

FINANCE COMMITTEE/CITY COUNCIL

MINUTES

The Finance Committee and Full Council of the City of Willmar met on Tuesday, November 18, 2014, in the Council Chambers at the Willmar Municipal Utilities Building.

Present:	Denis Anderson	Chair
	Tim Johnson	Vice-Chair
	Rick Fagerlie	Member
	Audrey Nelsen	Member

Others present: Council Member Steve Ahmann, Council Member Jim Dokken, Council Member Ron Christianson, Mayor Frank Yanish, City Administrator Charlene Stevens, City Finance Director Steve Okins, City Clerk Kevin Halliday, Planning and Development Director Bruce Peterson, Public Works Director Sean Christensen, Community Ed and Rec Director Steve Brisendine, Rice Memorial Hospital Representatives Mike Schramm and Bill Fenske, Willmar Municipal Utilities Representatives Wes Hompe and Tim Hunstad, West Central Industries Representative Jamin Johnson, Humane Society Representatives Jim Peterson and Bobbi Bauman, Willmar Downtown Development Representatives Bev Dougherty and John Christianson, Willmar Fests Representative Cathy Fagerstrom, "West Central Tribune" Journalist David Little, and Accounting Supervisor Carol Cunningham.

Item No. 1 Call to Order

The meeting was called to order by Chair Anderson at 4:00 p.m. who noted that this is a Finance Committee meeting with full council participation for purposes of discussing the 2015 Mayor's Proposed Budget.

Item No. 2 Public Comments

There were no comments from the public.

Item No. 3 2015 Mayor Proposed Budget (Information)

A. Rice Memorial Hospital

CEO Michael Schramm and CFO Bill Fenske reviewed the 2015 Forecast, noting that revenues are projected to continue to be flat. Mr. Fenske explained the statistics used in preparation of the Forecast and the methodology used in developing their 2015 projections. Net Operating Revenue for 2015 is projected at \$93,142,235 and Net Operating Expenses at \$91,225,338 with an estimated Net Income of \$2,474,414. Discussion included Inpatient versus Outpatient volumes, the effects of the Affordable Care Act, and upcoming major projects including Behavioral Health and Acuity Adaptable Rooms. This matter was taken for information.

B. Willmar Municipal Utilities

General Manager Wes Hompe and Finance Director Tim Hunstad presented the Willmar Municipal Utilities 2015 Budget. Total Operating Revenue is estimated at \$34,356,598 which incorporates a possible rate increase for electrical service during 2015. Total Operating Expenditures are estimated at \$31,624,890 and the 2015 Intergovernmental Transfer to the City of Willmar is estimated at \$2,152,600. The projected Net Income for 2015 is \$518,908. The 5-year capital improvements budget was also presented in detail. In response to Council Member Christianson's question about the electrical rate increase, Mr. Hunstad explained that the increase is projected to be less than 5% and is subject to WMU Commission approval. Council Member Christianson also asked about promoting LED lighting for energy conservation. Mr. Hompe explained

that the most significant impact would be in commercial usage since many residential customers have already switched to more efficient lighting. This matter was taken for information.

C. Community Group Presentations (Resolution)

Staff explained that due to timing issues, Community Group Requests were funded at 2014 levels in the Mayor's 2015 Proposed Budget as noted below.

Meals On Wheels: The Mayor's 2015 Proposed Budget includes \$15,000 for Meals On Wheels and their request is for \$20,000. Jamin Johnson of West Central Industries, explained that the Meals On Wheels Program began in 1972 and for the past several years they requested and received \$15,000 from the City of Willmar. Their request for 2015 is increasing to \$20,000 because of a decrease in United Way funding. Council Member Christianson raised concerns about the reduction in the United Way donation.

Humane Society: The Mayor's 2015 Proposed Budget includes \$28,000 for the Humane Society and their request is for \$28,800. Jim Peterson and Bobbi Bauman of the Humane Society, reported that their average intake number for City strays is approximately 500 annually. Council Member Fagerlie asked about the land the City donated for the Humane Society's new building a few years ago. Mr. Peterson stated that the City of Willmar gifted the land to Kandiyohi County for that purpose and the Humane Society subsequently pays \$1 in rent annually to the County.

WAMM-BC: The Mayor's 2015 Proposed Budget includes \$10,000 for WAMM-BC and their request is for \$20,000. There was no representation from WAMM-BC for today's meeting.

