CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 3
Meeting Date: June 10, 2013
Attachments: ☒ Yes No

CITY COUNCIL ACTION
Date: June 17, 2013

☐ Approved ☐ Denied
☐ Amended ☐ Tabled
☐ Other

Originating Department: Finance

Agenda Item: Rice Memorial Hospital Financial Reports: 2012 Final and 04/30/13

Recommended Action: Review and discuss the Rice Memorial Hospital Financial Reports for the year ended 12/31/2012 and for the current year through 04/30/2013.

Background/Summary: Periodic review and discussion with Rice Hospital Staff regarding the financial condition of Rice Hospital.

Alternatives: None suggested.

Financial Considerations: None.

Preparer: Steve Okins, Finance Director

Signature:

Comments:

Rice Memorial Hospital
Financial Statements
April 30, 2013

Executive Summary

April was another negative month in terms of financial performance compared to budget and in terms of actual performance. Rice generated a loss of $315,000 from operations in April compared to budgeted Operating Income of $151,000 which compounded the YTD budget deficit to $2.5 million. The primary contributing factor for this month's loss was the write-offs of receivables at Home Medical which accounted for $280,000 of the deficit. The write-offs related to three main areas: prior errors and adjustments on old accounts; lack of documentation and medical necessity; and timely filings. The unfortunate aspect to this issue is that we believe we have not fully cleared up the issues from the old accounts and thus further write-offs may be necessary. At this point, 100% of the Billing department is working on this issue and Rice is outsourcing the work on the newer accounts through the software system vendor. In addition to Home Medical write-offs; Hospital Net Patient Revenue was 8.6% less than projected due to lower than expected outpatient activity. Outpatient Revenues were 10.7% less than budget and 5.7% less than last year. In addition, profitability at Willmar Medical Services (WMS) activity also contributed to the lower than projected results.

Here is a summary of key financial indicators:

	Actual	**Budget**	**Last Month/ Last YTD**	**Prior Year**	**Benchmark**
Operating Margin-Month	-4.1%	1.8%	-2.7%		
Operating Margin-YTD	-5.1%	2.8%	-2.4%	1.4%	2.2%
Excess Margin-Month	-2.2%	2.6%	0.8%		
Excess Margin-YTD	-3.8%	3.7%	-1.2%	2.3%	2.8%
EBIDA Margin-Month	8.3%	12.5%	10.6%		
EBIDA Margin-YTD	6.4%	13.2%	8.8%	13.1%	10.8%
Net Days of Receivables	56	50	67	64	46
Days of Cash	110	129	98	114	131
Debt/Capitalization	42.7%	41.8%	44.9%	43.4%	38.7%
Cash/Debt	63%	82%	54%	63%	87%

April 30, 2013 Balance Sheet:

The April YTD balance sheet realized a decrease in Net Assets of $844,000. Total Assets have decreased $3.6 million while Total Liabilities have decreased $2.7 million. The Total Asset decrease was due to a decrease in Current Assets of $4.3 million; an increase in Assets Limited as to Use of $112,000; an increase in Property, Plant, and Equipment of $974,000; and a decrease in Other Assets of $378,000. The increase in Current Assets was due to decreases in Cash, Trustee Bond Agreement reserves (debt service payments) and Receivables. Receivable collections have improved as Days Outstanding decreased in April from 58 days to 56 days. Assets Limited as to Use has

increased due to market value increases in the Rice Trust Endowment Fund. Property, Plant, and Equipment has increased due to the Care Center Project and Other Assets have decreased due to General Investment transfers to Cash offset by a timing difference in the investment in Willmar Medical Services. Cash & General Investments have decreased $1.0 million since December 31, 2012 due to lower than anticipated operating performance. Liabilities have decreased due decreases in Current Liabilities and debt payments. Net Assets have decreased due to financial performance but offset somewhat by increases in Specific Purpose Funds and the Rice Trust Fund.

April 2013 Results:

The overall net Operating Loss was $315,000 compared to budgeted Operating Income of $151,000 and compared to last year's Operating Loss of $216,000. Hospital Patient Revenues were $174,000 (1.6%) less than budget for the month but 1.7% greater than the prior year. Inpatient Revenues were 13.0% greater than budget but Outpatient Revenues were 10.7% less than budget. Inpatient revenues were driven by increased revenues in many departments due to the increased census. Outpatient Revenue decreases were the result of lower revenues in Surgery, Lab, Radiation Oncology, and Hospice. The revenue variances related to lower volumes however, Surgery continued to experience a lower acuity of procedures thus creating its negative rate variance. Care Center Revenues were greater than budget by 11.2% due to higher than projected outpatient or Part B therapy services even though the census was lower. Home Medical revenues were 5.5% higher than budget due to higher Rental Revenue activity.

Consolidated deductions from revenue were 5.1% ($420,000) greater than budget due to the Home Medical write-offs and payer mix. Separating out these write-offs of $280,000 still indicate that the payer mix continues to push toward government sources thus lowering the reimburse rate. As a result, a negative Net Patient Revenue variance of $780,000 (8.8%) occurred in the month. The Hospital's reimbursement rate for the month was 47.36% compared to a budget of 48.72%; a negative revenue variance of $201,000.

Other operating revenues were $281,000 (18.7%) less than budget due to projected lower WMS activity and profits. WMS activity at Rice was less than budget by $109,000 (6.2%) due to lower Radiation Oncology and Imaging activity. Total Operating Revenues were $7.6 million or $952,000 (11.1%) less than budget and $498,000 (6.1%) less than last year.

Net Expenses were $7.9 million which was $485,000 (5.8%) less than budget. Expenses were mostly lower than budget for the month with Salaries $40,000 (1.1%) less than budget due to lower Hospital patient activity and lower FTE's. Contract Labor was $24,000 (8.7%) greater due to Care Center contracted therapy costs. Benefits were $162,000 (14.6%) less due to Health Insurance claims. Supplies were $156,000 (15.1%) less than budget due lower activity in Surgery and Home Medical sales. Drugs were $287,000 (36.3%) less due to lower Medical Oncology purchases. Purchased Services were $1,900 (0.4%) less than budget; Repairs were at $6,100 (2.3%) greater than budget; Utilities were $19,000 (14.8%) less than budget; Insurance was $2,600 (4.5%) less than budget; Patient Related Travel was $2,600 (7.1%) greater than budget; Education, Travel, and Dues were $3,100 (4.0%) less than budget; and Other was $3,700 (9.7%) less than budget. Depreciation was $29,000 (4.2%) less than budget while Interest was $8,000 (5.5%) less than budget as Care Center financing has not occurred. Bad Debts were $35,000 (24.6%) less than budget with Taxes $5,600 (3.0%) greater than budget due to

MN Care taxes paid. Bad Debts and Uncompensated Care were $76,000 (27.9%) less than budget and 25.6% less than last year.

Non-operating activity was $70,000 greater than budget due to unrealized gains on investments. Rice will continue to monitor its investments and analyze if some investments that should be sold in order to capture the realized gains on the instruments. In addition, this is an agenda item at the upcoming meeting.

The Hospital generated Operating Income of $1,000 compared to budgeted Operating Income of $115,000 and last year's Operating Loss of $135,000. Care Center activity generated an Operating Loss of $18,000 compared to expected Operating Income of $61,000 and last year's Operating Income of $48,000. Home Medical activity generated an Operating Loss of $297,000 compared to a budgeted Operating Loss of $25,000 and last year's Operating Loss of $55,000.

April YTD 2013 Results:

The overall net Operating Loss was $1.5 million compared to budgeted Operating Income of $986,000 and last year's Operating Loss of $793,000. Hospital Patient Revenues were $2.3 million (5.0%) less than budget and 2.7% less than last year. Inpatient Revenues were 0.5% less than budget and Outpatient Revenues 8.2% less than budget. Inpatient revenues were driven by the lower census while Outpatient Revenues were the result of lower revenues in Surgery, Anesthesia, Emergency, Pharmacy, Lab, and Medical Imaging activity. Most of the revenue variances related to lower volumes however, Surgery experienced a lower acuity of procedures thus creating a negative rate variance. Care Center Revenues were greater than budget by $179,000 (5.4%) due to higher than projected outpatient or Part B therapy services even though the census was lower. Home Medical revenues were 0.6% greater than budget (Rental revenues) and 18.3% greater than last year due to higher Sales and Rental revenues.

Consolidated deductions from revenue were only 0.4% ($141,000) less than budget even though Patient Revenues were 4.9% less than budget. A downward shift in reimbursement due to government payers contributed to this variance along with the negative write-offs at Home Medical. Net Patient Revenue was $3.3 million (9.1%) less than budget and 4.2% less than last year. The Hospital's reimbursement rate was 47.28% compared to a budget of 49.12%; a negative revenue variance of $1.0 million.

Other operating revenues were $868,000 (14.4%) less than budget due to lower WMS activity and profits. WMS activity at Rice was less than budget by $339,000 (4.8%) due to lower Medical Oncology and Imaging activity. Total Operating Revenues were $31.5 million or $3.8 million (10.9%) less than budget and $1.4 million (4.4%) less than last year.

Net Expenses were $33.1 million which was $1.2 million (3.7%) less than budget. Expenses were mostly lower with Salaries $359,000 (2.3%) less than budget due to lower Hospital patient activity and thus lower FTE's. Contract Labor was $83,000 (8.1%) greater due to Care Center contracted therapy costs. Benefits were $48,000 (1.1%) lower due to Health Insurance claims. Supplies were $363,000 (8.5%) less than budget due lower activity in Surgery and Home Medical sales. Drugs were $1.0 million (32.2%) less due to Medical Oncology purchases and decreased Hospital patient activity. Purchased Services were at budget; Repairs were $30,000 (2.8%) greater than budget due new patient monitoring leases; Utilities were $35,000 (6.3%) less than budget; Insurance was

$12,000 (5.3%) less than budget; Patient Related Travel was at budget; Education, Travel, and Dues were $30,000 (9.1%) greater than budget due to Administration and SWEPT activity; and Other was $4,700 (3.1%) less than budget. Depreciation was $39,000 (1.4%) less than budget while Interest was $31,000 (5.4%) less than budget. Bad Debts were $107,000 (18.3%) less than budget with Taxes $26,000 (3.5%) less than budget. Bad Debts and Uncompensated Care were $239,000 (21.7%) less than budget and $93,000 (9.7%) less than last year.

Non-operating activity was $75,000 greater than budget. Rice will continue to monitor its investments and analyze if some investments that should be sold in order to capture the realized gains on the instruments.

The Hospital generated an Operating Loss of $1.4 million compared to budgeted Operating Income of $755,000 and last year's Operating Loss of $807,000. Care Center activity generated Operating Income of $70,000 compared to expected Operating Income of $243,000 and last year's Operating Income of $82,000. Home Medical activity generated an Operating Loss of $232,000 compared to a budgeted Operating Loss of $11,000 and last year's Operating Loss of $68,000.

Statistical and Volume Summary

Statistics and volumes were mixed for the month. Patient days were 75 (8.0%) greater than budget with admissions were 30 (11.2%) greater than budget yielding a decrease in length of stay of 2.6% from budget. Compared to the prior year, patient days were 46 (4.8%) greater for the month with admissions 25 (9.3%) greater than last year. The average daily census for the month was 33.8 compared to a budget of 31.3 and 32.3 last year. Observation patients were 39.2% less than budget and 31.6% less than last year. Medicare case mix was 6.3% less than budget while the overall case mix was 5.7% less than budget. Overall activity as measured in terms of adjusted admissions was 4.9% less than budget and 2.4% less than last year while adjusted patient days were 7.7% less than budget and 6.4% less than last year. There were 83 deliveries for the month compared to a budget of 61 and 67 from a year ago. Care Center resident days were 11.4% less than budget with a 65.1 average daily census.

YTD patient days were 64 (1.5%) less than budget while admissions were 15 (1.3%) less than budget yielding a 0.7% decrease from budget. Compared to the prior year, patient days were 189 (4.4%) less with admissions 36 (3.0%) less than last year. The average daily census was 33.9 compared to a budget of 34.4 and 35.2 last year. Observation patients were 31.6% less than budget and 25.2% less than last year. Medicare case mix was 4.7% less than budget while the overall case mix was 2.3% less than budget. Overall activity as measured in terms of adjusted admissions was 6.7% less than budget and 6.5% less than last year while adjusted patient days were 6.8% less than budget and 7.7% less than last year. There were 275 deliveries compared to a budget of 241 and 240 from a year ago. Care Center resident days were 9.6% less than budget with a 66.7 average daily census.

Ancillary departments were mixed for the month. Surgery & GI procedures were 7.7% greater than budget and 7.5% greater than last year. Emergency Room visits were 10.5% less than budget and 10.2% less than last year. Lab tests were down 6.8% from budget and 7.1% less than last year. Medical Imaging procedures were down 8.9% from budget and 8.8% less than last year. Radiation Oncology treatments were 45.1% less than budget and 44.6% less than last year while Medical Oncology visits were 7.8% less than

budget and 7.1% less than last year. Dialysis treatments were 10.5% greater than budget and 11.6% greater than last year; Rehab visits were 17.5% less than budget and 17.2% less than last year; Hospice visits were 19.5% less than budget and 21.9% less than last year; and Ambulance runs were 0.5% less than budget but 0.5% greater than last year.

On a YTD basis, Surgery & GI procedures were 2.3% greater than budget and 2.1% greater than last year. Emergency Room visits were 6.6% less than budget and 6.3% less than last year. Lab tests were down 9.4% from budget and 9.9% less than last year. Medical Imaging procedures were down 13.7% from budget and 13.7% less than last year. Radiation Oncology treatments were 33.4% less than budget and 32.8% less than last year while Medical Oncology visits were 13.0% less than budget and 12.2% less than last year. Dialysis treatments were 9.9% greater than budget and 11.0% greater than last year; Rehab visits were 5.1% less than budget and 5.5% less than last year; Hospice visits were 3.1% less than budget and 6.0% less than last year; and Ambulance runs were 2.8% greater than budget and 3.8% greater than last year.

Full Time Equivalent's (FTE's) for the month were 795 compared to a budget of 804 (1.0%) and compared to last year's total of 792 (0.5%). Hospital FTE's were 1.5% less than budget; Care Center 6.2% less than budget; and Home Medical 8.9% greater than budget. YTD FTE's were 802 compared to a budget of 820 (2.2%) and last year's total of 806 (0.4%). Hospital FTE's were 2.6% less than budget and 1.8% less than last year; Care Center was 3.3% less than budget and 0.5% less than last year; and Home Medical was 2.6% greater than budget and 12.6% greater than last year.

Key Indicators

The Operational indicators were negative for the month compared to budget. Consolidated Operating Margin was -4.1% compared to the budget target of 1.8% and last year's -2.7%. Excess Margin was -2.2% compared to a budget of 2.6% and last year's 0.8%. The EBIDA Margin was 8.3% for the month compared to a budget of 12.5% and last year's 10.6%. The YTD Operational indicators were negative compared to budget. Consolidated Operating Margin was -5.1% compared to the budget of 2.8% and last year's -2.4%. Excess Margin was -3.8% compared to a budget of 3.7% and last year's -1.2%. The EBIDA Margin was 6.4% compared to a budget of 13.2% and last year's 8.8%.

