

**FINANCE COMMITTEE/FULL COUNCIL**

**MINUTES**

The Finance Committee/Full Council Meeting of the City of Willmar met at 5:00 p.m. on Thursday, November 5, 2020, via TeleConference.

Present:	Audrey Nelsen	.....	Chairman
	Rick Fagerlie	.....	Member
	Julie Asmus	.....	Member
	Andrew Plowman	.....	Member

Others on the teleconference: Mayor Marv Calvin, Councilmember Vicki Davis, Councilmember Kathy Schwantes, Councilmember Fernando Alvarado, Councilmember Shawn Mueske, City Administrator Brian Gramentz, City Clerk Judy Thompson, Planning and Development Services Director Dave Ramstad, and West Central Tribune Reporter Shelby Lindrud.

**Item No. 1    Call to Order**

The meeting was called to order at 5:00 p.m.

**Item No. 2    Roll Call**

Roll-call was taken with the following members present: Chair Audrey Nelsen, Councilmember Rick Fagerlie, Councilmember Julie Asmus, and Councilmember Andrew Plowman Also present on roll-call: Mayor Marv Calvin, Councilmember Kathy Schwantes, Councilmember Vicki Davis, Councilmember Fernando Alvarado, and Councilmember Shawn Mueske.

**Item No. 3    Mayor’s Proposed 2021 Budget – Fund Balance/Revenues (Proposed Budget Book)**

City Administrator Gramentz reviewed the overall fund balance and noted the audit results indicated the City is in a good position regarding the status of its fund balance. Questions were asked about the differences between the various balances that are restricted, committed, or available for use if necessary to fund 2021 operating budget shortfalls as a result of possible reductions in Local Government Aid due to the Covid-19 Pandemic. These questions will be addressed at the next finance committee meeting.

The 2021 Proposed Budget Narrative was also reviewed. The proposed tax levy was increased 3% over 2020 which should generate an additional \$308,000. The Local Government Aid was increased 3.2% for an additional \$156,898. However, due to the Covid-19 Pandemic, the State’s financial circumstances indicate that in all likelihood the LGA will be reduced in 2021. It is hoped that the State will indicate soon how they will need to proceed with LGA allotments and other budgeting issues. In recent years, we have expended approximately \$250,000 for outside engineering services. Now that we have an assistant engineer in-house, those costs should be reduced. Due to Covid-19, budgeted amounts for building permits were decreased and interest revenue is anticipated to be 22% less than last year. Rental income will be down since Mid-Minnesota Development has moved out of City Hall. Further, Parks & Rec facilities rentals may continue to decline due to Covid-19.

There are potential revenues that were not included in the Mayor's proposed 2021 budget: Franchise Fees of \$250,000 from Centerpoint Energy, a larger than proposed tax levy increase, and sale of excess land.

The next Finance Committee/Full Council Meeting will be held November 19<sup>th</sup> to continue the discussion of Fund Balances and Revenues as well as the Operating and Capital Expenditures. On November 30<sup>th</sup> the Finance Committee/Full Council Meeting will cover debt service and wrap up any final recommendations.

This matter was taken for information.

#### **Item No. 4    Action Items for the Council**

##### **Deferred Senior Citizen Assessments/Past Projects - Resolution**

Staff explained that pursuant to Willmar Municipal Code, Chapter 5, Article V, Special Assessments, and the City's Comprehensive Assessment Policy which offers the option to defer special assessments to senior citizens, disabled, or active military deferrals meeting certain income guidelines, the 2019 Street and Other Improvement project received one qualifying application: Shirley Nelson, 2413 19<sup>th</sup> Avenue SW, Willmar, MN, Parcel 95-921-5430, for \$3,600.

It was moved by Councilmember Fagerlie, seconded by Councilmember Asmus, and passed to recommend a resolution deferring the special assessments for Senior Citizens, Disabled, or Active Military under the 2019 Street and Other Improvement Project for Parcel 95-921-5430 owned by Shirley Nelson in the amount of \$3,600.

##### **Certification of WMU Liens - Resolution**

Staff explained that Willmar City Code Section 16-127 states that such unpaid utility bills represent a lien on the applicable real properties receiving utility services. The Willmar Municipal Utilities Commission has offered the owner of each property the right to request an appearance before the Commission to make objections to payment. After holding that meeting, the Willmar Municipal Utilities Commission adopted Resolution No. 33 on September 28, 2020, requesting that the Willmar City Clerk certify the unpaid utility charges as a lien on each applicable real property. The total to be certified to the Kandiyohi County Auditor for collection on the 2021 property tax statements is \$36,487.24 affecting 32 parcels

It was moved by Councilmember Plowman, seconded by Councilmember Asmus, and passed to recommend a resolution certifying \$36,487.24 to the Kandiyohi County Auditor for collection on the 2021 property tax statements as presented.

