

WILLMAR

City Finance Department

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COUNCIL ACTION REQUEST

DATE: June 13, 2016

SUBJECT: Rice Memorial Hospital 2015 Audit

RECOMMENDATION: It is respectfully requested the City Council consider the following recommendation:

Receive report and direct staff to place on file for future reference.

BACKGROUND: Annual review and presentation of Annual Independent Audit Report for Rice Memorial Hospital

FINANCIAL CONSIDERATION: N/A

LEGAL: City Charter requirement.

Department/Responsible Party: Rice Memorial Hospital/Bill Fenske



March 29, 2016

Mr. Bill Fenske, CFO
Rice Memorial Hospital
301 Becker Avenue SW
Willmar, MN 56201-3302

RSM US LLP

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West Tower, Suite 1100
Minneapolis, MN 55402

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Dear Mr. Fenske:

In accordance with your request, we are attaching the accompanying PDF file, which contains an electronic final version of the financial statements of Rice Memorial Hospital (the Hospital) (an enterprise fund of the City of Willmar, Minnesota) as of December 31, 2015. We understand that your request for the electronic copy has been made as a matter of convenience. You understand that electronic transmissions are not entirely secure and that it is possible for confidential financial information to be intercepted by others.

These financial statements and our report(s) on them are not to be modified in any manner. This final version supersedes all prior drafts. Any preliminary draft version of the financial statements previously provided to you in an electronic format should be deleted from your computer, and all printed copies of any superseded preliminary draft versions should likewise be destroyed.

Professional standards and our firm policies require that we perform certain additional procedures whenever our reports are included, or we are named as accountants, auditors or "experts," in a document used in a public or private offering of equity or debt securities. Accordingly, as provided for and agreed to in the terms of our arrangement letter, the Hospital will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our consent. Any request to consent is also a matter for which separate arrangements will be necessary. After obtaining our consent, the Hospital also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Hospital seeks such consent, we will be under no obligation to grant such consent or approval.

Thank you for the opportunity to serve you.

Sincerely,

Jeremy D. Zabel, Partner
+1 612 376 9544

wpd
Attachment

THE POWER OF BEING UNDERSTOOD
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Rice Memorial Hospital (An Enterprise Fund of the City of Willmar, Minnesota)

Financial Report
(With Independent Auditor's Report Thereon)
December 31, 2015

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RSM US LLP

Independent Auditor's Report

Board of Directors
Rice Memorial Hospital
Willmar, Minnesota

Report on the Financial Statements

We have audited the accompanying statement of net position of Rice Memorial Hospital (the Hospital), an enterprise fund of the City of Willmar, Minnesota, as of December 31, 2015, the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rice Memorial Hospital, an enterprise fund of the City of Willmar, Minnesota, as of December 31, 2015, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1, the financial statements present only the Hospital and do not purport to, and do not, present the financial position of the City of Willmar, Minnesota, as of December 31, 2015, and its changes in financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, in 2015, the Hospital adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The Hospital recorded the cumulative effect of adopting GASB Statements No. 68 and 71. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (unaudited) and the required supplementary information (unaudited), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The combining and individual financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RSM US LLP

Minneapolis, Minnesota
March 28, 2016

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Management's Discussion and Analysis

Introduction

Rice Memorial Hospital (an enterprise fund of the City of Willmar, Minnesota) (the Hospital) offers readers of its financial statements this narrative overview and analysis of the financial activities of the Hospital for the fiscal years ended December 31, 2015 and 2014. The Hospital encourages readers to consider the information presented here in conjunction with the Hospital's financial statements, including the notes thereto.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Hospital's audited financial statements. The financial statements are composed of the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. The financial statements also include notes to the financial statements that explain in more detail some of the information in the financial statements. The financial statements are designed to provide readers with a broad overview of the Hospital's finances.

Required Financial Statements

The Hospital's financial statements report information about the Hospital and Rice Health Foundation using accounting methods similar to those used by private sector health care organizations. These statements offer short- and long-term information about its activities. The statement of net position includes all of the Hospital's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Hospital creditors (liabilities). The statement of net position also provides the basis for evaluating the capital structure of the Hospital and assessing the liquidity and financial flexibility of the organization.

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses and changes in net position. This statement measures the financial performance of the Hospital's operations over the past two years and can be used to determine whether the Hospital has successfully recovered all of its costs through its patient service revenue and other revenue sources. The Hospital does not receive any funding from the City of Willmar (the City). Payments in lieu of taxes have been made to the City in the amounts of \$529,194 for 2015 and \$532,589 for 2014. Revenues and expenses are reported on an accrual basis, which means the related cash could be received or paid in a subsequent period.

The final required statement is the statement of cash flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. It also provides answers to where cash came from, what cash was used for, and what the change in cash balance was during the reporting period.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Management's Discussion and Analysis

Financial Highlights

Management has determined that due to the adoption of GASB Statement No. 68 and 71, only 2015 financial results and financial position will be included in this year's financial audit, due to lack of comparability to the 2014 financial statements. The adoption of GASB Statement No. 68 had a significant impact to the net position of the Hospital at January 1, 2015. As a result of implementing these Statements, the net position of the Hospital realized a \$30.7 million decrease upon adoption in 2015. Further information is shown on the balance sheet of the Hospital and in Note 7 of the notes to financial statements section. Although the impact of recording the \$35.6 million liability reduced the net position, positive operating performance offset this by \$4.9 million. Total assets increased by \$4.2 million to \$134.4 million in 2015, compared to a \$2.4 million decrease in 2014. During these two fiscal years, total liabilities increased by \$34.9 million in 2015 (due to GASB Statement No. 68) and decreased by \$1.8 million in 2014.

Excess of revenues over expenses was \$3.5 million 2015 and a deficit of \$886,000 in 2014. Operating activity reflected operating income of \$2.4 million in 2015 and operating losses of \$2.4 million in 2014. For the purposes of this discussion and analysis, interest expense has been treated as a component of operating income (loss) and is discussed in that context.

Financial Analysis of Rice Memorial Hospital

The statement of net position and the statement of revenues, expenses and changes in net position report the net position of the Hospital and the related changes. The Hospital's net position (the difference between total assets/deferred outflows and total liabilities/deferred inflows) is a way to measure the financial health, or financial position. Over time, sustained increases or decreases in the Hospital's net position is one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors, such as changes in economic conditions, population growth and new governmental legislation, should also be considered.

Restatement for New Standards Adopted

As discussed in Note 1 to the financial statements, in 2015, the Hospital adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The following table reflects the restatement of the previously reported December 31, 2014, for the adoption of the new standards:

	December 31, 2014	January 1, 2015	Change
Deferred outflows	\$ 1,492,593	\$ 2,962,976	\$ 1,470,383
Long-term liabilities	50,940,468	87,148,790	36,208,322
Net position, unrestricted	42,001,434	7,263,495	(34,737,939)

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Management's Discussion and Analysis

Statements of Net Position

A summary of the Hospital's statements of net position at December 31, 2015 and 2014, are presented below.

Condensed Statements of Net Position (In Thousands)

	2015	2014	
Current assets	\$ 30,422	\$ 24,327	
Assets limited as to use	10,066	9,520	
Capital assets	61,066	61,761	
Other assets	32,890	34,675	
Total assets	<u>134,444</u>	<u>130,283</u>	
Deferred outflows of resources	6,345	1,493	(1)
Total assets and deferred outflows	<u>\$ 140,789</u>	<u>\$ 131,776</u>	
Current liabilities	\$ 16,285	\$ 15,982	
Long-term liabilities	85,560	50,940	(1)
Total liabilities	<u>101,845</u>	<u>66,922</u>	(1)
Deferred inflows of resources	4,738	-	(1)
Net investment in capital assets	15,776	15,647	
Restricted:			
Expendable for debt service and reserve	2,228	2,029	
Expendable for specific operating activities	1,993	1,647	
Nonexpendable permanent endowment	3,388	3,531	
Unrestricted	10,821	42,000	(1)
Total net position	<u>34,206</u>	<u>64,854</u>	
Total liabilities, deferred inflows and net position	<u>\$ 140,789</u>	<u>\$ 131,776</u>	

(1) The 2014 amounts for these line items are not directly comparable to the 2015 amounts due to the adoptions of GASB Statement No. 68 and 71.

Total assets: Total assets increased \$4.2 million in 2015 due to an increase in current assets of \$6.1 million, a \$546,000 increase in assets limited as to use, a \$695,000 decrease in net capital assets, and a \$1.8 million decrease in other assets. Current assets increased primarily due to increases in cash and receivables. Assets limited as to use increased in 2015 due to increases in Foundation monies restricted/designated for operating activities. Capital assets decreased in 2015 as a result of depreciation expense exceeding capital expenditures. Other assets decreased by \$1.8 million due to matured investments not reinvested to be used to pay for the Rehab Building Project.

Total liabilities: Total liabilities were \$101.8 million as of December 31, 2015, compared to \$66.9 million as of December 31, 2014. The increase is due to the implementation of GASB Statement No. 68, which resulted in an increase to long-term liabilities, as described on page 4. Long-term debt at year-end 2015 was \$50.5 million, compared to \$51.4 million at year-end 2014. The decrease in long-term debt in 2015 was due to debt principal payments made in 2015.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Management's Discussion and Analysis

Revenues, Expenses and Changes in Net Position

The following table presents a summary of Rice Memorial Hospital's revenues and expenses for each of the fiscal years ended December 31.

Condensed Statements of Revenues, Expenses and Changes in Net Position (In Thousands)

	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 99,257	\$ 92,784
Operating expenses, including interest expense	<u>96,808</u>	<u>95,181</u>
Operating income (loss)	2,449	(2,397)
Nonoperating income, excluding interest expense	<u>1,014</u>	<u>1,510</u>
Excess (deficit) of revenues over expenses	3,463	(887)
Other changes in net position	<u>627</u>	<u>250</u>
Increase (decrease) in net position	4,090	(637)
Total net position, beginning of year	<u>30,116</u> (1)	<u>65,491</u>
Total net position, end of year	<u>\$ 34,206</u>	<u>\$ 64,854</u>

(1) Due to the adoption of GASB Statement No. 68, the previously reported net position as of January 1, 2015, of \$64.9 million was reduced by \$34.7 million to arrive at the restated balance of \$30.1 million.

Operating and Financial Performance

The following information summarizes the Hospital's statements of revenues, expenses and changes in net position for the years ended December 31, 2015 and 2014. Operating income improved significantly in 2015 by over \$4.8 million due to revenue increases and only slight increases in expenses.

Revenue: Operating revenues increased \$6.4 million (7.0%) in 2015 due to higher patient volumes as the result of increased demand and Medical Assistance expansion. Net patient revenues increased \$6.7 million in 2015 due to increased patient activity. Other revenues decreased \$242,000.