The Financial ratios indicate that the Debt/Capitalization ratio of 42.7% was higher than the year-end target of 41.8% and higher than the benchmark of 38.7%. Debt Service Coverage was 1.7 compared to the budget of 3.1 and the debt covenant of 1.25. Days in accounts receivable were 56 compared to a target of 50 and last year's 67. Days of Cash were 110 compared to the year-end target of 129 and last year's 98. The Cash/Debt ratio was 63% compared to the year-end target of 82%; last year's 54% and the benchmark of 87%. The Financial Strength Index was -0.85 compared to the budget of 1.21 and 0.73 last year.

YTD Hospital productivity ratios in terms of staffing was greater than budget with FTE's per adjusted admit at 15.1 compared to a budget of 14.7; last year's ratio of 14.4; and the benchmark of 14.9. FTE's per adjusted patient day were 4.3 compared to the budget of 4.1; last year's ratio of 4.0; and the benchmark of 4.4. Care Center Hours per Resident Day were 6.4 compared to the budget of 6.1 and the benchmark of 5.8. Sales per FTE at Home Medical were $154,600 which was 1.9% less than the target but 5.1% higher than last year.

RICE MEMORIAL HOSPITAL
CONSOLIDATED
BALANCE SHEET
For the Four Months Ending April 30, 2013

		CURRENT YEAR	PRIOR YEAR END	CHANGE
1	**ASSETS**			
2	**CURRENT ASSETS**			
3	CASH AND CASH EQUIVALENTS	$2,698,165	$2,999,489	($301,323)
4	TRUSTEE BOND AGREEMENTS - CURRENT	1,186,649	2,393,907	(1,207,257)
5	ACCOUNTS RECEIVABLE NET	15,423,011	18,416,955	(2,993,944)
6	OTHER RECEIVABLES	477,391	626,156	(148,765)
7	INVENTORY	2,017,605	1,881,543	136,062
8	PREPAID EXPENSES	1,247,055	1,080,525	166,530
10	**TOTAL CURRENT ASSETS**	**23,049,876**	**27,398,573**	**(4,348,697)**
11				
12	**ASSETS LIMITED AS TO USE**			
13	HELD BY TRUSTEES - BOND AGREEMENTS	3,181,089	3,181,089	0
15	REMAINDER UNITRUST - RECEIVABLE	43,996	43,996	0
16	ENDOWMENT FUND - INVESTMENTS	2,729,190	2,616,990	112,200
18	**TOTAL ASSETS - USE IS LIMITED**	**5,954,275**	**5,842,075**	**112,200**
19				
20	**PROPERTY PLANT & EQUIPMENT**			
21	PROPERTY PLANT & EQUIPMENT	134,135,322	132,297,068	1,838,255
22	LESS: ACCUMULATED DEPRECIATION	(73,605,197)	(72,741,611)	(863,586)
24	**NET PROPERTY, PLANT & EQUIPMENT**	**60,530,125**	**59,555,457**	**974,669**
25				
26	**OTHER ASSETS**			
27	INVESTMENTS	25,231,368	25,941,901	(710,532)
28	INVESTMENTS - SHARED HEALTH RESOURCES	425,186	425,186	0
29	INVESTMENTS - WILLMAR MEDICAL SERVICES	3,984,237	3,647,124	337,113
30	OTHER INVESTMENTS	79,963	79,963	0
31	GOODWILL, NET	85,611	86,056	(444)
32	DEFERRED DEBT ACQUISITION COSTS	195,402	200,398	(4,996)
35	**TOTAL OTHER ASSETS**	**30,001,768**	**30,380,628**	**(378,860)**
37	**TOTAL ASSETS**	**$119,536,045**	**$123,176,733**	**($3,640,688)**
39				
40	**LIABILITIES AND NET ASSETS**			
41	**CURRENT LIABILITIES**			
42	CURRENT MATURITIES OF LONG TERM DEBT	$2,179,761	$2,290,275	($110,514)
43	ACCOUNTS PAYABLE - TRADE	1,480,804	1,730,604	(249,800)
44	ESTIMATED THIRD PARTY PAYOR SETTLEMENTS	(29,504)	(29,504)	0
45	ACCRUED SALARIES, WAGES AND BENEFITS	10,524,901	10,992,653	(467,752)
46	ACCRUED INTEREST AND DUE TO WMS	1,920,154	2,089,775	(169,621)
48	**TOTAL CURRENT LIABILITIES**	**16,076,116**	**17,073,804**	**(997,687)**
49				
50	**LONG TERM DEBT (LESS CURRENT PORTION)**	**44,158,647**	**45,957,263**	**(1,798,616)**
52	**TOTAL LIABILITIES**	**60,234,763**	**63,031,067**	**(2,796,303)**
53				
54	**COMMITMENTS AND CONTINGENCIES**			
55				
56	**NET ASSETS**			
57	RESTRICTED FUNDS			
58	DEBT SERVICE AND RESERVE	3,181,089	3,181,089	0
59	SPECIFIC PURPOSE FUND	185,080	88,338	96,743
60	PERMANENT ENDOWMENT	2,729,190	2,616,990	112,200
61	CURRENT YEAR INCOME	(1,205,612)	2,430,598	(3,636,210)
62	UNRESTRICTED	54,411,534	51,828,651	2,582,883
64	**TOTAL NET ASSETS**	**59,301,281**	**60,145,666**	**(844,385)**
66	**TOTAL LIABILITIES AND NET ASSETS**	**$119,536,045**	**$123,176,733**	**($3,640,688)**

RICE MEMORIAL HOSPITAL CONSOLIDATED
For the Four Months Ending April 30, 2013

CURRENT MONTH							YEAR TO DATE					
ACTUAL	BUDGET	VAR	VAR %	PRIOR YR	VAR %		ACTUAL	BUDGET	VAR	VAR %	PRIOR YR	VAR %
						OPERATING REVENUE						
$5,244,907	$4,637,181	$607,726	13.1%	$4,587,482	14.3%	INPATIENT REVENUE	$20,531,206	$20,634,832	($103,626)	(0.5%)	$20,411,429	0.6%
9,567,773	10,680,409	(1,112,636)	(10.4%)	9,909,118	(3.4%)	OUTPATIENT REVENUE	38,347,748	41,902,268	(3,554,520)	(8.5%)	40,259,770	(4.7%)
915,978	823,428	92,550	11.2%	715,442	28.0%	RICE CARE CENTER REVENUE	3,482,059	3,302,855	179,204	5.4%	2,569,959	35.5%
1,004,631	952,359	52,272	5.5%	807,039	24.5%	RICE HOME MEDICAL REVENUE	4,033,008	4,008,297	24,711	0.6%	3,409,183	18.3%
16,733,289	**17,093,377**	**(360,088)**	**(2.1%)**	**16,019,081**	**4.5%**	**TOTAL PATIENT REVENUE**	**66,394,021**	**69,848,252**	**(3,454,231)**	**(4.9%)**	**66,650,341**	**(0.4%)**
8,584,175	8,122,357	461,818	5.7%	7,483,326	14.7%	LESS DISCOUNTS & CONTRACTUALS	32,937,331	32,947,194	(9,863)	0.0%	31,624,817	4.2%
88,370	129,413	(41,043)	(31.7%)	124,526	(29.0%)	LESS UNCOMPENSATED CARE	383,136	515,127	(131,991)	(25.6%)	491,762	(22.1%)
8,672,545	**8,251,770**	**420,775**	**5.1%**	**7,607,852**	**14.0%**	**TOTAL DEDUCTIONS FROM REVENU**	**33,320,467**	**33,462,321**	**(141,854)**	**(0.4%)**	**32,116,579**	**3.7%**
8,060,744	**8,841,607**	**(780,863)**	**(8.8%)**	**8,411,229**	**(4.2%)**	**NET REVENUE FROM PATIENTS**	**33,073,554**	**36,385,931**	**(3,312,377)**	**(9.1%)**	**34,533,762**	**(4.2%)**
1,220,762	1,502,369	(281,607)	(18.7%)	1,395,113	(12.5%)	OTHER OPERATING REVENUE	5,148,714	6,017,677	(868,963)	(14.4%)	5,396,589	(4.6%)
9,281,506	**10,343,976**	**(1,062,470)**	**(10.3%)**	**9,806,342**	**(5.4%)**	**TOTAL OPERATING REVENUE**	**38,222,268**	**42,403,608**	**(4,181,340)**	**(9.9%)**	**39,930,351**	**(4.3%)**
1,654,673	1,764,484	(109,811)	(6.2%)	1,681,136	(1.6%)	LESS: WILLMAR MEDICAL SERVICES OPERATING REVENUE	6,699,878	7,039,408	(339,530)	(4.8%)	6,965,929	(3.8%)
7,626,833	8,579,492	(952,659)	(11.1%)	8,125,206	(6.1%)	**TOTAL OPERATING REVENUE**	31,522,390	35,364,200	(3,841,810)	(10.9%)	32,964,422	(4.4%)
						OPERATING EXPENSES						
3,780,939	3,821,745	(40,806)	(1.1%)	3,643,030	3.8%	SALARIES AND WAGES	15,293,762	15,653,452	(359,690)	(2.3%)	15,269,157	0.2%
298,542	274,534	24,008	8.7%	282,556	5.7%	CONTRACT LABOR	1,111,794	1,028,375	83,419	8.1%	1,270,924	(12.5%)
950,648	1,113,331	(162,683)	(14.6%)	1,223,981	(22.3%)	SUPPLEMENTAL BENEFITS	4,503,203	4,551,686	(48,483)	(1.1%)	4,471,185	0.7%
881,615	1,038,149	(156,534)	(15.1%)	973,373	(9.4%)	SUPPLIES	3,896,569	4,259,649	(363,080)	(8.5%)	3,801,844	2.5%
503,351	790,808	(287,457)	(36.3%)	750,564	(32.9%)	DRUGS	2,149,302	3,172,180	(1,022,878)	(32.2%)	3,118,519	(31.1%)
543,893	545,838	(1,945)	(0.4%)	630,197	(13.7%)	PURCHASED SERVICES	2,171,213	2,170,300	913	0.0%	2,565,899	(15.4%)
279,936	273,772	6,164	2.3%	227,808	22.9%	REPAIRS, SERVICE & RENTALS	1,145,158	1,114,250	30,908	2.8%	1,051,811	8.9%
115,235	135,217	(19,982)	(14.8%)	121,861	(5.4%)	UTILITIES	518,392	553,423	(35,031)	(6.3%)	532,771	(2.7%)
57,100	59,784	(2,684)	(4.5%)	54,550	4.7%	INSURANCE	226,380	239,135	(12,755)	(5.3%)	217,442	4.1%
39,705	37,078	2,627	7.1%	32,215	23.3%	PATIENT RELATED TRAVEL	152,261	151,782	479	0.3%	138,900	9.6%
75,895	79,079	(3,184)	(4.0%)	58,393	30.0%	EDUCATION, TRAVEL, & DUES	368,229	337,539	30,690	9.1%	312,907	17.7%
34,763	38,508	(3,745)	(9.7%)	41,946	(17.1%)	OTHER	150,461	155,196	(4,735)	(3.1%)	177,436	(15.2%)
674,842	704,350	(29,508)	(4.2%)	676,756	(0.3%)	DEPRECIATION AND AMORT	2,703,429	2,743,193	(39,764)	(1.4%)	2,647,190	2.1%
138,612	146,684	(8,072)	(5.5%)	147,465	(6.0%)	INTEREST	559,470	591,282	(31,812)	(5.4%)	710,580	(21.3%)
108,732	144,238	(35,506)	(24.6%)	171,383	(36.6%)	BAD DEBTS	479,006	586,436	(107,430)	(18.3%)	463,651	3.3%
195,778	190,118	5,660	3.0%	183,701	6.6%	TAXES & SURCHARGE	727,469	753,542	(26,073)	(3.5%)	645,213	12.7%
8,679,586	**9,393,233**	**(713,647)**	**(7.6%)**	**9,219,779**	**(5.9%)**	**TOTAL OPERATING EXPENSES**	**36,156,098**	**38,061,420**	**(1,905,322)**	**(5.0%)**	**37,395,429**	**(3.3%)**
737,295	965,217	(227,922)	(23.6%)	877,816	(16.0%)	LESS: WILLMAR MEDICAL SERVICES OPERATING EXPENSES	3,035,574	3,684,197	(648,623)	(17.6%)	3,637,461	(16.5%)
7,942,291	**8,428,016**	**(485,725)**	**(5.8%)**	**8,341,963**	**(4.8%)**	**NET OPERATING EXPENSES**	**33,120,524**	**34,377,223**	**(1,256,699)**	**(3.7%)**	**33,757,968**	**(1.9%)**
(315,458)	**151,476**	**(466,934)**	**(308.3%)**	**(216,757)**	**45.5%**	**OPERATING INCOME (LOSS)**	**(1,598,134)**	**986,977**	**(2,585,111)**	**(261.9%)**	**(793,546)**	**101.4%**
147,870	77,163	70,707	91.6%	279,985	(47.2%)	NON OPERATING INCOME	392,521	316,650	75,871	24.0%	380,676	3.1%
($167,588)	$228,639	($396,227)	(173.3%)	$63,228	(365.1%)	**NET INCOME (LOSS)**	($1,205,613)	$1,303,627	($2,509,240)	(192.5%)	($412,870)	192.0%