Willmar Downtown Development, Inc.: The Mayor's 2015 Proposed Budget includes \$32,000 for Willmar Downtown Development (formerly the Willmar Design Center) and their request is for \$37,000. John Christianson of Willmar Downtown Development explained their name change which more accurately reflects the work their organization performs. Their purpose is to renew the heart of the City and to be a partner with the City of Willmar. Activities include Bounty For the County, Completion of the Glacial Lakes Trail connection, Holiday Celebration, Becker Market, Willmar Walks, and Develop Historic 313 Building (The Hub).

Council Member Ahmann raised a question on the \$9,000 increase in their budget. Mr. Christianson explained that it was mostly for development costs and a project coordinator for The Hub. Council Member Johnson raised concerns about a corporation owning the The Hub building. It was explained that the building is owned by the partnership between Preservation Alliance Minnesota (PAM), who assists with upfront funds for preservation projects, and Willmar Downtown Development. It is anticipated PAM will eventually be reimbursed for its initial investment at which time they would be removed from ownership. In response to Council Member Anderson's question on the projected opening of the Brew Pub, Bev Dougherty estimated early 2015.

Mayor Yanish raised a concern about who pays for maintaining flowers downtown. Administrator Stevens stated that the City has funded that project for the last couple of years.

Council Member Ahmann requested a list of expenditures from Willmar Downtown Development and what personnel changes have occurred. Mr. Christianson reported that an expenditure list is provided as part of their monthly report to the City. He also noted that Adam Arvidson is no longer employed by Willmar Downtown Development but there is \$9,300 budgeted for a project coordinator for The Hub.

Willmar Fests: The Mayor's 2015 Proposed Budget includes \$25,000 for Willmar Fests and their request is for \$25,000. Cathy Fagerstrom of Willmar Fests provided a brief summary of their activities and noted that last year's Queen of Festivals competed and became the Minneapolis Aquatennial Queen.

Council Members Anderson and Johnson recommended not funding WAMM-BC. Council Member Fagerlie questioned whether or not WAMM-BC requires funding from the City in order to provide matching funds for federal and state programs.

Following discussion, Council Member Nelson moved to introduce a resolution to remove funding from the Mayor's 2015 Proposed Budget for WAMM-BC and to fund the remaining Community Groups at the full amount of their requests resulting in an overall total increase to the 2015 Budget of \$800 for the Community Groups. Council Member Fagerlie seconded the motion.

Council Member Ahmann requested Council consideration of establishing an Events Committee to determine how Community Group funding should be disseminated.

Following considerable discussion, Council Member Fagerlie then moved to amend the resolution to reduce the amount for Meals on Wheels from \$20,000 to \$19,200 to stay within the total amount originally allocated in the Mayor's 2015 Budget for Community Groups. Council Member Christianson seconded the motion which carried on a roll-call vote of Ayes 6, Noes 1 with Council Member Nelsen voting no.

Resolution No. 1, as amended, was introduced by Council Member Fagerlie, seconded by Council Member Christianson, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 1

BE IT RESOLVED by the City Council of the City of Willmar that the 2015 City Budget for Community Groups totaling \$110,000 be comprised of the following:

Humane Society	\$ 28,800
Meals On Wheels	\$ 19,200
Willmar Downtown Development, Inc.	\$ 37,000
Willmar Fests	<u>\$ 25,000</u>
Total	\$110,000

Dated this 18th day of November, 2014.

/s/ Frank A. Yanish
Mayor

/s/ Kevin Halliday

Attest: CITY CLERK

D. Capital Improvements

Staff reported that there was one change to the 2015 Capital Improvements Program that removed \$6,000 for the Canine Unit which is actually being purchased in 2014. Council Member Christianson raised questions about the need for the Airport Master Plan. Public Works Director Christensen stated it is necessary to update the Airport Master Plan periodically and that it was last performed in 2004. He also noted it is required to maintain FAA funding levels. Council Member Christianson also inquired about the Public Works Garage Roof Repair, Lakeland Drive Path using LOST funds, Park Plan Improvements for \$100,000, Taunton Field Storm Shelter, and Civic Center Drive Storm Water Project.

E. Pavement Management/Assessments Policy

Public Works Director Christensen distributed the Preliminary Engineering Report and stated that a formal order is required from the Council to prepare the Report on 2015 Improvements.

Following discussion, Council Member Fagerlie moved to introduce Resolution No. 2 to order the preparation of the Report on 2015 Improvements. Council Member Nelsen seconded the motion.