The following table presents the relative percentages of gross charges billed for hospital patient services by payer for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Medicare	48.2%	48.7%
Medicaid	20.9%	19.5%
Commercial insurance	11.9%	13.3%
Blue Cross/Blue Shield	17.9%	17.2%
Self-pay	1.1%	1.3%
Total	<u>100.0%</u>	<u>100.0%</u>

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Management's Discussion and Analysis

As shown in the table, the 2015 payer mix for hospital services continued to reflect similar dependence on governmental payer sources. Medicare and medical assistance accounted for 69.1% of the Hospital's gross charges, compared to 68.2% in 2014. The positive news was this dependence stabilized in 2015 after a few years of increases. Commercial insurance, Blue Cross and self-pay activity was comparable to prior years.

Expenses: Total expenses increased by \$1.7 million (1.7%) in 2015. Salaries and wages increased by \$1.1 million (2.7%) due to increased staffing related to patient volumes. The Hospital self-insures its employee health and dental plans. The employees and their covered family members incurred health and dental claims of \$5.5 million during fiscal year 2015 and \$5.9 million in 2014. Substantially all of Rice Memorial Hospital's employees participate in the Public Employee Retirement Association, to which the Hospital contributed \$3.1 million in 2015 and \$2.9 million in 2014. Overall employee benefits as a percentage of salaries was 30.0% in 2015, compared to 30.4% in 2014. Supplies and drugs increased by \$438,000 in 2015, compared to a \$1.3 million decrease in 2014. Purchased services decreased by \$73,448 in 2015 and decreased by \$491,000 in 2014. Hospital capital-related expenses (depreciation and interest) as a percentage of total expenses were 9.9% in 2015, compared to 10.1% in 2014.

Nonoperating revenue (expenses): Nonoperating revenue in 2015 consisted of interest income from operating cash, investments and reserve funds; unrealized losses on investments; and other gains. Nonoperating revenues decreased \$467,000 in 2015, compared to a 2014 increase of \$990,000.

Economic and Other Factors and Next Year's Forecast

The Hospital's Board and management considered many factors when setting the fiscal year 2016 forecast. Of primary importance in setting the 2016 forecast is the status of the economy, which takes into account market forces and environmental factors such as the following:

- Changes in the demand for services
- Medicare and Medicaid reimbursement rates, which continue to be less than the cost of delivering patient and resident care
- Increased contractual adjustments and lower reimbursement from third-party payers
- Increased expectations for quality at a lower price
- Increased costs due to competitive wages
- Cost of supplies and drugs

Contacting Rice Memorial Hospital

The Hospital's financial statements are designed to present readers with a general overview of the Hospital's finances and attempt to demonstrate the Hospital's accountability and transparency. If you have questions about the report or need additional financial information, please contact Administration at Rice Memorial Hospital, 301 Becker Avenue SW, Willmar, MN 56201-3302.

Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)

Statement of Net Position
December 31, 2015

Assets and Deferred Outflows

Current assets:

Cash and cash equivalents	\$ 3,906,826
Current portion of funds held by the City	2,958,692
Accounts receivable:	
Patients, residents and trade, net	18,284,068
Other	2,106,125
Supplies	2,140,792
Prepaid expenses	1,025,311
Total current assets	<u>30,421,814</u>

Assets limited as to use:

Funds held by the City	3,776,634
Restricted/designated for specific operating activities	2,853,677
Remainder unitrust	47,522
Endowment fund	3,388,205
Total assets limited as to use	<u>10,066,038</u>

Capital assets, net	<u>61,065,987</u>
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Other assets:

Investments	28,266,266
Investment in Shared Health Resources	487,523
Investment in Willmar Medical Services	4,020,928
Other	115,734
Total other assets	<u>32,890,451</u>

Total assets	<u>134,444,290</u>
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Deferred outflows of resources:

Deferred loss on refunding	1,405,653
Deferred outflows on pension	4,938,593
Total deferred outflows of resources	<u>6,344,246</u>

Total assets and deferred outflows of resources	<u><u>\$ 140,788,536</u></u>
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See notes to financial statements.

Liabilities, Deferred Inflows and Net Position

Current liabilities:	
Current maturities of long-term debt	\$ 2,239,597
Accounts payable	2,387,290
Due to Willmar Medical Services	1,811,843
Accrued expenses:	
Salaries, wages and benefits	9,035,717
Interest expense	731,031
Estimated third-party payer settlements	80,000
Total current liabilities	<u>16,285,478</u>
Long-term liabilities:	
Net pension liability	35,619,453
Other postemployment benefits	1,707,524
Long-term debt, net of current maturities	48,232,485
Total long-term liabilities	<u>85,559,462</u>
Total liabilities	<u>101,844,940</u>
Deferred inflows on pension	<u>4,737,635</u>
Commitments and contingencies	
Net position:	
Net investment in capital assets	15,776,192
Restricted:	
Expendable for debt service and reserve	2,227,661
Expendable for specific operating activities	1,992,889
Nonexpendable permanent endowment	3,388,205
Unrestricted	10,821,014
Total net position	<u>34,205,961</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 140,788,536</u>

Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2015

Revenue:	
Net patient and resident service revenue (net of provision for bad debts of approximately \$641,000)	\$ 74,338,386
Net equipment sales and rents	9,681,801
Net patient and resident service revenue and equipment sales and rents	<u>84,020,187</u>
Other revenue	15,236,396
Total revenue	<u>99,256,583</u>
Expenses:	
Salaries and wages	43,192,558
Employee benefits	12,953,325
Supplies and drugs	14,593,454
Purchased services	7,131,715
Repairs and maintenance	3,209,419
Utilities	1,731,879
Other	2,416,249
Depreciation	7,724,892
Taxes and surcharges	2,135,830
Total expenses	<u>95,089,321</u>
Operating income	<u>4,167,262</u>
Nonoperating revenue (expenses):	
Investment income	1,156,525
Unrealized loss on investments	(366,847)
Gain on disposal of equipment	224,944
Interest expense	(1,719,122)
Total nonoperating expenses	<u>(704,500)</u>
Excess of revenue over expenses	<u>3,462,762</u>

(Continued)

Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)

Statement of Revenues, Expenses and Changes in Net Position (Continued)
Year Ended December 31, 2015

Other nonoperating revenue (expenses):	
Specific-purpose funds:	
Restricted gifts, bequests and grants	\$ 1,705,843
Expended for specific purpose	(1,755,270)
Endowment funds:	
Investment loss and other	(142,337)
Total other nonoperating expenses	<u>(191,764)</u>
Capital grants and contributions	<u>818,607</u>
Increase in net position	4,089,605
Net position:	
Beginning of year, as restated	<u>30,116,356</u>
End of year	<u><u>\$ 34,205,961</u></u>

See notes to financial statements.

Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)

Statement of Cash Flows
Year Ended December 31, 2015

Cash flows from operating activities:	
Receipts from and on behalf of patients	\$ 80,062,764
Payments to suppliers and contractors	(31,216,644)
Payments to employees	(56,298,223)
Equity distributions from joint ventures	6,980,000
Other receipts and payments, net	8,374,062
Net cash provided by operating activities	<u>7,901,959</u>
Cash flows from noncapital financing activities:	
Proceeds from restricted gifts, bequests, grants and other changes	1,673,865
Expended for specific purpose	(1,875,822)
Change in other assets, net	40,743
Net cash used in noncapital financing activities	<u>(161,214)</u>
Cash flows from capital and related financing activities:	
Capital grants and contributions	818,607
Capital expenditures	(7,961,160)
Proceeds from sale of equipment	2,427,987
Principal payments on long-term debt	(1,952,760)
Interest paid on long-term debt	(1,630,053)
Net cash used in capital and related financing activities	<u>(8,297,379)</u>
Cash flows from investing activities:	
Net withdrawals or additions to assets limited as to use:	
Funds held by City	(201,152)
Purchases of investments	(5,403,845)
Proceeds from maturities of investments	6,168,561
Investment income received	1,014,188
Net cash provided by investing activities	<u>1,577,752</u>
Increase in cash and cash equivalents	1,021,118
Cash and cash equivalents, beginning	<u>2,885,708</u>
Cash and cash equivalents, ending	<u>\$ 3,906,826</u>

(Continued)

Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)

Statement of Cash Flows (Continued)
Year Ended December 31, 2015

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 4,167,262
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	7,724,892
Amortization of bond premium	(230,148)
Equity in earnings from joint ventures	(6,760,361)
Equity distributions from joint ventures	6,980,000
Provision for bad debts	640,542
Net change in:	
Patient accounts receivable	(4,865,965)
Other receivables	(521,521)
Supplies	(165,930)
Prepaid expenses	(148,012)
Accounts payable	545,992
Third-party payer settlements	268,000
Due to Willmar Medical Services	419,548
Accrued salaries, wages and benefits	(832,896)
Net pension liability and related deferred inflows and outflows	680,556
	<u>7,901,959</u>
Net cash provided by operating activities	<u>\$ 7,901,959</u>
Schedule of noncash investing, capital and financing activities:	
Change in unrealized gains (losses) on investments	<u>\$ (366,847)</u>
Capital lease obligations incurred for purchase of equipment	<u>\$ 1,272,019</u>
Loss on disposal of equipment	<u>\$ 224,944</u>

See notes to financial statements.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting entity: Rice Memorial Hospital (the Hospital) is an enterprise fund of the City of Willmar, Minnesota (the City). The financial statements present only the Hospital and do not purport to, and do not, present the financial position of the City and its changes in financial position and, where applicable, its cash flows, in conformity with accounting principles generally accepted in the United States of America. The Hospital provides inpatient and outpatient health care services to the City of Willmar and the surrounding area. The Hospital also operates a long-term care facility, Rice Care Center (the Care Center), which is located in the City.

Rice Home Medical, LLC (Home Medical) is a Minnesota limited liability company and provides medical supplies, oxygen and durable medical equipment for sale or rental to health care providers, patients or retail customers for in-home medical care use.

Rice Health Foundation (the Foundation) is a Minnesota nonprofit corporation. The Foundation's sole purpose is to support the Hospital. The Hospital appoints the Foundation's Board of Directors.

Home Medical and the Foundation's operations have been included with the Hospital. The combined entities will hereinafter be referred to as the Hospital. All significant intercompany transactions have been eliminated.

Basis of accounting and financial statement presentation: The Hospital utilizes the accounting method used for proprietary funds, which is an economic resources measurement focus, and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when they are incurred.

Use of estimates: Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and cash equivalents: Cash equivalents are considered to be all highly liquid undesignated investments with maturities at the date of purchase of three months or less. For cash flow reporting, cash and cash equivalents excludes amounts held by the City or amounts reported as assets limited as to use.

The Foundation maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts.

