

CITY OF WILLMAR
CITY COUNCIL WORK SESSION SUMMARY

January 31, 2022

The Willmar City Council met in a Work Session on Monday, January 31, 2022, in the Training Room of the Willmar Fire Station. Mayor Calvin called the Work Session to order at 6:30 p.m.

Members present included Council Members Michael O'Brien, Tom Butterfield, Rick Fagerlie, Audrey Nelsen, Justin Ask, Vicki Davis and Andrew Plowman. Present via electronic means were Mayor Marv Calvin and Council Member Julie Asmus. Others present were City Administrator Leslie Valiant, Finance Director Steve Okins, Interim Public Works Director Gary Manzer, Doug Green of Baker Tilly, Jared Voge and Spencer Johnson of Bolton and Menk.

Mayor Calvin reviewed the Work Session Agenda by explaining the purpose was to discuss bonding as a follow-up to a Council Retreat goal. Doug Green of Baker Tilly explained he is there as a Municipal Advisor.

Mr. Green overviewed the statutory authority to incur debt obligation to issue bonds and the ordinance process. The bond process includes publication of the ordinance and holding a public hearing seven days following publication. Subsequent to the City Council holding the public hearing there is a 15-day petition period. Following that petition period, the bonds are sold. To understand outstanding general obligation bond issues, Mr. Green overviewed a debt table to include improvement bonds, other bonds, sales tax bonds and the wastewater treatment fund.

A graph was presented to demonstrate outstanding principal interest for the next five years indicating the current total debt service for the City is around \$1.7 million, and then the bonds start being paid off. The repayment sources are Community Investment Fund, Assessments and Debt Levy.

Street construction funding sources consist of bonds, municipal state aid, MUC, WWTP, local option sales tax stormwater revenue, county and federal aid. The debt service sources are the community investment fund, special assessments with no levy required so far. Mr. Green reviewed the 2022 project and debt service payment sources touching on the construction payment sources, the levy and assessments. Historically the City has been able to amortize bonds in ten years, which for a city of this size that is quite aggressive and means the city is in good financial shape. He provided information on various funding arrangements should the city increase its street improvement debt service and the 10-year versus 15-year repayment schedule. He also reviewed the levy impact at various levels showing effects on residential, commercial and apartment market values.

The council and staff discussed the diversification of revenue sources. Assessment rate clarification in relation to the current policy and implementation of franchise fees as additional sources of revenue. Discussion was held as to how to solve the issue of funding our street reconstruction to enable us to do a larger amount of streets in the future. The City does have the authority to fund streets in ways other than assessments.

The work session adjourned at 7:44 p.m.