CITY OF WILLMAR

SPECIAL FINANCE/CITY COUNCIL MEETING
5:00 PM, WEDNESDAY, MAY 13, 2020
TELECONFERENCE GO TO MEETING

AGENDA

1. Meeting Called to Order

2. Action Items

    a. 2020 Improvement Bonds
        i. Resolution to introduce an Ordinance and set public Hearing

3. Discussion Items

    a. City Hall/Community Center Project $10.5 million
        i. Authorize up to plans & spec, or delay
    b. Invest in Willmar Projects $28 million
        i. Prioritize projects
        ii. Authorize up to plans and spec.
        iii. Select projects for construction or delay
        iv. Determine plan for bonding
    c. 2020 Operating Budget
        i. Authorize target cut or wait on 2021 for state guidance info.
    d. 2021 Operating Budget (work on budget in 2020)

4. Future Agendas

    a. Carris Health/Rice Memorial Hospital
    b. Willmar Municipal Utilities 2019 Audit
    c. Council Information requests

Adjourn

Finance Committee Meeting of May 13, 2020

Action items

2A. Motion to introduce an Ordinance and set a Public hearing for $1,965,000 GO Improvement Bonds

Discussion Items

3A. City Hall/Community Center Project

3B. Invest in Willmar Projects

- ***Prioritize Projects***
- ***Authorize up to Plans & Specs***
- ***Select Projects for Construction or Delay***
- ***Determine Method & Plan for Bonding***

3C. 2020 Operating Budget

- ***Move forward with 2020 Programs as Budgeted***
- ***Identify potential Targeted Programs, Defer any modifications until more information is available***
- ***Direct Staff to implement Targeted Program modifications based on current Federal, State and Local Emergency Declarations***
- ***Address program modifications during 2021 Budget Process***

3D. 2021 Operating Budget (start in 2020)

WILLMAR

City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-235-4913
Fax Number 320-235-4917

CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	**Date: May 13, 2020**
From: Steven B. Okins, Finance Director	**Agenda Item:** **2020 Street Improvement Financing**

RECOMMENDED ACTION:
Motion By: _____Second By: _____, to introduce a Resolution Calling for a Public Hearing on an Ordinance authorizing the issuance of $1,965,000 General Obligation Improvement Bonds Series 2020A.

DETAILS:
Annually, the City of Willmar has had a Street Improvement Project that fits into a ten-year replacement program. In order to pay the costs of the construction project, the City has bonded for all costs that are not paid for from other current sources like Municipal State Aid, utility improvement funds, or funds from other governmental agencies. The bonds are normally for a length of ten years and paid from Special Assessments, the Community Investment Fund or Tax Levies that are not decertified. The total Street Improvement Project for 2020 is estimated at $3,443,188. Of this amount, $1,965,000 needs to be financed with $739,877 assessed.

FINANCIAL IMPACT:
Incur $ 1,965,000 of additional debt to pay for the Improvements. Which would increase the annual Debt Service by approximately $ 232,000 of which $ 92,000 would be covered by Assessments leaving a City Obligation of approximately $ 140,000 to be funded with a Tax Levy or Community Investment Fund revenues if available.

Total City of Willmar Outstanding Indebtedness as 12/31/18 was $ 124.7 million. During 2019 $ 4,.7 million of new debt was issued, with $ 11,.5 million debt was retired. Leaving a Balance of outstanding debt as of 12/31/19 of $ 117.9 million. $ 63.9 million is Waste Treatment Debt being paid thru rates, $ 37.1 million is Hospital Debt being paid thru a lease with Carris Health. And the remaining $ 17 million of Improvement Bonds being paid thru Assessments and Community Investment Fund which has a balance as of 12/31/19 of $ 9.9 million.

ALTERNATIVES:
1. Do not do Improvement Project as approved
2.

REVIEWED BY: Brian Gramentz, City Administrator
COMMITTEE MEETING DATE: May 13, 2020
COUNCIL MEETING DATE: May 18, 2020

bakertilly

now joined with
Springsted and Umbaugh

Memo

To:	Steve Okins, Finance Director
From:	Doug Green, Director
Date:	May 7, 2020
Subject:	General Obligation Improvement Bonds, Series 2020A

Purpose and Background

The purpose of this memorandum is to provide information regarding the proposed issuance of $1,965,000 General Obligation Improvement Bonds, Series 2020A (the "Bonds") for the May 7, 2020 Finance Committee meeting. The Bonds will be used to finance a portion of the City's 2020 street improvement projects.

The City held public hearings ordering the improvements on March 2, 2020, which provides the City the statutory authority to issue the Bonds under Minnesota Statutes, Chapter 429. Prior to issuing the Bonds, the Council will need to conduct a public hearing on a bond ordinance, publish the ordinance, and wait until a 15-day petition period has ended. The Finance Committee is being asked to forward a request to the Council to call for a public hearing on the ordinance authorizing the issuance of the improvement bonds. Bond will provide a form of resolution the Council can use to set the public hearing.

Bond Structure

In addition to Bond proceeds, the City will use Municipal State-Aid, federal aid, Municipal Utility funds, and waste treatment funds to pay project costs. Total project cost is expected to be approximately $3.44 million. The table below shows the estimated sources and uses for the bond proceeds:

Sources Of Funds	
Par Amount of Bonds	$1,965,000.00
Municipal State Aid	1,173,438.00
Waste Treatment	239,238.00
Utilities Commission	65,512.00
Total Sources	**$3,443,188.00**
Uses Of Funds	
Deposit to Project Fund	3,416,613.00
Costs of Issuance	26,575.00
Total Uses	**$3,443,188.00**

The Bonds will be repaid from a combination of special assessments and general ad valorem tax levies or other available City funds. While levies will be certified for any debt service not paid from assessments, the City currently intends to use the Community Investment Fund to offset the need for any future levies for debt service. The Bonds' principal will be repaid over a term of ten years to coincide with the repayment of special assessments. Principal payments are structured to achieve approximately equal annual debt service. The principal amount of assessments charged to benefitting property owners will be $739,877 and is estimated to incur interest at 4.0% (rate on the bonds plus 2%) annually.

Debt service schedules showing the sources and uses of funds and estimated debt service payments on the Bonds are attached. The debt service schedule includes the projection of special assessment collections and the resulting net tax levy (or City funds). The special assessment collections indicated have not assumed any delinquent payments or deferrals. Please note that interest rates are estimates, based on current and comparable publicly offered tax-exempt bonds in Minnesota.

Bond Issuance Process

The City is choosing to sell the Bonds to a consortium of local banks. This method of sale is referred to as a "private placement". Selling the bonds to local banks eliminates the need to produce an offering document (Official Statement) or obtain a credit rating. The alternative to a private placement is a public sale of bonds to investment banks (bond underwriters) through a competitive bidding process. A public sale requires an offering document and a credit rating. Below are some of the key events relative to the proposed bond issuance.

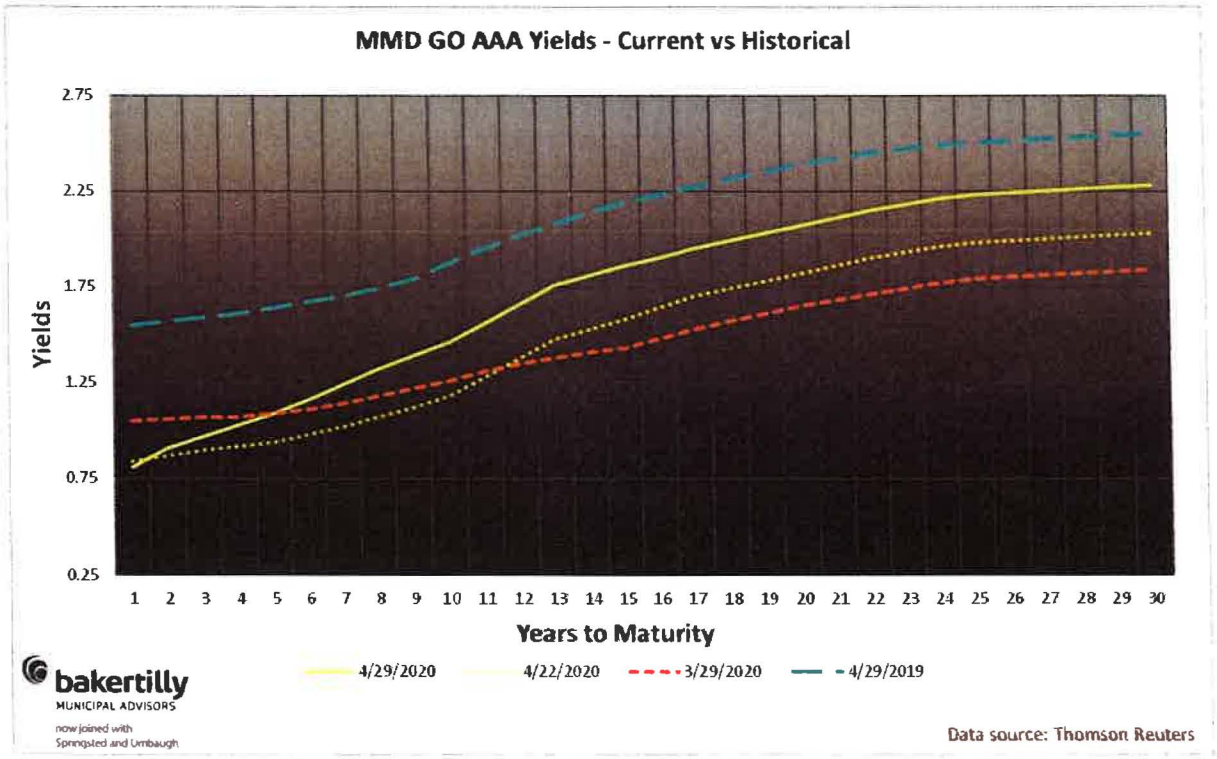
Schedule of Events		
Date	**Event**	**Responsible Party**
May 18, 2020	City Council introduces and calls for public hearing on ordinance.	City Council
May 23, 2020	Date for publication of ordinance public hearing notice. (Notice must appear no fewer than 7 days prior to public hearing)	
June 1, 2020	City Council conducts public hearing on ordinance, and considers Resolution authorizing the Bond sale contingent on no petition.	City Council
June 5, 2020	Publication date of ordinance. Ordinance goes into effect. (Beginning of 15-day petition period.)	
June 9, 2020	Distribution of Terms Sheet to Bank(s).	Baker Tilly
June 20, 2020	Final day of 15-day period for filing of certificate of intent.	
June 23, 2020	Response and proposal due back from Bank(s).	Bank(s)
June 26, 2020	Pricing Committee selects Bank proposal.	City Staff
July 6, 2020	City Council considers Resolution ratifying the sale of the Bonds.	City Staff Baker Tilly Kennedy & Graven
July 29, 2020	Settlement of the Bonds; receipt of Bond proceeds.	All