The Hospital maintains a cash sweep account, the funds of which are held in overnight repurchase agreements. These debt security investments are held overnight, maturing the following day, and are considered cash and cash equivalents. These accounts are not covered within the federally insured limits for bank depository accounts. The nature of cash and cash equivalents as of December 31, 2015, is as follows:

Daily repurchase agreements	\$ 3,665,540
Cash balances, including checks outstanding	241,286
Cash and cash equivalents	<u>\$ 3,906,826</u>

Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Patient, resident and trade accounts receivable, and allowance for uncollectible accounts and contractual allowances: Patient accounts receivable are reported net of estimated allowances for bad debts. The Hospital grants credit to its patients, most of whom are local residents or employees of businesses in the surrounding area. Patients, residents and customers are not required to provide collateral for services rendered. Payment for services is required upon receipt of an invoice, after payment by insurance, if any.

Self-pay accounts are analyzed for collectibility based on the months past due and payment history. An allowance is estimated for potentially uncollectible accounts, based on the historical experience of the Hospital, and by considering financial and credit history, and current economic conditions. Accounts that are determined to be uncollectible are sent to a collection agency. At December 31, 2015, the allowance for uncollectible accounts for the Hospital was approximately \$6,918,000.

Supplies: Supplies are stated at the lower of cost (principally on the first-in, first-out basis) or market value.

Investments: Investments are reported at fair value in the statement of net position, with all investment changes, including changes in the fair value of investments, being recognized as nonoperating revenue in the statements of revenues, expenses and changes in net position. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value is generally determined by quoted market prices. The Hospital's nonendowment fund investments consist of participating certificates of deposit and government securities.

Assets limited as to use: Assets limited as to use include assets held by the City under debt agreements, and assets designated by the Board of Directors or restricted by the donor for specific operating activities. Amounts required to meet current liabilities of the Hospital are reported as current assets.

The Hospital's funds held by the City represent debt service funds and a bond reserve fund paid by the Hospital and maintained by the City for debt service repayments and to meet bond agreement requirements. The funds are held in a pooled fund by the City and consist primarily of commercial paper, certificates of deposit, money market funds and U.S. government obligations.

Investments in the endowment fund consist of cash, government debt securities, and equity securities and are carried at fair value as determined based on quoted market prices.

Investments in joint ventures: The Hospital reports its investment in Shared Health Resources, Willmar Medical Services, and Lake Region Home Medical on the equity method of accounting, which approximates the Hospital's equity in the underlying book value of the entities. Under the equity method, the Hospital's share of the net income of the affiliate is recognized as other operating revenue and added to the investment account, while distributions received from the affiliate reduce the investment account.

Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred outflows of resources: Deferred outflows are the consumption of net position by the Hospital that are applicable to a future reporting period. At December 31, 2015, deferred outflows of resources included deferred charges on the 2013 debt refunding and deferred charges related to pensions. The deferred loss on refunding is recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. The Hospital's deferred outflows related to the difference between expected and actual economic experience, changes in proportion, and changes in actuarial assumptions are amortized as a component of pension expense over three years. Investment differences between actual and expected results are to be amortized over four years.

Deferred inflows of resources: The Hospital's deferred inflows relates to the difference between expected and actual economic experience, changes in proportion, and changes in actuarial assumptions are amortized as a component of pension expense over three years. Investment differences between actual and expected results are to be amortized over four years.

Net position: Net position of the Hospital is classified in four components.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets.

Restricted expendable net position is net position that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the Hospital.

Restricted nonexpendable permanent endowment equals the principal portion as well as accumulated net capital gains of permanent endowments. These were established from the Cushman A. Rice Estate. In accordance with the related documents, the principal balance is maintained in perpetuity in a separate trust, and the dividend and interest income is used to reimburse the Hospital for indigent patient care, after payment of administrative expenses.

Unrestricted net position is remaining net position that does not meet the definition of net investment in capital assets or restricted.

Restricted/unrestricted resources: When the Hospital has both restricted and unrestricted resources available to finance a particular program, it is the Hospital's policy to use restricted resources before unrestricted resources.

Capital assets: Capital assets are recorded at cost. Major renewals and improvements are reported as additions to property accounts, while replacements, maintenance and repairs that do not improve or extend the lives of the assets are expensed currently. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts, and any gain or loss is included in nonoperating income. Contributed capital assets are reported at the estimated fair value at the time of donation. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation and the following asset lives: land improvements are depreciated over 10 to 20 years, buildings over 20 to 40 years, and major moveable equipment over three to 10 years.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The Hospital evaluates the carrying value of its capital assets for impairment when a significant, unexpected decline in the service utility of a capital asset is identified. Impairment write-downs are recognized in operating income at the time the impairment is identified. There was no asset impairment charge recorded during the year ended December 31, 2015.

Compensated absences: Hospital employees earn vacation time at varying rates, depending on years of service and date of hire. The amount of earned but unpaid vacation time is recognized as a liability at year-end. Certain employees that have met age requirements are entitled to earn and accumulate sick leave. A liability for sick leave is recognized for amounts that are earned and expected to be paid.

Net patient and resident service revenue and net equipment sales and rents: Net patient and resident service revenue is recognized when services are performed. Net equipment sales and rents are recognized when equipment is delivered and accepted by the patient. Revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Other revenue: Other revenue represents primarily health care service-related revenue delivered to other health care organizations and the Hospital's equity in earnings of the Willmar Medical Services investment.

Operating revenues and expenses: The statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services—the Hospital's principal activity. Nonexchange revenues, including taxes, grants and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services. Nonoperating expenses are expenses incurred to satisfy purpose restrictions of grants or contributions received for nonpatient service operating expenses and interest expense.

Defined benefit pension: For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates, and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Income taxes: The Hospital, being a governmental unit, is exempt from income taxes under section 115 of the Internal Revenue Code. As a single-member limited liability company, Home Medical does not file its own tax return. Correspondingly, Home Medical is not regarded as a tax-paying entity, and no income tax expense has been accrued. The Foundation is classified as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, except for income on certain unrelated business income. There is no material unrelated business income for the year ended December 31, 2015. The Foundation is also exempt from income taxes under applicable Minnesota state statutes. The Foundation files federal and state income tax returns. Generally, the Foundation is no longer subject to state and federal tax examinations by tax authorities for the years ended prior to December 31, 2012.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Subsequent events: All of the effects of subsequent events that provide additional evidence about conditions that existed at the financial statement date, including the estimates inherent in the process of preparing the financial statements, are recognized in the financial statements. The Hospital does not recognize subsequent events that provide evidence about conditions that did not exist at the financial statement date but arose after, but before the financial statements are available to be issued. In some cases, nonrecognized subsequent events are disclosed to keep the financial statements from being misleading.

The Hospital has evaluated events and transitions occurring subsequent to December 31, 2015, through March 28, 2016, the date of issuance of the financial statements. During this period, there were no subsequent events requiring recognition in the financial statements.

New accounting pronouncements adopted: The Hospital adopted two new accounting pronouncements during the year ended December 31, 2015, as follows:

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB No. 68), establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single-employer plans, agent-employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012. The Hospital recorded the cumulative effect of adopting GASB Statements No. 68 and 71 as of January 1, 2015, totaling approximately \$34,738,000 as an adjustment of net position, and approximately \$36,208,000 as an adjustment to record net pension liability upon adoption.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB No. 71), amends paragraph 137 of GASB No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. GASB No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of GASB No. 71 were required to be adopted simultaneously with the adoption of GASB No. 68. The adoption of GASB No. 71 resulted in the recording of a deferred outflow of approximately \$1,470,000 as of January 1, 2015, for contributions after the measurement date of June 30, 2014.

The 2014 financial statements were not restated for the adoption of GASB No. 68 because information required to adopt the standard was not available.

Note 2. Net Patient and Resident Service Revenue and Equipment Sales and Rents, Net

The Hospital has agreements with third-party payers that provide for payments at amounts different from its established rates. A summary of the payment arrangements with major third-party payers follows.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

**Note 2. Net Patient and Resident Service Revenue and Equipment Sales and Rents, Net
(Continued)**

Medicare: Inpatient acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital is entitled to certain additional payments as a sole community provider. The Hospital is subject to final settlement for these payments after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

Medicare reimburses the Hospital a predetermined amount for most outpatient services under the Ambulatory Payment Classification (APC) method. The following services are excluded from the APC payment methodology: services already paid on a fee schedule; services to skilled nursing facility (SNF) residents that are already included in the SNF's payment; and certain drugs and biological and medical devices identified as pass-through items. The APC payments are not based on the provider's annual cost report.

Medicaid: The skilled nursing facility participates in the Medicaid program, which is administered by the Minnesota Department of Human Services (DHS). Hospital inpatient services rendered to Medicaid program beneficiaries are reimbursed under a reimbursement methodology similar to inpatient Medicare. Hospital outpatient Medicaid services are reimbursed on the Medicaid fee schedule.

Other: The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes discounts from established charges and prospectively determined daily rates.

Net patient service revenue and patient accounts receivable as of and for the year ended December 31, 2015, include amounts from the following payers:

	Net Patient Service Revenue	Net Patient Accounts Receivable
Medicare	35%	29%
Medicaid	18%	13%
Blue Cross/Blue Shield	23%	18%
All others	24%	40%
Total	100%	100%

Laws and regulations: The health care industry is subject to numerous laws and regulations of federal, state and local governments. The laws governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future governmental review and interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on its financial statements.

**Rice Memorial Hospital
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Notes to Financial Statements

Note 3. Incentive Revenue

The Health Information Technology for Economic and Clinical Health (HITECH) portion of the American Recovery and Reinvestment Act of 2009 included incentives through Medicare reimbursement systems to foster electronic health record (EHR) adoption. These funds are paid to the Hospital to adopt, implement, upgrade and demonstrate meaningful use of certified EHR technology. The Hospital recognizes this revenue when all the eligibility requirements, including time requirements, are met. As a result, incentives recognized totaling \$676,645 for the year ended December 31, 2015, are included in other operating revenue. Income from incentive payments is subject to retroactive adjustments, as the incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, the Hospital's compliance with the meaningful use criteria is subject to audit by the federal government.

Note 4. Benefits to the Community Served

In furtherance of its charitable purpose, the Hospital provides a wide variety of benefits to treat and promote health and healing as a response to the needs of the community served.

The Hospital provides certain services to Medicare and Medicaid beneficiaries for which reimbursement rates do not cover costs. The Hospital also contributes to funding medical care via MinnesotaCare tax, Medicaid surcharges, and other forms of taxes supporting health care services.

A large number of health-related educational programs are provided for the benefit of the community, including unreimbursed costs of providing clinical sites and training and education of health professionals.

The Hospital provides patient assistance programs to the residents of the community (charity care). These programs are provided for patients who may be uninsured, underinsured, and insured but due to economic factors are unable to pay for their medical services. As a result, the Hospital provides financial assistance to these patients to cover the cost of their care.

The Hospital offers community health services that do not generate revenue, although often involve a nominal fee. These include education on disease management, self-help programs, health care support services, and community-based social service programs, such as free clinics, health screenings, trauma services, training for emergency service personnel, social services, support counseling for patients and families, pastoral care and crisis intervention.

