

FINANCE COMMITTEE/CITY COUNCIL

MINUTES

The Finance Committee and Full Council of the City of Willmar met on Monday, September 29, 2014, in the Council Chambers at the Willmar Municipal Utilities Building.

Present:	Denis Anderson	Chair
	Rick Fagerlie	Member
	Audrey Nelsen	Member
	Ron Christianson	Member

Others present: Council Member Bruce Deblieck, Council Member Steve Ahmann, Mayor Frank Yanish, City Administrator Charlene Stevens, City Finance Director Steve Okins, City Clerk Kevin Halliday, 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, 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. who noted that this is a Finance Committee meeting with full council participation for purposes of discussing the 2015 Mayor’s Proposed Budget and setting the 2015 tax levy.

Item No. 2 Public Comments

There were no comments from the public.

Item No. 3 2015 Mayor Proposed Budget (Information)

A. Fund Balance Update

Staff reviewed the December 31, 2013, Fund Balances with the council. In response to Member Christianson’s inquiry about which funds the Council could use at their discretion, Finance Director Okins explained the ramifications of spending down various fund balances. Chair Anderson requested information about the Uncompensated Absences Fund Balances and Member Ahmann asked for an explanation of the Public Works Blacktop Fund Balance. Staff will compile information about both items and present it at a future meeting. Mayor Yanish asked in what areas the City was long and short in revenues over expenditures, to which staff explained that neither has occurred as to date we have always had a balanced budget. Member Ahmann noted that, excluding police and fire vehicles, there is \$1,155,834 in vehicle replacements scheduled for 2015 and stated the City should delay vehicle purchases, except for those needed for police and fire, for one year to help pay for the auditorium. He also has concerns with employee compensation costs. Chair Anderson stated the council will be discussing capital expenditures and pavement management on October 13, 2014.

B. County and School Ten-Year Levy History

Staff briefly reviewed the 2014 City Assessor’s report reflecting a ten-year history of the County, School District, and EDC levies. Chair Anderson asked why the EDC amounts varied from one year to the next since the annual amount they levy has been the same for several years. Member Nelsen noted the amounts listed are after “Aids” and asked for an explanation of the aids. Staff will compile information on both the EDC and the specific aids and will present it at a future meeting. Member Deblieck asked about the status of the JobZ Program. Planning and Development Director Peterson reported that the program terminates in 2015.

C. Fees History

Various fees collected by the City over the past few years were reviewed as well as budgeted amounts for 2014 and the proposed budget amounts for 2015.

Finance Committee Chair Anderson noted the following item No. 4 was referred to the full City Council for consideration, both discussion and subsequent action, pursuant to the public notice that the item would be considered.

Item No. 4 Adoption of 2015 Proposed Property Tax Levy (Resolution)

Council Member Anderson reviewed the proposed plan for funding the City Auditorium project which includes: \$250,000 from the 2014 Capital Improvements Budget, \$250,000 borrowed from the Self Insurance Reserve, \$250,000 borrowed from the Public Improvements Revolving Fund, \$163,000 from the WRAC-8 Fund Balance, and \$208,000 from the past three years unspent Capital Improvements Funds. He raised concerns about spending down reserves and proposed that the levy be increased by \$250,000 for 2015 to pay off the amount to be borrowed from the Self Insurance Reserve. In 2016 the additional levy could be used to pay off the balance borrowed from the Public Improvement Revolving Fund. Then beginning in 2017 the additional levy could be earmarked for needed capital improvements to city parks and facilities. Questions were raised as to how that would increase individual property taxes. Finance Director Okins explained that \$250,000 would require an increase of approximately two basis points. This translates to an increase of about \$26 on a \$150,000 home. Questions were raised about the amount of taxes that will be generated by MinnWest once they are placed on the tax rolls beginning in 2016. Staff will verify amounts and present them at a future meeting. Council Member Fagerlie noted that all users, including non-profit entities, would pay a franchise fee. Council Member Christianson prefers increasing the tax levy rather than instituting a franchise fee through Centerpoint Energy, as the Committee has discussed at previous meetings, and reminded council members to consider the upcoming expanded tax base as well as tweaking the Capital Improvements Program. Council Member Anderson reminded the council that there is also the possibility of proposing a local option sales tax on the 2016 Ballot.