RICE HOSPITAL
CURRENT MONTH
For Periods Ending April 30, 2013

	CURRENT MONTH ACTUAL			CURRENT MONTH BUDGET			RICE ACT/BUD		PRIOR YEAR ACTUAL			RICE CY/PY	
	RICE	WMS	TOTAL	RICE	WMS	TOTAL	VAR $	VAR %	RICE	WMS	TOTAL	VAR $	VAR %
OPERATING REVENUE													
INPATIENT REVENUE	$4,909,966	$334,941	$5,244,907	$4,345,510	$291,671	$4,637,181	$564,456	13.0%	$4,352,258	$235,224	$4,587,482	$557,708	12.8%
OUTPATIENT REVENUE	6,148,640	3,419,133	9,567,773	6,887,433	3,792,976	10,680,409	(738,793)	(10.7%)	6,522,290	3,386,828	9,909,118	(373,650)	(5.7%)
TOTAL PATIENT REVENUE	**11,058,605**	**3,754,075**	**14,812,680**	**11,232,943**	**4,084,646**	**15,317,589**	**(174,338)**	**(1.6%)**	**10,874,548**	**3,622,052**	**14,496,600**	**184,057**	**1.7%**
LESS DISCOUNTS & CONTRACTUALS	5,592,649	2,116,550	7,709,199	5,392,227	2,333,413	7,725,639	200,423	3.7%	5,108,974	2,033,940	7,142,914	483,675	9.5%
LESS UNCOMPENSATED CARE	88,235	0	88,235	128,693	0	128,693	(40,458)	(31.4%)	121,500	0	121,500	(33,264)	(27.4%)
TOTAL DEDUCTIONS FROM REVENUE	**5,680,884**	**2,116,550**	**7,797,435**	**5,520,919**	**2,333,413**	**7,854,332**	**159,965**	**2.9%**	**5,230,473**	**2,033,940**	**7,264,413**	**450,411**	**8.6%**
NET REVENUE FROM PATIENTS	**5,377,721**	**1,637,524**	**7,015,245**	**5,712,024**	**1,751,234**	**7,463,257**	**(334,303)**	**(5.9%)**	**5,644,074**	**1,588,112**	**7,232,187**	**(266,354)**	**(4.7%)**
OTHER OPERATING REVENUE	1,198,768	17,149	1,215,916	1,482,557	13,250	1,495,807	(283,789)	(19.1%)	1,369,454	18,541	1,387,995	(170,687)	(12.5%)
TOTAL OPERATING REVENUE	**6,576,488**	**1,654,673**	**8,231,162**	**7,194,580**	**1,764,484**	**8,959,064**	**(618,092)**	**(8.6%)**	**7,013,529**	**1,606,653**	**8,620,182**	**(437,041)**	**(6.2%)**
LESS: WILLMAR MEDICAL SERVICES OPERATING REVENUE	0	1,654,673	1,654,673	0	1,764,484	1,764,484	0	0.0%	0	1,681,136	1,681,136	0	0.0%
TOTAL OPERATING REVENUE	**6,576,488**	**0**	**6,576,488**	**7,194,580**	**0**	**7,194,580**	**(618,092)**	**(8.6%)**	**7,013,529**	**(74,483)**	**6,939,046**	**(437,041)**	**(6.2%)**
OPERATING EXPENSES													
SALARIES AND WAGES	3,170,741	169,374	3,340,115	3,193,765	169,374	3,363,139	(23,024)	(0.7%)	3,069,334	154,460	3,223,794	101,407	3.3%
CONTRACT LABOR	38,914	145,509	184,423	31,704	161,905	193,609	7,210	22.7%	98,939	125,253	224,192	(60,025)	(60.7%)
SUPPLEMENTAL BENEFITS	720,842	44,067	764,909	893,168	44,067	937,235	(172,326)	(19.3%)	1,044,983	44,723	1,089,706	(324,141)	(31.0%)
SUPPLIES	533,019	14,334	547,352	657,945	18,517	676,461	(124,926)	(19.0%)	613,814	23,896	637,710	(80,795)	(13.2%)
DRUGS	235,054	250,852	485,906	308,764	465,744	774,509	(73,710)	(23.9%)	304,222	430,404	734,626	(69,168)	(22.7%)
PURCHASED SERVICES	446,556	40,960	487,516	470,947	35,695	506,642	(24,391)	(5.2%)	562,330	31,802	594,132	(115,774)	(20.6%)
REPAIRS, SERVICE & RENTALS	241,623	7,220	248,842	246,588	5,991	252,579	(4,965)	(2.0%)	206,143	6,311	212,454	35,479	17.2%
UTILITIES	97,541	255	97,795	116,655	188	116,843	(19,115)	(16.4%)	109,338	166	109,504	(11,797)	(10.8%)
INSURANCE	48,038	924	48,963	48,697	775	49,472	(659)	(1.4%)	45,460	767	46,227	2,579	5.7%
PATIENT RELATED TRAVEL	23,638	1,079	24,716	18,914	2,081	20,995	4,724	25.0%	17,789	1,399	19,187	5,849	32.9%
EDUCATION, TRAVEL, & DUES	58,174	8,552	66,726	66,394	3,897	70,291	(8,220)	(12.4%)	48,628	2,029	50,657	9,546	19.6%
OTHER	25,288	0	25,288	28,674	2,074	30,748	(3,386)	(11.8%)	30,352	5,633	35,985	(5,063)	(16.7%)
DEPRECIATION AND AMORT	585,593	14,164	599,758	624,977	14,164	639,141	(39,384)	(6.3%)	590,128	14,072	604,200	(4,535)	(0.8%)
INTEREST	124,127	0	124,127	124,307	0	124,307	(180)	(0.1%)	132,515	0	132,515	(8,388)	(6.3%)
BAD DEBTS	66,406	39,978	106,385	97,943	40,836	138,780	(31,537)	(32.2%)	132,968	36,902	169,870	(66,562)	(50.1%)
TAXES & SURCHARGE	159,913	27	159,940	149,705	0	149,705	10,208	6.8%	142,347	0	142,347	17,567	12.3%
TOTAL OPERATING EXPENSES	**6,575,467**	**737,295**	**7,312,762**	**7,079,148**	**965,310**	**8,044,457**	**(503,681)**	**(7.1%)**	**7,149,288**	**877,816**	**8,027,104**	**(573,821)**	**(8.0%)**
LESS: WILLMAR MEDICAL SERVICES OPERATING EXPENSES	0	737,295	737,295	0	965,217	965,217	0	0.0%	0	877,816	877,816	0	0.0%
NET OPERATING EXPENSES	**6,575,467**	**0**	**6,575,467**	**7,079,148**	**92**	**7,079,240**	**(503,681)**	**(7.1%)**	**7,149,288**	**0**	**7,149,288**	**(573,821)**	**(8.0%)**
OPERATING INCOME (LOSS)	**1,022**	**0**	**1,022**	**115,433**	**(92)**	**115,341**	**(114,411)**	**(99.1%)**	**(135,759)**	**(74,483)**	**(210,242)**	**136,780**	**(100.8%)**
NON OPERATING INCOME	145,545	0	145,545	75,833	0	75,833	69,711	91.9%	282,062	0	282,062	(136,518)	(48.4%)
NET INCOME (LOSS)	**$146,566**	**$0**	**$146,566**	**$191,266**	**($92)**	**$191,174**	**($44,700)**	**(23.4%)**	**$146,304**	**($74,483)**	**$71,821**	**$262**	**0.2%**

RICE HOSPITAL
YEAR TO DATE
For Periods Ending April 30, 2013

	CURRENT YTD ACTUAL			CURRENT YTD BUDGET			RICE ACT/BUD		PRIOR YEAR ACTUAL			RICE CY/PY	
	RICE	WMS	TOTAL	RICE	WMS	TOTAL	VAR $	VAR %	RICE	WMS	TOTAL	VAR $	VAR %
OPERATING REVENUE													
INPATIENT REVENUE	$19,212,428	$1,318,778	$20,531,206	$19,310,366	$1,324,466	$20,634,832	($97,938)	(0.5%)	$19,031,609	$1,379,820	$20,411,429	$180,819	1.0%
OUTPATIENT REVENUE	24,635,176	13,712,572	38,347,748	26,846,370	15,055,898	41,902,268	(2,211,194)	(8.2%)	26,024,055	14,235,716	40,259,770	(1,388,879)	(5.3%)
TOTAL PATIENT REVENUE	**43,847,604**	**15,031,349**	**58,878,954**	**46,156,737**	**16,380,364**	**62,537,100**	**(2,309,132)**	**(5.0%)**	**45,055,663**	**15,615,535**	**60,671,199**	**(1,208,059)**	**(2.7%)**
LESS DISCOUNTS & CONTRACTUALS	22,278,251	8,380,499	30,658,750	21,920,807	9,393,955	31,314,762	357,444	1.6%	21,736,424	8,697,977	30,434,402	541,827	2.5%
LESS UNCOMPENSATED CARE	382,810	0	382,810	506,873	0	506,873	(124,063)	(24.5%)	483,134	0	483,134	(100,324)	(20.8%)
TOTAL DEDUCTIONS FROM REVENUE	**22,661,061**	**8,380,499**	**31,041,560**	**22,427,680**	**9,393,955**	**31,821,635**	**233,381**	**1.0%**	**22,219,558**	**8,697,977**	**30,917,536**	**441,503**	**2.0%**
NET REVENUE FROM PATIENTS	**21,186,543**	**6,650,851**	**27,837,394**	**23,729,057**	**6,986,408**	**30,715,465**	**(2,542,514)**	**(10.7%)**	**22,836,105**	**6,917,558**	**29,753,663**	**(1,649,562)**	**(7.2%)**
OTHER OPERATING REVENUE	5,070,601	49,028	5,119,629	5,931,253	53,000	5,984,253	(860,652)	(14.5%)	5,312,216	48,371	5,360,587	(241,615)	(4.5%)
TOTAL OPERATING REVENUE	**26,257,144**	**6,699,878**	**32,957,022**	**29,660,310**	**7,039,408**	**36,699,718**	**(3,403,166)**	**(11.5%)**	**28,148,321**	**6,965,929**	**35,114,250**	**(1,891,177)**	**(6.7%)**
LESS: WILLMAR MEDICAL SERVICES OPERATING REVENUE	0	6,699,878	6,699,878	0	7,039,408	7,039,408	0	0.0%	0	6,965,929	6,965,929	0	0.0%
TOTAL OPERATING REVENUE	**26,257,144**	**0**	**26,257,144**	**29,660,310**	**0**	**29,660,310**	**(3,403,166)**	**(11.5%)**	**28,148,321**	**0**	**28,148,321**	**(1,891,177)**	**(6.7%)**
OPERATING EXPENSES													
SALARIES AND WAGES	12,807,371	689,591	13,496,962	13,092,708	689,591	13,782,299	(285,337)	(2.2%)	12,882,164	637,532	13,519,695	(74,793)	(0.6%)
CONTRACT LABOR	167,170	519,585	686,755	101,288	601,885	703,173	65,882	65.0%	498,055	638,587	1,136,642	(330,885)	(66.4%)
SUPPLEMENTAL BENEFITS	3,656,246	179,416	3,835,662	3,655,317	179,416	3,834,733	929	0.0%	3,655,641	184,271	3,839,912	605	0.0%
SUPPLIES	2,466,809	66,504	2,533,313	2,729,730	76,688	2,806,418	(262,921)	(9.6%)	2,463,956	78,513	2,542,470	2,852	0.1%
DRUGS	939,450	1,140,971	2,080,421	1,372,576	1,734,102	3,106,678	(433,126)	(31.6%)	1,349,384	1,706,091	3,055,474	(409,934)	(30.4%)
PURCHASED SERVICES	1,794,305	143,147	1,937,452	1,870,331	134,221	2,004,552	(76,026)	(4.1%)	2,281,473	106,641	2,388,114	(487,168)	(21.4%)
REPAIRS, SERVICE & RENTALS	994,211	43,743	1,037,954	999,028	28,072	1,027,100	(4,817)	(0.5%)	936,716	43,770	980,486	57,495	6.1%
UTILITIES	437,626	940	438,566	475,986	752	476,738	(38,360)	(8.1%)	465,402	401	465,803	(27,776)	(6.0%)
INSURANCE	190,130	3,696	193,826	194,788	3,100	197,888	(4,658)	(2.4%)	181,081	3,067	184,149	9,049	5.0%
PATIENT RELATED TRAVEL	91,136	7,031	98,167	77,810	6,414	84,224	13,327	17.1%	77,257	5,862	83,120	13,879	18.0%
EDUCATION, TRAVEL, & DUES	304,783	21,840	326,623	285,846	14,906	300,752	18,938	6.6%	262,007	11,789	273,796	42,776	16.3%
OTHER	108,532	1,732	110,264	116,680	7,756	124,436	(8,148)	(7.0%)	150,407	8,527	158,934	(41,875)	(27.8%)
DEPRECIATION AND AMORT	2,346,512	56,657	2,403,170	2,440,078	42,493	2,482,571	(93,566)	(3.8%)	2,302,192	56,289	2,358,481	44,320	1.9%
INTEREST	501,137	0	501,137	501,252	0	501,252	(115)	0.0%	650,269	0	650,269	(149,132)	(22.9%)
BAD DEBTS	317,480	160,174	477,654	399,525	165,077	564,602	(82,045)	(20.5%)	293,800	156,122	449,922	23,680	8.1%
TAXES & SURCHARGE	570,323	45	570,368	592,205	0	592,205	(21,882)	(3.7%)	505,920	0	505,920	64,403	12.7%
TOTAL OPERATING EXPENSES	**27,693,222**	**3,035,074**	**30,728,295**	**28,905,148**	**3,684,474**	**32,589,622**	**(1,211,926)**	**(4.2%)**	**28,955,724**	**3,637,461**	**32,593,186**	**(1,262,503)**	**(4.4%)**
LESS: WILLMAR MEDICAL SERVICES OPERATING EXPENSES	0	3,035,574	3,035,574	0	3,684,197	3,684,197	0	0.0%	0	3,637,461	3,637,461	0	0.0%
NET OPERATING EXPENSES	**27,693,222**	**(500)**	**27,692,722**	**28,905,148**	**277**	**28,905,425**	**(1,211,926)**	**(4.2%)**	**28,955,724**	**0**	**28,955,724**	**(1,262,503)**	**(4.4%)**
OPERATING INCOME (LOSS)	**(1,436,077)**	**500**	**(1,435,577)**	**755,162**	**(277)**	**754,885**	**(2,191,239)**	**(290.2%)**	**(807,403)**	**0**	**(807,403)**	**(628,674)**	**77.9%**
NON OPERATING INCOME	389,526	(500)	389,026	311,333	0	311,333	78,192	25.1%	369,971	0	369,971	19,555	5.3%
NET INCOME (LOSS)	**($1,046,552)**	**$0**	**($1,046,552)**	**$1,066,495**	**($277)**	**$1,066,218**	**($2,113,047)**	**(198.1%)**	**($437,433)**	**$0**	**($437,433)**	**($609,119)**	**139.2%**