The Hospital participates actively in the communities served by volunteer activities on various boards and programs that are designed to improve the general standards of the health of the community.

In addition, the Rice endowment fund provided the Hospital with approximately \$71,000 to cover the cost of indigent care patients for the year ended December 31, 2015.

**Rice Memorial Hospital
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Notes to Financial Statements

Note 4. Benefits to the Community Served (Continued)

The Hospital maintains records to identify and monitor the level of community benefit services it provides. These records include the amount of charges forgone for services under its charity care policy and the estimated cost of those services. Other than tax-related expense, the cost estimates are based on the Hospital's cost-to-charge ratio. The following information presents the level of community benefits and contributions and the charity care provided for the year ended December 31, 2015:

Costs in excess of reimbursement—government programs	\$ 7,582,058
Cost of charity care services	564,267
MinnesotaCare tax and Medicaid surcharge	1,593,417
Taxes and fees in lieu of taxes and surcharge	529,194
Cost of other uncompensated care (bad debts)	316,947
Discounts to the uninsured	330,998
Total community benefits and contributions	<u>\$ 10,916,881</u>

Note 5. Deposits and Investments

Deposits:

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it in full. The Hospital follows Minnesota Statutes for deposits. In accordance with Minnesota Statutes, the Hospital maintains deposits at financial institutions that are authorized by the Hospital's Board of Directors.

Minnesota Statutes require that all Hospital deposits be protected by insurance, surety bond or collateral. The market value of the collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds. Authorized collateral includes certain U.S. government securities, state or local government obligations, and other securities authorized by Minnesota Statute 118.A.03. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the treasurer or in a financial institution other than that furnishing collateral.

The Hospital's deposits and certificates of deposit with financial institutions at December 31, 2015, were entirely covered by federal depository insurance or by collateral held by a custodial bank in the Hospital's name at December 31, 2015.

The City is responsible for determining deposit and investment risk disclosures related to funds held by the City under bond agreements. The City's annual financial statements should be reviewed for these risk disclosures.

Investments and assets limited as to use: The Hospital may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of 13 months or less
- General obligations rated "A" or better; revenue obligations rated "AA" or better

**Rice Memorial Hospital
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Notes to Financial Statements

Note 5. Deposits and Investments (Continued)

- General obligations of the Minnesota Housing Finance Agency rated "A" or better
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest-quality category according to at least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts issued by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the two highest categories
- Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers

The Foundation's investments are not limited to these same requirements. These investments are subject to a separate, board-approved investment policy.

The composition of assets limited as to use and their reporting at December 31, 2015, is set forth in the following tables. Amounts are stated at fair value.

Cash and cash equivalents	\$ 298,120
Investments	6,241,882
Funds held by the City	6,437,206
Charitable remainder trust, held by others	47,522
	<u>\$ 13,024,730</u>
Funds held by the City	\$ 6,735,326
Restricted/designated for specific operating activities	2,853,677
Remainder unitrust	47,522
Endowment fund	3,388,205
Total assets limited as to use	<u>13,024,730</u>
Less current portion	2,958,692
	<u>\$ 10,066,038</u>

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Hospital's money market mutual funds are not subject to custodial credit risk at December 31, 2015. Debt-type investment securities are held by the counterparty and are not registered in the name of the Hospital.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 5. Deposits and Investments (Continued)

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the investment. The Hospital has a formal investment policy that addresses permissible investments, portfolio diversification and instrument maturities. Within these parameters, the liquidity of investments is a concern. Providing the highest investment return with the maximum security, while meeting the daily cash flow demands of the Hospital, is paramount.

At December 31, 2015, the Hospital's investments at fair market value are as follows, with maturity dates in ranges of less than one year, from one to five years, from six to 10 years, and more than 10 years:

2015 Investment Type	Fair Value	Investment Maturity (In Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Money market funds	\$ 2,294,560	\$ 2,294,560	\$ -	\$ -	\$ -
Certificates of deposit	7,105,726	1,969,256	4,066,443	1,070,027	-
U.S. Treasuries	2,646,641	148,922	1,717,228	780,491	-
Federal Home Loan Bank	2,228,829	46,328	1,437,141	745,360	-
U.S. government agency bonds	1,924,795	229,791	1,695,004	-	-
Federal Home Loan Mortgage Corp.	2,037,755	99,861	1,937,894	-	-
Federal and government national mortgage associations	1,605,844	600,972	987,546	-	17,326
Federal Farm Credit Bureau	2,185,210	-	1,681,368	503,842	-
Other government bonds	2,326,040	92,673	2,233,367	-	-
	<u>\$ 24,355,400</u>	<u>\$ 5,482,363</u>	<u>\$ 15,755,991</u>	<u>\$ 3,099,720</u>	<u>\$ 17,326</u>

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law limits investments in commercial paper and corporate bonds to the top two rating categories issued. As of December 31, 2015, the Hospital's investments received the following ratings:

Investment Type	Total	Moody's Investor Service	Standard & Poor's
U.S. Treasuries	\$ 2,646,641	AAA	N/A
FHLB	2,228,829	Aaa	AA+
FICO	1,924,795	Aaa	AA+
FHLMC	2,037,755	Aaa	AA+
FNMA/GNMA	1,605,844	Aaa	AA+
FFCB	2,185,210	Aaa	AA+
	<u>12,629,074</u>		
Money market funds	2,294,560	Unrated	
Certificates of deposit	7,105,726	Unrated	
Government bonds	2,326,040	Unrated	
	<u>\$ 24,355,400</u>		

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 5. Deposits and Investments (Continued)

Concentration of credit risk: The Hospital does not place a limit on the amount of the total portfolio that may be invested in any one issuer. The finance department is responsible for the formulation, documentation and monitoring of the investment strategy, in a manner consistent with the investment policy.

Note 6. Capital Assets

Change in capital assets (in thousands) for the year ended December 31, 2015, consists of the following:

	Balance December 31, 2014	Additions and Transfers	Retirements and Transfers	Balance December 31, 2015
Land	\$ 2,918	\$ -	\$ -	\$ 2,918
Land improvements	1,498	19	-	1,517
Buildings	95,907	1,546	(583)	96,870
Major moveable equipment	42,213	5,387	(1,663)	45,937
Construction in progress	113	2,280	(1,147)	1,246
Total asset costs	142,649	9,232	(3,393)	148,488
Less accumulated depreciation for:				
Land improvements	(1,252)	(79)	-	(1,331)
Buildings	(50,750)	(3,771)	539	(53,982)
Major moveable equipment	(28,886)	(3,873)	650	(32,109)
Total accumulated depreciation	(80,888)	(7,723)	1,189	(87,422)
Net capital assets	\$ 61,761	\$ 1,509	\$ (2,204)	\$ 61,066

Included in property and equipment are amounts that were acquired under capital leases, with a cost of approximately \$1,638,000 and accumulated depreciation of approximately \$236,000 as of December 31, 2015.

Note 7. Defined Benefit Pension Plan

Plan description: The Hospital participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax-qualified plans under section 401(a) of the Internal Revenue Code.

All full-time and certain part-time employees of the Hospital are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

Benefits provided: PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 7. Defined Benefit Pension Plan (Continued)

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equals 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

Contributions: Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature. Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2015. The Hospital was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2015. The Hospital's contributions to the GERP for the year ended December 31, 2015, were approximately \$3,143,000. The Hospital's contributions were equal to the required contributions as set by state statute.

Pension liability, pension expense, and deferred outflows/inflows of resources: At December 31, 2015, the Hospital reported a liability of \$35,619,453 for its proportionate share of the GERP's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Hospital's proportion of the net pension liability was based on the Hospital's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the Hospital's proportion was 0.6873 percent, which was a decrease from its proportion measured as of June 30, 2014, of 0.7708 percent.

For the year ended December 31, 2015, the Hospital recognized pension expense of approximately \$3,672,000 for its proportionate share of the GERP's pension expense.

**Rice Memorial Hospital
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Notes to Financial Statements

Note 7. Defined Benefit Pension Plan (Continued)

At December 31, 2015, the Hospital reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,795,826
Difference between projected and actual investment earnings	3,371,928	-
Changes in proportion	-	2,941,809
Contributions paid to PERA subsequent to the measurement date	1,566,665	-
Total	<u>\$ 4,938,593</u>	<u>\$ 4,737,635</u>

Approximately \$1,567,000 reported as deferred outflows of resources related to pensions resulting from Hospital contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending December 31:

2016	\$ (736,230)
2017	(736,230)
2018	(736,230)
2019	842,982

Actuarial assumptions: The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active member payroll growth	3.50% per year
Investment rate of return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1 percent effective every January 1 through 2026 and 2.5 percent thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 7. Defined Benefit Pension Plan (Continued)

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%

Discount rate: The discount rate used to measure the total pension liability was 7.9 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statutes. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension liability sensitivity: The following presents the Hospital's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Hospital's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
Hospital's proportionate share of the GERF net pension liability	\$ 56,006,441	\$ 35,619,453	\$ 18,782,933

Pension plan fiduciary net position: Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

**Rice Memorial Hospital
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Notes to Financial Statements

Note 8. Defined Contribution Plan

Certain physician and ambulance service employees are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax-qualified plan under section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees, employer contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of 1 percent (0.0025) of the assets in each member's account annually.

Employer contributions made by the Hospital during fiscal year 2015 were \$69,155.

Note 9. Other Postemployment Benefits

The Hospital follows the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Qualified employees may choose to participate in the Hospital's health insurance plan after retirement, with no contribution from the Hospital. The Hospital provides these benefits to retirees as required by Minnesota Statute 471.61 subdivision 2b, which results in an implicit subsidy. As of December 31, 2015, there were approximately 714 active employees subject to potential future benefit and 18 retirees receiving benefits from the Hospital's health insurance plan. There are no separate financial statements issued for the plan.

The Hospital has chosen to fund the retiree medical plan on a pay-as-you go basis.

Annual OPEB cost and net OPEB obligation: The Hospital's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 9. Other Postemployment Benefits (Continued)

The following table shows the components of the Hospital's annual OPEB cost as of December 31, 2015, the amount actually contributed to the insurance plan, and changes in the Hospital's net OPEB obligation:

Net OPEB, beginning of the year	\$ 1,502,017
Activity during the year:	
Annual required contribution (ARC)	387,678
Interest on net OPEB obligation	60,081
Adjustment to ARC	(86,862)
Contributions during the fiscal year	(155,391)
Increase in net OPEB obligation	205,506
Net OPEB, end of the year	\$ 1,707,523

The Hospital's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation consist of the following:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contribution	Net OPEB Obligation
December 31, 2013	\$ 293,491	\$ 139,365	47.49%	\$ 1,272,356
December 31, 2014	353,361	123,700	35.01%	1,502,017
December 31, 2015	360,897	155,391	43.06%	1,707,523

The following is a summary of the funding status at January 1, 2014, the most recent actuarial valuation report date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2014	\$ -	\$ 2,735,839	\$ 2,735,839	0.0%	\$ 38,490,496	7.1%

Actuarial methods and assumptions: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and health care cost trends. Amounts determined regarding the funding status of the health insurance plan and the annual required contributions of the Hospital are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the Hospital and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 9. Other Postemployment Benefits (Continued)

In the January 1, 2014, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0 percent discount rate, which is based on the estimated long-term investment yield on the general assets of the Hospital. The annual health care cost trend rate is 7.5 percent initially, reduced incrementally to an ultimate rate of 5.0 percent after eight years. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open 30-year period.