Municipal Bond Market

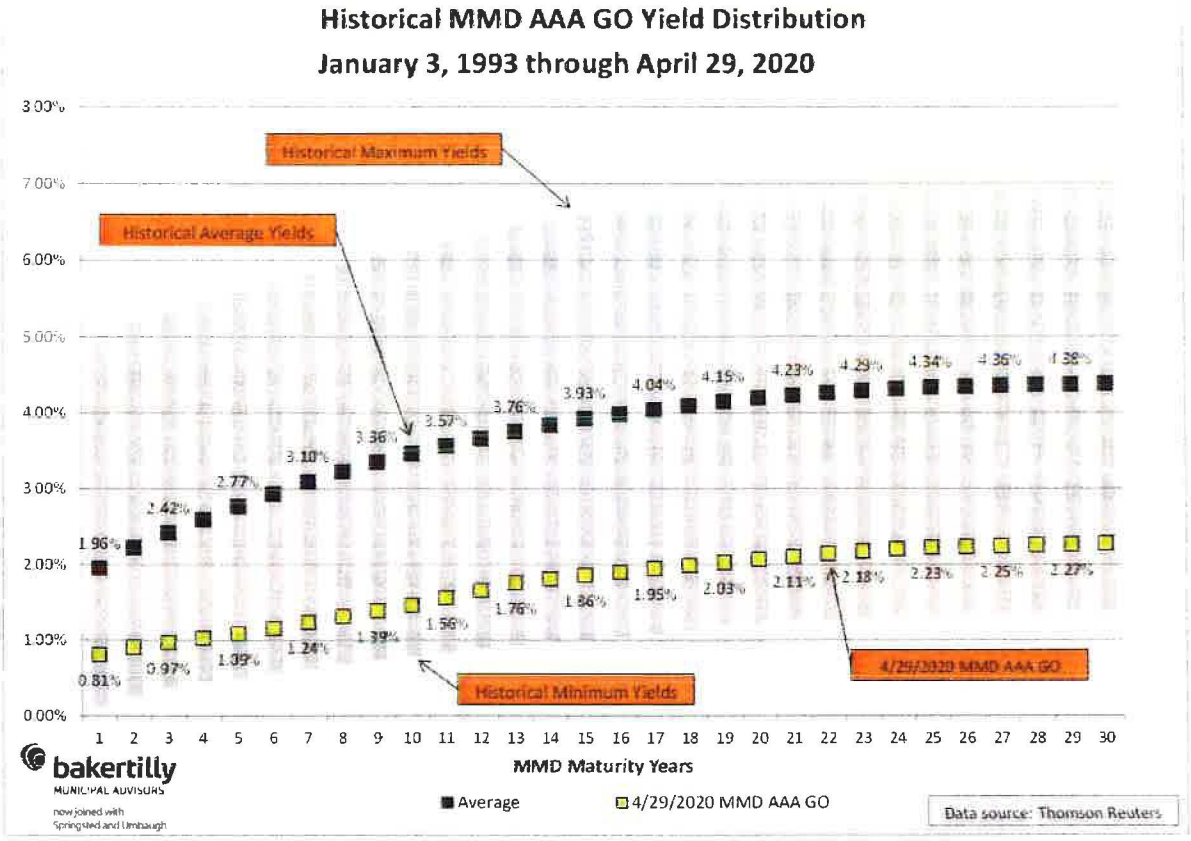
As we have discussed at previous Finance Committee meetings, the municipal market has been predictably volatile since mid-March. In any given week, interest rates have moved up or down 0.10%-0.50%, which is significantly more than normal.

The volatility is highlighted in the chart below. The Municipal Market Data (MMD) is one of the primary indices used in the municipal market and reflects the interest rates for AAA-rated general obligation bonds with maturities from year 1 thru year 30. For the City of Willmar, it is most instructive to focus on the first 10 years of maturity since the City typically amortizes its improvement bonds over 10 years.

The red line shows interest rates at the end of March 2020. The yellow, dotted line shows rates as of one week ago and the neon-green line shows interest rates as of April 29, 2020. Despite the volatility, it is instructive to know that interest rates are still significantly lower than the same period last year.



In addition, interest rates remain at low levels looking back over the last 26 years. In the graph below, the shaded areas show the maximum and minimum yields (interest rates) over the time period. For example, bonds with a maturity of one-year have ranged from a low of near 0% to a high of almost 5%. The black squares show the average yields over the time period and the green squares reflect current yields.



Market Impact on Bond Sale

We do not expect the recent market volatility to have a significant impact on the bond sale. The City's general obligation pledge, the City's strong financial condition and the shorter repayment period (10 years and less) helps mitigate the risk of a volatile market. Nonetheless, we will continue to monitor the market closely and recognize the potential need to be flexible with the sale date to adjust to changing market conditions.

Preliminary

$1,965,000

City of Willmar, Minnesota

General Obligation Improvement Bonds, Series 2020A

Sources & Uses

Dated 07/29/2020 | Delivered 07/29/2020

Sources Of Funds	
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Total Sources	**$3,443,188.00**
Uses Of Funds	
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Preliminary

$1,965,000

City of Willmar, Minnesota

General Obligation Improvement Bonds, Series 2020A

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessment	Levy Required
08/01/2020	-	-	-	-	-	-	-
02/01/2021	-	-	19,868.33	19,868.33	20,861.75	-	20,861.75
08/01/2021	-	-	19,650.00	19,650.00	20,632.50	-	20,632.50
02/01/2022	180,000.00	2.000%	19,650.00	199,650.00	209,632.50	91,668.39	117,964.11
08/01/2022	-	-	17,850.00	17,850.00	18,742.50	13,631.67	5,110.83
02/01/2023	185,000.00	2.000%	17,850.00	202,850.00	212,992.50	78,036.72	134,955.78
08/01/2023	-	-	16,000.00	16,000.00	16,800.00	12,343.57	4,456.43
02/01/2024	185,000.00	2.000%	16,000.00	201,000.00	211,050.00	79,324.82	131,725.18
08/01/2024	-	-	14,150.00	14,150.00	14,857.50	11,003.95	3,853.55
02/01/2025	190,000.00	2.000%	14,150.00	204,150.00	214,357.50	80,664.44	133,693.06
08/01/2025	-	-	12,250.00	12,250.00	12,862.50	9,610.74	3,251.76
02/01/2026	195,000.00	2.000%	12,250.00	207,250.00	217,612.50	82,057.64	135,554.86
08/01/2026	-	-	10,300.00	10,300.00	10,815.00	8,161.81	2,653.19
02/01/2027	200,000.00	2.000%	10,300.00	210,300.00	220,815.00	83,506.58	137,308.42
08/01/2027	-	-	8,300.00	8,300.00	8,715.00	6,654.92	2,060.08
02/01/2028	200,000.00	2.000%	8,300.00	208,300.00	218,715.00	85,013.48	133,701.52
08/01/2028	-	-	6,300.00	6,300.00	6,615.00	5,087.75	1,527.25
02/01/2029	205,000.00	2.000%	6,300.00	211,300.00	221,865.00	86,580.64	135,284.36
08/01/2029	-	-	4,250.00	4,250.00	4,462.50	3,457.90	1,004.60
02/01/2030	210,000.00	2.000%	4,250.00	214,250.00	224,962.50	88,210.50	136,752.00
08/01/2030	-	-	2,150.00	2,150.00	2,257.50	1,762.85	494.65
02/01/2031	215,000.00	2.000%	2,150.00	217,150.00	228,007.50	89,905.54	138,101.96
Total	$1,965,000.00	-	$242,268.33	$2,207,268.33	$2,317,631.75	$916,683.91	$1,400,947.84

Dated	7/29/2020
Delivery Date	7/29/2020
First Coupon Date	2/01/2021

Yield Statistics

Bond Year Dollars	$12,113.42
Average Life	6.165 Years
Average Coupon	2.0000000%
Net Interest Cost (NIC)	2.0000000%
True Interest Cost (TIC)	1.9999902%
Bond Yield for Arbitrage Purposes	1.9999902%
All Inclusive Cost (AIC)	2.2394228%

IRS Form 8038

Net Interest Cost	2.0000000%
Weighted Average Maturity	6.165 Years

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE
CITY OF WILLMAR, MINNESOTA

HELD: May 18, 2020

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Willmar, Minnesota, was duly held on the 18th day of May, 2020, at 7:00 o'clock P.M.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____
RESOLUTION CALLING FOR PUBLIC HEARING ON AN
ORDINANCE AUTHORIZING THE ISSUANCE
OF $1,965,000 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2020A
AND LEVYING TAXES FOR THE PAYMENT THEREOF

WHEREAS:

A. The City of Willmar (the "City") has heretofore undertaken to construct certain public improvements pursuant to Minnesota Statutes, Chapters 429, as more fully described in the proposed Ordinance set forth below.

B. Said improvements have heretofore been duly incorporated into the City's capital Program in accordance with the City Charter.

C. It is necessary and desirable that the City of Willmar issue its General Obligation Improvement Bonds, Series 2020A in the principal amount of $1,965,000 to various improvement projects in the City.

D. Section 2.12 of the City Charter requires that acts of the City Council which authorize the borrowing of money and levying of taxes shall be by ordinance.

E. Councilmember _____ introduced an Ordinance entitled "An Ordinance Authorizing the Issuance of $1,965,000 General Obligation Improvement Bonds, Series 2020A and the Levying of Taxes to Secure Payment Thereof".

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Willmar, Minnesota, as follows:

1. The City Clerk is authorized and directed to distribute a copy of said Ordinance to each Council Member, to the Mayor, and to the City Attorney, and to file a reasonable number of copies of the Ordinance in the office of the City Clerk and the following other public places:

A. _____
B. _____
C. _____

2. This Council shall meet at the time and place specified in the form of notice hereinafter contained for the purpose of conducting a public hearing on the Ordinance and considering the Ordinance for adoption.

3. The City Clerk is hereby authorized and directed to cause notice of the time, place and purpose of said public hearing to be published in the local official newspaper of the City not less than seven days in advance of the date of hearing as required by the City Charter, which notice shall be substantially the form attached as **Exhibit A** hereto.

4. Upon sale of said bonds, the City Clerk shall compute the levy made by said Ordinance No. _____ commencing in or about the year 2021 and ending in or about the year 2030 upon all taxable property in the City, which tax shall be spread upon the tax rolls and collected with and as part of other general property taxes in said City in such an amount as is necessary to comply with Minnesota Statutes, Section 475.61, subd. 1. Said tax levy shall be irrepealable so long as any of said bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, subd. 3.

5. No bonds shall be issued and no tax levy shall be effective in accordance with this resolution until (a) after the Ordinance has been duly adopted and published in accordance with the City Charter, and (b) the applicable 15 day period has elapsed with respect to said Ordinance and all appropriate bond resolutions during which period no Certificate of Intent is filed in accordance with Section 7.04(j) of the City Charter.

