

FINANCE COMMITTEE

MINUTES

The Finance Committee of the Willmar City Council met on Monday, May 12, 2014, in Conference Room No. 1 at the City Office Building.

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

Others present: City Administrator Charlene Stevens, Finance Director Steve Okins, City Clerk Kevin Halliday, Rice Memorial Hospital Representatives Mike Schramm and Bill Fenske, Dan Groothuis, Mayor Frank Yanish, Council Member Bruce DeBlieck, "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 4:45 p.m.

Item No. 2 Public Comments

There were no comments from the public.

Item No. 3 Rice Memorial Hospital 03/31/14 Financial Report (Information)

Bill Fenske, CFO of Rice Hospital, presented the committee with the 03/31/14 Financial Report, which reflects a year-to-date net operating loss of \$2,485,994. The month of March generated a loss of \$99,638, which is an improvement from February's net loss of \$1,153,480 and January's net loss of 1,232,876. The primary contributing factors of increased outpatient activity helped improve the Hospital's financial performance. Discussion included accounts receivable issues, the shift in Payer Mix to more governmental sources and less commercial sources, and efforts to recruit more specialized physicians for the hospital, particularly orthopedists. This matter was received for information.

Item No. 4 Groothuis Land Lease Request (Information)

Staff explained that Dan Groothuis, prior owner of land northwest of the new airport runway, has inquired of various Council Members whether special bidding criteria could be given to land owners who lost acreage from the eminent domain taking of land. Mr. Groothuis was present to express his desire to have negotiated rental rates or rights of first refusal after bids are solicited. After considerable discussion, it was the consensus of the Committee that there should be no change in how staff conducts the land rental procedure.

Item No. 5 Increase Lakeland Drive Bike Path Budget (Resolution)

Staff explained that Bill Latham of WM Latham Appraisals, under contract with the City for \$29,500, has concluded the appraisal of the Lakeland Drive SE Bike Trail project. Initial Permanent and Temporary Easement Values were estimated at \$40,500 but the total appraised value returned by Mr. Latham totals \$85,450. Consequently, an additional \$45,000 needs to be allocated from the Industrial Development Fund in order to complete the project of purchasing the necessary easements. It was noted that the Temporary Easement deadline is two years from the purchase; subsequently, it was determined that the Temporary Easements should be purchased in September to allow for two construction seasons to complete the project.

Following discussion Council Member Fagerlie moved to introduce a resolution increasing the Lakeland Drive Bike Path Budget by \$45,000 allocated from the Industrial Development Fund to enable completion of the required easement purchase for the Lakeland Drive SE Bike Trail project. Council Member Nelsen seconded the motion which carried.

Item No. 6 2015 Proposed Budget Calendar (Motion)

Staff reviewed with the Committee the proposed 2015 Budget Calendar. Mayor Yanish stated he had no questions or concerns regarding this 2015 calendar.

Following discussion Council Member Fagerlie moved to approve the 2015 Budget Calendar as presented. Council Member Johnson seconded the motion which carried.

Item No. 7 2014 Street Improvement Financing (Information)

Staff provided to the Committee a tentative budget calendar for the 2014 Street Improvement Project and reported that there are ongoing discussions with local lending institutions for possible alternatives to normal bonding procedures for street improvement financing. Preliminary information reflects little additional costs using local financing which would provide the benefit of utilizing local dollars. It was the consensus of the Committee that staff should continue to pursue these local financing alternatives.

Item No. 8 Ditch Maintenance Funding – Public Works (Information)

Staff explained to the Committee that the City has received invoices for ditch repairs within the City limits in the amount of \$156,270.29, however, the 2014 Budget includes only \$20,000 for these repairs. It is being proposed that the remaining \$136,271 be funded through the Surface Water Management Budget. These invoiced costs being levied are based on the prior year's expenses and are previous to the Redetermination of Benefits of County Ditches dated April 1, 2014. It was noted that future expenses for routine maintenance and repairs will be considerably less. Council Member Johnson asked if there is a procedure for objecting to the cost of the ditch maintenance. Chair Anderson also questioned whether or not the City could contest the cost and asked staff to research other funding sources.

Following discussion Council Member Nelsen moved to table this matter until the next Finance Committee meeting to allow staff an opportunity to determine the process, if any, for contesting the charges and to look into other possible funding sources for these costs. Council Member Fagerlie seconded the motion which carried.

Item No. 9 Sign Reflectivity Reallocation (Resolution)

Staff explained that the 2014 Capital Improvement Program includes \$25,000 designated for Sign Retro-Reflectivity by federal mandate; however, this is considered annual maintenance and not a capital project that requires fixed asset tracking. Subsequently, it is being requested that these funds be reallocated into the 2014 Public Works Maintenance of Other Improvements Operating Budget.

Following discussion Council Member Nelsen moved to introduce a resolution reallocating \$25,000 from the 2014 Capital Improvements Budget to the 2014 Public Works Maintenance of Other Improvements Operating Budget for Sign Retro-Reflectivity maintenance. Council Member Johnson seconded the motion which carried.

Item No. 10 Old Business (Information)

There was no old business.

Item No. 11 New Business (Information)

There was no new business.

There being no further business to come before the Committee, the meeting was adjourned at 6:06 p.m. by Chair Anderson.

Respectfully submitted,

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

Carol Cunningham
Accounting Supervisor