The schedule of funding status, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the accrued actuarial liability for benefits over time.

Note 10. Long-Term Debt

Changes in long-term debt as of December 31, 2015, consisted of the following:

	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015	Amounts Due Within One Year
City of Willmar 2013 revenue notes	\$ 9,100,000	\$ -	\$ (417,800)	\$ 8,682,200	\$ 434,000
City of Willmar 2012 GO revenue refunding bonds	38,065,000	-	(1,465,000)	36,600,000	1,505,000
Promissory note payable	-	-	-	-	-
Capital leases	267,126	1,272,018	(69,959)	1,469,185	300,597
Total long-term debt	47,432,126	1,272,018	(1,952,759)	46,751,385	\$ 2,239,597
Bond premium	3,950,845	-	(230,148)	3,720,697	
	<u>\$ 51,382,971</u>	<u>\$ 1,272,018</u>	<u>\$ (2,182,907)</u>	<u>\$ 50,472,082</u>	

City of Willmar, Hospital Revenue Notes, Series 2013: The Hospital issued the City of Willmar, Hospital Revenue Notes, Series 2013, to refund the Series 2011 notes and for renovation of the Care Center and ancillary Hospital construction projects. The Series 2013 notes have annual payments beginning in January 2015 and bear interest at an initial rate of 3.65 percent, with interest rate adjustments to occur on January 1, 2021 and 2028. The interest rate will be adjusted to a rate equal to the Treasury Constant Maturities for seven-year obligations plus 1.50 percent, subject to a maximum rate of 6.60 percent at January 1, 2021, and 15.00 percent at January 1, 2028. The interest rate used in the table below represents the rate effective at December 31, 2015. There are requirements for a bond reserve account, as well as a debt service account. These are included in funds held by City—bond agreements. The City of Willmar, Hospital Revenue Notes, Series 2013, are to be paid first from the net revenues of the Hospital. If net revenues are not sufficient for payment of principal and interest, the City's full faith and credit in the form of its taxing authority can be used to meet the debt service payments.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 10. Long-Term Debt (Continued)

City of Willmar, General Obligation Revenue Bonds, Series 2012: The Hospital issued the City of Willmar, General Obligation Revenue Bonds, Series 2012, to execute an advance refunding of the Series 2002 bonds. Bonds bear interest rate coupons from 2 percent to 5 percent with an average rate of 4.09 percent. There are requirements for a bond reserve account as well as a debt service account. These are included in funds held by City—bond agreements. The City of Willmar, General Obligation Revenue Bonds, Series 2012, are to be paid first from the net revenues of the Hospital. If net revenues are not sufficient for payment of principal and interest, the City's full faith and credit in the form of its taxing authority can be used to meet the debt service requirements.

The Hospital is required to comply with certain restrictive covenants relating to the revenue bonds and notes, the most restrictive of which requires the maintenance of a minimum debt service coverage ratio of 1.25-to-1.0.

Scheduled principal and interest payments on long-term debt obligations are as follows:

	Principal	Interest
Years ending December 31:		
2016	\$ 2,239,597	\$ 1,834,046
2017	2,457,323	1,758,964
2018	2,536,257	1,676,630
2019	2,381,382	1,575,995
2020	2,293,825	1,469,331
2021-2025	12,164,500	6,611,825
2026-2030	14,769,800	4,002,516
2031-2035	7,908,701	851,474
Total	<u>\$ 46,751,385</u>	<u>\$ 19,780,781</u>

Note 11. Related-Party Transactions

Shared Health Resources: The Hospital holds a 50 percent investment in Shared Health Resources, a limited liability corporation formed by the Hospital and Willmar Properties. Shared Health Resources was established for the construction and operation of a medical office building located adjacent to the Hospital.

The Hospital's investment in Shared Health Resource consists of the following at December 31, 2015:

Beginning balance	\$ 459,048
Equity in earnings	28,475
Ending balance	<u>\$ 487,523</u>

Shared Health Resources has a note payable to a bank. The Hospital has guaranteed 50 percent of this loan. At December 31, 2015, approximately \$1,700,000 was outstanding on this loan.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 11. Related-Party Transactions (Continued)

Lake Region Home Medical: Home Medical holds a 50 percent investment in Lake Region Home Medical, a limited liability corporation formed by Home Medical and Lake Region Healthcare in 2014. Lake Region Home Medical provides medical supplies, oxygen and durable medical equipment for sale or rental to health care providers, patients or retail customers for in-home medical care use. The ending balance of Home Medical's investment in Lake Region Home Medical at December 31, 2015, was a deficit of \$(16,322) and is included in other assets.

Willmar Medical Services: On January 1, 2008, the Hospital amended and restated the agreement of its partnership in the Willmar Surgery Center. The restated partnership, Willmar Medical Services, is a limited liability partnership jointly owned by Affiliated Community Medical Centers, P.A. (ACMC) and the Hospital. Willmar Medical Services provides inpatient and outpatient medical oncology, radiation, and imaging professional and technical component support services as well as outpatient surgical services, anesthesiology, polysomnography and orthopedics.

The Hospital's investment in Willmar Medical Services consists of the following at December 31, 2015:

Beginning balance	\$ 4,269,042
Equity in earnings	6,731,886
Less cash distributions	<u>(6,980,000)</u>
Ending balance	<u><u>\$ 4,020,928</u></u>

Summarized condensed financial information from the financial statements of Willmar Medical Services at December 31, 2015, and for the year then ended is presented below:

Total assets	<u>\$ 12,988,356</u>
Total liabilities	\$ 4,946,498
Partners' capital	<u>8,041,858</u>
Total liabilities and partners' capital	<u><u>\$ 12,988,356</u></u>
Net patient service revenue	<u>\$ 49,178,569</u>
Net income	<u><u>\$ 13,463,770</u></u>

The concentrations of Willmar Medical Services are similar to those disclosed in Note 2 for the Hospital as a whole.

Note 12. Other Liabilities, Commitments and Contingencies

Risk management: The Hospital is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accidental benefits. Risks are covered by self-insurance programs and commercial insurance purchased from independent third parties, other than the self-insured risks addressed below. There has been no significant reduction in insurance coverage from the previous year in any of the Hospital's policies. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 12. Other Liabilities, Commitments and Contingencies (Continued)

Self-insurance: The Hospital self-insures for health, dental and workers' compensation insurance. Reported as current liabilities, estimated claim liabilities are recognized for known unpaid claims and claims incurred but not reported. The Hospital has reinsurance for health insurance, which limits their maximum liability to a set amount.

Changes in the accrued self-insurance liabilities for health, dental and workers' compensation are as follows:

Fiscal Year Ended	Beginning Liability Balance	Current-Year Expenses	Payments	Ending Liability Balance
December 31, 2015	\$ 905,629	\$ 5,852,415	\$ 5,997,568	\$ 760,476
December 31, 2014	933,305	6,227,083	6,254,759	905,629

Letter of credit—bank: The Hospital is self-insured for workers' compensation and maintains a \$300,000 letter of credit, as required by the State of Minnesota. There have been no draws on this letter of credit during 2015. Under the terms of the letter of credit, interest is payable monthly at prime (currently 3.5 percent), and the letter of credit has a maturity of September 1, 2016.

Litigation: The Hospital is involved in litigation arising from the normal course of business. Management estimates that these matters will be resolved without material adverse effects on the Hospital's future financial position or results from operations.

Construction contracts: In 2015, The Hospital entered into construction contracts for the renovation and construction of the rehabilitation building and laboratory. Contractual commitments associated with these agreements are approximately \$6,850,000 and will be funded with internal cash reserves and fundraising.

Note 13. Recent Accounting Pronouncements

The following pronouncements have been issued but are not yet effective for the Hospital:

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The statement is effective for the Hospital's year ending December 31, 2016. Management is currently evaluating the effects GASB Statement No. 72 will have on the Hospital's financial statements.

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

Notes to Financial Statements

Note 13. Recent Accounting Pronouncements (Continued)

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits (OPEB), as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general-purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The statement is effective for the Hospital's year ending December 31, 2018. Management is currently evaluating the effects GASB Statement No. 75 will have on the Hospital's financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement is effective for the Hospital's year ending December 31, 2016. Management is currently evaluating the effects GASB Statement No. 76 will have on the Hospital's financial statements.

Supplementary Information

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

**Other Postemployment Benefits Funding Status (Unaudited)
December, 31, 2015**

The Hospital provides to retirees the option to participate in the Hospital's health insurance plan after retirement, with no contribution from the Hospital. The Hospital currently has 18 retirees receiving benefits from the Hospital's health insurance plan.

The Hospital currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of the assets is \$-0- at December 31, 2015. The following is a summary of the funding status at January 1 for the most recent actuarial valuation dates available:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2014	\$ -	\$ 2,735,839	\$ 2,735,839	0.0%	\$ 38,490,496	7.1%
2012	-	2,338,281	2,338,281	0.0%	35,774,003	6.5%

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

**Schedule of Rice Memorial Hospital's Contributions to the Public Employees General
Employees Retirement Fund
Required Supplementary Information (Last 10 Years*)**

Fiscal Year Ended	Statorily Required Contributions (a)	Contributions in Relation to the Statorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2015	\$ 3,142,833	\$ 3,142,833	\$ -	\$ 41,984,138	7.5%

*This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

**For purposes of this schedule, covered payroll is defined as "pensionable wages."

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

**Schedule of Rice Memorial Hospital's Proportionate Share of Net Pension Liability
Public Employees General Employees Retirement Fund
Required Supplementary Information (Last 10 Years*)**

Fiscal Year Ended	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll** (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.6873%	\$ 35,619,453	\$ 41,296,718	86.25%	78.2%

*This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

**For purposes of this schedule, covered payroll is defined as "pensionable wages."

Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)