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA)
COUNTY OF KANDIYOHI) ss.
CITY OF WILLMAR)

I, the undersigned, being the duly qualified and acting Clerk of the City of Willmar, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes with the original minutes of a meeting of the City Council held on the date therein indicated, which are on file and of record in my office, and the same is a full, true and complete transcript therefrom insofar as the same relates to resolution calling for public hearing on an Ordinance Authorizing Issuance of $1,965,000 General Obligation Improvement Bonds, Series 2020A and Levying Taxes for the Payment thereof.

WITNESS my hand as such Clerk this _____ day of May, 2020.

_____
City Clerk

EXHIBIT A

NOTICE OF PUBLIC HEARING
ON THE ADOPTION OF AN ORDINANCE

NOTICE IS HEREBY GIVEN by the City Council of the City of Willmar, Minnesota, that the City Council will conduct a public hearing on and consider adoption of the Ordinance described below, at 7:00 o'clock p.m. on the 1st day of June, 2020 said proposed Ordinance is as follows:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF $1,965,000 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2020A AND THE LEVYING OF TAXES TO SECURE PAYMENT THEREFOR.

The City of Willmar hereby ordains:

1. In accordance with Minnesota Statutes, Chapter 429, the City of Willmar has heretofore determined to construct the following improvements:

Project	Total Cost	Amount to be Financed	Amount to be Assessed
2020 Improvements	$3,443,188	$1,965,000	$739,877

2. In order to finance said improvements it is necessary to issue General Obligation Improvement Bonds of the City in the amount of $1,965,000.

3. For the purposes of complying with Minnesota Statutes, Section 475.61, there will be levied a direct ad valorem tax upon all taxable property in the municipality in such amounts as are required by law to secure payment of said Bonds.

4. This Ordinance is adopted in order to authorize the borrowing of money and the issuance of General Obligation Improvement Bonds and the levying of taxes therefor as provided in Section 2.12 of the City Charter. Further details shall be set forth by resolution.

The Mayor of the City has determined, due to the emergency declared under Minn. Stat. Chapter 12 by the Governor of Minnesota and the Mayor regarding the COVID-19 health pandemic, that it is not practical nor prudent for the Council to meet in-person or pursuant to Minnesota Statutes, Section 13D.02. In light of the COVID-19 health pandemic, it is not feasible for any member of the Council to be present at the regular location, and all members of the Council will attend this meeting by telephone or other electronic means.

It is also not feasible for members of the public to attend the meeting at its regular location due to the health pandemic and emergency. Accordingly, no meeting will be held at the

Kandiyohi County Health and Human Services Building Board Room, 2200 23rd St NE #1020, Willmar, MN 56201.

Members of the public may monitor this meeting via GoToMeeting. A GoToMeeting link and additional information or any changes regarding public participation in this meeting will be posted on our website at https://cms5.revize.com/revize/cityofwillmar/government/mayor_and_city_council/city_council_video.php.

Public comment can be submitted to the City Clerk via email at _____. Any comments and materials submitted by 4:00 p.m. on the meeting day will be provided to the Council for their review. Please refer to the City's website at https://cms5.revize.com/revize/cityofwillmar/government/mayor_and_city_council/city_council_meetings/index.php to obtain a conference call number which will be included with the meeting agenda for members of the public who wish to participate during the meeting.

By Order of the City Council

/s/ Judy Thompson
City Clerk

REPORT OF OUTSTANDING INDEBTEDNESS

AT DECEMBER 31, 2019

To the County Auditor/Treasurer
Kandiyohi County, Minnesota

City of Willmar
Reporting Government Unit

Bond Indebtedness

		Amount
1 Bonds Outstanding Jan 1, 2019	$	124,776,756 *
2 Issued During 2019	$	4,740,000
3 TOTAL	$	129,516,756
4 Paid During 2019	$	11,547,705
5 Bonds Outstanding Dec 31, 2019	$	117,969,051

Bonds Outstanding at December 31, 2018

Types of Bonds		Amount
6 General Obligation	$	2,780,000
7 General Obligation Increment	$	-
8 Special Assessment	$	14,003,000
9 Revenue	$	6,848,900
10 General Obligation Revenue	$	94,337,151
11 Refunding	$	-
12 Other	$	-
13 TOTAL BONDS OUTSTANDING	$	117,969,051
State Aid and Tax Anticipation Certificates	$	-

* If different amount than reported on December 31 of the preceding year, explain difference.

I do hereby certify that this statement is correct.

Principal Accounting Officer

Dated this 7th day of January, 2020

ARTICLE V. - SPECIAL ASSESSMENTS

Sec. 5-88. - Improvement costs eligible for special assessment.

All costs related to public improvements are eligible for special assessment against real property in the city to the greatest extent authorized by Minn. Stat. ch. 429 and other state and local laws and regulations. Costs may include, but are not limited to, the cost of all necessary site preparation, construction, and restoration work, plus engineering, legal, administrative, financing and other contingent costs, including acquisition of right-of-way and other property.

(Ord. No. 1331, 7-16-12)

Sec. 5-89. - Discretionary deferment.

(a) In certain limited circumstances, the council has discretion to defer special assessments for future collection. In these circumstances, assessments are adopted and certified to the county auditor but are not collected until a specified time or until the occurrence of a specified event. All deferred assessments constitute liens on the property assessed until the assessments are paid. The council shall determine, by ordinance or resolution, the amount of interest on deferred assessments and (1) whether it must be paid annually during the period of deferment at the same times as the principal installments would have been payable if not deferred, or (2) whether interest for the period of deferment should be added to the principal amount of the assessment when it becomes payable, or (3) whether, if so provided in the resolution levying the assessment, interest thereon to December 31 of the year before the first installment is payable will be forgiven.

There are two types of discretionary deferrals:

(1) *Senior citizen, disability, active military service, and other hardship deferrals.* The council may defer special assessments for certain senior citizens, people with disabilities, and members of the military, as allowed by Minn. Stat. §§ 435.193 to 435.195 and subject to the following rules.

a. The council may, in its discretion, defer the payment of special assessments against any homestead property if:

1. It is owned by a person 65 or older; or
2. It is owned by a person who is retired by virtue of a permanent and total disability; or
3. It is owned by a member of the Minnesota National Guard or other military reserves who has been ordered into active military service; or
4. There is a hardship on the basis of exceptional and unusual circumstances

not covered by other standards and guidelines, where the determination is made in a nondiscriminatory manner and does not give the applicant an unreasonable preference or advantage over other applicants.

Provided that, in each such case, the council has determined that it would be a hardship for the owner to make the payments. Under subsection 4 above, the council may limit the deferment to one (1) year or to a limited period of years, and may require regular verification by the applicant of the continuation of the exceptional and unusual circumstances that justify the deferment.

b. If an applicant for deferral falls into one of the foregoing categories, hardship shall be determined based upon the applicant meeting one or more of the following conditions:

1. Gross household income is at or under United States Department of Housing and Urban Development (HUD) very low income limits, adjusted for the year and household size.
2. Unusually high medical expenses relative to income.
3. Other conditions found by the council to justify deferment.

c. Except as otherwise expressly determined by the council in the resolution approving deferment, a hardship deferment ends and all accumulated amounts (including applicable interest, if any) become due:

1. Upon the death of the owner if the spouse is not otherwise eligible for deferment;
2. Upon the sale, transfer or subdivision of any part of the property;
3. Upon loss of homestead status; or
4. Upon the council's determination that immediate or partial payment would impose no hardship.

(2) *Unimproved property.* The council may, in its discretion, defer special assessments against unimproved property as allowed by Minn. Stat. § 429.061, subd. 2. Payment of the first installment of any assessment levied upon unimproved property may, in the council's discretion, be deferred until a designated future year or until the platting of the property or the construction of improvements thereon, upon such terms and conditions and based upon such standards and criteria as may be provided by resolution of the council. When such an assessment becomes payable, it must be divided into a number of installments such that the last installment thereof will be payable not more than thirty (30) years after the levy of the assessment.

(b) *Procedure.* A person seeking deferment must be the owner of the property, and shall make application to the city clerk on forms prescribed by the city. An application shall be made not

later than October 1 in the year the assessment was adopted. The city administrator or his/her designee shall review applications for deferral of special assessments to determine eligibility under this section and shall make a written report to the council not later than October 15 in the year the assessment was adopted. The report shall contain a recommendation on whether the deferment should be granted, and a recommended interest rate on any deferred assessment. A copy of the report shall be mailed to or given to the applicant by the city clerk. The council shall make the final determination on whether to grant a deferment not later than October 21. If a deferment is granted, the city clerk shall make the proper certification to the county recorder which shall set forth the amount of the assessment and the amount of interest, if any, pursuant to Minn. Stat. § 435.194.

(Ord. No. 1331, 7-16-12)

ARTICLE III. - COMMUNITY INVESTMENT FUND

Footnotes:

--- (1) ---

Editor's note— *Ord. No. 992, §§ 1—7, adopted Dec. 5, 1990, did not specifically amend the Code; hence, inclusion of its provisions as §§ 5-51—5-57 was at the discretion of the editor.*

Sec. 5-51. - Fund created.

There is hereby created a separate fund to be designated as the community investment fund. This fund shall be maintained in the official city records and administered by the treasurer in accordance with the provisions of this article. All surplus moneys in each separate improvement fund in the improvement bond redemption fund which remain after the costs of each improvement have been fully funded shall be transferred to the community investment fund. In addition, the following shall be deposited in this fund:

(1) All collections of special assessments and taxes levied for the payment of the costs of an improvement which are received after the improvement costs have been fully funded;

(2) Investment earnings generated by the moneys in the community investment fund;

(3) Any other moneys appropriated by the council or donated for the purposes of the fund.

(Ord No. 992, § 1, 12-5-90)

Sec. 5-52. - Purpose of fund.

The community investment fund shall be used solely to pay the capital costs of the projects of general benefit to the city.

(Ord No. 992, § 2, 12-5-90)

Sec. 5-53. - Expenditure limitations.

Expenditures from the community investment fund for competing projects shall be limited as follows:

(1) Expenditures from the fund shall be made solely from accumulated investment earnings until 1995. In 1995 and beyond, expenditures shall be made only from accumulated investment earnings whenever possible.

(2) Expenditures may be made from principal, but may not exceed an amount greater than the equivalent of the fund's investment earnings for the prior two (2) consecutive years. If expenditures from principal are made, either they must be structured as a loan to repay the principal, or no further expenditures of any kind may be made from the fund until investment earnings have reestablished the principal at an amount equal to that existing before the expenditures plus ten (10) percent of the investment earnings that would have been earned per year if the principal had not been reduced.

(3) Expenditures may be made from principal in an amount greater than the equivalent of the

fund's investment earnings for the prior two (2) consecutive years upon the affirmative vote of seven (7) members of the council.

(Ord No. 992, § 3, 12-5-90)

Sec. 5-54. - Funding preference.

Expenditures from the fund for competing projects shall be granted in the following order of preference:

(1) *First priority:* Projects which can be funded within the amount of available investment earnings.