RICE CARE CENTER
For the Four Months Ending April 30, 2013

CURRENT MONTH							YEAR TO DATE					
ACTUAL	BUDGET	VAR	VAR %	PRIOR YR	VAR %		ACTUAL	BUDGET	VAR	VAR %	PRIOR YR	VAR %
						OPERATING REVENUE						
$915,978	$823,428	$92,550	11.2%	$715,442	28.0%	RICE CARE CENTER REVENUE	$3,482,059	$3,302,855	$179,204	5.4%	$2,569,959	35.5%
915,978	**823,428**	**92,550**	**11.2%**	**715,442**	**28.0%**	**TOTAL PATIENT REVENUE**	**3,482,059**	**3,302,855**	**179,204**	**5.4%**	**2,569,959**	**35.5%**
359,453	189,388	170,065	89.8%	151,981	136.5%	LESS DISCOUNTS & CONTRACTUALS	1,096,152	759,657	336,495	44.3%	443,330	147.3%
359,453	**189,388**	**170,065**	**89.8%**	**151,981**	**136.5%**	**TOTAL DEDUCTIONS FROM REVENUE**	**1,096,152**	**759,657**	**336,495**	**44.3%**	**443,330**	**147.3%**
556,525	**634,040**	**(77,515)**	**(12.2%)**	**563,461**	**(1.2%)**	**NET REVENUE FROM PATIENTS**	**2,385,907**	**2,543,198**	**(157,291)**	**(6.2%)**	**2,126,629**	**12.2%**
340	717	(377)	(52.6%)	1,180	(71.2%)	OTHER OPERATING REVENUE	2,145	2,867	(722)	(25.2%)	4,280	(49.9%)
556,865	**634,757**	**(77,892)**	**(12.3%)**	**564,641**	**(1.4%)**	**TOTAL OPERATING REVENUE**	**2,388,052**	**2,546,065**	**(158,013)**	**(6.2%)**	**2,130,909**	**12.1%**
						LESS: WILLMAR MEDICAL SERVICES						
556,865	**634,757**	**(77,892)**	**(12.3%)**	**564,641**	**(1.4%)**	**TOTAL OPERATING REVENUE**	**2,388,052**	**2,546,065**	**(158,013)**	**(6.2%)**	**2,130,909**	**12.1%**
						OPERATING EXPENSES						
201,353	222,486	(21,133)	(9.5%)	205,207	(1.9%)	SALARIES AND WAGES	836,069	893,446	(57,377)	(6.4%)	889,802	(6.0%)
114,119	80,924	33,195	41.0%	58,364	95.5%	CONTRACT LABOR	425,039	325,202	99,837	30.7%	134,282	216.5%
75,800	97,029	(21,229)	(21.9%)	89,461	(15.3%)	SUPPLEMENTAL BENEFITS	324,508	389,560	(65,052)	(16.7%)	386,836	(16.1%)
40,583	39,152	1,431	3.7%	38,186	6.3%	SUPPLIES	180,639	157,775	22,864	14.5%	140,031	29.0%
17,445	16,300	1,145	7.0%	15,939	9.4%	DRUGS	68,881	65,502	3,379	5.2%	63,045	9.3%
25,594	13,327	12,267	92.0%	18,762	36.4%	PURCHASED SERVICES	90,300	56,099	34,201	61.0%	62,356	44.8%
12,062	3,075	8,987	292.3%	2,004	501.9%	REPAIRS, SERVICE & RENTALS	23,053	12,879	10,174	79.0%	14,672	57.1%
9,242	8,517	725	8.5%	4,948	86.8%	UTILITIES	43,290	34,769	8,521	24.5%	36,335	19.1%
4,046	4,050	(4)	(0.1%)	2,869	41.0%	INSURANCE	16,184	16,200	(16)	(0.1%)	11,477	41.0%
82	357	(275)	(77.0%)	524	(84.4%)	PATIENT RELATED TRAVEL	1,111	1,484	(373)	(25.1%)	1,443	(23.0%)
3,960	4,166	(206)	(4.9%)	3,627	9.2%	EDUCATION, TRAVEL, & DUES	15,936	15,758	178	1.1%	18,189	(12.4%)
471	249	222	89.2%	54	772.2%	OTHER	2,012	997	1,015	101.8%	307	555.4%
27,823	27,823	0	0.0%	30,874	(9.9%)	DEPRECIATION AND AMORT	111,448	111,448	0	0.0%	124,227	(10.3%)
10,711	18,628	(7,917)	(42.5%)	10,900	(1.7%)	INTEREST	43,222	74,890	(31,668)	(42.3%)	43,980	(1.7%)
695	1,250	(555)	(44.4%)	(882)	(178.8%)	BAD DEBTS	(3,961)	5,000	(8,961)	(179.2%)	(547)	624.1%
31,645	35,900	(4,255)	(11.9%)	34,968	(9.5%)	TAXES & SURCHARGE	139,937	141,410	(1,473)	(1.0%)	121,647	15.0%
575,631	**573,233**	**2,398**	**0.4%**	**515,805**	**11.6%**	**TOTAL OPERATING EXPENSES**	**2,317,668**	**2,302,419**	**15,249**	**0.7%**	**2,048,082**	**13.2%**
						LESS: WILLMAR MEDICAL SERVICES						
575,631	**573,233**	**2,398**	**0.4%**	**515,805**	**11.6%**	**NET OPERATING EXPENSES**	**2,317,668**	**2,302,419**	**15,249**	**0.7%**	**2,048,082**	**13.2%**
($18,766)	**$61,524**	**($80,290)**	**(130.5%)**	**$48,836**	**(138.4%)**	**OPERATING INCOME (LOSS)**	**$70,384**	**$243,646**	**($173,262)**	**(71.1%)**	**$82,827**	**(15.0%)**

RICE HOME MEDICAL
For the Month Ending April 30, 2013

	ACTUAL	% of SALES/GP	BUDGET	% of SALES/GP	% CHANGE	Prior Yr	% of SALES/GP	% CHANGE
GROSS SALES								
SALES REVENUE	$577,390	57.4%	$607,200	63.7%	(4.9%)	$506,585	62.8%	14.0%
RENTS REVENUE	427,241	42.5%	345,159	36.2%	23.8%	300,454	37.2%	42.2%
MISC REVENUE	500	0.0%	500	0.1%				
GROSS SALES	**1,005,131**	**100.0%**	**952,859**	**100.0%**	**5.5%**	**807,039**	**100.0%**	**24.5%**
LESS: CONTRACTUAL ALLOWANCES	(515,522)	(51.3%)	(207,329)	(21.8%)	148.6%	(188,431)	(23.3%)	173.6%
LESS: UNCOMPENSATED CARE	(135)	(0.0%)	(720)	(0.1%)	(81.3%)	(3,026)	(0.4%)	(95.5%)
NET SALES	**489,474**	**48.7%**	**744,810**	**78.2%**	**(34.3%)**	**615,582**	**76.3%**	**(20.5%)**
COST OF GOODS SOLD								
OXYGEN	9,213	1.9%	10,459	1.4%	(11.9%)	9,714	1.6%	(5.2%)
EQUIPMENT	72,088	14.7%	88,395	11.9%	(18.4%)	63,958	10.4%	12.7%
SUPPLY - FREIGHT	13,829	2.8%	15,000	2.0%	(7.8%)	12,663	2.1%	9.2%
SUPPLY	160,331	32.8%	180,118	24.2%	(11.0%)	187,317	30.4%	(14.4%)
EQUIPMENT REPAIR	21,593	4.4%	12,939	1.7%	66.9%	9,694	1.6%	122.7%
SHOP EXPENSE	4,247	0.9%	5,597	0.8%	(24.1%)	6,521	1.1%	(34.9%)
PURCHASE DISCOUNTS	(4,006)	(0.8%)	(5,345)	(0.7%)	(25.1%)	(5,937)	(1.0%)	(32.5%)
TOTAL COST OF GOODS SOLD	**277,295**	**56.7%**	**307,163**	**41.2%**	**(9.7%)**	**283,930**	**46.1%**	**(2.3%)**
GROSS PROFIT	**212,179**	**43.3%**	**437,647**	**58.8%**	**(51.5%)**	**331,652**	**53.9%**	**(36.0%)**
OPERATING EXPENSES								
SALARIES & WAGES	239,471	48.9%	236,120	31.7%	1.4%	214,029	34.8%	11.9%
SUPPLEMENTAL BENEFITS	109,939	22.5%	79,067	10.6%	39.0%	44,814	7.3%	145.3%
SUPPLIES AND DRUGS	12,378	2.5%	10,028	1.3%	23.4%	7,610	1.2%	62.7%
PURCHASED SERVICES	30,784	6.3%	25,869	3.5%	19.0%	17,303	2.8%	77.9%
REPAIRS, SERVICE & RENTALS	19,032	3.9%	18,118	2.4%	5.0%	13,350	2.2%	42.6%
UTILITIES	8,198	1.7%	9,857	1.3%	(16.8%)	7,409	1.2%	10.6%
INSURANCE	4,092	0.8%	6,262	0.8%	(34.7%)	5,454	0.9%	(25.0%)
PATIENT RELATED TRAVEL	14,907	3.0%	15,726	2.1%	(5.2%)	12,504	2.0%	19.2%
EDUCATION, TRAVEL, & DUES	5,209	1.1%	4,622	0.6%	12.7%	4,109	0.7%	26.8%
OTHER EXPENSE	9,004	1.8%	7,511	1.0%	19.9%	5,907	1.0%	52.4%
DEPRECIATION & AMORTIZATION	47,261	9.7%	37,386	5.0%	26.4%	41,682	6.8%	13.4%
INTEREST EXPENSE	3,774	0.8%	3,749	0.5%	0.7%	4,050	0.7%	(6.8%)
BAD DEBTS	1,653	0.3%	4,208	0.6%	(60.7%)	2,395	0.4%	(31.0%)
TAXES	4,193	0.9%	4,513	0.6%	(7.1%)	6,387	1.0%	(34.4%)
TOTAL OPERATING EXPENSES	**509,895**	**104.2%**	**463,036**	**62.2%**	**10.1%**	**387,003**	**62.9%**	**31.8%**
NET OPERATING INCOME (LOSS)	**($297,716)**	**(60.8%)**	**($25,389)**	**(3.4%)**	**1,072.6%**	**($55,351)**	**(9.0%)**	**437.9%**

RICE HOME MEDICAL
For the Four Months Ending April 30, 2013

	ACTUAL	% of SALES/GP	BUDGET	% of SALES/GP	% CHANGE	Prior Yr	% of SALES/GP	% CHANGE
GROSS SALES								
SALES REVENUE	$2,321,325	57.5%	$2,596,019	64.7%	(10.6%)	$2,166,305	63.5%	7.2%
RENTS REVENUE	1,711,683	42.4%	1,412,278	35.2%	21.2%	1,242,878	36.5%	37.7%
MISC REVENUE	4,658	0.1%	2,000	0.0%	132.9%			
GROSS SALES	**4,037,666**	**100.0%**	**4,010,297**	**100.0%**	**0.7%**	**3,409,183**	**100.0%**	**18.4%**
LESS: CONTRACTUAL ALLOWANCES	(1,182,429)	(29.3%)	(872,775)	(21.8%)	35.5%	(747,086)	(21.9%)	58.3%
LESS: UNCOMPENSATED CARE	(326)	(0.0%)	(8,254)	(0.2%)	(96.1%)	(8,628)	(0.3%)	(96.2%)
NET SALES	**2,854,911**	**70.7%**	**3,129,268**	**78.0%**	**(8.8%)**	**2,653,469**	**77.8%**	**7.6%**
COST OF GOODS SOLD								
OXYGEN	39,085	1.4%	43,263	1.4%	(9.7%)	42,913	1.6%	(8.9%)
EQUIPMENT	315,089	11.0%	378,928	12.1%	(16.8%)	265,073	10.0%	18.9%
SUPPLY - FREIGHT	57,601	2.0%	60,000	1.9%	(4.0%)	54,838	2.1%	5.0%
SUPPLY	655,863	23.0%	692,479	22.1%	(5.3%)	671,744	25.3%	(2.4%)
EQUIPMENT REPAIR	66,510	2.3%	57,823	1.8%	15.0%	34,011	1.3%	95.6%
SHOP EXPENSE	13,352	0.5%	22,399	0.7%	(40.4%)	20,523	0.8%	(34.9%)
PURCHASE DISCOUNTS	(22,283)	(0.8%)	(28,557)	(0.9%)	(22.0%)	(31,721)	(1.2%)	(29.8%)
TOTAL COST OF GOODS SOLD	**1,125,217**	**39.4%**	**1,226,335**	**39.2%**	**(8.2%)**	**1,057,381**	**39.8%**	**6.4%**
GROSS PROFIT	**1,729,694**	**60.6%**	**1,902,933**	**60.8%**	**(9.1%)**	**1,596,088**	**60.2%**	**8.4%**
OPERATING EXPENSES								
SALARIES & WAGES	960,731	33.7%	977,707	31.2%	(1.7%)	859,660	32.4%	11.8%
SUPPLEMENTAL BENEFITS	343,033	12.0%	327,393	10.5%	4.8%	244,438	9.2%	40.3%
SUPPLIES AND DRUGS	35,119	1.2%	40,563	1.3%	(13.4%)	30,242	1.1%	16.1%
PURCHASED SERVICES	143,461	5.0%	109,649	3.5%	30.8%	115,429	4.4%	24.3%
REPAIRS, SERVICE & RENTALS	84,151	2.9%	74,271	2.4%	13.3%	56,653	2.1%	48.5%
UTILITIES	36,536	1.3%	41,916	1.3%	(12.8%)	30,633	1.2%	19.3%
INSURANCE	16,369	0.6%	25,047	0.8%	(34.6%)	21,816	0.8%	(25.0%)
PATIENT RELATED TRAVEL	52,983	1.9%	66,074	2.1%	(19.8%)	54,337	2.0%	(2.5%)
EDUCATION, TRAVEL, & DUES	25,669	0.9%	21,029	0.7%	22.1%	20,923	0.8%	22.7%
OTHER EXPENSE	38,185	1.3%	29,763	1.0%	28.3%	18,196	0.7%	109.9%
DEPRECIATION & AMORTIZATION	188,811	6.6%	149,174	4.8%	26.6%	164,481	6.2%	14.8%
INTEREST EXPENSE	15,111	0.5%	15,140	0.5%	(0.2%)	16,330	0.6%	(7.5%)
BAD DEBTS	5,313	0.2%	16,833	0.5%	(68.4%)	14,276	0.5%	(62.8%)
TAXES	17,163	0.6%	19,927	0.6%	(13.9%)	17,645	0.7%	(2.7%)
TOTAL OPERATING EXPENSES	**1,962,635**	**68.7%**	**1,914,486**	**61.2%**	**2.5%**	**1,665,059**	**62.8%**	**17.9%**
NET OPERATING INCOME (LOSS)	**($232,941)**	**(8.2%)**	**($11,553)**	**(0.4%)**	**1,916.3%**	**($68,971)**	**(2.6%)**	**237.7%**

RICE MEMORIAL HOSPITAL
CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED:
April 30, 2013

Line #		Current YTD	Prior YTD
1	Sources of Cash & Investments:		
2	Net Income	$ (1,205,609)	$ (412,877)
3	Depreciation & Amortization	2,703,264	$ 2,647,191
4	Debt Proceeds	-	-
5	Other		
6			
7	Total Sources	1,497,655	2,234,314
8			
9	Uses		
10	Property, Plant, and Equipment - Gross	3,763,046	2,842,815
11	Debt Payments/Re-funding	1,909,130	2,403,227
12	Working Capital Changes & Other - Net	(3,162,665)	534,732
13			
14	Total Uses	2,509,511	5,780,774
15			
16	Increase / (Decrease) Cash & Investments	(1,011,856)	(3,546,460)
17			
18	Beginning of Period (January 1)	28,941,389	28,854,321
19			
20	End of Period	$ 27,929,533	$ 25,307,861

