

FINANCE COMMITTEE

MINUTES

The Finance Committee of the Willmar City Council met on Monday, August 25, 2014, in the 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, City Clerk Kevin Halliday, Police Chief Jim Felt, Council Member Bruce Deblieck, Council Member Jim Dokken, Deb Zeiner of VFW Post 1639, Justin Hedtke of KRA Speedway, Dan Groothuis, 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 Liquor License Violations (Information)

Pursuant to a July 10, 2014, liquor compliance check conducted by the Willmar Police Department, staff presented to the Committee the list of retail liquor establishments that violated Municipal Code Sec. 3-10 Minimum Penalties for Violations of State or City Ordinances resulting from the Sale of Alcoholic Beverages. Two establishments incurred their first violation for which representatives were present to explain measures being taken to eliminate future violations, including enrolling all employees in compliance check training programs annually. The two establishments involved were VFW Post 1639, represented by Deb Zeiner; and KRA Speedway, represented by Justin Hedtke. In addition, one establishment, El Tapatio Mexican Restaurant, incurred its second violation with a penalty of \$1,000 per City Ordinance 1320. It was noted this fine has been paid in full. This matter was for information only.

Item No. 4 Dan Groothuis Proposal (Motion)

Staff reviewed an e-mail sent from Dan Groothuis, prior owner of land northwest of the new airport runway, proposing a negotiated rental rate for ROW II which he leases from the City. Mr. Groothuis has made previous inquiries of the Council to negotiate the rental rate and on two prior occasions the Council felt there should be no change in how staff conducts the land rental procedure. Mr. Groothuis was present once again to request special bidding criteria since he lost acreage from the eminent domain taking of land. He proposed averaging the annual rents per acre of all 11 parcels plus \$20 per acre for ROW II.

Following considerable discussion, Council Member Johnson moved to approve the option of averaging the rent of all 11 parcels plus \$20 per acre for two years. Council Member Fagerlie seconded the motion. Council Member Fagerlie then moved to amend this motion to be an average of the six highest parcel rents plus \$20 per acre for four years. Council Member Anderson seconded the motion which carried. The original motion which was amended to approve the average of the six highest parcel rents plus \$20 per acre for four years was then voted on and carried.

Item No. 5 Auditorium Change Orders (Resolution)

Staff explained that the Council recently accepted bids on the City Auditorium Remediation Project, including Alternate No. 4 which planned for the capping and lead containment of the basement ductwork in the lower floor at the base of the stairs, saving \$11,000. After the initial award of the project, the final mechanical plan was received which indicates a conflict with the space needed for the finished product of Alternate No. 4 so the \$11,000 will need to be added back into the contract as Change Order No. 1.

Staff also explained that two mechanical shafts on the east end of the Auditorium running vertically from the lower floor through the roof can remain and be capped in place which would result in a \$5,000 net reduction, identified as Change Order No. 2, to the contract.

Following discussion, Council Member Fagerlie moved to introduce a resolution to approve Change Order No. 1 to remove Alternate No. 4 from the City Auditorium Remediation Project which increases the contract total by \$11,000 and to approve Change Order No. 2 capping two mechanical shafts on the east end of the Auditorium for a reduction of \$5,000. The net result of Change Orders No. 1 and 2 will be an increase in \$6,000 to the Contract. Council Member Johnson seconded the motion which carried.

Item No. 6 Zamboni Purchase (Resolution)

Staff explained that the purchase of a Zamboni Ice Resurfacer Machine is included in the 2015 Vehicle Replacement Program. Only one company in the United States manufactures this type of Zamboni. A quote was received in the amount of \$131,210 less a trade-in value of approximately \$30,000 to \$40,000. Staff is requesting to order the Zamboni now in 2014 but the City would not take delivery until 2015 as it takes up to nine months for an order to be completed and delivered. It was noted the 2015 Vehicle Replacement Program includes \$130,000 for the purchase and replacement of a new Zamboni Ice Resurfacer Machine. Chair Anderson asked if the old Zamboni should be sold instead of traded in. Staff will research this. Concerns were raised regarding authorizing a capital expenditure before officially adopting the 2015 Vehicle Replacement Program Budget.

Following discussion, Council Member Nelsen moved to introduce a resolution to enter into the contract to purchase the Zamboni Ice Resurfacer Machine in 2014 with the understanding that receipt and payment thereof will occur in 2015 and to authorize the Mayor and City Administrator to execute the appropriate documents on behalf of the City. Council Member Johnson seconded the motion which carried.

Item No. 7 Removal of Agricultural Land Exemption of Special Assessments (Resolution)

Staff provided information regarding current Agricultural Land Exemption of Special Assessments. If the exemption is granted, it remains on the City deferment program until its useful life is attained. The useful life of a watermain is forty years and a street is twenty years from the date of initial construction. It was being recommended that Deferred/Pending Assessments from projects in 1993 (Street) and 1974 (Watermain) heretofore exempted from payment pursuant to the agricultural exemption be written off because they are now beyond useful life.

Following discussion, Council Member Fagerlie moved to introduce a resolution to remove Parcel 95-908-0140 from the 1993 Street Assessment for \$27,495 and Parcel 95-908-0130 from the 1974 Watermain Assessment for \$3,517. Council Member Nelsen seconded the motion which carried.

Item No. 8 Old Business (Information)

Chair Anderson asked the Committee for their thoughts on options for funding deferred maintenance issues and offered the possibility of a small levy increase. Member Fagerlie noted that there have been past discussions of a Centerpoint Energy franchise fee as well as instituting insurance-paid fire call charges. Discussion also included scheduling council work sessions to discuss the Capital Improvement Program, Community Groups, Pavement Management, and other topics as may be requested. The Committee directed staff to provide additional information on deferred maintenance costs of the City and potential new revenue sources.

Item No. 9 New Business (Information)

Staff informed the Committee that the Community Education and Recreation Department is working with the Little Crow Archery Club to write a MN DNR Archery Range Development Grant which would require a match of \$2,500 from the City of Willmar/Little Crow Archers if approved. This matter was for information only.

There being no further business to come before the Committee, the meeting was adjourned at 6:00 p.m.

Respectfully submitted,



Carol Cunningham
Accounting Supervisor