(2) *Second priority:* Projects using expenditures from principal funds which have the capacity to repay the principal amount borrowed.

(3) *Third priority:* Projects using expenditures from principal funds which have no other reasonable funding source, are nonrevenue producing, require significant funding, and will provide otherwise unattainable community benefit.

(Ord No. 992, § 4, 12-5-90)

Sec. 5-55. - Funding procedure.

Expenditures from the fund may be made only after compliance with the following procedure:

(1) The project to be funded must have been included in the city's formally-adopted capital improvement program.

(2) The city council must hold a public hearing on whether the proposed project should be funded. Notice specifying the date, time, and place of the hearing, the project(s) to be funded, and the amount of funding must be published at least ten (10) days before the hearing in the city's official newspaper. In addition, efforts shall be made to give notice to the community through other reasonable means, such as newspaper articles, cable television, and other sources.

(3) The city council must make the following findings which shall be incorporated into an adopted resolution:

a. The project has sufficient community-wide benefit as determined by a review of its intended users, the degree to which it addresses a community-wide need or problem, and its consistency with other city goals, programs or policies.

b. The project to be funded could not occur but for the use of the community investment fund.

c. The community investment fund is not replacing funding from another previously programmed or available source.

d. The project has been included in a formally-approved capital improvement program.

e. If principal is used, the project has the ability to reasonably repay the funds, and use of the principal years' investment earnings from the community investment fund.

f. An estimate of the ongoing annual operating and maintenance costs has been made and the source(s) for paying such costs identified.

(4) If any of the findings in subsection (3) of this section cannot be made, the project shall not be func

(Ord No. 992, § 5, 12-5-90)

Sec. 5-56. - Administrative expenditures.

The limitations imposed in the sections above shall not apply to reasonable expenses necessary for the administration of the community investment fund.

(Ord No. 992, § 6, 12-5-90)

Sec. 5-57. - Separate improvement funds.

A separate improvement fund shall also be created in accordance with M.S.A. 1957 § 429.091, as heretofore or hereafter amended or supplemented, for each improvement or consolidated group of improvements to be financed by such improvement bonds, such funds to be designated as "Fund for _____ Improvement No. _____", the name and number of each of the improvements to be inserted in the name of each respective fund. The proceeds of sale of such bonds issued to finance improvements shall be paid into the funds for the improvements for which they are issued respectively, together with all collections of special assessments and taxes levied for paying the costs of each such improvement and any other moneys appropriated thereto by the council, and such moneys shall be held therein and used solely to defray expenses of such improvement, including principal and interest, if any, becoming due on said bonds, until construction of the improvement is completed and the cost of the improvement is paid in full. Thereupon such fund shall be discontinued, and any balance of the bond proceeds remaining therein transferred to the community investment fund. All subsequent collections of special assessments and taxes levied for the payment of the costs of said improvements shall be paid into the community investment fund.

(Ord No. 992, § 7, 12-5-90)

City Hall/Community Center

PROJECT

The City Council has selected the existing site of the Community Center for the new City Hall/Community Center project. The total project budget is $10.5 million.

The City Council has selected BKV Group as our Architect firm and RJM Construction as our Construction Manager at Risk (CMr) firm. Minimal work on the project has been done to date due to Covid-19. It was expected that the design work would occur during 2020 with Plans and Specifications done by January 2021 so bids could be obtained prior to construction season 2021. Estimated moving into the facility was Spring 2022.

FINANCING

The City Hall portion of the project ($8.5 million) has its funding source yet to be determined, but is expected to be funded by reserve funds and a bond, or just a bond. The bond will be repaid by an annual property tax levy. If 100% of the project financing is by a General Obligation bond, the annual tax levy would increase by $810,000 or by approximately 6 mills or a 13.5% increase in the property tax levy for the additional debt service.

The Community Center portion of the project ($2 million) would be funded by a General Obligation Revenue bond, which would be repaid by the 0.5 % sales tax revenue. It is expected that the Community Center will cost more than $2 million and that the proposed City Hall funding will be used to assist in financing the project. Maybe a $6.5 Million City Hall and $4 million Community Center cost split. This is unknown until there is design and cost analysis. The sales tax revenue required to finance a $2 million GO Revenue bond is approximately $200,000 a year. The ability to repay this debt will depend on the revenues received and the Invest in Willmar projects that are authorized by the City Council to proceed.

The first concern is the City's ability to sell bonds. We have discussed this with our Bond consultants, and the ability to sell bonds depends on whether we sell privately or venture into the market. It is expected that the City will sell the 2020 street project bonds privately (local lending institutions). We have been told that private placement of large amounts of bonds is unlikely. The $10.5 million City Hall/Community Center project, the $28 million in Invest in Willmar projects and the $2.5 million street projects at $41 million total, would be considered a large amount.

If we could sell $41 million in bonds, the second concern is the ability to pay the bonds back. The current sales tax revenue is unable to support $30 million in projects. At best, $10 million would be the maximum, with a conservative $5-7 million so there is no chance that property taxes would be needed to make up the difference when sales tax revenues are inadequate. The increase in taxes would be large if the city doesn't find ways to reduce the tax levy impact.

OTHER CONSIDERATIONS

The Mid-Minnesota Development Commission has decided to not rent a space in the new City Hall facility. No rental revenue, but then again no additional building construction costs associated with their space.

WRAC-8 was mentioned as potentially being brought out to the new City Hall facility. No rental payment, but their existing facility could be rented/sold to generate some additional revenue.

The Covid-19 virus has negatively impacted the economy. Many businesses are shut down, others are open on a limited operational basis, and there are others that are open, but are facing reduced sales. The Governor's "Stay at Home" Emergency Order has reduced the number of consumers in the market place. Some businesses are doing better than before Covid-19, but they are a very small percentage of the business sector. Employees of negatively impacted industry/business have reduced hours or are unemployed.

The State of Minnesota has put everyone on notice that the state will be facing a shortfall. This has implications on Local Government Aid of which we receive approximately $4.9 million. A 10% reduction results in about an 8.5% increase in taxes (if taxes are used to adjust for the reduction 100%). We do not know at this time how much we will be un-allocated from the original authorized amount in 2020 and again in 2021 or future years.

The current City of Willmar financial condition is excellent. Operationally, the city has enough in reserves to weather reductions in LGA short term, but may want to consider reductions in 2020 and 2021 spending to help reduce the financial strain on citizens and businesses.

WILLMAR

City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-235-4913
Fax Number 320-235-4917

CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: May 13, 2020
From: Brian Gramentz – City Administrator	Agenda Item: Invest in Willmar Projects

RECOMMENDED ACTION:
Gather consensus for the following Staff requests for possible Council action at full City Council meeting on Monday May 18th;

1. Prioritize Projects

Athletic Fields	***$ 6,000,000***
Robbins Island	***$ 3,000,000***
Swanson Field Amenities	***$ 2,000,000***
Storm Water Projects	***$ 7,000,000***
Recreation/Event Center	***$10,000,000***
Community Center/City Hall	***$ 2,000,000 (Discussed with City Hall)***

2. Authorize up to Plans and Spec.

3. Select Projects for Construction or delay

4. Determine Method and plan for Bonding

HISTORY: The City started collecting the Local Option Sales Tax of .5% and a vehicle excess tax of $20 per vehicle in October of 2019. Collections from October thru December were $ 531,694 which was 71% of the projected $750,000. Revenues continue to be lower than expected and due to the Covid-19 Emergency Declaration by Governor Waltz, and the extension granted to businesses to pay their monthly sales taxes for February, March and April collections until May 20th. Since the extension will not allow the State to reconcile actual collections until that time. The City will not have accurate numbers until June at the earliest and possible July if no further extensions are implemented.

Per direction, staff has been working with the City Bond Consultants of Baker, Tilly and have provided some different Debt Service schedules for different levels of bonding in the $2M, $3M and $5M for a 12 year retirement. Assuming a 2% interest rate the annual Debt Service for $2M would be approximately $189,000, $3M would be $286,000 and $5M would be $477,000. Well below present collections.

If the full $30M was bonded for at 2%. The monthly amount needed to retire the Debt would need to be approximately $238,000. If the bonding was phased in over the next three years based on available monthly collections of $100,000 in 2020 and up to $200,000 in 2021 thru 2032. The level of Bonding that could be serviced would be $12.7M in 2020, $11.7M in 2021 and $5.6M in 2022.

FINANCIAL IMPACT: Determined by Timing of Projects and available Tax Collections

ALTERNATIVES:

1. Determined by City Council Priorities
2.

REVIEWED BY: Brian Gramentz, City Administrator

COMMITTEE MEETING DATE: Finance Dated May 13, 2020

COUNCIL MEETING DATE: Dated May 18, 2020

Steve Okins

From: Brian Gramentz
Sent: Friday, April 17, 2020 12:25 PM
To: Brian Gramentz; Steve Okins; Rob Baumgarn; Sean Christensen
Cc: Robert Scott
Subject: Update on projects
Attachments: Project Info.xlsx

All:

I have attached a small spread sheet I have been using to keep track of the projects, contract amounts, and cost paid to date. We will have the Marcus and LSE contract signed on Monday, and are working on the WSN (Recreation Fields and Swansson) and BKV/RJM City Hall/Community Center contracts. All firms have been informed that these projects may be delayed or put on hold at any time, likely at the end of the full design/Plans and Spec completion stage, prior to bidding.

There were two projects that were to be started and mostly finished in 2020. The Robbin's Island and Swansson Field projects. As you can see, revenues equal the soft costs of design up to the bidding stage. There is no money left over to construct either of these, although there might be $500,000 if the economy is more positive than expected. Not enough for either projects.

Being able to bond for some or all projects (based on projected sales tax revenue) with debt payments starting in 2021 could happen. It depends on how much and if there are any buyers out in the market. This needs analysis to see what the current sales tax revenue can support for long term debt.

As expected, the lower sales tax revenue and the current economic conditions have made an impact on sales tax revenue. While this is expected to be 1-2 years or less, the big picture is that we will collect less in the original anticipated 14 year sales tax collection calculation. We have 3 options if we want to continue with the projects.

1. We go back to the State to get an extension to the time line by adding 3+ years, or
2. We reduce scope/aspects of the projects to align expenses with anticipated revenues, to stay within 14 year period
3. Use the sales tax revenue collected and subsidize debt (make up the difference with local property taxes), keep in mind operational cost will increase and will also increase property taxes

I expect more discussion on this in future committee and City Council meetings.