RICE MEMORIAL HOSPITAL
STATISTICAL AND VOLUME SUMMARY
FOR THE PERIOD ENDED:
April 30, 2013

CURRENT MONTH Actual	Budget	Var.	Var.%	Prior Yr.	Act/Prior Var. %		YEAR-TO-DATE Actual	Budget	Var.	Var.%	Prior Yr.	Act/Prior Var. %
						Patient Days						
480	469	11	2.3%	483	-0.6%	Adult Health Care	2,091	2,156	(65)	-3.0%	2,222	-5.9%
260	223	37	16.6%	230	13.0%	Women and Children's Care	907	957	(50)	-5.2%	986	-8.0%
48	50	(2)	-4.0%	52	-7.7%	ICCU	220	272	(52)	-19.1%	280	-21.4%
226	197	29	14.7%	203	11.3%	Mental Health	850	747	103	13.8%	769	10.5%
1,014	939	75	8.0%	968	4.8%	Total Adult & Peds	4,068	4,132	(64)	-1.5%	4,257	-4.4%
33.8	31.3	2.5	8.0%	32.3	4.8%	Average Daily Census	33.9	34.4	(0.5)	-1.5%	35.2	-3.6%
3.45	3.54	(0.09)	-2.6%	3.65	-5.6%	Average Length of Stay	3.52	3.54	(0.02)	-0.7%	3.60	-2.3%
295	265	30	11.2%	270	9.3%	Admissions-Inpatient	1,152	1,167	(15)	-1.3%	1,188	-3.0%
141	232	(91)	-39.2%	206	-31.6%	Observation patients	697	1,019	(322)	-31.6%	932	-25.2%
1.252	1.336	(0.084)	-6.3%	1.336	-6.3%	Medicare Case Mix Index	1.274	1.336	(0.063)	-4.7%	1.336	-4.7%
0.982	1.042	(0.059)	-5.7%	0.978	0.4%	Case Mix Index-Total	1.018	1.042	(0.024)	-2.3%	1.012	0.6%
833	876	(43)	-4.9%	853	-2.4%	Adjusted Admissions	3,304	3,541	(236)	-6.7%	3,532	-6.5%
2,864	3,102	(238)	-7.7%	3,059	-6.4%	Adjusted Patient Days	11,685	12,534	(849)	-6.8%	12,656	-7.7%
21	16	5	31.3%	21	0.0%	Intermediate Care Nursery	99	106	(7)	-6.6%	43	130.2%
170	120	50	41.7%	138	23.2%	Nursery	582	481	101	21.0%	490	18.8%
6.4	4.5	1.8	40.4%	5.3	20.1%	Average Daily Census-ICN/Nursery	5.7	4.9	0.8	16.0%	4.4	28.8%
83	61	22	36.1%	67	23.9%	Births	275	241	34	14.1%	240	14.6%
1,953	2,205	(252)	-11.4%	2,187	-10.7%	Rice Care Center-Days	8,009	8,861	(852)	-9.6%	8,628	-7.2%
65.1	73.5	(8.4)	-11.4%	72.9	-10.7%	Rice Care Center-Average Daily Census	66.7	73.8	(7.1)	-9.6%	71.3	-6.4%

RICE MEMORIAL HOSPITAL
STATISTICAL AND VOLUME SUMMARY
FOR THE PERIOD ENDED:
April 30, 2013

CURRENT MONTH Actual	Budget	Var.	Var.%	Prior Yr.	Act/Prior Var. %		YEAR-TO-DATE Actual	Budget	Var.	Var.%	Prior Yr.	Act/Prior Var. %
						Ancillary Services						
142	127	15	11.8%	131	8.4%	IP Surgeries	559	575	(16)	-2.8%	593	-5.7%
373	351	22	6.3%	348	7.2%	OP Surgeries	1,423	1,362	61	4.5%	1,349	5.5%
515	478	37	7.7%	479	7.5%	**Total Surgeries**	1,982	1,937	45	2.3%	1,942	2.1%
154	154	-	0.0%	159	-3.1%	ER Visits-Inpatient	660	716	(56)	-7.8%	738	-10.6%
808	921	(113)	-12.3%	912	-11.4%	ER Visits-Outpatient	3,382	3,610	(228)	-6.3%	3,575	-5.4%
962	1,075	(113)	-10.5%	1,071	-10.2%	**ER Visits-Total**	4,042	4,326	(284)	-6.6%	4,313	-6.3%
22,852	24,530	(1,678)	-6.8%	24,611	-7.1%	Lab Tests	87,010	96,042	(9,032)	-9.4%	96,620	-9.9%
1,333	1,463	(130)	-8.9%	1,462	-8.8%	Medical Imaging Procedures	5,371	6,226	(855)	-13.7%	6,222	-13.7%
414	754	(340)	-45.1%	747	-44.6%	Radiation Oncology Treatments	1,841	2,765	(924)	-33.4%	2,738	-32.8%
224	243	(19)	-7.8%	241	-7.1%	Medical Oncology Visits	787	905	(118)	-13.0%	896	-12.2%
801	725	76	10.5%	718	11.6%	Dialysis Treatments	3,043	2,769	274	9.9%	2,742	11.0%
3,491	4,232	(741)	-17.5%	4,216	-17.2%	Rehab Visits	13,988	14,742	(754)	-5.1%	14,795	-5.5%
1,488	1,848	(360)	-19.5%	1,905	-21.9%	Hospice Visits	7,222	7,454	(232)	-3.1%	7,685	-6.0%
191	192	(1)	-0.5%	190	0.5%	Ambulance Runs	870	846	24	2.8%	838	3.8%
						Full Time Equivalents (FTE's)						
635	644	(10)	-1.5%	636	-0.2%	FTE's - Hospital	641	658	(17)	-2.6%	653	-1.8%
81	86	(5)	-6.2%	86	-6.0%	FTE's - Care Center	83	86	(3)	-3.3%	84	-0.5%
80	73	7	8.9%	70	14.1%	FTE's - Home Medical	78	76	2	2.6%	70	12.6%
795	804	(8)	-1.0%	792	0.5%	**Total FTE's**	802	820	(18)	-2.2%	806	-0.4%

RICE MEMORIAL HOSPITAL
KEY PERFORMANCE INDICATORS

FOR THE PERIOD ENDED: 04/30/13

Line #		Month-to-Date Actual	Month-to-Date Budget	Month-to-Date Prior Yr	Month-to-Date Variance Act vs Bud	Month-to-Date Variance Act vs Prior	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Prior Yr	Year-to-Date Variance Act vs Bud	Year-to-Date Variance Act vs Prior	Industry Benchmarks
1	**OPERATIONAL**											
2	**Operating Margin**											
3	Rice Hospital	0.0%	1.6%	-3.0%	-1.6%	3.0%	-5.5%	2.5%	-2.9%	-8.0%	-2.6%	
4	Rice Care Center	-3.4%	9.7%	8.6%	-13.1%	-12.0%	2.9%	9.6%	3.9%	-6.6%	-0.9%	
5	Rice Home Medical	-60.3%	-3.4%	-8.9%	-56.9%	-51.4%	-8.1%	-0.4%	-2.6%	-7.7%	-5.5%	
6												
7	**Consolidated Operating Margin**	-4.1%	1.8%	-2.7%	-5.9%	-1.5%	-5.1%	2.8%	-2.4%	-7.9%	-2.7%	2.2%
8												
9	**Consolidated Excess Margin**	-2.2%	2.6%	0.8%	-4.8%	-2.9%	-3.8%	3.7%	-1.2%	-7.4%	-2.5%	2.8%
10												
11	**EBIDA** (Earnings Before Interest + Depreciation + Amortization)	8.3%	12.5%	10.6%	-4.2%	-2.3%	6.4%	13.2%	8.8%	-6.7%	-2.4%	10.8%
12												
13	**FINANCIAL**											
14	**Debt/Capitalization Ratio**						42.7%	41.8%	44.9%	2.1%	-2.2%	38.7%
15	**Debt Service Coverage**						1.7	3.1	2.2	-44.7%	-21.1%	2.9
16	**Net Days in Accounts Receivable-Hospital**						56	50	67	11.9%	-16.5%	46
17	**Days of Cash**						110	129	98	-14.6%	12.9%	131
18	**Unrestricted Cash/Debt**						63%	82%	54%	-22.9%	16.4%	87%
19	**Cushion Ratio**						7.8	8.6	6.2	-9.7%	24.6%	9.1
20	**Average Age of Plant**						9.1	10.0	9.5	-9.2%	-4.3%	10.2
21	**Financial Strength Index**						(0.85)	1.21	0.73	-169.9%	-216.6%	0.30
22	**PRODUCTIVITY**											
23	***Rice Hospital***											
24												
25	**Controllable Expense/Adj. Admit**	$ 7,717	$ 8,139	$ 8,378	-5.2%	-7.9%	$ 8,249	$ 8,202	$ 8,235	0.6%	0.2%	$ 8,429
26												
27	**Compensation Ratio**	52.1%	50.2%	52.6%	3.9%	-1.0%	54.7%	49.6%	52.7%	10.2%	3.8%	50%
28												
29	**FTE per Adjusted Admit**	14.8	14.4	14.5	2.8%	1.8%	15.1	14.7	14.4	2.6%	4.4%	14.9
30	**FTE per Adjusted Patient Day**	4.3	4.5	4.1	-4.4%	6.1%	4.3	4.1	4.0	4.2%	5.9%	4.4
31												
32	Supply Expense per CMI Adjusted Discharge	$ 671	$ 741	$ 778	-9.5%	-13.8%	$ 750	$ 762	$ 714	-1.5%	5.0%	
33	Drug Expense per CMI Adjusted Discharge	$ 596	$ 849	$ 897	-29.8%	-33.6%	$ 616	$ 843	$ 859	-26.9%	-28.3%	
34	**Total Supply & Drug Expense per CMI Adj. Disch**	$ 1,267	$ 1,590	$ 1,675	-20.3%	-24.4%	$ 1,366	$ 1,605	$ 1,573	-14.9%	-13.2%	$ 1,271
35												
36	**Bad Debt as % of Net Patient Revenue**	1.5%	1.9%	2.3%	-18.4%	-35.4%	1.7%	1.8%	1.5%	-6.7%	13.5%	7.4%
37												
38	**Capital Expense (Interest + Depreciation)**	9.9%	9.5%	9.2%	4.3%	7.9%	9.5%	9.2%	9.2%	3.2%	2.4%	6.9%
39												
40	***Rice Care Center Hours per Day***	6.3	6.2	6.2	2.8%	2.2%	6.4	6.1	6.2	4.9%	3.3%	5.8
41												
42	***Rice Home Medical***											
43	**Sales per FTE**	$ 151,604	$156,509	$138,985	-3.1%	9.1%	$ 154,600	$157,641	$147,138	-1.9%	5.1%	
44												
45	**Inventory Turns**						5.2	7.0	6.0	-25.5%	-13.1%	
46	**Inventory Days on Hand**						70	53	61	34.2%	15.1%	
47												

CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 4
Meeting Date: June 10, 2013
Attachments: Yes ☒ No

CITY COUNCIL ACTION
Date: June 17, 2013

☐ Approved ☐ Denied
☐ Amended ☐ Tabled
☐ Other

Originating Department: Willmar HRA

Agenda Item: Highland Apartments Bond Refinancing

Recommended Action: Authorize staff to start the process to refinance the Highland Apartments debt.

Background/Summary: The City has received a request from the Willmar HRA to consider authorizing them to refinance the Highland Apartments debt to lower the interest rate and complete some refurbishing of the units. More detailed information will be provided at the June 10th meeting.

Alternatives: Not allow the refinancing and continue paying higher interest rates on the debt. Direct the HRA to find alternative financing for the refurbishing.

Financial Considerations: Lower interest rates, could offset refurbishing costs.

Preparer: Steve Okins, Finance Director

Signature:

Comments:

CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 5
Meeting Date: June 10, 2013
Attachments: ☒ Yes No

CITY COUNCIL ACTION
Date: June 17, 2013

☐ Approved ☐ Denied
☐ Amended ☐ Tabled
☐ Other

Originating Department: Willmar HRA

Agenda Item: SCDP Administrative Contract

Recommended Action: Authorize Mayor and Administrator to sign the SCDP Program Administrative Agreement as presented.

Background/Summary: The City has for many years used the Willmar HRA as the Administrator for all SCDP Program Grants.

Alternatives: Don't authorize the SCDP Program Agreement with the HRA and hire staff to do so.

Financial Considerations: Possible additional staffing costs if HRA staff is not utilized.

Preparer: Steve Okins, Finance Director

Signature:

Comments:

RESOLUTION NO. _____

APPROVING ADMINISTRATIVE CONTRACT

FOR

WILLMAR COMPREHENSIVE SMALL CITIES DEVELOPMENT PROGRAM

WHEREAS, the Housing and Redevelopment Authority In and For the City of Willmar, Minnesota, submitted an application on behalf of the City of Willmar, Minnesota for the Willmar Comprehensive Small Cities Development Program under the Small Cities Development Program administered by the Minnesota Department of Employment and Economic Development;

WHEREAS, the City of Willmar has been notified of funding approval of the application by the Department of Employment and Economic Development;

NOW THEREFORE BE IT RESOLVED that the City of Willmar, Minnesota hereby approves the *Administrative Contract By and Between the City of Willmar, Minnesota, and the Housing and Redevelopment Authority In and For the City of Willmar, Minnesota attached hereto as Exhibit A*; and

BE IT FURTHER RESOLVED that the Mayor and the City Administrator of the City of Willmar, Minnesota are hereby authorized to execute said agreement.

DATED:_____ _____

MAYOR

ATTEST:

_____

CITY Administrator

ADMINISTRATIVE CONTRACT BY AND BETWEEN

CITY OF WILLMAR, MINNESOTA

AND

HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF WILLMAR, MINNESOTA

THIS CONTRACT for Administrative Services is between the City of Willmar, Minnesota, hereinafter referred to as the "City" or "Grantee", and the Housing and Redevelopment Authority In and For the City of Willmar, Minnesota, hereinafter referred to as the "HRA".

WHEREAS, the City of Willmar has been awarded a Grant from the Department of Employment and Economic Development, hereinafter referred to as Grantor, under the Small Cities Development Program, hereinafter referred to as "SCDP"; and,

WHEREAS, the City of Willmar desires to contract with the HRA for Administrative Services; and

WITNESSETH: In consideration of the mutual covenants and agreements contained herein, the City and the HRA agree as follows:

I. The term of this contract is for the period commencing on June 1, 2012 through December 31, 2014;

II. The HRA agrees to act as the administrative and fiscal agent for the City of Willmar to implement the Willmar Comprehensive SCDP Program funded through the Small Cities Development Program, Project No. CDAP-11-0094-0-FY12; draw requests for reimbursement of administrative and project costs will be prepared by the HRA and submitted to the City for approval prior to submission to the Grantor; funds will be deposited in designated City of Willmar account and paid by the City to the HRA;

III. The HRA as fiscal agent will receive financial reimbursements based upon a cost-reimbursement basis, accounted for in accordance with "The Common Rule" and said financial reimbursements shall include the general administrative and program activity fees associated with the grant delivery functions from the City of Willmar's Small Cities Development Program funds;

IV. As the administering agent, the HRA agrees to comply with all provisions of the Grant Agreement between the City of Willmar, Minnesota and the State of Minnesota acting through the Department of Employment and Economic for the above described grant which Agreement is attached hereto as Exhibit A. The HRA agrees to perform the activities that are proposed in the application and further are specified under Grant conditions during the period from June 1, 2012 through December 31, 2014, in accordance with all applicable provisions of Title 1 of the Housing and Community Development Act of 1974, as amended, its implementing regulations particularly federal statutes identified in Title 24 of the Code of Federal Regulations, Part 570, "Implementation Manual" provided by Grantor, and all other applicable state and federal laws;

V. On behalf of the Grantee, the HRA hereby assigns to the State of Minnesota any and all

claims for overcharges as to goods and/or services provided in connection with the contract resulting from antitrust violations which arise under the antitrust laws of the State of Minnesota.

