

FINANCE COMMITTEE/CITY COUNCIL

MINUTES

The Finance Committee and Full Council of the City of Willmar met on Monday, October 13, 2014, in the Council Chambers at the Willmar Municipal Utilities Building.

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

Others present: Council Member Bruce Deblieck, Council Member Steve Ahmann, Council Member Jim Dokken, Council Member Ron Christianson, Mayor Frank Yanish, City Administrator Charlene Stevens, City Finance Director Steve Okins, Planning and Development Director Bruce Peterson, Public Works Director Sean Christensen, Community Ed and Rec Director Steve Brisendine, Police Chief Jim Felt, Fire Chief Gary Hendrickson, Public Works Supervisor Scott Ledebor, EDC Executive Director Steve Renquist, "West Central Tribune" Journalist David Little, and Accounting Supervisor Carol Cunningham.

Item No. 1 Call to Order

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

Item No. 2 Public Comments

There were no comments from the public.

Item No. 3 EDC 2014 Budget Presentation (Motion)

Steve Renquist, EDC Executive Director, reviewed the EDC 2015 Budget with the Council. Anticipated revenue for 2015 totals \$543,981 and includes the County Tax Levy of \$465,000. The levy was increased \$10,000 from previous years in anticipation of receiving the BNSF Tiger II Grant. Since this grant was not funded, it is anticipated the EDC Board will reduce the levy back to \$455,000 for 2015. The EDC is also proposing to utilize \$64,774 from the agency's reserves as a funding source. The overall budgeted expenditures for 2015 total \$543,981. Mr. Renquist stated this budget includes a proposed 5% increase in each of the salaries for the Assistant Director and the Business Development Specialist.

Following discussion, the proposed 2015 EDC Budget, including the tax levy, was approved upon motion by Council Member Fagerlie, seconded by Council Member Nelsen and carried.

Item No. 4 2015 Mayor Proposed Budget (Information)

A. Previous Questions

Staff distributed historical information about the County and School District total tax levies. It was also noted that the EDC tax levy has been the same amount each year for the past few years, however, the breakdown of the amounts allocated between the City and the County Tax Rolls have varied due to agricultural land transfers. Council Member Anderson asked if the County is subject to levy limits. Staff will research this question and present more information on levy limits for the City as well as the County at a future meeting.

Staff reported that the Public Works Blacktop Fund Balance of \$200,000 was earmarked for future pavement work and will be included in the 2015 Street Program.

Staff also explained the Uncompensated Absences Fund Balances which are comprised of three areas. 1) Current employees' vacation and sick leave based on contractual obligations. 2) Retired employees' liability for the Early Retirement Program which allows retirees to receive \$430 per month toward health insurance premiums. For every three years of employment, the employee will receive one year of the health insurance allowance. Previously, this program was offered on three different occasions for a specified period of time. It is currently in its fourth offering, which has been continuous since 2008, when the City Administrator recommended and the Council approved leaving the Early Retirement Program open ended. To qualify under this program, an employee must work for the City for a minimum of 20 years, must retire from the City and begin receiving PERA benefits. 3) Retired employees' sick leave funds left with the City for payment of their net health insurance premiums. Once the retiree terminates health insurance coverage through the City, any remaining sick leave funds are to be paid in full to the retiree.

B. Capital Program

Staff presented an overview of the Capital Improvements and Vehicle Replacement Programs and distributed the proposed replacement schedules. Council Member Christianson questioned the following projects: Rebuild Orange Field/Replace Cinder Warning Track for \$50,000, Taunton Field Storm Shelter for \$100,000, Backstop Replacements at Swansson Field for \$30,000, Top Dressing Soccer Fields Westwind Park for \$30,000, Canine Program for \$6,000, City Hall Thin Clients for \$125,000, City Hall Permit System for \$25,000, and Extrication Equipment in 2016 for \$35,000. CER Director Brisendine explained that the cinder warning tracks on the Orange Field at Swansson are a hazard and should be replaced, and funding for fence work may possibly be shared by the Baseball Boosters. Mr. Brisendine also noted that an update on the status of the Park Plan will be presented at the Fire Station on October 14, 2014. Council Member Deblieck noted WRAC-8 funds were being proposed to be used for some capital improvements listed and wondered what the status was of those WRAC-8 funds. Staff explained that \$125,000 is to be used in 2015 for City Hall Thin Clients and the remaining WRAC-8 Funds will be used for Auditorium improvements. Construction of walking paths around Willmar was discussed. The circumference around Willmar is not yet complete due to difficulty encountered in determining a location for a path along the golf course road on the north side. Council Member Anderson asked about the Master Plan Update to which Public Works Christensen explained normal practice is to update the Master Plan every five to ten years. Council Member Christianson asked about LOST funds. Staff indicated that most of the remaining funds are earmarked for the Western Collector in the Industrial Park and \$968,000 is proposed to be designated for the paths on Lakeland Drive, Hedin Park, CSAH 41, and Robbins Island Beach.

