

WILLMAR CITY COUNCIL PROCEEDINGS
COUNCIL CHAMBERS
WILLMAR MUNICIPAL UTILITIES BUILDING
WILLMAR, MINNESOTA

December 5, 2011
7:00 p.m.

The regular meeting of the Willmar City Council was called to order by the Honorable Mayor Frank Yanish. Members present on a roll call were Mayor Yanish, Council Members Doug Reese, Ron Christianson, Bruce DeBlicek, Denis Anderson, Steve Ahmann, Rick Fagerlie, Jim Dokken, and Tim Johnson; Present 9, Absent 0.

Also present were City Administrator Charlene Stevens, City Attorney Richard Ronning, Police Chief David Wyffels, Fire Chief Marv Calvin, Finance Director Steve Okins, Community Education and Recreation Director Steve Brisendine, and City Clerk Kevin Halliday.

Additions to the Agenda included an announcement by City Administrator Stevens regarding a series of Downtown planning meetings.

The Council requested that the Airport Commission Minutes be removed from the Consent Agenda.

Council Member Christianson offered a motion adopting the Consent Agenda which included the following: City Council Minutes of November 21, Municipal Utilities Commission Minutes of November 28, Accounts Payable through November, Safety Committee Minutes of September 28, Willmar Design Center Minutes of October 12 and November 9, Community/Activity Center Minutes of November 1, Airport Commission Minutes of November 16, 2011; and Mayoral Reappointments: Economic Development Commission Board, Beverly Dougherty and Betty Bollig; Pioneerland Library System Board, Denis Anderson; Zoning Appeals Board, Mark Klema. Council Member Anderson seconded the motion, which carried.

The Council discussed an Airport Commission item regarding the possible sale of a private hangar for commercial use. The Commission was recommending to the Council not to segregate the location of commercial or private hangars by use and deal with the matter on a case-by-case basis via the land lease. The Council debated the recommendation of the Commission. Pat Curry, Airport Commission Chairman, encouraged the Council to promote airport uses and allow various commercial enterprises to be conducted if not prohibited by the Federal Aviation Administration. It was noted that concurrence with the Airport Commission recommendations would come with the approval of the minutes. The Airport Commission Minutes of November 16, 2011, were approved as presented upon motion by Council Member Dokken, seconded by Council Member Christianson, and carried.

At 7:15 p.m. Mayor Yanish opened the 2011 Truth-in-Taxation Hearing. Finance Director Okins reviewed the general categories of the proposed budget including the general operating budget and capital improvements, five-year trends, revenue by source, and expenditures by account. The proposed tax levy was a \$196,000 increase (4 percent) from the prior year. There being no one present to speak for or against the proposed budget, Mayor Yanish closed the hearing at 7:24 p.m.

Mayor Yanish acknowledged that no one had signed up to address the City Council during its scheduled Open Forum.

The Finance Committee Report for November 28, 2011, was presented to the Mayor and Council by Council Member Anderson. There were three items for Council consideration.

Item No. 1: Rice Hospital CEO Michael Schramm and CFO Bill Fenske appeared before the Committee to review the 2012 Budget which was adopted by the Rice Memorial Hospital Board of

Directors on November 9, 2011. The 2012 Budget was developed based on assumptions that were reviewed and approved by the Hospital Finance Committee. Mr. Schramm reviewed the challenges the Hospital faced in 2010, particularly the drop in inpatient volume and noted that the subsequent changes made has resulted in a positive operating margin. Inpatient and outpatient volume has improved and those numbers are much stronger than they were a year ago. Current staffing models should continue to work into 2012. Mr. Schramm stated the proposed 2012 Budget is conservative and realistic.

Mr. Fenske reviewed 2012 Budget key indicators with the Committee noting a total estimated net Operating Revenue at \$97,101,515, Expenses at \$96,060,379, resulting in a net Income of \$1,071,136. The Council inquired about personnel wages and benefits, as well as the cost of interpreters. Following a discussion of budget and related Hospital issues, Chairman Anderson thanked Mr. Schramm and Mr. Fenske for the presentation and accepted the Rice Hospital report as information only.

Housing and Redevelopment Authority Executive Director Jill Bengtson presented to the Committee highlights during the past fiscal year. The Willmar and County HRAs are wrapping up the 2009 Small Cities Development Program which included rehabilitation in southeast Willmar and Pennock, as well as commercial and rental housing in the Central Business District. Also discussed was the sharing of services between the County and City HRAs and a study regarding a possible merger of the two governing bodies.