Brian Gramentz
Willmar City Administrator
333 SW 6th Street
Willmar, MN 56201
Office: 320-214-5160
bgramentz@willmarmn.gov

Project Name	Project Budget/Source	Arch/Eng CMr Service/Contractor	Contract Amount	Accrued To Date	Paid to Date
City Hall/Community Center	$2,000,000 Sales Tax Bond	BKV Group (1)	$562,500		
	$8,500,000 GO Bond	RJM CMr (1)	$570,710		
Athletic Fields	$6,000,000 Sales Tax Bond	Widseth Smith Nolting	$319,046	$14,355	
		Marcus CMr	$523,200		
Robbins Island	$3,000,000 Sales Tax Bond	Bolton and Menk Eng.	$199,500		
Swanson Field	$2,000,000 Sales tax Bond	Widseth Smith Nolting	$106,350	$12,936	
		Marcus CMr	$174,400		
		Survey-B&M Eng.	$19,400	$19,400	
Storm Water Projects	$7,000,000 Sales Tax Bond	Project #1 $417,363			
		Bolton and Menk Eng.	$110,000	$73,058	$73,058
		Crow River Const. Ph#1 (2)	$52,321	$29,650	$29,650
		UNKN Ph#2 (2)	$250,000		
Recreation/Event Center	$10,000,000 Sales Tax Bond	LSE	$455,660	$161,125	$161,125
		Marcus CMr	$886,025		
		Survey-Sundee	$23,075		
Totals	$38,500,000		$4,252,187	310524	263833
		Arch/Eng	$1,800,000		
		CMr	$2,154,000		
		Hard cost	$300,000		

(1) Delay City Hall Community Center, frees up $1,13,1000 ($562,500 and $570,710)

(2) Included project hard costs

This amount takes all the projects except City Hall/Community Center up to bidding.

Sales tax receipts $100,000 - $150,000 per month

All Soft cost	$1,800,000
Less City Hall BKV	($562,500)
Subtotal	$1,237,500
Add Hard cost	$302,500
Add 10% CMr	$160,000
Total exp. 2020	**$1,700,000**
Est. 2020 sales tax	$1.2-$1.8 m
2019 sales tax	$580,000
Est. sales tax avail.	**$1.8-$2.4 m**

ARTICLE IV. - SALES, USE, AND MOTOR VEHICLE EXCISE TAX

Footnotes:

--- (2) ---

Editor's note— *Ord. No. 1444, § 1, adopted Feb. 3, 2020, amended Art. IV in its entirety to read as herein set out. Former Art. IV, §§ 5-67—5-78, pertained to similar subject matter and derived from Ord. No. 1436, § 1, 6-17-19.*

Sec. 5-67. - Authority.

Pursuant to Laws of Minnesota for 2019, First Special Session, Chapter 6, Article 6, Section 32, the Minnesota Legislature has authorized the City of Willmar to impose a local sales and use tax and a motor vehicle excise tax to provide revenues to pay the costs of collecting and administering the tax to the commissioner of revenue of the State of Minnesota and to finance the capital and administrative costs related to the funding of designated projects as defined in Laws of Minnesota for 2019, First Special Session, Chapter 6, Article 6, Section 32 and approved by the voters at the November 6, 2018 referendum.

(Ord. No. 1444, § 1, 2-3-20)

Sec. 5-68. - Definitions.

For purposes of this chapter, the following words, terms, and phrases have the meanings given them in this section unless the language or context clearly indicates a different meaning is intended.

City means the City of Willmar, Minnesota.

Commissioner means the commissioner of revenue of the State of Minnesota or a person to whom the commissioner has delegated functions.

Designated projects means the planning, design, and construction of the projects listed in this subsection (c) as authorized by the Minnesota Legislature in Laws of Minnesota for 2019, First Special Session, Chapter 6, Article 6, Section 32 and approved by the voters at the November 6, 2018 referendum in a total amount not to exceed $30 million, plus the costs related to the issuance and paying debt service on bonds for these projects, subject to the limits that may be spent on each individual project as follows:

(1) $2,000,000.00 for a community center replacement;

(2) $6,000,000.00 for new athletic fields;

(3) $3,000,000.00 for infrastructure improvements at Robbins Island Regional Park;

(4) $2,000,000.00 for a new playground and spectator amenities at Swanson Field Regional Park;

(5) $7,000,000.00 for stormwater management infrastructure improvements, and

(6) $10,000,000.00 for a new recreation and event center.

State motor vehicle excise tax laws and rules means those provisions of the state revenue laws applicable to state excise tax imposition, administration, collection, and enforcement, including Minn. Stats. ch. 297B.

State sales and use tax laws and rules means those provisions of the state revenue laws applicable to state sales and use tax imposition, administration, collection, and enforcement, including Minn. Stats. chs. 270C, 289A, 297A, and Minnesota Rules, ch. 8130, as amended from time to time.

(Ord. No. 1444, § 1, 2-3-20)

Sec. 5-69. - Local sales and use tax imposed; amount of tax; coordination with state sales and use tax laws.

A local sales tax is imposed in the amount of one half of one percent on the gross receipts from sales at retail sourced within city limits which are taxable under the state sales and use tax laws and rules. A local use tax is imposed in the amount of one half of one percent on the storage, use, distribution or consumption of goods or services sourced within city limits which are taxable under the state sales and use tax laws and rules. All of the provisions of the state sales and use tax laws and rules apply to the local sales and use tax imposed by this chapter. A local excise tax of twenty dollars per motor vehicle is imposed on the sale of a motor vehicle from sales at retail sourced within the city limits which are taxable under the state motor vehicle excise tax laws and rules. The local sales and use tax and excise tax imposed by this article shall be collected and remitted to the commissioner on any sale or purchase when the state sales tax and excise tax must be collected and remitted to the commissioner under the state sales and use tax laws and rules and is in addition to the state sales and use tax.

(Ord. No. 1444, § 1, 2-3-20)

Sec. 5-70. - Effective date of tax; transitional sales.

Except as otherwise provided herein, the local sales and use tax imposed by this chapter shall apply to sales and purchases made on or after October 1, 2019. The local sales and use tax imposed by this chapter shall not apply to:

(1) The gross receipts from retail sales or leases of tangible personal property made pursuant to a bona fide written contract, which unconditionally vests the rights and obligations of the parties thereto, provided that such contract was enforceable prior to October 1, 2019, and that delivery of the tangible personal property subject thereto is made on or before October 1, 2019.

(2) The gross receipts from retail sales made pursuant to a bona fide lump sum or fixed price construction contract, which unconditionally vests the rights and obligations of the parties thereto and which does not make provision or allocation of future taxes,

provided that such contract was enforceable prior to October 1, 2019, and that delivery of the tangible personal property used in performing such construction contract is made before April 1, 2020.

(3) The purchase of taxable services, including utility services, if the billing period includes charges for services furnished before and after October 1, 2019, but the local sales and use tax imposed by this chapter shall apply on the first billing period not including charges for services furnished before October 1, 2019.

(4) Lease payments for tangible personal property and motor vehicles that includes a period before and after October 1, 2019, but the local sales and use tax imposed by this chapter shall apply on a prorated basis to lease payment amounts attributable to that portion of the lease payment period on or after October 1, 2019 and on the entire lease payment for all lease payment periods thereafter.

(Ord. No. 1444, § 1, 2-3-20)

Sec. 5-71. - Tax clearance; issuance of licenses.

(a) The city may not issue or renew a license for the conduct of a trade or business within the city if the commissioner notified the licensing division of the city that the applicant owes delinquent city taxes as provided in this chapter, or penalties or interest due on such taxes.

(1) City taxes include sales and use taxes provided in this article. Penalties and interest are penalties and interest due on taxes included in this definition.

(b) Delinquent taxes does not include a tax liability if: (i) an administrative or court action which contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the applicant has entered into a payment agreement and is current with the payments.

(c) Applicant means an individual if the license is issued to or in the name of an individual or the corporation or partnership if the license is issued to or in the name of a corporation or partnership.

(1) A copy of the notice of delinquent taxes given to the licensing division of the city shall also be sent to the applicant taxpayer. In the case of renewal of a license, if the applicant requests in writing, within 30 days of receipt of the notice of hearing, then, a contested hearing shall be held under the same procedures as provided in Minn. Stat. 270A for the state sales and use tax imposed under Minn. Stat. 297A; provided further that if a hearing must be held on the state sales and use tax, hearings must be combined.

(Ord. No. 1444, § 1, 2-3-20)

Sec. 5-72. - Deposit of revenues; costs of administration; termination of tax.

(a) All of the revenues, interest, and penalties derived from the local sales and use tax imposed by this chapter collected by the commissioner and remitted to the city shall be deposited by the city finance director in the city treasury and shall be credited to the fund established to pay the costs of collecting the local sales and use tax imposed by this chapter and to finance the capital and administrative costs directly related to completing the designated projects.

(b) The local sales and use tax imposed by this chapter shall terminate at the earlier of: (1) October 1, 2032; or (2) when the city council determines that $30,000,000, plus an amount sufficient to pay the costs related to issuing bonds and interest on the bonds, has been received from the local sales and use tax imposed by this chapter to pay for all the capital and administrative costs directly related to completing the designated projects. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The local sales and use tax imposed by this chapter may terminate at an earlier time if the city council so determines by ordinance.

(Ord. No. 1444, § 1, 2-3-20)

Sec. 5-73. - Agreement with the commissioner.

The city may enter into an agreement with the commissioner regarding each party's respective roles and responsibilities related to the imposition, administration, collection, enforcement, and termination of the local sales and use tax imposed by this chapter. Any such agreement shall not abrogate, alter, or otherwise conflict with the state sales and use tax laws and rules, this ordinance, or Laws of Minnesota for 2019, First Special Session, Chapter 6, Article 6, Section 32.

(Ord. No. 1444, § 1, 2-3-20)

Secs. 5-74—5-87. - Reserved.