Following discussion, Resolution No. 1 was introduced by Council Member Fagerlie, seconded by Council Member Nelsen, and approved on a roll call vote of Ayes 4, Noes 2. Voting in favor were Members Anderson, Deblieck, Fagerlie, and Nelsen. Voting against were Members Ahmann and Christianson.

RESOLUTION NO. 1

BE IT RESOLVED that the Mayor of the City of Willmar submitted a preliminary levy request of \$4,451,028;

BE IT RESOLVED by the City Council of the City of Willmar, Kandiyohi County, Minnesota, that the following sums of money be preliminary levied for the current year collectable in 2015, upon the taxable property in said City of Willmar for the following purposes:

General Fund	<u>\$4,451,028</u>
	\$4,451,028

BE IT RESOLVED, that there is a sufficient sum of money in the Debt Service Funds of the City to pay principal and interest in 2015 on all outstanding bond issues, and the deferred annual tax levies previously certified to the County Auditor are hereby canceled;

BE IT FURTHER RESOLVED that a public hearing shall be scheduled for the 2015 proposed budget on December 1, 2014.

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

Dated this 29th day of September, 2014.

/s/ Frank A. Yanish
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

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

Item No. 5 Civic Center Office Relocation Project (Resolution)

Staff presented a request to reallocate funds in the 2014 Capital Improvement Budget originally approved for replacement of the cedar shakes at the Civic Center for \$60,000. It has been determined that the cedar shake project cannot be completed for the budgeted amount at this time. Staff is proposing that \$17,408 of this amount be used for the relocation of the office at the Civic Center. When the addition was constructed in 2007, relocation of the office was considered but postponed to determine whether or not it would be beneficial. It has become apparent that there would be a tremendous benefit for the office to be near the entrance to the facility for better communication with both users of the facility and part time staff working ticket sales and concessions.

Following discussion, Member Nelsen moved to introduce a resolution to reallocate \$17,408 from the cedar shake replacement project in the 2014 Civic Center Capital Improvement Budget to the office relocation project and to authorize the Mayor and City Administrator to execute the contract with Cornerstone Construction, Inc., as presented. Member Fagerlie seconded the motion which carried.

Item No. 6 Reallocate 2014 Capital Improvement Budget – IT (Resolution)

Staff presented a request to reallocate funds in the 2014 Capital Improvement Budget originally approved for the purchase of agenda software for \$27,000. Due to employee turnover, development and planning for this new agenda software has not been instituted in 2014 but has been requested for 2016. It has since been determined that the data backup/disaster recovery system is in need of being replaced. The current system is five years old and is in question of being able to successfully perform in the event of a hardware failure or disaster. Three servers that are eight years old and out of warranty would also be replaced. Total cost is estimated at \$28,442. The remaining \$1,442 is available from the 2014 IT Department operating budget. Member Christianson asked if the software will be purchased locally and Member Fagerlie asked if IT has looked into the possibility of using the “Cloud” instead of hardware for a backup system. Staff will research these two questions and provide the information at a future meeting.

Following discussion, Member Nelson moved to introduce a resolution to reallocate \$27,000 from the agenda software project in the 2014 IT Capital Improvement Budget to the data backup system project. Member Christianson seconded the motion which carried.

Item No. 7 Reports (Information)

The Committee received the following reports: July Rice Hospital, Second Quarter Interest/Dividends, Second Quarter Investment Activity, June 30, 2014, Investment Listing, Ten-Year Historical Investment Balances by Quarter, Ten-Year Historical Interest/Dividends by Quarter, and August Rice Trust. This matter was taken for information only.

Item No. 8 Old Business (Information)

There was no old business.

Item No. 9 New Business (Information)

Chair Anderson reminded the Council Members that there will be another Council Work Session on October 13, 2014, and on November 10, 2014. He also encouraged members to attend the "Walk the Corridor" which is being held downtown September 30, 2014.

There being no further business to come before the Committee, the meeting was adjourned at 6:16 p.m.

Respectfully submitted,

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

Carol Cunningham
Accounting Supervisor