The HRA is requesting a 2012 levy of \$170,000, which is the same amount levied in 2011, to support its General Administration budget and salaries, subsidized housing projects and other housing projects, rental assistance programs, property improvement programs, and various Federal and State programs, and the City's Comprehensive Small Cities Development Program. Following discussion, Chairman Anderson thanked Ms. Bengtson for the presentation.

Willmar Municipal Utilities General Manager Bruce Gomm appeared before the Committee and apologized for not having the 2012 budget prepared for Council consideration. The Committee and Council Members present expressed their disappointment that the budget was not prepared and submitted for consideration.

General Manager Gomm reviewed challenges faced in 2010, included a 15 percent increase in power supply costs. The Council had approved a two-tier electrical rate increase for 2011 and 2012, which was successful in turning around financial deficits. The Utilities is now stable with a positive rate of return. The Great River Contract will expire in 2015 and Staff is working on a renewal of that contract. Mr. Gomm reviewed operation costs, capital project, vehicle purchases and changes in staff. The 2012 budget is anticipated to be in the \$10.5 to \$11 million and the Utilities plans to secure funds from a bonding process.

Mayor Yanish asked City Administrator Stevens what the timeframe the City was under to complete the budget process. Ms. Stevens stated that all information must be submitted by December 12, in order to have a recommendation in place for the December 19, 2011, Council meeting. It was noted that the Municipal Utilities must submit their 2012 budget no later than December 9, 2011. General Manager Gomm said the budget will be done and submitted by that time.

Item No. 2 Mayor Yanish provided the Committee with a general overview of the City's 2012 Budget and stated that it is his intention to help downsize City government and keep his commitment to transparency, and that he cannot do this alone. It will take the Council to make the right decisions. It will also take all City employees to understand that no one will be laid off. This will be accomplished through attrition as people retire or resign and for all to understand we must work harder and smarter in order to get the job done. The Mayor concluded his comments stating "with everyone's help, we can and we will streamline City government and we will all be better for it."

Council Member Anderson stated that the 2012 budget was the result of two Council work sessions and several Finance Committee meetings. Mr. Anderson noted that the budget was amended and increased by \$23,200 from the Mayor's initial proposal of \$31,683,222 to reflect the cost of the Fixed-

Base Operator Agreement with Maximum Cruise Aviation. Funding for this agreement was inadvertently omitted from the budget.

City Administrator Stevens discussed using increased revenues from the Fire Departments service contracts with Dovre and Willmar Townships to cover the costs of the Fixed-Base Operator Agreement. These revenues will be at a higher rate than the City had initially budgeted for in August. It is necessary to revise the 2012 Budget by \$23,200.

The Committee reviewed a history of Intergovernmental Transfers from Rice Hospital and the Municipal Utilities to the City of Willmar. Finance Director Okins informed the Committee that the Municipal Utilities payments reflected a 4.2 percent retained earnings and the Rice Hospital payments reflect adjustments due to the Rice Care Center project.

City Administrator Stevens reviewed vehicle use and fuel charges, noting that there were three pool vehicles with a combined averaging of 9,000 miles per year. Ms. Stevens will re-evaluate vehicles usage, and the Finance Committee will review vehicle replacements in January, 2012.

Finance Director Okins reviewed the process in determining the 2012 Budget, which was somewhat different than previous years due to a new Mayor and City Administrator. The Budget Calendar started in April and will conclude on December 31, 2011, with certification of the Tax Levy to the County. The 2012 Proposed Budget is \$31,683,222.

Mr. Okins reviewed the 2012 Proposed Budget including the City's Mission Statement and Goals, revenues, expenditures, and Local Government Aid allotted and received. It was noted that the levy includes a 4 percent increase.

Mayor Yanish reviewed the 2012 proposed levy which reflects a 4 percent (\$196,000) increase over 2011. At this time the Committee began their review of the 2012 Budget.

The Council requested additional clarification on the following expenditures:

- A. Funding increase for the Airport Fixed-Base Operator and how these dollars are determined. Staff explained the formula which takes into consideration total hours of operating costs. The FBO contract is negotiated and did not increase in 2011.
- B. Funding for new vehicles - if a vehicle is not purchased, where do those dollars go? Staff explained the Budget is a working document and that funds not used would be reallocated.
- C. FVHC - Staff has been researching as City has not received all dollars. These dollars are not in the budget. Council Member Johnson noted that 9 percent has been paid out statewide.
- D. Capital Outlay - When new vehicles are purchased, what happens to the used vehicles? Staff explained the Vehicle Replacement Policy and noted that used vehicles often replace older ones in various departments. The older vehicles are traded in or sold at the City auctions.
- E. Local Government Aid - additional cuts are expected.
- F. MVHC - market exclusion.
- G. Tax Levy comparison.
- H. Engineering - funding for MS4 activity as mandated by the MPCA; sign inventory, agreement with S.E.H.; and storm water review, agreement with BARR.