Council Member Anderson raised the question about doing additional street improvements as well as exercising the option of leveraging \$147,000 of the tax levy toward street improvement debt service for ten years. Discussion continued about the 2015 funding level for street improvements. Staff noted that consideration needs to be given for funding levels available from State Aid as well as the Willmar Municipal Utilities for their portion of water infrastructure construction. There was also discussion on the benefits of overlay and seal coat projects to maintain streets. Council member Ahmann suggested allocating a portion of the Intergovernmental Transfers from the Willmar Municipal Utilities and Rice Memorial Hospital for street maintenance.

Following further discussion, Council Member Fagerlie withdrew the motion and Council Member Nelsen withdrew the second.

Council Member Christianson stated the City should seek bids in the fall for the next year's street projects to obtain more competitive bids.

After further discussion, Resolution No. 2 was reintroduced by Council Member Fagerlie, seconded by Council Member Nelsen, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 2

RESOLUTION ORDERING PREPARATION OF REPORT ON IMPROVEMENT

WHEREAS, it is proposed to construct the following improvements under the 2015 Improvement Projects:

grading, aggregate base, curb and gutter, edge drain, sump pump connections, milling, bituminous pavement, sidewalk, service lines, sanitary sewer, storm pond, and watermain

and to assess the benefited property for all or a portion of the cost of the improvement, pursuant to Minnesota Statutes, Section 429.011 to 429.111 (Laws 1953, Chapter 398, as amended).

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF WILLMAR, MINNESOTA:

That the proposed improvement be referred to the City Engineer for study, and that he is instructed to report to the Council advising the Council in a preliminary way as to whether the proposed improvement is feasible, and as to whether it should be best be made as proposed or in connection with some other improvement, and the estimated cost of the improvement as recommended.

Dated this 18th day of November, 2014.

/s/ Frank A. Yanish
Mayor

/s/ Kevin Halliday
Attest: CITY CLERK

F. Additional Revenue Sources

Franchise Fees: The Council has previously discussed the possibility of instituting a gas utility franchise fee which could generate an additional \$250,000. After a brief discussion, it was determined there was no interest by the Council to institute a gas utility fee at this time.

Fire Service Fees: The Council has also previously discussed the possibility of instituting a charge for fire calls eligible for reimbursement by insurance carriers.

Following discussion, Council Member Fagerlie made a motion to authorize the City of Willmar to accept payments from insurance companies for fire calls if provided. Council Member Christianson seconded motion which carried.

Operating Levy: In September the Council submitted a preliminary levy request of \$4,451,028 which is \$250,000 over the amount reflected in the Mayor's 2015 Proposed Budget. Council Member Anderson proposed this additional levy be used to repay money borrowed for the Auditorium Project. There are no changes to the levy requested by the Council at this time. Subsequently, it was noted that two resolutions will be presented after the public hearing scheduled for December 1, 2014, to set the 2015 levy and to approve the amended 2015 budget. Council Member Anderson requested ~~information on~~ the Early Retirement Benefit Program be placed on a future Labor Committee agenda for discussion ~~for review~~.

Item No. 4 Project 1405 Industrial Park Final Budget (Resolution)

Staff explained to the Committee that previous council action approving a contract for the development of the City Industrial Park with Alternate A would put the project \$925,000 over the amount of \$3,500,000 that was approved in the City 2014 Capital Improvement Program. Reallocation of funds is needed to fully fund the contract/project with Alternate A for a total budget of \$4,425,000. After considerable discussion it was proposed that \$725,000 be removed from the Lakeland Drive Bike Path Project and \$200,000 be removed from the Civic Center HVAC Project to fully fund Project 1405 Industrial Park Final Budget.

Following discussion, Resolution No. 3 was introduced by Council Member Nelsen, seconded by Council Member Fagerlie, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 3

BE IT RESOLVED by the City Council of the City of Willmar that \$925,000 be reallocated to Project No. 1405 Industrial Park as follows:

Decrease:	2015 CIP Lakeland Drive Path Project	\$725,000
Decrease:	Civic Center HVAC Replacement Project	\$200,000
Increase:	Project 1405 Industrial Park	\$925,000

BE IT FURTHER RESOLVED that the total budget for Project No. 1405 Industrial Park be amended to \$4,425,000 as presented

Dated this 18th day of November, 2014.

/s/ Frank Yanish
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

Item No. 5 Old Business (Information)

There was no old business.

Item No. 6 New Business (Information)

There was no new business.

There being no further business to come before the Committee, the meeting was adjourned at 7:21 p.m.

MAYOR

ATTEST:

CITY CLERK