Bond Illustrations

$2,000,000					
Collect	Pay	Principal	Rate	Interest	Total
2020	2021		2.00%	23,333.33	23,333
2021	2022	150,000	2.00%	40,000.00	190,000
2022	2023	150,000	2.00%	37,000.00	187,000
2023	2024	155,000	2.00%	34,000.00	189,000
2024	2025	160,000	2.00%	30,900.00	190,900
2025	2026	160,000	2.00%	27,700.00	187,700
2026	2027	165,000	2.00%	24,500.00	189,500
2027	2028	170,000	2.00%	21,200.00	191,200
2028	2029	170,000	2.00%	17,800.00	187,800
2029	2030	175,000	2.00%	14,400.00	189,400
2030	2031	180,000	2.00%	10,900.00	190,900
2031	2032	180,000	2.00%	7,300.00	187,300
2032	2033	185,000	2.00%	3,700.00	188,700
		2,000,000		292,733	2,292,733

$3,000,000					
Collect	Pay	Principal	Rate	Interest	Total
2020	2021		2.00%	35,000.00	35,000
2021	2022	225,000	2.00%	60,000.00	285,000
2022	2023	225,000	2.00%	55,500.00	280,500
2023	2024	235,000	2.00%	51,000.00	286,000
2024	2025	240,000	2.00%	46,300.00	286,300
2025	2026	240,000	2.00%	41,500.00	281,500
2026	2027	250,000	2.00%	36,700.00	286,700
2027	2028	255,000	2.00%	31,700.00	286,700
2028	2029	255,000	2.00%	26,600.00	281,600
2029	2030	260,000	2.00%	21,500.00	281,500
2030	2031	270,000	2.00%	16,300.00	286,300
2031	2032	270,000	2.00%	10,900.00	280,900
2032	2033	275,000	2.00%	5,500.00	280,500
		3,000,000		438,500	3,438,500

$5,000,000					
Collect	Pay	Principal	Rate	Interest	Total
2020	2021		2.00%	58,333.33	58,333
2021	2022	375,000	2.00%	100,000.00	475,000
2022	2023	375,000	2.00%	92,500.00	467,500
2023	2024	390,000	2.00%	85,000.00	475,000
2024	2025	400,000	2.00%	77,200.00	477,200
2025	2026	400,000	2.00%	69,200.00	469,200
2026	2027	415,000	2.00%	61,200.00	476,200
2027	2028	425,000	2.00%	52,900.00	477,900
2028	2029	425,000	2.00%	44,400.00	469,400
2029	2030	435,000	2.00%	35,900.00	470,900
2030	2031	450,000	2.00%	27,200.00	477,200
2031	2032	450,000	2.00%	18,200.00	468,200
2032	2033	460,000	2.00%	9,200.00	469,200
		5,000,000		731,233	5,731,233

bakertilly

4/23/2020

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EXAMPLE 1

Full $30 Million in 2020					
Collect	Pay	Principal	Rate	Interest	Total
2020	2021		2.00%	350,000.00	350,000
2021	2022	2,235,000	2.00%	600,000.00	2,835,000
2022	2023	2,280,000	2.00%	555,300.00	2,835,300
2023	2024	2,325,000	2.00%	509,700.00	2,834,700
2024	2025	2,375,000	2.00%	463,200.00	2,838,200
2025	2026	2,425,000	2.00%	415,700.00	2,840,700
2026	2027	2,470,000	2.00%	367,200.00	2,837,200
2027	2028	2,500,000	2.00%	317,800.00	2,817,800
2028	2029	2,575,000	2.00%	267,800.00	2,842,800
2029	2030	2,625,000	2.00%	216,300.00	2,841,300
2030	2031	2,680,000	2.00%	163,800.00	2,843,800
2031	2032	2,725,000	2.00%	110,200.00	2,835,200
2032	2033	2,785,000	2.00%	55,700.00	2,840,700
		30,000,000		4,392,700	34,392,700

<— "2022" here and below is a 2/1/22 payment year relying on 2021 collections of tax.

EXAMPLE 2

2020 Financing						2021 Financing						2022 Financing						Assumed	Annual
Collect	Pay	Principal	Rate	Interest	Total	Pay	Principal	Rate	Interest	Total	All Debt	Pay	Principal	Rate	Interest	Total	All Debt	Sales Tax	Balance
2020	2021		2.00%	148,108.33	148,108	2021		2.00%			148,108	2021		2.00%			148,108	1,200,000	1,051,892
2021	2022	945,000	2.00%	253,900.00	1,198,900	2022	500,000	2.00%	136,733.33	636,733	1,835,633	2022		2.00%		-	1,835,633	2,400,000	564,367
2022	2023	965,000	2.00%	235,000.00	1,200,000	2023	645,000	2.00%	224,400.00	869,400	2,069,400	2023		2.00%	65,158.33	65,158	2,134,558	2,400,000	265,442
2023	2024	985,000	2.00%	215,700.00	1,200,700	2024	965,000	2.00%	211,500.00	1,176,500	2,377,200	2024	510,000	2.00%	111,700.00	621,700	2,998,900	2,400,000	(598,900)
2024	2025	1,005,000	2.00%	196,000.00	1,201,000	2025	980,000	2.00%	192,200.00	1,172,200	2,373,200	2025	525,000	2.00%	101,500.00	626,500	2,999,700	2,400,000	(599,700)
2025	2026	1,020,000	2.00%	175,900.00	1,195,900	2026	1,000,000	2.00%	172,600.00	1,172,600	2,368,500	2026	535,000	2.00%	91,000.00	626,000	2,994,500	2,400,000	(594,500)
2026	2027	1,045,000	2.00%	155,500.00	1,200,500	2027	1,020,000	2.00%	152,600.00	1,172,600	2,373,100	2027	540,000	2.00%	80,300.00	620,300	2,993,400	2,400,000	(593,400)
2027	2028	1,065,000	2.00%	134,600.00	1,199,600	2028	1,045,000	2.00%	132,200.00	1,177,200	2,376,800	2028	550,000	2.00%	69,500.00	619,500	2,996,300	2,400,000	(596,300)
2028	2029	1,090,000	2.00%	113,300.00	1,203,300	2029	1,080,000	2.00%	111,300.00	1,191,300	2,394,600	2029	550,000	2.00%	58,500.00	608,500	3,003,100	2,400,000	(603,100)
2029	2030	1,110,000	2.00%	91,500.00	1,201,500	2030	1,090,000	2.00%	89,700.00	1,179,700	2,381,200	2030	580,000	2.00%	47,500.00	627,500	3,008,700	2,400,000	(608,700)
2030	2031	1,130,000	2.00%	69,300.00	1,199,300	2031	1,110,000	2.00%	67,900.00	1,177,900	2,377,200	2031	585,000	2.00%	35,900.00	620,900	2,998,100	2,400,000	(598,100)
2031	2032	1,155,000	2.00%	46,700.00	1,201,700	2032	1,135,000	2.00%	45,700.00	1,180,700	2,382,400	2032	595,000	2.00%	24,200.00	619,200	3,001,600	2,400,000	(601,600)
2032	2033	1,180,000	2.00%	23,600.00	1,203,600	2033	1,150,000	2.00%	23,000.00	1,173,000	2,376,600	2033	615,000	2.00%	12,300.00	627,300	3,003,900	2,400,000	(603,900)
		12,695,000		1,859,108	14,554,108		11,720,000		1,559,833	13,279,833	27,833,942		5,585,000		697,558	6,282,558	34,116,500	30,000,000	

	annual	cumulative
2020	12,695,000	12,695,000
2021	11,720,000	24,415,000
2022	5,585,000	30,000,000
Total Bonding	30,000,000	

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Willmar
Sales Tax Receipts

Date Notifying Willmar	2019 October	2019 November	2019 December	2020 January	2020 February	2020 March	2020 April	TOTAL RECEIPTS	DOR Start-up Costs	Other Offsets Added or Deducted	Receipt Adj	DOR Final Costs Deducted	Month Re: costs	DOR Net to be Transferred
12/5/2019		119,000.00						119,000.00						119,000.00
12/9/2019	0.00							0.00						0.00
1/6/2020			144,000.00					144,000.00						144,000.00
1/9/2020		41,900.61						41,900.61	**(24,156.43)**	**245.94**		(1,265.37)	November	**16,724.75**
2/5/2020				186,000.00				186,000.00						186,000.00
2/7/2020			33,079.60					33,079.60				(2,060.24)	December	31,019.36
3/5/2020					115,000.00			115,000.00						115,000.00
3/9/2020				7,714.28				7,714.28				(2,073.35)	January	5,640.93
4/3/2020						122,000.00		122,000.00						122,000.00
4/9/2020					37,605.42			37,605.42				(2,209.40)	February	35,396.02
5/5/2020							136,000.00	136,000.00						136,000.00
5/11/2020								0.00						0.00
TOTAL	0.00	160,900.61	177,079.60	193,714.28	152,605.42	122,000.00	136,000.00	942,299.91	(24,156.43)	245.94	0.00	(7,608.36)		910,781.06

1/9/2020 $245.94 Residual revenues occurring after the previous Willmar tax ended and before the new one started.

KANDIYOHI COUNTY
SALES TAX RECEIPTS

Date Notifying Kandiyohi Co.	2019 October	2019 November	2019 December	2020 January	2020 February	2020 March	2020 April	TOTAL RECEIPTS	DOR Start-up Costs	Other Offsets Added or Deducted	Receipt Adj	DOR Final Costs Deducted	Month Re: costs	DOR Net to be Transferred
5/3/2019								218,000.00						218,000.00
5/9/2019								20,158.83				(3,264.14)	Mar	16,894.69
6/5/2019								223,000.00						223,000.00
6/7/2019								14,684.53				(3,230.10)	Apr	11,454.43
7/3/2019								265,000.00						265,000.00
7/10/2019								23,656.22				(3,220.45)	May	20,435.77
8/5/2019								254,000.00						254,000.00
8/9/2019								20,106.73				(3,282.86)	June	16,823.87
9/5/2019								301,000.00						301,000.00
9/9/2019								24,313.66				(3,387.91)	July	20,925.75
10/3/2019								282,000.00						282,000.00
10/9/2019								25,578.29				(3,405.85)	August	22,172.44
11/5/2019	264,000.00							264,000.00						264,000.00
11/9/2019								24,233.18				(3,453.75)	September	20,779.43
12/5/2019		251,000.00						251,000.00						251,000.00
12/9/2019	24,767.06							24,767.06				(3,438.34)	October	21,328.72
1/6/2020			250,000.00					250,000.00						250,000.00
1/9/2020		21,713.23						21,713.23				(3,411.81)	November	18,301.42
2/5/2020				287,000.00				287,000.00						287,000.00
2/7/2020			23,995.15					23,995.15				(3,434.15)	December	20,561.00
3/5/2020					209,000.00			209,000.00						209,000.00
3/9/2020				21,263.13				21,263.13				(3,402.56)	January	17,860.57
4/3/2020						202,000.00		202,000.00						202,000.00
4/9/2020					28,103.80			28,103.80				(3,408.05)	February	24,695.75
5/5/2020							224,000.00	224,000.00						224,000.00
5/11/2020								0.00					March	0.00
TOTAL	288,767.06	272,713.23	273,995.15	308,263.13	237,103.80	202,000.00	224,000.00	6,252,991.65	(24,387.19)	0.00	0.00	(71,971.27)		6,156,633.19

5/6/2020

WILLMAR

City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-235-4913
Fax Number 320-235-4917

CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: May 13, 2020
From: Brian Gramentz, City Administrator Steven B. Okins, Finance Director	Agenda Item: 2020 Operating Budget

RECOMMENDED ACTION:
Gather a consensus, identify and authorize staff to target program cuts or plan for 2021 after Federal and State Guidance information is issued and known.

HISTORY: Federal, State, Local Governments and Businesses have been economically impacted by Emergency Declarations due to the Covid-19 Epidemic.

FINANCIAL IMPACT: The City of Willmar has an approved 2020 General Fund Budget of $19.3M. Of this amount, $17.6M is for Operations and $1.7M is for Capital Transfers. Major Revenues are the use of Undesignated Fund Balances of $1.7M, Property Taxes of $5.8M, Local Government Aid (LGA) of $4.9M, Adm. Transfers of $2.5M, Service Charges of $.8M with the remaining roughly $3.6M from numerous other sources.