##### **Liquor License Fee/Partial Refund – Schedule Special Meeting for Resolution**

Staff reported that due to the COVID-19 Pandemic, several establishments were closed for an extended period of time resulting in loss of income from liquor sales. Many communities have approved refunding the establishments for a three-month period and staff is recommending the City approve refunding fees for a three-month period for 18 on-sale entities as presented totaling \$9,812.40

It was moved by Councilmember Plowman and seconded by Councilmember Asmus to recommend a resolution approving the partial refund of on-sale liquor license fees to 18

establishments within the City of Willmar totaling \$9,812.40 as presented. After discussion, it was then moved by Council member Plowman to amend the first motion to recommend a special council meeting be held prior to November 13, 2020, to utilize the CARES Act Funds for this expenditure. Councilmember Asmus seconded this amendment. The entire motion passed.

### **Airport Operations Agreement - Resolution**

Staff presented a three-year Airport Operations Supervisor Agreement with Oasis Aero, Inc., for 2021, 2022, and 2023 and explained that there are no changes from the previous agreement which terminates December 31, 2020. The fee will remain the same at \$48,000 per year with Eric Rudningen, Airport Operations Supervisor, continuing to perform the day-to-day activities necessary to keep the Willmar Municipal Airport, safe, accessible, and operational on a daily basis. Mr. Rudningen will also provide the staff necessary to assist him with the operation and supervision of the Airport and all the City property located thereupon, including routine minor repairs, properly securing doors, etc. It was noted that he cannot delegate his responsibilities under this Agreement without prior written approval of the City.

It was moved by Councilmember Plowman, seconded by Councilmember Asmus and passed to recommend a resolution approving the Airport Operations Agreement with Oasis Aero, Inc., for the term 2021 through 2023 as presented.

### **Renaissance Zone Use of DEED Funds - Information**

Staff explained that on May 4, 2020, the City Council adopted the Renaissance Zone, which is a new zoning overlay district encompassing the Central Business District (CBD) and adjacent areas. The new district is a 5-year pilot program intended to encourage economic development. This district will offer greater flexibility relative to zoning requirements otherwise imposed by the underlying zoning districts and is regulated by Section 12 of the Zoning Ordinance. On August 3, 2020, the City Council adopted the additional incentive to provide \$5,000 and \$10,000 matching loans for storefront improvements in the Renaissance Zone. These loans will be forgiven 20% each year of their five-year term after funds are disbursed. The Planning and Development Services Department will partner with the Kandiyohi County HRA who will administer the incentive for 2021. A fee of 15% of the project costs (\$10,200 of the \$68,000 balance) will be charged to the DEED account, not to the applicant. For said fee, the HRA will meet with commercial property owners to determine the scope of work, prepare contractor specs, solicit contractor bids, award bids, prepare closing docs, collect owner portion of funds, complete closing, record docs, inspect during construction, perform Davis Bacon wage interviews, pay contractors, track projects, and report to DEED. The goal is to award as many storefront matching loans/grants up to the remaining DEED balance of \$68,000 which could be six to thirteen projects.

It was the consensus of the Finance Committee to support the recommendation to move forward with the Renaissance Zone's Storefront Renovation Incentive Program as presented.

### **Fund Balance Designation - Resolution**

The Fund Balance Policy designates the various types of fund balances, including Nonspendable, Restricted, Committed, Assigned, and Unassigned. This is being reviewed as a result of the December 31, 2019 audit report that was recently presented to the Finance Committee and Council.

It was moved by Councilmember Asmus, seconded by Councilmember Plowman and passed

to recommend a resolution adopting the revised Fund Balance Policy as presented.

### **2019 Budgetary Management Policy - Resolution**

Staff explained that pursuant to auditor's recommendations, the proposed Budget Management Policy has been drafted that directs the Council to take action when the budget is exceeded and how the deficit will be covered.

It was moved by Councilmember Plowman, seconded by Councilmember Asmus and passed to recommend a resolution adopting the Budget Management Policy as presented.

### **Item No. 5    Discussion Items for the Council**

#### **Covid-19 Monthly Funding Report**

This item was tabled until the next Finance Committee meeting.

#### **Departmental Information Update**

There was nothing new to report at this time.

#### **Future Agendas**

Future Finance Committee meetings will include discussion on filing fees, Federal Path Local Financing, and possible Carris Health Debt Refinancing.

There being no further business to come before the Committee, the meeting was adjourned at 6:30 p.m. by Chair Nelsen.

Respectfully submitted,



Carol Cunningham, Accounting Coordinator