Halliday reviewed the Proposed 2016 Assessing Department Budget with the Committee. It was noted that Personal Services reflects estimates for both the current Assessor's contract plus the three employees in the Assessing Department. Council had given direction to utilize amounts from the unfilled Assessor's position to fund the Assessor's Contract.

Following discussion, Chair Anderson made a motion to include \$328,335 for the Assessing Department in the Proposed 2016 Budget. Council Member Plowman seconded the motion which carried.

Interim City Administrator Kevin Halliday reviewed the Proposed 2016 Legal Department Budget with the Committee, noting no change from the previous year. Mayor Calvin felt the City could significantly reduce costs by employing staff for the legal department instead of contracting out those services. It was determined this item would be discussed with the new City Administrator.

Following discussion, Chair Anderson made a motion to include \$250,000 for the Legal Department in the Proposed 2016 Budget. Council Member Christianson seconded the motion which carried.

Interim City Administrator Kevin Halliday reviewed the Proposed 2016 Elections Department Budget with the Committee, noting that 2016 is an election year which is the reason for the increase over 2015.

Following discussion, Council Member Christianson made a motion to include \$55,269 for the Elections Department in the Proposed 2016 Budget. Council Member Fagerlie seconded the motion which carried.

Interim City Administrator Kevin Halliday reviewed the Proposed 2016 Transit Department Budget with the Committee, noting the increase of \$5,000 over the previous year's request from Central Community Transit.

Following discussion, Council Member Christianson made a motion to include \$25,000 for the Transit Department in the Proposed 2016 Budget. Council Member Fagerlie seconded the motion which carried.

Director Okins reviewed the Proposed 2016 General Fund Revenues with the Committee. One new revenue source proposed by the Mayor was the Centerpoint Energy Franchise Fees for \$250,000. Council Member Christianson does not feel this should be instituted, mostly because he is against adding more taxes for customers. Council Member Plowman feels the only reason to raise taxes should be for a specific purpose and not to simply balance the operating budget, so he would oppose a franchise fee.

Following discussion, Council Member Christianson made a motion to remove the Centerpoint Energy Franchise Fee Revenue in the amount of \$250,000 from the Proposed 2016 General Fund Budget. Council Member Plowman seconded the motion which carried.

Following discussion, Chair Anderson made a motion to include \$15,512,474 less \$250,000 Franchise Fees for a new total of \$15,262,474 for General Fund Revenues in the Proposed 2016 Budget. Council Member Christianson seconded the motion which carried.

Director Okins stated that pursuant to Council actions taken at this meeting, the final numbers for the 2016 Budget will be compiled and provided to the Council.

Chair Anderson reminded the Committee that Rice Hospital, Willmar Municipal Utilities and other outside agencies will present their 2016 Budgets at the November 23, 2015, Finance Committee Meeting. Also at that meeting, Council action will be required for the Truth In Taxation Hearing to be held December 7, 2015.

It was the consensus of the Committee to direct staff to provide recommendations for the excess funds available pursuant to the reductions made to date.

There being no further business to come before the Committee, the meeting was adjourned at 7:35 p.m.

Respectfully submitted,



Carol Cunningham  
Accounting Supervisor