The $19.3M Program appropriations are as follows; General Government $5.3M, Public Safety $6.0M, Public Works $ 3.8M, Park and Recreation $2.5M and Transfers $1.7M.

The best case scenario would be a delay of an estimated 10% ($580,000) of property taxes for two months due to Kandiyohi County Interest and Penalty extension for certain properties until July 15th, delay until Fall of School revenue for the School Resource Officers of $30,000, an estimated reduction in Investment earnings of 25% ($56,000). The total estimate of delays would be $610,000 for appropriately two months and the total reduction of estimated revenue is $56,000. The delay of $610,000 for a couple of months could be covered by the delay of a number of Capital Expenditures which will be identified in additional scenarios and the reduction of Investment earnings could be offset by a number of normal budgetary occurrences, such as delays in filling staffing positions, replacement of staffing positions upon retirement with less senior staff and the reduction of fuel prices.

Summary, Best case scenario would be to move forward with 2020 Programs as Budgeted with some possible delays in Capital Projects.

A moderate scenario would be the delay of 10% ($580,000) of Property Taxes and an estimated 5% ($290,000) reduction of revenue due to Delinquencies; a possible delay in combined State Aid from the State of MN of 10% ($536,000) for two months, a reduction in Service Charge revenues from programs at the Park and Recreation, Civic Center, Aquatic Center and Community Center of an estimated 25 to 100 percent, depending on the programs affected, estimated from $100,000 to $200,000. This would result in reductions of operating costs which could result in a net savings.

Example would be the Aquatic Center with an Operating Budget of $241,831 and estimated Revenue of $64,500 for a net reduction of $177,331 in costs. Civic Center, Recreation Programs and Community Center would depend on duration of Emergency Declaration.

Staff was directed to identify which Capital Projects that could be delayed or postponed. Those being the Swanson Field lights $315,000, Aquatic Center Tuck Pointing $30,000, Park Equipment $150,000, Garage Floor Fire Station $38,000, Civic Center Sound System $20,000, Auditorium Door Replacement $15,000, $135,000 of the Auditorium Improvements and $36,000 of the Public Works Shop Heaters. The total of Capital that could possibly be delayed or deferred would be $ 739,000. An additional $29,000 is also available from the Robot System $18,000 and the Fire Turnout Gear $11,000.

Summary, Moderate Case Scenario would be to identify targeted programs for possible reduction and or delay once more information and funding possibilities are available from the Federal and State Governments.

Worst case scenario would be a possible reduction of property taxes of 5-10% ($290,000-$580,000) due to delinquencies. Normally paid in the following year or two. Note, there is presently no Property Tax Forfeited properties in the City of Willmar. Other possibilities include reductions in State Aid of 10% ($536,000), possible reduction in Park, Recreation, Civic Center, Aquatic Center and Community Center programs which may have neutral or even cost savings affects, and a reduction of Investment Earnings of 25%-30% ($56,000-$67,000).

Summary, worst case scenario would be possible reductions of revenues from $882,000-$1.2M.

The city Pre-Audit Fund Balance as of 12/31/2019 is projected to be $12.3M. Per the City Council adopted Fund Balance Policy the following amounts would be restricted as follows: Former Employee and Employee Labor Liabilities (Paid Leave/Ins. Accruals) $3.0M, Cash Flow $4M, Self-Insurance $1M, 2020 Budget $1.7M (primarily Capital), 2020 Emergency (Rainy Day) $1M, 2021 Emergency (Rainy Day) $1M and estimated pre-audit $600,000 excess from prior years. Prior years have historically been appropriated in the upcoming Budget process.

Summary, the City Council could reduce or appropriate any or all the designated Fund Balances except the $3M of Labor Liabilities to address any three levels from the best to worst case scenarios. Any use of the remaining reserves could be used in the short term until more information becomes available from the Federal or State in the upcoming months. Of the 2020 Budget amount of $1.7M, $768,000 was the Capital projects identified under the moderate case scenario.

Mentioned in previous e-mails and attached is the City Charter section dealing with the City Budget Process.

ALTERNATIVES:

1. Move forward with 2020 Programs as Budgeted
2. Identify potential Targeted programs, Defer modifications until more information is available.
3. Direct Staff to implement targeted program modifications based on current Federal, State and Local Emergency Declarations
4. Address program modifications during the 2021 Budget Process

REVIEWED BY: Brian Gramentz, City Administrator

COMMITTEE MEETING DATE: Finance Committee May 13, 2020
COUNCIL MEETING DATE: May 18, 2020

ARTICLE V. - FINANCIAL PROCEDURES

Section 5.01. - Fiscal year.

The fiscal year of the City shall be the calendar year.

(Ord. of 10-2-18)

Section 5.02. - Submission of budget and message.

Within the time frame established by State law, the Mayor shall prepare or cause to be prepared and submit to the Council the budget for the ensuing fiscal year and an accompanying message. The budget message shall explain the proposed budget both in fiscal terms and in terms of the work programs. It shall outline the proposed financial policies of the City for the ensuing year, describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures and revenues together with the reasons for such changes, summarize the City's debt position and include such other material as the Finance Committee of the Council deems desirable. Prior to the submission of the proposed budget and budget message, notice thereof shall be published at least ten (10) days prior to the meeting at which it shall be presented and shall state the time and place of said meeting and shall state that said proposed budget is on file in the office of the City Clerk and open to inspection. At least one copy of the proposed budget and of the proposed capital program shall be filed with the City Clerk upon the publication of the notice and shall be kept available for public inspection until the budget and capital program are adopted.

(Ord. of 10-2-18)

Section 5.03. - The budget.

The budget shall provide a complete financial plan of all City funds and activities for the ensuing year and, except as required by law or this Charter, shall be in such form as the Council deems desirable or may require. The total of proposed expenditures shall not exceed the total of estimated income.

(Ord. of 10-2-18)

Section 5.04. - Capital program.

The Mayor shall prepare or cause to be prepared and submitted to the Council a five (5) year capital program at least three (3) months prior to the final date for submission of the proposed budget.

(Ord. of 10-2-18)

Section 5.05. - Adoption of the annual budget and capital program.

The Council shall hold public meetings on the budget and capital program. The meeting shall be conducted so as to give interested citizens a reasonable opportunity to be heard. The Council shall adopt the budget and capital program within the time limits established by State law and the adoption shall be by resolution.

(Ord. of 10-2-18)

Section 5.06. - Public records.

Copies of the budget and the capital program as adopted shall be public records and shall be available for inspection by the public at the offices of the City Clerk.

(Ord. of 10-2-18)

Section 5.07. - Amendments after adoption.

Subdivision 1. Supplemental appropriations. If during the fiscal year the City Administrator certifies that there are available for appropriation revenues in excess of those estimated in the budget, the Council by resolution may make supplemental appropriations for the year up to the amount of such excess.

Subdivision 2. Contingency Reserve. The Council shall be authorized to have a reserve fund which shall be called a contingency reserve in an amount not to exceed ten (10) percent of the current and subsequent budget, excluding such contingency reserve. In the event that any appropriation from any other fund shall be, in the judgment of the Council, insufficient to meet the demands of the City with respect to the program or budget item affected and provide for the orderly administration of the City, the Council by a vote of six (6) members thereof may transfer out of the contingency reserve to such fund such sums as it shall determine shall be reasonably necessary to effect the purpose.

Subdivision 3. Reduction of appropriations. If at any time during the fiscal year it appears to the Council that the revenues available will be insufficient to meet the amount appropriated, the Council shall then take such further action as it deems necessary to prevent or minimize any deficit for that purpose and may by resolution reduce one or more appropriations.

Subdivision 4. Transfer of appropriations. The Council may by resolution transfer part or all of any unencumbered appropriation balance from one department, office or agency to another.

Subdivision 5. Emergency appropriations; tax anticipation certificates. To meet a public emergency affecting life, health, property or the public peace, the Council may make emergency appropriations. Such appropriations may be made by emergency ordinance in accordance with the provisions of Subdivision 3 of Section 2.12 of Article II of this Charter. To the extent that there are no available unappropriated revenues

to meet such appropriation, the Council may by such emergency ordinance, authorize issuance of tax anticipation certificates in accordance with the provisions of law. Such tax anticipation certificates shall be paid not later than two (2) years succeeding that in which the emergency appropriation was made.

Subdivision 6. Limitations; effective date. No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the unencumbered balance thereof. The supplemental and emergency appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption.

(Ord. of 10-2-18)

Section 5.08. - Lapse of appropriations.

Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if no disbursement or encumbrance of the appropriation is completed by the close of the third fiscal year following the fiscal year in which the funds were appropriated.

(Ord. of 10-2-18)

Section 5.09. - Administration of budget.

Subdivision 1. Work programs and allotments. At such time as the City Administrator shall specify, each department, office or agency shall submit work programs for the ensuing fiscal year showing the requested allotments of its appropriation by periods within the year. The Council shall review and authorize such allotments with or without revision as early as possible in the fiscal year. Such allotments may be revised during the year if desirable and shall be revised in accordance with any supplemental, emergency, reduced or transferred appropriations made pursuant to this article.

Subdivision 2. Payments and obligations prohibited. No payment shall be made or obligation incurred against any allotment or appropriation except in accordance with appropriations duly made and unless the Council or its designee first certify that there is a sufficient unencumbered balance in such allotment or appropriation and that sufficient funds there from are or will be available to cover the claim or meet the obligation when it becomes due and payable. Any authorization of payment or incurring of obligation in violation of the provisions of this Charter shall be void and any payment so made illegal; such action shall be cause for removal of any officer who knowingly authorized or made such payment or incurred such obligation, and said officer shall also be liable to the City for any amount so paid. However, except where prohibited by law, nothing in this Charter shall be construed to prevent the making or authorizing of

payments or making of contracts for capital improvements to be financed wholly or partly by the issuance of bonds, or to prevent the making of any contract or lease providing for payments beyond the end of the fiscal year, provided that such action is made or approved by ordinance.