Following discussion, the Committee was recommending the Council amend the 2012 Budget by adding \$23,200 for the Fixed Based Operator contract with Maximum Cruise Aviation to provide certain airport services. Resolution No. 1 was introduced by Council Member Anderson, seconded by Council Member Fagerlie, reviewed by Mayor Yanish, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 1

BE IT RESOLVED by the City Council of the City of Willmar to amend the Mayor's 2012 Proposed Budget by adding \$23,200 for the Fixed Based Operator contract with Maximum Cruise Aviation to

provide certain services.

Dated this 5th day of December, 2011.

/s/ Frank Yanish
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

The Committee was recommending the Council set the 2012 City property tax levy of \$3,992,734 and approve the Willmar Housing and Redevelopment Authority levy of \$170,000.

Resolution No. 2 was introduced by Council Member Anderson, seconded by Council Member Fagerlie, reviewed by Mayor Yanish, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 2

BE IT RESOLVED by the City Council of the City of Willmar, Kandiyohi County, Minnesota, that the following sums of money be levied for the current year collectable in 2012, upon the taxable property in said City of Willmar, for the following purposes:

General Fund	<u>\$ 3,992,734</u>
	TOTAL: \$ 3,992,734

BE IT RESOLVED, that there is a sufficient sum of money in the Debt Service Funds of the City, together with the above Debt Service Fund Tax Levy, to pay principal and interest in 2011 on all outstanding bond issues, and the deferred annual tax levies previously certified to the County Auditor are hereby cancelled;

BE IT RESOLVED by the City Council of the City of Willmar, Kandiyohi County, Minnesota, that pursuant to a request by the Housing and Redevelopment Authority in and for the City of Willmar, for authorization to levy a special tax to be included as part of its fiscal year 2012 - 2013 Budget;

BE IT RESOLVED that the City Council of the City of Willmar, Minnesota, hereby authorizes the Housing and Redevelopment Authority to levy a special tax in the amount of \$170,000 pursuant to the powers vested under the Minnesota Statutes.

The City Clerk is hereby instructed to transmit a certified copy of this Resolution to the County Auditor of Kandiyohi County, Minnesota.

Dated this 5th day of December, 2011.

/s/ Frank Yanish
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

The Committee was recommending the 2012 Budget be adopted in the amount of \$31,706,422. Resolution No. 3 was introduced by Council Member Anderson, seconded by Council Member Fagerlie, reviewed by Mayor Yanish, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 3

ADOPTING THE BUDGET FOR THE FISCAL YEAR 2012

BE IT RESOLVED by the City Council of the City of Willmar that the Annual Budget for the fiscal year beginning January 1, 2011, which has been submitted by the Mayor and modified and approved by the City Council, is hereby adopted, the totals of the said budget and the Mayor's division thereof being as

follows:

EXPENDITURE REQUIREMENTS

General Government	\$2,295,115
Public Safety	4,610,065
Public Works	2,841,232
Leisure Services	1,962,738
Capital Improvements	7,504,835
Waste Treatment	8,835,793
Other Charges	1,225,200
Debt Redemption	<u>2,431,444</u>
Total:	\$31,706,422

Dated this 5th day of December, 2011.

/s/ Frank Yanish
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

Item No. 3 The Committee was informed by Staff that the Fire Department is requesting permission to accept a donation from Willmar Area Faith @ Work for \$908.37 to be applied for the purchase of a trailer from Dahlberg Trailer sales. The Committee was recommending the Council accept a donation from Willmar Faith @ Work as presented.

Resolution No. 4 was introduced by Council Member Anderson, seconded by Council Member Christianson, reviewed by Mayor Yanish, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 4

WHEREAS, Willmar Area Faith at Work has given a donation of \$908.37 to the Willmar Fire Department.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Willmar to accept the donation, adjust the Fire Department's budget accordingly, and that the City Administrator be directed to express the community's appreciation.

Dated this 5th day of December, 2011.

/s/ Frank Yanish
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

The Committee was also informed that Department is requesting permission to accept a donation from Sonja Westre for \$100.00 to be put toward the repair of a Fire Department gas monitor, and was recommending the Council accept the donation as presented. Resolution No. 5 was introduced by Council Member Anderson, seconded by Council Member Christianson, reviewed by Mayor Yanish, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 5

WHEREAS, Sonja Westre has given a donation of \$100.00 to the Willmar Fire Department, which is being requested to be put toward the repair of a Fire Department gas monitor.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Willmar to accept the donation, adjust the Fire Department's budget accordingly, and that the City Administrator be directed to express the community's appreciation.