VI. Project Planning: The HRA will coordinate the preparation of plans, specifications, contracts, budgets, and other agreements in a manner consistent with applicable State and Federal laws and regulations for all project activities.

VII. Implementation: The HRA will implement programs authorized under the Small Cities Development Program Grant within the respective limitations of the grant monies provided and/or in accordance with State and Federal requirements.

VIII. Rehabilitation Program: The HRA will develop program guidelines for owner-occupied housing rehabilitation, downtown commercial rehabilitation and downtown rental housing rehabilitation and implement them in accordance with Federal and State standards. This would include, but not be limited to, determination of eligibility, property and dwelling unit inspection, rehabilitation work write-up, assistance to property owners in obtaining bids, inspections during construction, and certification of completion for contractor payoff.

IX. Coordination of Other Rehabilitation Programs within the Project Area: The HRA will coordinate other applicable rehabilitation programs in the project area including but not limited to MHFA property improvement programs, USDA Rural Development property improvement programs, Heartland Community Action Agency weatherization program, Southwest Minnesota Housing Partnership property improvement programs funded through Greater Minnesota Housing Fund and Federal Home Loan Bank Affordable Housing Programs;

X. Fair Housing: The HRA in conjunction with the City agrees to abide by and promote all Fair Housing Regulations during the years the grant is open. Activities will be reported on forms provided by the Grantor annually.

XI. Financial Recordkeeping and Control: The HRA will keep complete and accurate records of all claims and disbursements in accordance with the following procedures:

1) The HRA will examine each claim and verify that the work has been done and/or materials actually provided for the project.

2) Requisition prepared by the HRA: The HRA, in anticipation of cash needs, will prepare a voucher as required by the State.

3) The HRA will submit the voucher and supporting documentation to the City Administrator for review and signature upon which the HRA will submit the requisitions to the State.

4) Payments to be made: Within three (3) days of the receipt of State monies, subject to any changes in State or Federal regulations, the City will pay the HRA who will in turn make payments authorized on each respective voucher.

5) As often as necessary, prepare a voucher listing all claims certified and paid by the HRA and submit this voucher to the HRA Board of Commissioners for its ratification.

6) The City and the HRA mutually agree that a mortgage, assignments and/or repayment agreement shall be executed in the name of the Willmar HRA for loans originated under the SCDP to individual property owners for rehabilitation purposes. In regard to such mortgages, repayment agreements and assignments, the HRA shall prepare all documents and obtain all necessary signatures required for proper execution of such documents and file a secured interest with the Kandiyohi County Recorder's Office.

7) The City and the HRA mutually agree that generated post close-out program income realized from the administration of the Small Cities Development Program will be used by the Willmar HRA for SCDP approved activities similar in purpose to the originally proposed activities. Program income received when the grant is open must be used to reduce draws of SCDP funds for grant activities.

XII. For the purposes of this contract, the HRA shall be deemed an independent contractor and not an employee of the City. Any and all employees of the HRA or other persons while engaged in the performance of any work or services required by the HRA under this contract, shall not be considered employees of the City and any and all claims that may or might arise on behalf of said employees or other persons as a consequence of any act or admission on the part of said employees or the HRA shall in no way be the obligation or responsibility of the City.

XIII. It is further agreed that the HRA shall defend and save the City harmless from any claims, demands, actions, or causes of action arising out of any act or admission on the part of the HRA, its agents, servants, or employees in performance of, or with relation to, any of the work or services provided, to be performed, or furnished by the HRA under the terms of this contract.

XIV. The HRA shall not assign any interest in this contract and shall not transfer any interests in the same, whether by assignment, subcontract, or novation without the prior written consent of the City. Services for lead assessments and lead clearance will be secured by the HRA through a separate contract.

XV. Any alteration, variation, modification, or waiver of the provisions of this contract shall be valid only after it has been reduced in writing, duly signed by both parties, and attached to the original of this contract.

XVI. The waiver of any of the rights and/or remedies arising under the terms of this contract on any one occasion by either party hereto shall not constitute a waiver of any rights and/or remedies in respect to any subsequent breach or default of the terms of this contract. The rights and remedies provided or referred to under the terms of the agreement are cumulative and not mutually exclusive.

XVII. This contract, as well as Exhibit A, which is attached hereto and incorporated herein by reference, shall constitute the entire agreement between the parties and shall supersede all prior oral or written negotiations.

XVIII. The City shall have full access to all records relating to the performance of this agreement.

XIX. In performing the provisions of this contract, the HRA agrees to comply with all Federal, State, or local laws and all applicable rules, regulations, or standards established by any agency or governmental units which are now or hereafter promulgated.

XX. In consideration of the prompt and efficient carrying out of the above, the City agrees to reimburse the HRA, dollar for dollar, for its administrative and project related costs in carrying out the above activities up to an amount not to exceed the maximum amount allowable as specified by the State of Minnesota, Department of Employment and Economic Development, Community Development Division. During the term of the contract, said monies are to come solely from the General Administration and Rehabilitation Administration funds budgeted and totally available for the administration of the Small Cities Development Program. Accurate records of administrative costs shall be kept by the HRA and billings shall be made at such times as are convenient to implement the City's requisition of funds from the State of Minnesota. For the purposes of this contract, administrative and project related costs are defined as follows:

1) Salary and professional services costs actually incurred by the HRA for time expended in all phases of the project.
2) Mileage, supplies, audit; publication costs; and other direct costs associated with the program administration.
3) Proportionate share of allowable overhead expenses figured on a time expended basis according to the HRA's approved cost allocation plan.
4) Costs incurred by the attendance at applicable Small Cities Development Program conferences within the term of this contract, including registration fees and travel expenses. Conference attendance shall be for the purpose of gaining additional information on community development and regulations and program implementation.

XXI. Should any of the above provisions be subsequently determined by a court of competent jurisdiction to be in violation of any Federal or State law or to be otherwise invalid, both parties agree that only those provisions to adjudged shall be invalid and that the remainder of this contract shall remain in full force.

XXII City reserves the right to terminate this contract if the HRA inexcusably fails to perform any of the provisions hereof. Such termination shall occur thirty (30) days after the receipt by the HRA of written notice specifying the grounds thereof, unless, prior to that date, the HRA has cured the alleged non-performance of the provisions of this contract.

XXIII. NOTICE TO HRA: It is required by Minnesota Statutes, Section 270.66 to provide your Minnesota Tax identification number if you do business with the State of Minnesota. These numbers will be available to federal and state personnel involved in the payment of state obligations.

Minnesota Tax ID 7382806
Federal Employer Tax ID 41-0951605

XXIV. It is understood that this agreement may be subject to review and/or approval by the Department of Employment and Economic Development.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be duly executed.

CITY OF WILLMAR

BY:_____
MAYOR, CITY OF WILLMAR

HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF WILLMAR, MN

BY:_____
CHAIR

ATTEST:

BY:_____
CITY ADMINISTRATOR

BY:_____
EXECUTIVE DIRECTOR

CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 3

Meeting Date: June

Attachments: Yes No

CITY COUNCIL ACTION

Date: June 17, 2013

☐ Approved ☐ Denied
☐ Amended ☐ Tabled
☐ Other

Originating Department: Housing and Redevelopment Authority

Action Requested: Approval of Resolution Adopting Section 3 Plan

Guiding Principle: The Department of Housing and Urban Development requires cities receiving its financial assistance to adopt a Section 3 Plan.

Introduction: All grantees must have a written plan in place to indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible toward low and very-low income persons (<80% of area median income), particularly those who are recipients of government assistance for housing.

These efforts could include:

1. Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within the metropolitan area (or non-metropolitan county) in which the Section 3 covered program or project is located, or similar methods.
2. Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.
3. Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.

DEED requires that Grantees have all potential contractors complete the Section 3 Business Certification Form. The plan and Certification Forms will be checked at grant monitoring. The Willmar HRA will be responsible for ensuring the requirements are met.

Background/Justification: Because the City is a HUD Small Cities Program grantee, it is required to comply with adopting a Section 3 Plan in order to receive the funds.

Fiscal Impact: $1,076,162

Alternatives: To not adopt the Section 3 plan and not receive Small Cities Development Program funding for community rehab needs.

Staff Recommendation: To adopt the Section 3 Plan.

Reviewed by: Jill Bengtson, Housing and Redevelopment Director for Kandiyohi County

Preparer: City Administrator Charlene Stevens

Signature:

Comments:

Resolution _____

City of Willmar Section 3 Plan

WHEREAS, The City of Willmar is a recipient of the HUD Small Cities Development Program to fund home owner rehabilitation, rental rehabilitation and commercial rehabilitation; and

WHEREAS, the Department of Housing and Urban Development requires its grantees to have a plan in place to direct employment and other opportunities created by the financial assistance received by the City towards low and very low income persons with incomes less than 80% of area median income particularly those who are recipients of government assistance for housing;

NOW, THEREFORE BE IT RESOLVED that the City of Willmar, Minnesota, hereby adopts the Section 3 Plan for the City of Willmar as attached hereto on this 17th day of June, 2013.

_____

Frank Yanish, Mayor

Attest:

_____

Charlene Stevens, City Administrator

City of Willmar Section 3 Plan

The City of Willmar, Minnesota, in conjunction with the Small Cities Development Program, has the following plan to direct employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low-and very low-income persons, particularly those who are recipients of government assistance for housing.

Section 3 is a HUD requirement that is intended to ensure that when employment or contracting opportunities are available on HUD funded projects, preference is given to low- and very low-income persons or businesses. Being a Section 3 Business is not required, however preference is given to those businesses.

The City of Willmar will attempt to recruit low-income residents through at least one of the following: local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within the City of Willmar in which the Section 3 covered program or project is located, or participate in the one of the HUD program or other program which promotes the training or employment of Section 3 residents, or will participate in a HUD program or other program which promotes the award of contracts to businesses which meet the definition of Section 3.

The City of Willmar will require all contractors to complete and submit the Section 3 Business Certification Form prior to awarding contracts. The City of Willmar will keep a list of Section 3 businesses. While being a Section 3 business is not required for the program, the City of Willmar will give preference to qualified, competitive Section 3 businesses.

Section 3 Business Certification Form

Section 3 is a HUD requirement that is intended to ensure that when employment or contracting opportunities are available on HUD funded projects, preference is given to persons or businesses earning less than 80% of area median income (AMI) as provided by local administrator. Being a Section 3 Business is NOT required, however preference is given to those businesses.

Name of Business _____ Owner(s) of Business _____
Type of Business _____ Address of Business _____
City _____ County _____ State ___ Zip Code _____ Telephone _____

Please answer the following questions:

1. Is your business owned by a person(s) with an annual income below 80% of area median income(AMI)? (local administrators should attach income chart)
   Note: If there is more than one owner, at least 51% ownership must be by a person(s) below that income level.
   - □ Yes Go to Question 2.
   - □ No Go to Question 3.

2. What is the 80% AMI or less income owners(s) name(s)? _____ . Skip questions 4&5, provide signature, and answer additional required questions.

3. Are 30% of full-time employees earning below 80% area median income?
   - □ Yes Skip Question 4 and provide signature and answer additional required questions.
   - □ No Go to Question 4.

4. Can you provide documented evidence that if your business does sub-contracting, that more than 25% of the dollar value of all contracts will go to those businesses that are at or below 80% of the area median income?
   - □ Yes Sign and date this form and answer additional required questions.
   - □ No Sign and date form.

If you answered no to all these questions, you are not a Section 3 Business. You do not have to be a Section 3 Business in order to work on HUD projects.

Business Owner Signature _____ Date _____

<u>If you certify that you are a Section 3 Business, complete the following questions</u>

1. Number of New Hires _____
2. Percentage of New Hires with income below 80% of area median income _____
3. Percentage of New Hire hours completed by persons earning income below 80% of area median income _____
4. Percentage of total staff hours completed by Section 3 Employees and Trainees _____
5. Number of Section 3 Trainees _____
6. In any, what trades do the Section 3 new hires/employees work? Examples: Professionals, technicians, office/clerical, construction. If construction, please indicate specific trade(s). _____

It is a crime to knowingly make false statements to the United States on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

STATE OF MINNESOTA
DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT
BUSINESS AND COMMUNITY DEVELOPMENT DIVISION

Small Cities Development Program
Grant Agreement

CDAP-11-0094-0-FY12

This Agreement is made on June 1, 2012 between the State of Minnesota acting through the Department of Employment and Economic Development (hereinafter the Grantor) and the City of Willmar, 333 SW 6th Street, P.O. Box 755, Willmar, MN 56021-0755 (hereinafter the Grantee).

The Grantor has been allocated funds by the United States Department of Housing and Urban Development under the Community Development Block Grant Program (CDBG) and is authorized to administer the funds pursuant to Minnesota Statutes 116J.401(2). Under Minn. Stat. 116J.402, the Grantor is empowered to enter into contracts as necessary to perform the Commissioner's duties.

The Grantee has made application to the Grantor for the purpose of administering a Small Cities Development Program (SCDP) project for the City of Willmar in the manner described in Grantee's "APPLICATION," which is incorporated into this agreement by reference.

In consideration of mutual promises set forth below, the parties agree as follows:

The Grantor shall grant to the Grantee the total sum of ONE MILLION SEVENTY-SIX THOUSAND ONE HUNDRED SIXTY-TWO DOLLARS ($1,076,162), which shall be federal funds appropriated to the State of Minnesota under the CDBG. The Grantee shall perform the activities that are proposed in the application and further are specified under Grant Conditions during the period from June 1, 2012 through December 31, 2014 in accordance with all applicable provisions of Title 1 of the Housing and Community Development Act of 1974, as amended, its implementing regulations particularly federal statutes identified in Title 24 of the Code of Federal Regulations, Part 570, guidelines provided by Grantor and all other applicable state and federal laws.

Grantee agrees to complete the project in accordance with the approved budget and within the time frames specified in the application and agreement. Any change in the scope of the project, the budget, or the completion date must be approved in writing by the Grantor.

Funds made available pursuant to this agreement shall be used only for expenses incurred in performing and accomplishing such purposes and activities during the grant period described above. Notwithstanding all other provisions of this agreement, it is understood that any reduction or termination of Housing and Urban Development funds provided to the Grantor may result in a like reduction to the Grantee.

Where provisions of the Grantee's application are inconsistent with other provisions of this agreement, the other provisions of this agreement shall take precedence over the provisions of the application.

Grant Number: CDAP-11-0094-O-FY12

GRANT CONDITIONS

1. The following activities, goals, and budget costs are approved by the Grantor. Any modifications to the budget must have written Grantor approval prior to implementation.

Fed. Obj	Activity Code	Activity Title	Unit Goal	Number of households /persons served	Number of LMI households /persons served	SCDP Funds	Other Funds	Total
LMH	14A	Res Owner Rehab	32	32	32	$480,000	$208,000	$688,000
LMH	14B	Rental Rehab	17	17	17	196,350	2,735,949	2,932,299
SBA	14E	Commercial Rehab	8	8		267,800	93,918	361,718
	21A	Administration				132,012	0	132,012
		Totals				$1,076,162	$3,037,867	$4,114,029

2. Successors and Assignees: The Grantee may neither assign nor transfer any rights or obligations under this grant contract without the prior consent of the Grantor and a fully executed grant agreement executed and approved by the same parties whom executed and approved the grant, or their successors in office. This agreement shall be binding upon any successors or assignees of the parties.