(Ord. of 10-2-18)

5/8/2020
DRAFT

City of Willmar 2020
Proposed Capital Improvement Program

Score	Project	Budget	Cash	Bond/Sales Tax	WWTP Fund	Federal/State Aid
53	Street Improvement Program	Engineering		$ 2,000,000		$ 1,000,000
53	District Heat Shutdown Remodel	Auditorium	$ 50,000			
53	District Heat Shutdown Remodel	City Hall	$ 50,000			
50	Swansson Field - Orange/Elise	Park Dev.	$ 315,000	$ -		
50	Hwy 12 Basin Sump Pump Inspections	WWTP			$ 20,000	
50	Hwy 12 Lift Station Elimination Design	WWTP			$ 100,000	
50	Eagle Lake No. 7 LS; Design	WWTP			$ 150,000	
50	Eagle Lake No. 8 LS; Design	WWTP			$ 105,000	
50	Eagle Lake #5 Replace pipes/values	WWTP			$ 14,380	
50	Eagle Lake #2/#9, New Pumps	WWTP			$ 38,000	
50	Eagle Lake Sump Pump Inspections	WWTP			$ 24,600	
49	Robbins Island Parking Lot	Pavement Mang.		$ 2,000,000		
49	Resurface Pool (additional funds)	DOAC	$ 150,000			
49	Swansson Field Improvements	Park Dev.		$ 2,000,000		
49	Rec Fields	Civic Center		$ 4,000,000		
49	Community Center LOST Project	Community Center		$ 300,000		
43	Turnout Gear Dryer	Fire Department ✓	$ 11,000			
43	Lab Equipment & Dishwasher	WWTP			$ 50,000	
42	Tuck Pointing	DOAC	$ 30,000			
42	Signal Pole Painting	Public Works	$ 70,000			
41	Park Equipment	Park Dev.	$ 150,000			
40	19th Avenue SW Path/1st-15th	Pavement Mang.		$ 200,000		
40	Heaters for Shop	Public Works	$ 50,000	-36,000		
40	Mechanic A/C	Public Works	$ 10,000			
37	Pond Outfall	Stormwater		$ 1,500,000		
36	Garage Floor Refinish	Fire Department	$ 38,000			
35	BLA Sound System	Civic Center	$ 20,000			
29	Exterior Door Replacement/ADA Door Req.	Auditorium	$ 15,000			
29	Outdoor Hockey Boards	Public Works	$ 15,000			
24	Robot System	Police ✓	$ 18,000			
	City Hall	City Hall		$ 8,500,000		
	Auditorium	Auditorium	$ 485,000	+ 135,000		
			$ 1,477,000	$ 20,500,000	$ 501,980	$ 1,000,000

BUDGET CALENDAR

CALENDAR	PROPOSED ACTION
MAY	Mayor, City Administrator and Finance Director to meet on establishing the Budget Calendar.
JUNE	CITY COUNCIL adopt Budget Calendar
	Mayor shall prepare or cause to be prepared and submitted to the Council a five (5) year capital program at least three (3) months prior to the final date for submission of the proposed budget.
	Finance Director to compile information on budget forms pertaining to prior and current year expenditures and prepare preliminary revenue estimates. Send out forms and instructions for annual budget preparation to Department Heads.
JULY	Completed Department Heads' estimates must be returned to the Finance Director.
	Mayor meets with the City Administrator and Finance Director to prepare the Mayor's Proposed Budget.
	Council work session on Capital Improvement Programs
SEPTEMBER	Publish a notice in the paper telling the public both the proposed Operating and Capital Improvement Budgets are on file and are open for inspection.
	Mayor presents Proposed Budget to CITY COUNCIL.
	Adopt and Certify Proposed Levy to the County Auditor for the Truth in Taxation Requirements.
	Publish notice in the paper telling the public both the Operating and Capital Improvement Budgets will be discussed at the Truth in Taxation Hearing.
DECEMBER 7th	City Council shall hold Truth in Taxation hearing to study the Proposed Budget. Date determined by County and School District Hearings.
DECEMBER 21st	Continuation hearing if needed to Adoption of the Budget.
DECEMBER 31st (No Later Than)	Certification of the Tax Levy to the County.

WILLMAR MUNICIPAL UTILITIES
ALL DIVISION
Mar-20

	Month Amount	Month Budget*	YTD Amount	YTD Budget*	Prior YTD Amount
Operating revenues					
Residential	$693,822	$838,178	$2,243,676	$2,514,533	$2,425,325
Commercial/industrial	$1,627,726	$1,828,266	$4,972,990	$5,484,797	$5,733,931
Energy acquisition/fuel adj	$0	$0	$0	$0	$0
City Franchise Fee	$194,974	$217,336	$609,570	$652,009	$704,050
Transmission	$184,953	$158,333	$502,742	$475,000	$307,218
Miscellaneous	$154,235	$80,179	$316,168	$240,537	$86,867
Total operating revenues	$2,855,710	$3,122,292	$8,645,146	$9,366,876	$9,257,391
Operating expenses					
Production operation	$106,205	$100,891	$288,846	$302,674	$431,730
Production maintenance	$43,957	$79,131	$124,204	$237,393	$151,123
Purchased power	$860,399	$1,138,069	$3,002,661	$3,414,208	$2,902,521
Transmission operation	$200,061	$368,687	$732,969	$1,106,060	$617,926
Transmission maintenance	$3,372	$11,439	$31,289	$34,316	$24,907
Distribution operation	$83,300	$89,161	$273,850	$267,484	$311,240
Distribution maintenance	$113,989	$118,333	$218,546	$355,000	$203,979
Customer service	$16,599	$22,873	$54,089	$68,619	$122,600
Energy Services	$13,101	$16,778	$32,658	$50,333	$27,599
General & administrative	$266,061	$326,227	$791,315	$978,682	$790,980
Depreciation	$210,348	$207,208	$629,538	$621,625	$589,179
Total operating expenses	$1,917,390	$2,478,798	$6,179,966	$7,436,395	$6,173,784
Operating income					
Other income	$58,711	$32,465	$176,084	$97,394	$206,032
Other expense	$132	$100	$2,830	$300	$54,082
Net earnings	-$58,579	-$32,365	-$173,255	-$97,094	-$151,950
Cash Payment to City	$179,383	$179,383	$538,150	$538,150	$538,150
Retained earnings	$817,515	$496,475	$2,100,285	$1,489,425	$2,697,406

* The Monthly & YTD Budget Amounts are Annual Budget divided by 12. Seasonal energy rates will cause actual to be different than budget during the early part of the year, but will catch up over the higher summer months.

WILLMAR MUNICIPAL UTILITIES
ELECTRIC DIVISION
Mar-20

	Month Amount	Month Budget*	YTD Amount	YTD Budget*	Prior YTD Amount
Operating revenues					
Residential	$571,562	$702,961	$1,864,505	$2,108,883	$2,069,412
Commercial/industrial	$1,485,669	$1,672,441	$4,537,484	$5,017,322	$5,139,318
Energy acquisition/fuel adj	$0	$0	$0	$0	$0
City Franchise Fee	$194,974	$217,336	$609,570	$652,009	$704,050
Transmission	$184,953	$158,333	$502,742	$475,000	$307,218
Miscellaneous	$150,965	$71,117	$307,078	$213,350	$70,154
Total operating revenues	$2,588,123	$2,822,188	$7,821,379	$8,466,564	$8,290,152
Operating expenses					
Production operation	$86,521	$75,411	$208,437	$226,234	$348,990
Production maintenance	$30,967	$65,938	$93,319	$197,813	$117,455
Purchased power	$832,544	$1,104,117	$2,912,813	$3,312,350	$2,777,897
Transmission operation	$200,061	$368,687	$732,969	$1,106,060	$617,926
Transmission maintenance	$3,372	$11,439	$31,289	$34,316	$24,907
Distribution operation	$58,107	$60,924	$195,370	$182,772	$221,510
Distribution maintenance	$96,533	$76,468	$194,164	$229,403	$126,582
Customer service	$9,320	$8,133	$35,043	$24,400	$89,140
Energy Services	$13,101	$16,778	$32,658	$50,333	$27,599
General & administrative	$234,918	$315,665	$710,064	$946,995	$717,274
Depreciation	$177,422	$169,375	$528,904	$508,125	$491,184
Total operating expenses	$1,742,866	$2,272,934	$5,675,031	$6,818,803	$5,560,465
Operating income					
Other income	$50,478	$28,514	$151,274	$85,543	$179,508
Other expense	$132	$100	$2,830	$300	$54,082
Net earnings	-$50,346	-$28,414	-$148,444	-$85,243	-$125,426
Cash Payment to City	$179,383	$179,383	$538,150	$538,150	$538,150
Retained earnings	$716,219	$398,285	$1,756,642	$1,194,854	$2,316,964

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WILLMAR MUNICIPAL UTILITIES
WATER DIVISION
Mar-20

	Month Amount	Month Budget*	YTD Amount	YTD Budget*	Prior YTD Amount
Operating revenues					
Residential	$118,570	$132,300	$355,346	$396,900	$311,551
Commercial/industrial	$116,538	$143,325	$350,975	$429,975	$343,787
Miscellaneous	$2,493	$9,062	$7,180	$27,187	$15,285
Total operating revenues	$237,601	$284,687	$713,501	$854,062	$670,623
Operating expenses					
Production operation	$19,683	$25,480	$80,409	$76,440	$82,740
Production maintenance	$12,990	$12,273	$30,885	$36,820	$33,668
Purchased power	$15,361	$16,247	$44,993	$48,740	$48,616
Distribution operation	$18,480	$22,093	$54,946	$66,280	$65,684
Distribution maintenance	$17,288	$28,103	$23,470	$84,308	$74,172
Customer service	$6,823	$13,118	$17,497	$39,355	$30,328
Energy Services		$0		$0	
General & administrative	$28,779	$9,400	$73,763	$28,201	$66,771
Depreciation	$31,021	$34,750	$93,052	$104,250	$88,850
Total operating expenses	$150,426	$161,465	$419,014	$484,394	$490,829
Operating income					
Other income	$4,843	$3,409	$14,594	$10,226	$15,602
Other expense	$0	$0	$0	$0	$0
Net earnings	-$4,843	-$3,409	-$14,594	-$10,226	-$15,602
Cash Payment to City	$0	$0	$0	$0	$0
Retained earnings	$92,019	$126,631	$309,081	$379,894	$195,396

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WILLMAR MUNICIPAL UTILITIES
HEATING DIVISION
Mar-20

	Month Amount	Month Budget*	YTD Amount	YTD Budget*	Prior YTD Amount
Operating revenues					
Residential	$3,689	$2,917	$23,825	$8,750	$44,361
Commercial/industrial	$25,519	$12,500	$84,531	$37,500	$250,826
Miscellaneous	$777	$0	$1,911	$0	$1,428
Total operating revenues	$29,986	$15,417	$110,266	$46,250	$296,615
Operating expenses					
Production operation	$0	$0	$0	$0	$0
Production maintenance	$0	$920	$0	$2,760	$0
Purchased power	$12,494	$17,706	$44,854	$53,118	$76,008
Distribution operation	$6,713	$6,144	$23,535	$18,432	$24,046
Distribution maintenance	$168	$13,763	$912	$41,288	$3,224
Customer service	$456	$1,621	$1,549	$4,864	$3,132
Energy Services	$0	$0	$0	$0	
General & administrative	$2,364	$1,162	$7,488	$3,486	$6,935
Depreciation	$1,905	$3,083	$7,582	$9,250	$9,145
Total operating expenses	$24,099	$44,399	$85,921	$133,198	$122,490
Operating income					
Other income	$3,390	$542	$10,216	$1,625	$10,921
Other expense	$0	$0	$0	$0	$0
Net earnings	-$3,390	-$542	-$10,216	-$1,625	-$10,921
Cash Payment to City	$0	$0	$0	$0	$0
Retained earnings	$9,277	-$28,441	$34,561	-$85,323	$185,046

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