Staff presented an overview of the Vehicle Replacement Policy and the proposed schedule for 2015. It was noted three vehicles totaling \$425,000 were moved from the 2015 Schedule to 2017 in an effort to balance out annual expenditures. Council Member Ahmann would like to transfer \$500,000 from the 2015 Vehicle Replacement Schedule to Pavement Improvement Projects. Council Member Anderson felt the Vehicle Replacement Policy should be followed and if the Council wants to extend replacement schedules, the policy should be reviewed and revised to do that. Staff also explained that other aspects, including the vehicle's purpose, are taken into consideration when reviewing replacement schedules. Council Member Christianson asked about the two Bobcats to be replaced in 2015 and the CSO Vehicle to be replaced in 2016. Staff explained the Bobcat for Public Works is used for clearing off trails, etc, and the Civic Center Bobcat will be used for mowing, as a loader, and as a forklift, replacing the existing lift that is no longer up to code.

Council Member Christianson left at this time.

Public Works Director Christensen presented the Pavement Management Plan. Council Member Johnson asked what the effect of the cost of oil has on the per foot cost of pavement improvement. Staff reported that oil costs can have an impact, noting that other cost factors could fluctuate as well. Council Member Deblieck asked about researching the makeup of street construction, trenchless sewer improvements, and the possibility of vehicle restrictions on certain streets to save wear and tear. Council Members Nelsen and Anderson asked if staff has considered the "Complete Streets" concept which includes bike lanes, etc. Public Works Director Christensen explained that new methods for street improvement and

construction are always explored. Trenchless sewer improvements are used where reasonable, but if the existing pipe is not large enough for the capacity required, "digging in" methods still need to be used. Council Member Ahmann requested staff to compile pavement management cost projections for the next ten years. Furthermore, ag deferments should be reviewed to determine possible changes to that policy, as well as the percentage paid by the City versus the property owners for street improvements. Public Works Director Christensen explained that a five-year projection of pavement management costs would probably be more reasonable since cost predictions for a longer period would be inaccurate. Staff also explained that the current assessment ratio for street improvements averages 30% for overlay and 55 – 60% on reconstruction.

C. Other Revenue Sources

Staff reported on other revenue sources including a gas utility franchise fee first discussed by the Council in 2007 when it was estimated at \$250,000. Recent estimates obtained in 2014 from Centerpoint Energy indicate an increase of approximately 2% over the original amount. Another source previously discussed would be charges for fire calls which, based on the number of 2013 fire calls, would provide around \$15,000 annually. Council Member Nelsen asked staff to research what the annual Willmar Municipal Utilities' contribution limits would be for street reconstruction. Council Member Anderson offered the following possibilities for other revenue sources. 1) The \$147,000 per year that the Mayor included as part of the tax levy for the street improvement program could be used instead to repay \$1.2 million in street improvement bonds over 10 years. 2) Possibly increasing the utility replacement fee by \$1.50 per month for an additional \$150,000 per year. Council Member Ahmann stated the Council needs to address these options to the citizens of Willmar, including an increase in taxes, instituting franchise fees, raising the utility replacement fee, charging for fire calls, etc. Council Member Deblieck suggested reviewing the assessment policy.

At this time, the Finance Committee continued to conduct business.

Item No. 5 Agricultural Land Leases (Resolution)

Staff explained to the Committee that a bid opening was held recently to lease out agricultural land surrounding the old and new airports and the new wastewater treatment plant. Bid tabulations and proposed leases were reviewed reflecting interested bidders in all 13 tracts, which range in size from 6 acres to 143.8 acres. It was noted that, per Council action on September 2, 2014, the rent for the tract at ROW II, leased to Dan Groothuis, is calculated using the average of the six highest rates per acre plus \$20 per acre.

Following discussion, Council Member Fagerlie moved to introduce a resolution to authorize the Mayor and City Administrator to execute the 13 agricultural leases as presented. Council Member Nelsen seconded the motion which carried.

Item No. 6 Police Department Explorer Account Request (Resolution)

Chief Jim Felt explained to the Committee that the Willmar Police Department is organizing a Willmar Police Explorer group as an outreach program for young people age 14 to 21 in the Willmar community. The Police Explorer program is a nationally established program under the Boy Scouts of America Learning for Life to teach young people about law enforcement careers and build interaction between police and the community. The Willmar Police & Peace Officers Association has donated \$500 in start-up funds for this program. Funds will be used for student uniforms, training equipment, and other costs/supplies. Future funds will be obtained through fundraising activities.

Following discussion, Member Nelson moved to introduce a resolution to establish a separate internal City account for the Willmar Police Explorer Program. Council Member Fagerlie seconded the motion which carried.

Item No. 7 Old Business (Information)

There was no old business.

Item No. 8 New Business (Information)

Staff reminded the Committee that there will be another Council Work Session on November 10, 2014, at 4 PM, to discuss the 2015 Mayor's Proposed Budget including Community Group Requests, the Rice Hospital 2015 Budget and the Willmar Municipal Utilities 2015 Budget.

There being no further business to come before the Committee, the meeting was adjourned at 6:21 p.m.

Respectfully submitted,



Carol Cunningham
Accounting Supervisor