3. Amendments: Any amendment to this grant contract, with the exception of Grant Adjustment Notices (GANs), must be in writing and will not be effective until it has been executed and approved by those parties authorized by resolution to enter into this contract, their successors and assigns, or other party authorized by the Grantee through a formal resolution of its governing body. GANs must be approved by the Grantor in writing, and require a written change request by the Grantee.

4. Waiver: If the state fails to enforce any provisions of this grant agreement that failure does not waive the provisions or its right to enforce it.

5 Pre-Agreement Costs: Grantee may incur administrative costs for this grant prior to the executed grant agreement. This does not include the award of construction contracts prior to environmental clearance.

6. Environmental Compliance: Unless the Grantor indicates otherwise, the Grantee is required to conduct an environmental review on project activities, to comply with the National Environmental Policy Act of 1969 (NEPA), as amended. Disbursement of funds will not occur until Grantee has provided assurances that all NEPA requirements will be met.

   Environmental clearance must be received by the Grantor and other agencies prior to committing funds for activities. Grantee must maintain environmental review documentation and records.

   The Grantee may enter into a programmatic agreement with the Minnesota State Historic Preservation Office (MnSHPO) that allows the grantee to not seek further consultation from MnSHPO on eligible properties in eligible rehabilitation projects.

7. Timeliness: The Grantor may cancel this Grant Agreement if it determines that the progress towards completion of the activities is not reasonable.

8. Drug-free Workplace/Drug-Free Workplace Awareness Program: The Grantee agrees to provide a drug-free workplace by notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying actions that will be taken against employees for violation of such prohibition. The Grantee must have an Awareness Program, or establish a

drug-free workplace awareness program to inform employees about the dangers of drug abuse, the availability of drug counseling and penalties for violations of the drug-free workplace policy. Prior to release of funds, Grantee will provide evidence of a drug-free workplace to the Grantor.

9. Prohibition of Excessive Force Policy: The Grantee agrees to adopt and enforce a policy to prohibit the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations (P.L. 101-144, Section 519). Prior to release of funds, Grantee will provide evidence of a Prohibition of Excessive Force Policy to the Grantor.

10. Residential Anti-displacement and Relocation Assistance Plan: The Grantee agrees to adopt, make public and follow a "residential anti-displacement and relocation assistance plan" in accordance with Section 104(d) of the Housing and Community Development Act of 1974, as amended. This plan must include steps to minimize displacement of residents caused by project activities. Prior to release of funds, Grantee will provide evidence of a Residential Anti-displacement and Relocation Assistance Plan to the Grantor.

11. Fair Housing: Grantee agrees to abide by and promote all Fair Housing Regulations during the grant period, including conducting at least one unique activity to affirmatively further fair housing each year that the grant remains open. Activity(ies) must be reported via the Grantor's Annual Report annually.

12. Policies and Procedures: Where applicable and prior to release of funds, Grantee must approve policies and procedures which are consistent with the Application and consistent with current SCDP guidance and policy. All policies and procedures must adhere to federal and/or state requirements.

13. Federal Labor Standards: When applicable, Grantee must comply with all federal Davis Bacon and Related Act requirements and must submit "Notice of Contract Award" required by the Grantor before using grant funds to pay contractors or subcontractors.

14. Reporting: Grantee shall submit reports annually during the grant period, to Grantor by October 15, or the date designated by the Grantor. All other reports must be in accordance with the reporting requirements set forth in Minnesota Rule 4300.3200. Grantee shall use the reporting forms provided by the Grantor.

15. Accounting: For all expenditures of funds made pursuant to this agreement, Grantee shall keep financial records, including invoices, contracts, receipts, vouchers, and other documents sufficient to evidence in proper detail the nature and propriety of the expenditure. Accounting methods shall be in accordance with "The Common Rule," Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, at 24 CFR, Part 85, as amended.

16. Procurement: The Grantee must maintain documentation that shows that professional services were procured in accordance with "The Common Rule," Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, at 24 CFR, Part 85, as amended. Services obtained from units of government such as HRA, RDC, or nonprofit organizations do not have to be procured by competitive negotiation, but contracts for these services must only be on a cost-reimbursement basis, accounted for in accordance with "The Common Rule."

All construction contracts will require competitive bidding, unless waived by the Grantor.

17. Audit and Inspection: The Grantee shall comply with the requirements of the Single Audit Act Amendments of 1996 (P.L. 104-156). When a Grantee expends over $500,000 in federal funds during their fiscal year, an A-133 audit is required. Accounts and records related to the funds provided under this agreement shall be accessible to authorized representatives of the Grantor for purposes of examination and audit. In addition, Grantee will give the U.S. General Accounting Office, the U.S. Department of Housing and Urban Development, State of Minnesota, Department Of Employment and Economic Development, the Legislative Auditor, and State Auditor's Office, through any authorized representatives, access to and the right to examine all records, books, papers, and documents related to the grant for a minimum of six years from the end of this Grant Agreement. The Catalogue of Federal Domestic Assistance (CFDA) number for grants made available from Small Cities is: 14.228.

18. Liability: Grantee agrees to indemnify and save and hold Grantor, its agents and employees harmless from any and all claims or causes of action arising from the performance of the Grant by Grantee or Grantee's agents or employees. This clause shall not be construed to bar any legal remedies Grantee may have for the Grantor's failure to fulfill its obligations pursuant to this Agreement.

19. Data Practices Act: The Grantee shall comply with the Minnesota Government Data Practices Act, Chapter 13.

20. Conflict of Interest: The Grantee shall comply with the conflict of interest provisions of Minnesota Statutes Sections 471.87-471.88, and Subpart K of 24 CFR, Part 570.611 of the Code of Federal Regulations.

21. Payment/Disbursements: Grantor shall disburse funds to the Grantee pursuant to this agreement, based upon a payment request submitted by the Grantee and reviewed and approved by the Grantor. Payment requests will be processed on a bi-weekly calendar provided by Grantor. The amount of grant funds requested must be two thousand dollars ($2,000) or more (except for the final draw).

    Grantor has authority to withhold administrative funds if adequate progress on contractual goals is not being met.

22. Program Income and local income generated: Program Income is defined as any income equal to or exceeding $35,000 in a federal fiscal year (10/1-9/30) received by the Grantee from the CDBG (SCDP and federal Minnesota Investment Fund). Any income received from a SCDP grant under $35,000 in a federal fiscal year, is not Program Income, but must be reused for an approved purpose.

    If a Grantee has an open SCDP grant and receives income (Program Income or not) from that SCDP grant, or previous SCDP grants that are now closed, the amount received must be used for grant activities prior to drawing awarded funds. Program Income will be subtracted from the amount requested on the Disbursement Request Form (DRF).

    Grantee agrees to have a "Program Income and Local Funds Generated Plan" on file that states how Program Income and local funds generated from the grant will be reused. This plan should state funds will be reused for an approved SCDP purpose and be consistent with the Grantee's application. If the funds received by the Grantee cannot be utilized by the Grantee within a reasonable amount of time, it must be returned to Grantor.

    Annual Reporting: Following grant closeout, the Grantee must report Program Income funds available at the beginning of the year, Program Income received, Program Income expended, and the Program Income funds balance at the end of the year. This reporting is completed on-line. If the Grantee receives income from a grant of less than $35,000 in a federal fiscal year, it is NOT Program Income and the report should report $0 for Program Income. Grantees must complete the report annually even if there is no Program Income. Annual Program Income reporting will be required as long as the Grantee has Program Income or has outstanding loans for grant funds or Program Income funds.

    If Program Income is expended, when it is not on an open grant, the Post Closeout Program Income Expenditure Reporting Form must be completed to show accomplishments achieved with those and leveraged funds.

23. The Grantee must comply with Minnesota Statutes, Section 290.9705 by either:

    A. Depositing with the State, eight percent of every payment made to non-Minnesota construction contractors, where the contract exceeds $100,000; or

    B. Receiving a waiver from this requirement from the Minnesota Department of Revenue.

24. Anti-Lobbying: The Grantee must not use SCDP funds to pay any person for influencing or attempting to influence an officer or employee of a federal agency, a member of Congress, an officer or employee of Congress, or any employee of a member of Congress in connection with the awarding of any federal contract, the making of a federal grant, the making of a federal loan, the entering into of any cooperative agreement, and the extension, continuation,

renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement. If the Grantee uses non-federal funds to conduct any of the aforementioned activities, the Grantee must complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying." Further the Grantee must include the language of this provision in all contracts and subcontracts and all contractors and subcontractors must comply accordingly.

25. Equal Employment & Section 3: Grantee must include Executive Order 11246 (Standard Federal Equal Employment Opportunity Construction Contract Specifications) as well as the Section 3 Clause §135.38, notice regarding economic opportunities for low and very low income persons in all Grantee bidding and contract documents for which the construction costs exceed $100,000. All Grantees must have a Section 3 plan documenting how they will promote Section 3 and collect the SCDP Section 3 Contractor Certification form when applicable.

26. Uniform Relocation Assistance and Real Property Acquisition Policies Act: Permanent easements of land required for any public facilities improvement made using SCDP funds, or in conjunction with SCDP activities, must be acquired in conformance with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR 24). Budget modification, if necessary to achieve compliance, must be approved in writing by the Grantor.

    Unless otherwise approved in writing by Grantor, use of SCDP funds to purchase real property is limited to the value established by appraisal(s) conducted in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

    Reuse of real property that is acquired with SCDP funds must be approved by Grantor.

27. Assessments: Grantee will not assess the SCDP funds share of any public facilities project.

28. Provision for Contracts and Subcontracts: Grantee shall include in any contract or subcontract such provisions as to assure contractor and subcontractor compliance with applicable state and federal laws.

29. Eligible Contractors: Grantees are required to verify that all contractors, subcontractors and sub-recipients are not listed on the Federal publication that lists debarred, suspended and ineligible contractors. Evidence of this determination must be readily available to the Grantor throughout the life of the project.

30. Reduction in Actual Costs: On projects that involve construction of public facilities, new housing construction, conversion for new housing, or rehabilitation of 8 housing units or more under one site: If bids are significantly lower than estimated project costs presented in the Grantor's application, Grantee must contact Grantor. Grant amount may be reduced.

31. Termination and Cancellation: This Grant may be cancelled by the Grantor at any time, upon thirty (30) days written notice to the Grantee. In the event of such cancellation, Grantee shall be entitled to payment, determined on a pro rata basis, for work or services satisfactorily performed.

32. Worker's Compensation: The grantee certifies that it is in compliance with Minnesota Statute 176.181 Subd.02, pertaining to worker's compensation insurance coverage. The Grantee's employers and agents will not be considered state employees. Any claims that may arise under the Minnesota Worker's Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

33. Governing Law, Jurisdiction and Venue: Minnesota law, without regard to its choice for law provisions, governs this grant contract. Venue for all legal proceedings out of this grant contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

34. Monitoring: Grantee will be monitored through an on-site visit at least once during the grant period.

35. Public Hearing: The Grantee will hold a second public hearing (first was held for submission of Application) midway through the implementation period to solicit public feedback on grant progress and results. The public

hearing must be publicly advertised and minutes from the hearing and evidence that the hearing was publicly advertised will be provided to the Grantor after the hearing is held. This documentation will be provided by October 15, 2013.

36. Bid Specifications: For projects that involve construction of public facilities, new housing construction, conversion for new housing, or rehabilitation of 8 housing units or more under 1 site: Grantee will provide Grantor with bid specifications (not maps or architectural drawings) for review and approval.

37. Allowable Costs – Grant funds will only be used to reimburse costs that are eligible and allowable under the CDBG program. Grantor will require that Grantee refund any unallowable costs to Grantor.

38. Rental Development Agreement – When applicable and prior to release of funds, the Grantee will provide the Grantor with a development agreement between the Grantee and developer and, if applicable, the Management Company. The agreement(s) will include provisions to ensure that rents charged for housing units and incomes of tenants are adequate to satisfy a National Objective. If applicable, the agreement would also ensure against the economic displacement of any current housing tenants.

The Grantor and Grantee acknowledge their assent to this agreement and agree to be bound by its terms through their signatures entered below.

GRANTEE: We have read and we agree to all of the above provisions of this agreement.

By _____

Title MAYOR

Date July 10, 2012

By _____

Title CITY ADMINISTRATOR

Date July 10, 2012

STATE OF MINNESOTA by and through the Department of Employment and Economic Development

By _____

Title DEPUTY COMMISSIONER

Date July 18.2012

ENCUMBERED:
Department of Employment and Economic Development

By _____
(Name)

6/25/12
Date Encumbered

[Individual signing certifies that funds have been encumbered as required by Minnesota Statute 16A.]

PO# 3-53957
SC 48474

City of Willmar
Grant #CDAP-11-0094-O-FY12

Awards/2012Awards/2012Contracts.doc

CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 6

Meeting Date: June 10, 2013

Attachments: X Yes ___ No

CITY COUNCIL ACTION

Date: June 17, 2013

☐ Approved ☐ Denied
☐ Amended ☐ Tabled
☐ Other

Originating Department: City Clerk-Treasurer

Action Requested: Motion to Approve

Guiding Principle: Minnesota Statute 118A

Agenda Item: Request authority to open a new account at Bremer Bank for short term investments.

Background/Justification:

The City Clerk Treasurer implements investment strategies in the management of the City's $50-$55 million dollar portfolio. The current strategy of maintaining $4-$6 million in short term investments, used to match the liquidity needs of our municipal service expenditure levels, has resulted in a disappointing one-tenth of one percent earnings ratio. In an attempt to improve the earnings, staff has met with Bremer officials to develop a liquid investment tool. The result is a short term duration portfolio structure of treasury's, taxable municipal bonds, agency non-callable bonds and brokered CD's that could achieve a yield nearly six times (.55%) higher than the current strategy.

