

**FINANCE COMMITTEE REPORT
CITY OF WILLMAR
MONDAY, OCTOBER 28, 2013**

The Finance Committee of the Willmar City Council met at 4:45 p.m. on Monday, October 28, 2013, in Conference Room No. 1 at the City Office Building. Chair Denis Anderson called the meeting to order.

Members Present:	Denis Anderson	.....	Chair
	Rick Fagerlie	.....	Member
	Audrey Nelsen	.....	Member
	Bruce Deblieck	.....	Member
	Charlene Stevens	.....	City Administrator
	Steve Okins	.....	City Finance Director

Others present included Mayor Frank Yanish, Council Member Jim Dokken, MUC General Manager Wes Hompe, MUC Finance Director Tim Hunstad, West Central Tribune Journalist David Little, and Accounting Supervisor Carol Cunningham.

Item No. 1 – Public Comment

Chair Anderson acknowledged that no one present wished to address the Council at this time.

Item No. 2 – Municipal Utilities Quarterly Report (Information)

General Manager Wes Hompe and Finance Director Tim Hunstad presented the Willmar Municipal Utilities Financial report as of September 30, 2013. Compared to the third quarter 2012, total revenues are the same at \$23 million. Operating Expenses are up slightly at \$16.9 million due to a couple of unforeseen expenses for boiler repairs and a workers comp audit. On the Balance Sheet, Current assets include \$8 million in cash and it was noted there is little long term debt at \$8.4 million. There was some discussion on the status of the wind turbines and their malfunction. Mr. Hompe noted that according to the contract with the manufacturer the MUC is entitled to a lost revenue claim as a result of the turbines not operating up to their warranted level. The turbines are in their final year of warranty which expires in September, 2014. After discussion, this matter was taken for information.

Item No. 3 – 2014 Mayor’s Budget - Additional Comments/Questions (Information)

Proposal from David Turch & Associates. Pursuant to a request by Mayor Yanish, David Turch & Associates submitted a proposal to provide lobbying services to the City of Willmar for \$2,500 per month. This expenditure was not included in either the Mayor’s or Administrator’s 2014 Proposed Budgets. David Turch had previously provided services to the City of Willmar through 2011 and he currently provides services to the Willmar Municipal Utilities. It was noted that Mr. Turch primarily works for federal funding needs but does not work much with State funding issues. After considerable discussion, Mayor Yanish determined that the Turch contract does not need to be addressed for the 2014 Budget.

November 19, 2013, Budget Meeting. Due to the length of time anticipated, Chair Anderson said this meeting will be starting at 3:00 PM at the Willmar Municipal Utilities Auditorium. Following budget presentations from the HRA, MUC, and Rice Hospital, the Committee will begin discussion of the 2014 Budget issues at this meeting. Chair Anderson requested any council member who needs more information on any of the topics at hand, to let him or staff know before November 19th.

Council Member Nelsen requested information from the Mayor, prior to the November 19th meeting, reflecting his justification of the budget reductions he made to Travel, Memberships, and Professional Services. Mayor Yanish said he would not provide detail of how he made these reductions but noted that he chose these specific items because he did not feel other areas of the budget could be cut due to contractual/legal obligations and it was the Council's role to now review and recommend.

Council Member Fagerlie asked if the Coalition of Greater Minnesota Cities had been contacted for a reduction in membership fees and if the City is required to be a member of the National League of Cities. Staff will contact the State Chapter prior to November 19th to inquire about a possible reduction in fees. It was also noted that membership costs for the National League of Cities is minimal.

Questions were raised regarding the Mayor's October 15, 2013, Update, published on the City's website, relating to budget discussion issues.

Item No. 4 – Reports (Information)

The Committee received the reports for September, 2013, Rice Trust; Third Quarter Rice Trust; September 30, 2013, Cash/Investment Portfolio; Third Quarter Investment Activity; Ten-Year Historical Investment Balance By Quarter; Third Quarter Interest/Dividends By Institution; and Ten-Year Historical Earnings By Quarter. This matter was taken for information only.

Item No. 5 – Old Business (Information)

Chair Anderson acknowledged there was no old business for the Committee to discuss at this time.

Item No. 6 – New Business (Information)

Chair Anderson acknowledged there was no new business for the Committee to discuss at this time.

There being no further business to come before the Committee, the meeting was adjourned at 5:37 p.m. upon motion by Council Member Fagerlie, second by Council Member Deblieck, and carried.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carol Cunningham".

Carol Cunningham
Accounting Supervisor