Combining Statement of Net Position
December 31, 2015

	Combined Entity	Rice Health Foundation	Eliminations	Combined Hospital
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,234,022	\$ 672,804	\$ -	\$ 3,906,826
Current portion of funds held by the City	2,958,692	-	-	2,958,692
Accounts receivable:				
Patients, residents and trade, net	18,284,068	-	-	18,284,068
Other	1,389,361	748,704	(31,940)	2,106,125
Supplies	2,140,792	-	-	2,140,792
Prepaid expenses	1,025,311	-	-	1,025,311
Total current assets	29,032,246	1,421,508	(31,940)	30,421,814
Assets limited as to use:				
Funds held by the City	3,776,634	-	-	3,776,634
Restricted/designated for specific operating activities	226,263	2,627,414	-	2,853,677
Remainder unitrust	47,522	-	-	47,522
Endowment fund	2,920,922	467,283	-	3,388,205
Total assets limited as to use	6,971,341	3,094,697	-	10,066,038
Capital assets, net	61,065,987	-	-	61,065,987
Other assets:				
Investments	24,129,137	4,137,129	-	28,266,266
Investment in Shared Health Resources	487,523	-	-	487,523
Investment in Willmar Medical Services	4,020,928	-	-	4,020,928
Other	115,734	-	-	115,734
Total other assets	28,753,322	4,137,129	-	32,890,451
Total assets	125,822,896	8,653,334	(31,940)	134,444,290
Deferred outflows of resources:				
Deferred loss on refunding	1,405,653	-	-	1,405,653
Deferred outflows on pension	4,938,593	-	-	4,938,593
Total deferred outflows of resources	6,344,246	-	-	6,344,246
Total assets and deferred outflows of resources	\$ 132,167,142	\$ 8,653,334	\$ (31,940)	\$ 140,788,536

	Combined Entity	Rice Health Foundation	Eliminations	Combined Hospital
Liabilities and Net Position				
Current liabilities:				
Current maturities of long-term debt	\$ 2,239,597	\$ -	\$ -	\$ 2,239,597
Accounts payable	2,418,820	410	(31,940)	2,387,290
Due to Willmar Medical Services	1,811,843	-	-	1,811,843
Accrued expenses:				
Salaries, wages and benefits	9,035,717	-	-	9,035,717
Interest expense	731,031	-	-	731,031
Estimated third-party payer settlements	80,000	-	-	80,000
Total current liabilities	16,317,008	410	(31,940)	16,285,478
Long-term liabilities:				
Net pension liability	35,619,453	-	-	35,619,453
Other postemployment benefits	1,707,524	-	-	1,707,524
Long-term debt, net of current maturities	48,232,485	-	-	48,232,485
Total long-term liabilities	85,559,462	-	-	85,559,462
Total liabilities	101,876,470	410	(31,940)	101,844,940
Deferred inflows on pension	4,737,635	-	-	4,737,635
Net position:				
Net investment in capital assets	15,776,192	-	-	15,776,192
Restricted:				
Expendable for debt service and reserve	2,227,661	-	-	2,227,661
Expendable for specific operating activities	273,785	2,627,414	(908,310)	1,992,889
Nonexpendable permanent endowment	2,920,922	467,283	-	3,388,205
Unrestricted	4,354,477	5,558,227	908,310	10,821,014
Total net position	25,553,037	8,652,924	-	34,205,961
Total liabilities, deferred inflows of resources, and net position	\$ 132,167,142	\$ 8,653,334	\$ (31,940)	\$ 140,788,536

Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)

Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2015

	Hospital	Rice Home Medical	Rice Care Center	Combined Entity
Revenue:				
Net patient and resident service revenue	\$ 65,463,081	\$ -	\$ 8,875,305	\$ 74,338,386
Net equipment sales and rents	-	9,681,801	-	9,681,801
Net patient and resident service revenue and equipment sales and rents	65,463,081	9,681,801	8,875,305	84,020,187
Other revenue	14,222,890	157,260	9,611	14,389,761
Total revenue	79,685,971	9,839,061	8,884,916	98,409,948
Expenses:				
Salaries and wages	37,234,373	2,806,075	3,152,110	43,192,558
Employee benefits	10,795,582	1,066,213	1,091,530	12,953,325
Supplies and drugs	9,721,126	4,085,173	759,042	14,565,341
Purchased services	5,277,481	337,157	1,446,493	7,061,131
Repairs and maintenance	2,893,131	230,496	85,792	3,209,419
Utilities	1,479,351	114,623	137,905	1,731,879
Other	1,769,826	357,502	97,956	2,225,284
Depreciation and amortization	6,029,798	962,507	732,587	7,724,892
Taxes and surcharges	1,645,237	65,444	420,002	2,130,683
Total expenses	76,845,905	10,025,190	7,923,417	94,794,512
Operating income (loss)	2,840,066	(186,129)	961,499	3,615,436
Nonoperating revenue (expense):				
Investment income	748,137	(64)	18,991	767,064
Unrealized loss on investments	(39,464)	-	-	(39,464)
Gain on disposal of equipment	217,198	7,746	-	224,944
Interest expense	(1,402,222)	-	(316,900)	(1,719,122)
Total nonoperating revenue (expense)	(476,351)	7,682	(297,909)	(766,578)
Excess (deficit) of revenue over expenses	2,363,715	(178,447)	663,590	2,848,858
Other nonoperating revenue (expense):				
Specific-purpose funds:				
Restricted gifts, bequests and grants	847,756	-	-	847,756
Expended for specific purpose	(790,539)	-	-	(790,539)
Endowment funds:				
Restricted gifts, bequests and grants	-	-	-	-
Income from investments	58,650	-	-	58,650
Unrealized loss on investments	(92,981)	-	-	(92,981)
Payments for charity care and administrative fees	(105,979)	-	-	(105,979)
Total other nonoperating revenue (expense)	(83,093)	-	-	(83,093)
Capital grants and contributions	818,607	-	-	818,607
Increase (decrease) in net position	3,099,229	(178,447)	663,590	3,584,372
Net position:				
Beginning of year, as restated	16,761,578	3,433,291	1,773,796	21,968,665
End of year	\$ 19,860,807	\$ 3,254,844	\$ 2,437,386	\$ 25,553,037

Rice Health Foundation	Eliminations	Combined Hospital
\$ -	\$ -	\$ 74,338,386
-	-	9,681,801
-	-	84,020,187
1,286,883	(440,248)	15,236,396
1,286,883	(440,248)	99,256,583
-	-	43,192,558
-	-	12,953,325
56,586	(28,473)	14,593,454
341,481	(270,897)	7,131,715
9,636	(9,636)	3,209,419
824	(824)	1,731,879
1,229,041	(1,038,076)	2,416,249
652	(652)	7,724,892
5,147	-	2,135,830
1,643,367	(1,348,558)	95,089,321
(356,484)	908,310	4,167,262
389,461	-	1,156,525
(327,383)	-	(366,847)
-	-	224,944
-	-	(1,719,122)
62,078	-	(704,500)
(294,406)	908,310	3,462,762
1,766,397	(908,310)	1,705,843
(964,731)	-	(1,755,270)
2,353	-	2,353
-	-	58,650
-	-	(92,981)
(4,380)	-	(110,359)
799,639	(908,310)	(191,764)
-	-	818,607
505,233	-	4,089,605
8,147,691	-	30,116,356
\$ 8,652,924	\$ -	\$ 34,205,961

**Rice Memorial Hospital
(An Enterprise Fund of the City of Willmar, Minnesota)**

**Statement of Revenues, Expenses and Changes in Net Position—Rice Memorial Foundation
Year Ended December 31, 2015**

	Unrestricted	Expendable Restricted	Nonexpendable Restricted	Total
Revenues, gains and other support:				
Contributions	\$ 112,395	\$ 1,591,699	\$ 2,353	\$ 1,706,447
Special fundraising programs	380,075	-	-	380,075
Investment returns:				
Interest and dividends	389,461	-	-	389,461
Unrealized losses	(327,383)	-	-	(327,383)
Net position released from restrictions	964,731	(964,731)	-	-
Total revenue	1,519,279	626,968	2,353	2,148,600
Expenses:				
Contributions and grants	1,229,041	-	-	1,229,041
Management and general	361,529	-	-	361,529
Fundraising and other	52,797	-	-	52,797
Total expenses	1,643,367	-	-	1,643,367
Transfers	-	4,380	(4,380)	-
Increase (decrease) in net position	(124,088)	631,348	(2,027)	505,233
Net position:				
Beginning of year	5,682,315	1,996,066	469,310	8,147,691
End of year	\$ 5,558,227	\$ 2,627,414	\$ 467,283	\$ 8,652,924



RSM US LLP

Independent Auditor's Report on Legal Compliance

Board of Directors
Rice Memorial Hospital
Willmar, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Rice Memorial Hospital (an enterprise fund of the City of Willmar, Minnesota) as of and for the year ended December 31, 2015, and have issued our report thereon dated March 28, 2016.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute Section 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our tests included all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that Rice Memorial Hospital failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Rice Memorial Hospital's noncompliance with the above-referenced provisions.

This report is intended solely for the information and use of the Board of Directors, management of Rice Memorial Hospital, and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP

Minneapolis, Minnesota
March 28, 2016



RSM



COUNCIL ACTION REQUEST

DATE: June 13, 2016

SUBJECT: Bio-Solids Draft Tube Mixer

RECOMMENDATION: It is respectfully requested the City Council consider the following recommendation:

Approve re-appropriation of \$17,740.18

From: Industrial Stormwater Permit non exposure certification funds

To: Wastewater Treatment Bio-Solids operating budget to rebuild an external draft tube mixer

BACKGROUND: The below-grad Bio-Solids storage tank is currently mixed by three external draft tube mixers and eight submersible propeller mixers. Components of this mixing system have been problematic since commissioning in 1996 or soon after. Staff is requesting to use funds originally financed through the 2016 CIP (\$20,000) as slated for Industrial Stormwater Permit-No Exposure Certification-Work to cover vehicle fueling station. Staff has decided to remove the above ground fueling station at the Wastewater Treatment Facility and begin to utilize the fueling station at Public Works to avoid the No Exposure requirements to cover vehicle fueling station at the WWTF. Staff is requesting this funding be used to rebuild and modify one of three existing external draft tube mixers with a new style mechanical seal and extra bearings that will outperform the existing OEM design. If proven to be reliable, we will proceed with similar modifications for the other two mixers at a later date.

FINANCIAL CONSIDERATION: Reappropriate \$17,740.18

From: Industrial Stormwater Permit non exposure certification funds

To: Wastewater Treatment Bio-Solids operating budget to rebuild an external draft tube mixer

LEGAL: N/A

Department/Responsible Party: Jim Gauer, WWTF Interim Superintendent

Reviewed By: Larry Kruse, City Administrator

Rapids Process Equipment, Inc.
 26489 Industrial Blvd.
 Cohasset, MN 55721
 Phone: 218-999-5100
 Fax: 218-999-5102



Rebuild

Estimate

Date	Estimate #
2/16/2016	4437

Reliability. Precision. Experience.