Fiscal Impact: $ 13,500-$27,000

Alternatives: Leave all funds in existing Heritage Bank account

Staff Recommendation: Open a Bremer Bank account

Preparer: City Clerk-Treasurer

Signature:

Bremer
Investment Management & Trust

City of Willmar
Limited Duration 2 yr Avg Mat. Complies with MN Statute 118A.04

As of:	4/15/2013
Estimated Market Value:	$3,000,000
Estimated Gross Annual Yield:	0.55%
Estimated Average Maturity (Years):	1.56 years

Type	Name	Quality	Coupon	Dollar Price	Term to Maturity/ Average Life	Amount	% of Total	Yield to Maturity	Estimated Annual Coupon Income	Estimated Annual Portfolio Life Income
Treasury	Treasury Bill	Aaa	0.00%	$99.91	Feb-14	$225,000	7.50%	0.10%	$0	$185
Treasury	U.S. Treasury note	Aaa	0.88%	$101.57	Dec-16	$225,000	7.50%	0.45%	$1,969	$3,654
Agency non-callable	Federal Home Loan Mtge Corp	Aaa	0.50%	$100.20	Oct-13	$300,000	10.00%	0.15%	$1,500	$226
Agency non-callable	Federal Home Loan Bank	Aaa	1.03%	$100.56	Nov-13	$300,000	10.00%	0.20%	$3,090	$357
MBS	Freddie Gold 7yr Collateral (0.81 Year Avg. Life) - Final Maturity 12/1/15*	Aaa	5.00%	$103.50	Mar-14	$300,000	10.00%	0.45%	$15,000	$1,184
MBS	Fannie Mae 10yr Collateral (1.2 Year Avg. Life) - Final Maturity 2/1/15*	Aaa	4.50%	$103.50	Jul-14	$300,000	10.00%	0.45%	$13,500	$1,635
MBS	Fannie Mae 10yr Collateral (1.1 Year Avg. Life) - Final Maturity 02/1/15*	Aaa	4.50%	$105.09	Jul-14	$300,000	10.00%	0.55%	$13,500	$1,998
Taxable Municipal	Central Bucks, PA Taxable G.O.	Aa1	2.55%	$109.66	May-15	$150,000	5.00%	0.65%	$3,825	$1,993
Taxable Municipal	Eden Prairie, MN G.O.	Aaa	2.05%	$102.94	Dec-15	$150,000	5.00%	0.95%	$3,075	$3,748
Taxable Municipal	Johnston, IA Taxable G.O.	Aa1	3.25%	$103.61	Jun-17	$150,000	5.00%	0.95%	$4,875	$5,887
Brokered CD	Safra Nat'l Bank (FDIC Insured)	Aaa	0.30%	$100.00	Apr-14	$200,000	6.67%	0.30%	$600	$577
Brokered CD	Key Bank (FDIC Insured)	Aaa	0.35%	$100.00	Sep-14	$200,000	6.67%	0.35%	$700	$967
Brokered CD	Synovus Bank (FDIC Insured)	Aaa	0.60%	$100.00	Mar-16	$200,000	6.67%	0.60%	$1,200	$3,455
Total						$3,000,000			$62,834	$25,864

Commercial paper & discount notes, like T-bills, are sold at a discount. The return is the difference between purchase price and maturity at par ($100). No coupon is paid.
*All MBS pass Price, Average Life, Average Life, and Mortgage Price Sensitivity Test

The above portfolio structure assumes full investment management authority in types of securities and in asset allocation concentrations. Allocations and interest rates MAY NOT BE GUARANTEED AT ANY TIME. Prices, yields and inventory levels of all investments are subject to variability and volatility.

CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 7

Meeting Date: June 10, 2013

Attachments: ☒ Yes No

CITY COUNCIL ACTION

Date: June 17, 2013

☐ Approved ☐ Denied
☐ Amended ☐ Tabled
☐ Other

Originating Department: Finance

Agenda Item: Willmar Library Funding Request

Recommended Action: To approve the request and appropriate $12,000 for the acquisition of new tables from the Library Capital Reserve Fund.

Background/Summary: The City of Willmar has received a request from Ryan McCormick, Willmar Head Librarian, for disbursement of $12,000 from the Library Capital Reserve Fund for the purchase of new tables for the multi-purpose room. The Library Capital Reserv Fund has a balance of $178,251 as of 05/31/2013 and was established by excess local option sales tax for the Library expansion.

Alternatives: Require other funding, not purchase the tables, or fund a portion thereof.

Financial Considerations: Reduce the Library Capital Reserve Fund by $12,000 leaving a balance of $166,251.

Preparer: Steve Okins, Finance Director

Signature:

Comments:

Willmar Public Library

410 5th St. SW
Willmar, MN 56201

Phone: (320) 235-3162 Fax: (320) 235-3169 willmar.staff@pioneerland.lib.mn.us

June 3, 2013

Charlene Stevens
City Administrator
333 6th Street SW
Willmar, MN 56201

Dear Ms. Stevens:

On behalf of the Willmar Public Library I would like to request a disbursement of the library's reserve capital funds to purchase new tables for the multipurpose room.

The tables currently located in the multipurpose room are nearly twenty years old and we would like to purchase twelve new replacements for a cost of up to $12,000.

Please take this request to the City Council for approval. Upon approval for disbursement of funds, the Willmar library will move forward with purchasing new tables. (For the convenience of all involved, I would recommend that the city submits funding to the Pioneerland Library System who will then pay the invoices.)

I would be happy to answer any questions you may have about this project. If it is convenient for you, you are welcome and encouraged to visit the library to see firsthand why these new tables are needed. Feel free to stop by anytime.

Thank you very much for your time and consideration.

Sincerely,

Ryan McCormick
Head Librarian

c: Denis Anderson
Mayor Frank Yanish
Steve Okins

CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 8
Meeting Date: June 10, 2013
Attachments: ☒ Yes No

CITY COUNCIL ACTION
Date:

☐ Approved ☐ Denied
☐ Amended ☐ Tabled
☐ Other

Originating Department: **Administration**

Agenda Item: Renewal of lease with Mid-Minnesota Development Commission.

Recommended Action:
Renew the lease with Mid-Minnesota Development Commission for a three year term, commencing June 1, 2013 and expiring May 31, 2016 with two one year options to renew.

Background/Summary: Mid Minnesota Development Commission has leased the basement of City Hall since 1980 for office space. The lease has been a good match for both parties. The current monthly rate is $1,350/month. The recommended renewal includes an increase of $50/month for the first year and each year thereafter.

Alternatives: Not renew the lease or renew the lease at a different rate.

Financial Considerations: The City will receive an additional $600/month.

Preparer: C. Stevens **Signature:**

Comments:

EXTENSION OF LEASE AGREEMENT

This AGREEMENT, made and entered into this _____ day of _____, 2013, by and between the CITY OF WILLMAR, a municipal corporation under the laws of the State of Minnesota (hereinafter City) and MID-MINNESOTA DEVELOPMENT COMMISSION (hereinafter Commission). WITNESSETH:

WHEREAS, City did enter into a Lease Agreement with Commission dated September 29, 1980, and did enter into a number of Extensions of said Lease Agreement, wherein City leased certain office space to Commission; and

WHEREAS, both parties are desirous of extending said Lease Agreement for an additional three (3) years commencing June 1, 2013, and expiring May 31, 2016.

NOW, THEREFORE, IT IS HEREBY AGREED by and between the parties hereto as follows:

1. That the Lease Agreement of September 29, 1980; and the Extensions are further extended for an additional period of five (5) years at all of the same terms and conditions therein contained, except as hereinafter provided.

2. That the termination notice by the City shall be a six (6) month written notice and the termination notice of the Commission shall be a six (6) month written notice, except that the Commission shall provide a three (3) month notice if relocation is within the City of Willmar.

3. That the City will allow the Commission to sublease not more than twenty (20) percent of its area to governmental or nonprofit agencies that provide services and programs compatible with those provided by the Commission and which deliver said services and programs on a multi-jurisdictional basis. Said sublessee shall be subject to the Commission advising the City of its intent, and further that sublease shall adhere to and abide by all other terms and conditions of the Lease between the City and the Commission.

4. Under the terms of this Agreement, the City further agrees to provide as follows:

   A. Carpet cleaning of major traffic areas between April 1 and May 15 of each year.

   B. Heating, cooling, electricity and replacement of light bulbs.

   C. Paper towels in the lounge area.

   D. Space for adequate signage on both the exterior and interior of the building.

   E. Rugs on the step landing, bottom of the steps and by the elevator door.

5. It is agreed that the rent payable on the first day of each month during the first three (3) years of this Lease Extension shall be One Thousand Four Hundred ($1,400) Dollars per month. Rent payable on the first day of each month during the second (2nd) year of the Lease Extension shall be One Thousand Four Hundred Fifty ($1,450) Dollars per month, and during the third (3rd) year of the Lease Extension, rent payable on the first day of each month shall be One Thousand Five Hundred ($1,500) Dollars per month. There is also an option for two additional one-year renewals with increases of $1550 and $1600 respectively.

6. Except as herein modified and amended, the parties do hereby reaffirm all the original terms of the original Lease Agreement of September 29, 1980, and Extensions.

IN WITNESS WHEREOF, the parties have hereunto executed this Agreement the day and year first above written.

CITY OF WILLMAR	MID-MINNESOTA DEVELOPMENT COMMISSION
By: _____	By: _____
Its: Mayor	Its: Chairperson
By: _____	By: _____
Its: City Administrator	Its: Executive Director

CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 9

Meeting Date: June 10, 2013

Attachments: ☒ Yes No

CITY COUNCIL ACTION

Date: June 17, 2013

☐ Approved ☐ Denied
☐ Amended ☐ Tabled
☐ Other

Originating Department: Finance

Agenda Item: Reports

Recommended Action: Receive and review reports:
A) May 31st General Fund

Background/Summary: Periodic review of reports

Alternatives: N/A

Financial Considerations: Review financial status.

Preparer: Steve Okins, Finance Director

Signature:

Comments:

2013

GENERAL FUND

The General Fund is established to account for all revenues and expenditures which are not required to be accounted for in other funds. It has more diverse sources than other funds, and includes property taxes, licenses, permits, fines and forfeits, intergovernmental revenues, service charges, rents and investment interest earnings. The fund's respources finance a wide range of functions including current operations of general government, public safety, public works and non-departmental general expenditures.

	2010 Actual	2011 Actual	2012 Actual	2013 Budget	2013 Actual As of 05/31/13
Undesignated Bal.	$ -	$ -	$ -	$ -	$ -
Designated Bal.	14,576,343	14,042,972	14,191,120	14,993,343	14,993,343
Revenues	13,501,740	13,851,529	14,723,664	13,896,432	2,193,016
Operating	(12,840,642)	(12,681,667)	(12,708,429)	(13,273,307)	(4,679,797)
Capital Transfers	(1,194,915)	(1,018,319)	(1,213,012)	(1,817,611)	-
Expenditures	(14,035,557)	(13,699,986)	(13,921,441)	(15,090,918)	(4,679,797)
Prior Adjust.	446	(3,395)	-	-	-
Balance-Dec. 31	14,042,972	14,191,120	14,993,343	13,798,857	12,506,562

SUMMARY OF REVENUE ACCOUNTS

GENERAL FUND

	2010 Actual	2011 Actual	2012 Actual	2013 Budget	2013 Actual As Of 05/31/13
TAXES					
CURRENT AD VALOREM	3,296,429	3,450,982	3,899,155	3,992,734	45,655
DELINQUENT AD VALOREM	72,658	111,256	66,276	100,000	6,701
FRANCHISE FEE	-	-	-	230,000	62,070
LICENSES AND PERMITS	364,712	297,120	293,104	277,730	218,565
INTERGOVERNMENTAL					
OTHER AIDS	942,510	922,430	805,068	736,941	128,977
LOCAL GOVERNMENT AID	4,052,790	4,052,790	4,052,790	4,052,790	-
SERVICE CHARGES	869,222	944,488	896,566	724,450	205,311
FINES AND FORFEITS	168,716	163,098	153,648	170,500	64,297
SPECIAL ASSESSMENTS	2,023	1,477	1,768	-	119
MISCELLANEOUS REVENUE	1,142,314	1,274,952	917,185	980,500	361,721
OTHER FINANCING SOURCES	2,590,364	2,632,936	3,638,105	2,836,522	1,099,600
EXTRAORDINARY ITEMS	-	-	-	-	-
TOTAL	**13,501,740**	**13,851,529**	**14,723,665**	**14,102,167**	**2,193,016**

SUMMARY OF EXPENDITURES BY FUNCTION

GENERAL FUND

	2010 Actual	2011 Actual	2012 Actual	2013 Budget	2013 Actual As of 05/31/13
GENERAL GOVERNMENT					
CITY ADMINISTRATOR	231,208	264,211	236,273	272,701	112,808
MAYOR & COUNCIL	160,960	185,704	187,322	204,615	44,951
PLANNING & DEVELOPMENT	449,573	449,048	458,200	482,412	192,413
CITY CLERK-TREASURER	206,961	206,706	207,603	207,994	88,191
ASSESSING	301,090	259,332	234,101	274,950	88,158
FINANCE	341,668	344,326	362,821	387,032	131,431
LEGAL	186,844	185,280	197,952	216,000	79,923
CITY HALL	135,765	151,789	172,426	145,254	47,414
INFORMATION TECHNOLOGY	264,646	267,029	234,925	425,530	173,462
CULTURAL DIVERSITY	21,000	42,000	-	-	-
ELECTIONS	48,010	28,672	49,878	22,697	15,425
NON-DEPARTMENTAL	1,158,402	1,233,737	1,237,140	1,255,100	418,115
TOTAL GENERAL GOV'T	**3,506,127**	**3,617,834**	**3,578,641**	**3,894,285**	**1,392,291**
PUBLIC SAFETY					
POLICE DEPARTMENT	4,006,814	3,775,748	3,828,289	4,111,630	1,469,572
FIRE PROTECTION	718,077	732,263	541,000	645,430	209,423
NON-DEPARTMENTAL	1,660	14,608	33,868	15,000	174
TOTAL PUBLIC SAFETY	**4,726,551**	**4,522,619**	**4,403,157**	**4,772,060**	**1,679,169**
PUBLIC WORKS					
TRANSIT SYSTEM	-	6,000	9,000	13,000	-
ENGINEERING	705,408	470,502	426,674	496,938	96,523
PUBLIC WORKS	2,882,784	2,859,601	2,989,357	2,384,391	850,172
NON-DEPARTMENTAL	928	812	242,486	2,000	806
AIRPORT	110,632	151,062	229,720	-	-
TOTAL PUBLIC WORKS	**3,699,752**	**3,487,977**	**3,897,237**	**2,896,329**	**947,501**

	2010 Actual	2011 Actual	2012 Actual	2013 Budget	2013 Actual As of 05/31/13
HEALTH & SOCIAL SERVICES					
NON-DEPARTMENTAL	15,000	15,000	15,000	-	-
TOTAL HEALTH/SOC SER	**15,000**	**15,000**	**15,000**	**-**	**-**
CULTURE & RECREATION					
LIBRARY	412,597	459,007	413,511	469,173	92,920
AUDITORIUM	65,111	40,867	48,063	47,500	15,040
NON-DEPARTMENTAL	41,800	51,000	64,500	110,500	40,000
PARK DEVELOPMENT	22,000	(21,057)	45,000	-	-
LEISURE SERVICES	402,516	435,107	411,004	327,051	98,678
CIVIC CENTER	550,277	541,883	625,698	564,705	256,209
COMMUNITY CENTER	135,474	82,920	64,822	133,242	42,182
AQUATIC CENTER	176,852	176,394	174,730	199,669	25,454
TOTAL CULTURE/RECR	**1,806,627**	**1,766,121**	**1,847,328**	**1,851,840**	**570,483**
OTHER FINANCING USES					
TRANSFERS OUT	281,500	290,435	180,078	1,817,611	90,353
TOTAL OTHER FINANC	281,500	290,435	180,078	1,817,611	90,353
GRAND TOTAL	**14,035,557**	**13,699,986**	**13,921,441**	**15,232,125**	**4,679,797**