Name / Address
Willmar Waste Water Treatment Plant

Ship To
Willmar Waste Water Treatment Plant

P.O. No.	WO/SO #	Rep	Terms	FOB
Estimate	Estimate	BKR	Net 30	Origin

Item	Description	Qty	Unit Price	Lead Time	Total
Repair	Revision #1 2/24/2016 Added Trucking Costs Labor to Rebuild Eimco Propeller Style Tank Mixer and Modify design to incorporate a Mechanical Seal that will out perform the OEM design. Add extra bearings to reduce shaft deflection to insure seal performance.	1	9,800.00		9,800.00T
Sale Item	Mechanical Seal, Bearings, Gaskets, Etc.	1	5,874.00		5,874.00T
Truck Freight	Truck Freight using RPE Tractor Trailer to pick up the unit from the Willmar Treatment Plant and then deliver the unit back to the plant upon completion of the repairs.	1	925.00		925.00T

Subtotal \$16,599.00

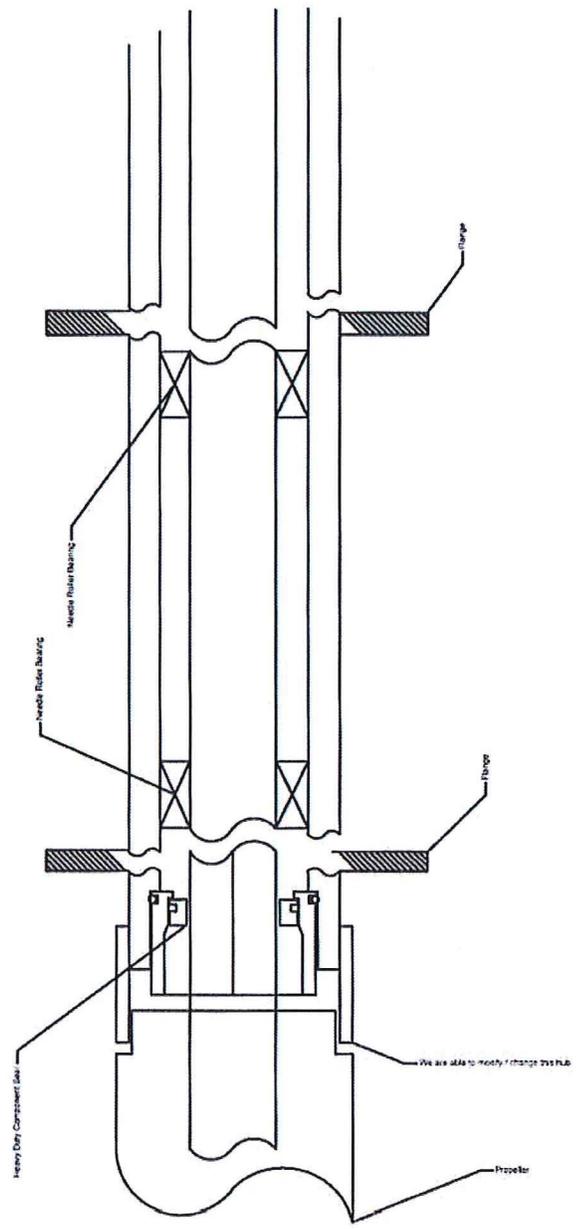
Sales Tax (6.875%) \$1,141.18

Total \$17,740.18

THE UNIT PRICE PRESENTED ABOVE IS AN ESTIMATE ONLY AND IS NOT TO BE CONSTRUED AS FIRM OR ACTUAL COST.

Reliability. Precision. Experience.

with Freight.



Rapids Process Equipment, Inc.
 26489 Industrial Blvd.
 Cohasset, MN 55721
 Phone: 218-999-5100
 Fax: 218-999-5102



Reliability. Precision. Experience.

Estimate

Date	Estimate #
2/16/2016	4437

Name / Address
Willmar Waste Water Treatment Plant

Ship To
Willmar Waste Water Treatment Plant

P.O. No.	WO/SO #	Rep	Terms	FOB
Estimate	Estimate	BKR	Net 30	Origin

Item	Description	Qty	Unit Price	Lead Time	Total
Repair	Labor to Rebuild Eimco Propeller Style Tank Mixer and Modify design to incorporate a Mechanical Seal that will out perform the OEM design. Add extra bearings to reduce shaft deflection to insure seal performance.	1	9,800.00		9,800.00T
Sale Item	Mechanical Seal, Bearings, Gaskets, Etc.	1	5,874.00		5,874.00T

Subtotal	\$15,674.00
-----------------	-------------

THE UNIT PRICE PRESENTED ABOVE IS AN ESTIMATE ONLY AND IS NOT TO BE CONSTRUED AS FIRM OR ACTUAL COST.

Sales Tax (6.875%)	\$1,077.59
Total	\$16,751.59

Reliability. Precision. Experience.

with out Freight.



Ovivo USA, LLC
 4246 Riverboat Road, Suite 300
 Salt Lake City, Utah
 84123-2583
 USA

Telephone: 801.931.3000
 Facsimile: 801.931.3080
 www.ovivowater.com

To: Matt Fritze - GNE
 Cc: James Goldhardt – Anaerobic Digestion Marketing Manager
 Sandra Angarita– Anaerobic Digestion Product Manager
 From: Luigi Tiberi – Anaerobic Digestion Product Manager
 Date: July 9, 2014
 Subject: Willmar, MN Digester Draft Tube Mixer Replacement

New Replace Request

Thank you for your interest in the Ovivo Anaerobic Digestion equipment. Per your request, Ovivo has prepared the following information for your review.

DESIGN PARAMETERS

Number of Digesters	One (1)
Cover	Concrete
Tank Diameter	125
Maximum liquid level	1120.50
Minimum liquid level	1110.125
Tank height	22.83 ft.
Cone height	5 ft.
Volume approx.	1,980,000 gallons

COST SUMMARY

Eimix® External Mounted Draft Tube Mixers (EDT-T/25) New Generation Mixer Only	\$67,540
Eimix® External Mounted Draft Tube Mixers (EDT-T/25) Replacement of Existing Only	\$63,405
Eimix® External Mounted Draft Tube Mixers (EDT-T/25) Existing Parts Only	\$8,575

Not Records

The costs above represent the costs for replacing the existing Draft tube mixers with a new generation mixer which has newer more durable seals and bearing which are easier to maintain. We also provide the costs of replacing the existing draft tube mixer with a like in kind mixer. Finally, there is the cost for the replacement parts for the existing draft tube. The costs provided do not include the costs of the motors. It is assumed that the motor does not require replacement and can be reused regardless of the mixer option selected.

THIS BUDGETARY PROPOSAL CONSTITUTES A NON-BINDING ESTIMATE OF PRICE(S) FOR CERTAIN GOODS AND/OR SERVICES THAT MAY BE PROVIDED BY OVIVO USA FROM TIME TO TIME, BUT SHALL NOT BE CONSTRUED AS AN OFFER BY OVIVO USA TO PROVIDE SUCH GOODS AND/OR SERVICES.

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EIMIX® EXTERNAL DRAFT TUBE MIXERS



Figure 1: Eimix® External Draft Tube mixer

Description and Performance:

The Eimix® Mechanical Sludge Mixers create a tangential, spiralling flow pattern within the tank. The Eimix® propeller is symmetrical about both axes and can pump sludge with equivalent capacity in both directions. The reversible direction of flow (up or down) allows the adjustments in the mixing dynamics of the digester.

The performance of the Eimix® Mechanical Sludge Mixers varies between 0.20 to 0.30 hp/1,000 ft³ per ASCE/WEF Design of Municipal Wastewater Treatment Plants, Manual of Practice (MOP 8) Recommendations and Design Parameters to achieve 30 to 45 minute turnover time.

For this application and based on the design parameters, Ovivo recommends one (1) replacement Eimix® EDT (External Draft Tube) to be installed on the digester.

Size	25 hp
Model	EDT-T 25/36
Turnover time ¹	13.52 min
Power to volume ratio ¹	0.77hp/1,000 ft ³
Estimated Dead Weight ²	3,343lbs
Quantity	One (1)

¹These parameters comply with the recommendations of the ASCE /WEF MOP # 8 1998 Ed. for digester mixing.

²Estimate per unit

BUDGET INFORMATION

Model	EDT-T 25/36
Quantity	One (1)
Estimated yearly operating cost ^{1 2}	\$12,875
Price (See scope of supply)	\$67,540

¹Estimate per unit

²The Operation cost estimate based on 0.09 \$/kW-hr, running the mixer at 75% of the horse power continuously.

RECOMMENDATION

Testing:

Shop Testing:

The testing information includes as a minimum the following:

1. Dynamic balance of the ragless propeller to not more than 4 mils vibration.
2. The shaft shall be certified in the shop to not more than 0.006" TIR run out from top to bottom.
3. Run the mixer drive unit with the propeller in dry or wet conditions in the shop for at least 2 hours.
The shop test shall show temperature at the shaft housing of not more than 150° F, and specifically at the lower bearing location of the shaft housing the temperature shall not exceed 150° F.
4. Check the shaft housing for pinhole leaks and repair if necessary.
5. Complete check of all control panels to ensure proper operation.
6. Make all final adjustments as required prior to shipment.

Ovivo highly recommends performing shop testing for the mixer to validate flow pumping rates using a portable ultrasonic flow meter.

Field Testing:

The Contractor, assisted by the Ovivo, will field verify the following items as a minimum:

1. Motor installed and appropriately mounted for operation.
2. Mixer rotation direction and speed.
3. Motor reverses properly.
4. Amperage measurements not exceeding nameplate rating.
5. Proper lubrication.
6. Proper centering device adjustment.
7. Assembly bolts tightened properly.
8. Drive belts aligned and tensioned properly.
9. Belt guards installed properly.

Field Service:

Ovivo's scope includes the service of a qualified service engineer for the following:

Additional service days can be purchased at the current rate.

TABLE No. 1

Eimix® External Draft Tube mixer

Items Included
Drive belts and sheaves
FRP belt guard w/ fasteners
Neoprene mounting gasket
Adjustable centering device
Drive shaft, shaft housing with flow deflector
Upper / lower drive shaft bearings w/ seals
36 in Ø cast iron Eimix® propeller
Mild Steel construction except as noted
Coating: <ul style="list-style-type: none"> - Preparation SSPC-SP-6 commercial clean - Tnemec 69, First Coat @ 3.0-5.0 DFT
Service
FOB factory. Freight allowed to the jobsite
Items Not Included
Remote control panel
VFD
Mixer port
Cover modifications/ reinforcement
Spare parts
Piping, fittings, tubing and pipe supports
Digester cleaning and temporary dewatering
Wiring / conduit
Finish or field touch-up paint
Flooring walkways, stairs, steps, ladders, etc
Sealant, insulation, lubricants
Unloading, storage
Installation



OTI

Olympus Technologies, Inc.

Proposal #15 10A

Oct. 21, 2015

TO: Bidding Contractors

PROJECT: Replacement Mixer Rotating Assembly
City of Willmar, MN

BID DATE: Oct. 21, 2015

OTI is pleased to offer its proposal covering the equipment as described in the following pages. Your local OTI representative for this project is Van Bergen & Markson, Inc.

Mr. Sam Dyrud
(612) 508-7072 – mobile
sam@vbminc.com – email

This proposal has OTI's "Terms of Sale" and our "Warranty" which shall be made part of any order resulting from this proposal.

Sincerely,

Jeffrey L. Wight
Olympus Technologies, Inc.



Replacement Sludge Mixers

(1) Model ER stl. replacement sludge mixer assembly with the following (see dwg. S7473):

- Stl. rotating assembly re-using existing 36" cast iron reversible propeller. (Freight to ship propeller to OTI is not by OTI.)
- Stl. drive base and motor mount with gaskets and 304 st. stl. flange bolts.
- (1) 304 st. stl. belt guard.

Additional items or services:

- Installation, operation, & maintenance manuals.
- Freight, FOB factory, with freight prepaid to the jobsite.

Paint:

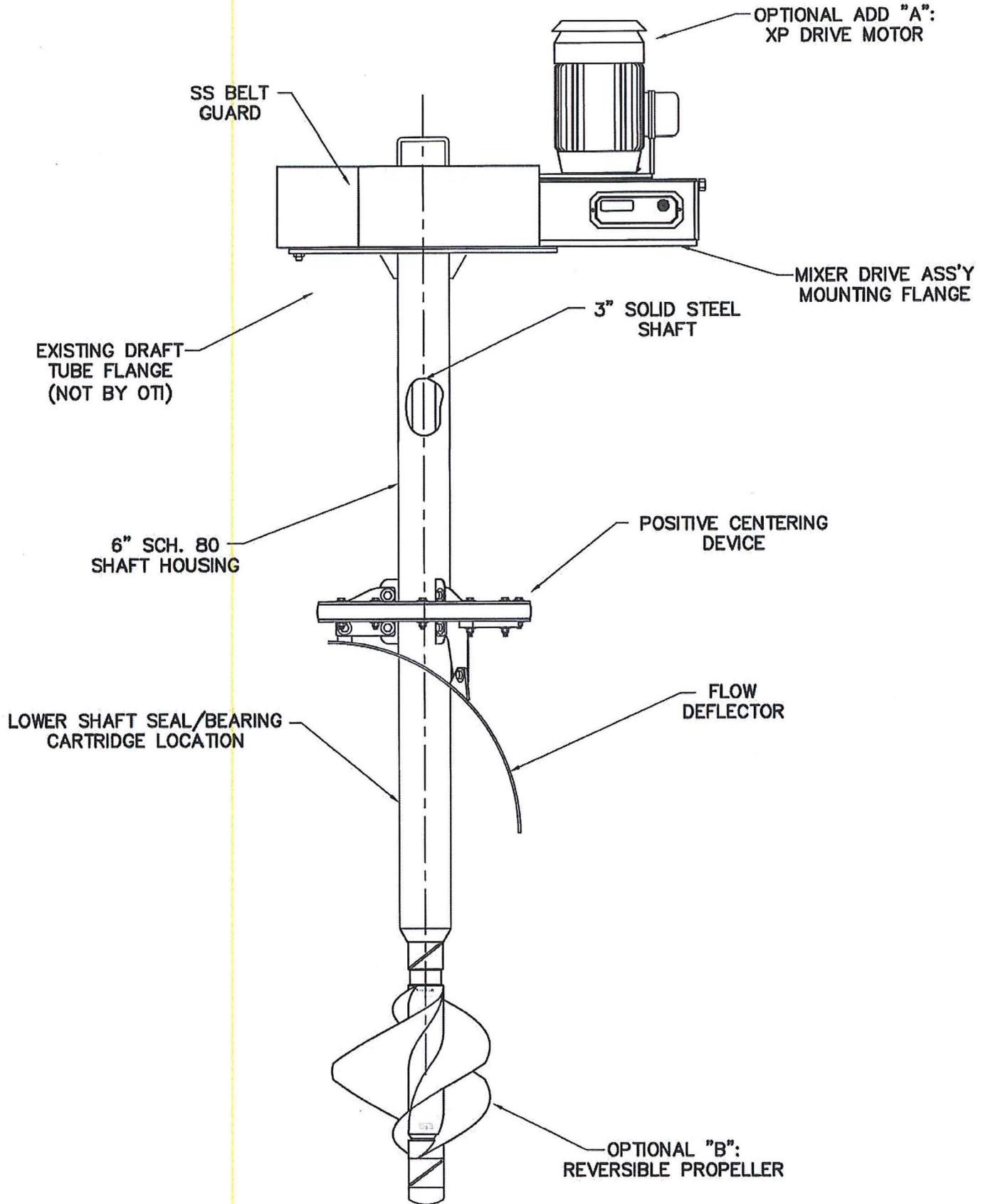
- All fabricated steel for the mixer rotating assemblies and drive base shall receive the following treatment:
 - Blast per SSPC-SP10, near-white sandblast.
 - (1) coat of DuPont NapGard fusion bonded epoxy to achieve 8 – 10 mils dft.
 - (1) finish coat of weather resistant powder coating (fusion bonded epoxy) on all surfaces exposed to atmosphere of Tiger Drylac or equal, 2-4 mils dft.
- All mixer vender supplied items shall have the manufacturers standard shop protective coatings provided.

Items not included:

- Pipes, fittings, supports, unistruts, etc.
- Insulation, flashing, weatherproofing, tape, etc.
- Flange bolts, blind flanges, gaskets, unless specifically included above.
- Sealants, caulking, backer rods, fill materials or packing, tar, grout, concrete, etc.
- Shims, spacers, etc.
- Drive motor, reversible propeller, etc.
- Grating, stairs, ladders, walkways, handrail, etc.
- Bolts and holes for materials provided by others.
- Field testing field welding, training, services, installation, or erection unless included above.
- Field touch up or field finish paint.
- Equipment lubricants, special tools, etc.
- Control panels, motor starters, wiring, conduit, vfd drives, instruments, electric component of any kind other than drive motor, etc.
- Special wall sleeves, link seals, etc. for wall penetrations unless included above.

Field Estimates:

Total equipment weight of mixer 2,500 lbs.



ILLUSTRATION

MODEL ER MIXER ROTATING ASSEMBLY

The information on this drawing, and all copies thereof, is confidential and is to be considered the exclusive property of Olympus Technologies, Inc. subject to return on demand. It must not be made public or copied without OTI's explicit consent. This drawing is not to be used in any manner detrimental to the interests of OTI.

Job No.	
Base Drawing:	
Parent Drawing:	
Drawing Number:	S7473

Comments:

- The proposed mixer is designed to be inserted into the existing mixer draft tube. Existing draft tube repairs, any modifications, cleaning, etc. is not by OTI.
 - All mounting plates, covers, etc. attached at the top of the existing mixer draft tube flange shall be removed, this work is not by OTI.
 - No controls of any kind are included in this proposal.
 - No tariffs, fees, taxes, etc. of any kind are included in sales prices quoted.
 - No drive motor is included in the basic scope of supply. Re-use of existing drive motor may be considered, however, technical data, dimensions, etc. would be required to be provided to OTI to make that determination.
 - See optional ADD if OTI provides new 36" reversible propeller and/or 25 hp drive motor.
-



PRICING:

Unless otherwise indicated, the prices listed below are for the equipment only. Prices quoted are in US currency.

<u>Equipment</u>	<u>Price (US \$)</u>
(1) Mod. ER, Mixer rotating assembly	<u>\$47,875.00</u>
ADD "A": (1) 25 HP, XP, high efficiency 1200 RPM, 460/3/60, NEC T2A drive motor.	<u>\$5,910.00</u>
ADD "B": (1) 36" OTI reversible 316 SS fabricated propeller.	<u>\$5,540.00</u>

The above prices are firm for a period not to exceed thirty (30) days from the bid date. Pricing is based upon shipment of all proposed equipment no later than Mar. 31, 2016. If delays in shipping, for any reason, occur that prevents OTI from shipping on or before Mar. 31, 2016 the pricing will be subject to change.

Terms: One-Hundred percent, 100%, net thirty (30) days from delivery.

Sales Tax: No sales taxes, use taxes, fees, tariffs or duties are included in the prices above. Any applicable taxes, fees, or duties are by others, not by OTI.

Freight: The prices above are F.O.B. shipping point with freight allowed to a readily accessible location nearest the jobsite.

Submittals: Submittal packages, including shop drawings will be provided 2 - 4 weeks after purchase order is received in OTI's office.

Shipment: OTI estimates commencement of shipment of the equipment items 10 - 14 weeks after approved submittals are received in OTI's office. If new mixer drive motor is added, the schedule will be 14 - 18 weeks after approval.

Field Service: The prices above do not include field services unless noted in the preceding proposal. Additional field service is available at OTI's standard regionalized daily rates plus actual incurred expenses.



Equipment manufactured and sold by Olympus Technologies, Inc. (OTI) and paid for in full is backed by the following warranty:

For the benefit of the original user, OTI warrants all new equipment manufactured by OTI to be free from defects in material and workmanship; and will replace or repair, F.O.B. at its factories or other location designated by it, any part or parts returned to it which OTI's examination shall show to have failed under normal use and service by the original user within one (1) year following initial start-up or eighteen (18) months from shipment to the purchaser, whichever occurs first. This warranty is contingent upon the use of the equipment as intended with regular maintenance in accordance with OTI's recommended maintenance procedures.

OTI's obligation under this warranty is conditioned upon (a) its receiving notice in writing within fifteen (15) days after the discovery of claimed defects which shall in no event be later than thirty (30) days following expiration of the warranty period and is limited to repair or replacement as aforesaid; (b) only if requested by OTI, return all articles claimed to be defective to OTI designated site, freight or postage prepaid; (c) perform at purchaser's or original user's expense all work in connection with the removal of the defective articles and reinstallation following repair or replacement; (d) if OTI elects to make a refund of part or all of the purchase price, the refund shall be OTI's sole obligation. If requests a replacement part from OTI prior to the opportunity for OTI to inspect the alleged defective part, the replacement part will be billed to purchaser or original user at OTI's regular prices, and if upon inspection the allegedly defective part(s) are found to be defective, OTI will issue an appropriate credit.

This warranty is expressly made by OTI and accepted by purchaser in lieu of all other warranties, including warranties of merchantability and fitness for particular purpose, whether written, oral, express, implied, or statutory. OTI neither assumes nor authorizes any other person to assume for it any other liability with respect to its equipment. OTI shall not be liable for normal wear and tear, nor for any contingent, incidental or consequential damage or expense due to partial or complete in operability of its equipment for any reason whatsoever.

This warranty shall not apply to equipment or parts thereof which have been altered or repaired outside of an OTI factory, or damaged by improper installation or application, or subjected to misuse, abuse, neglect or accident. Compliance with AWS D1.1 "American Welding Society" codes using qualified AWS certified welders and procedures shall be required. Field weld inspection shall be per AWS and with AWS Certified Welding Inspectors. Field protective coatings shall be applied and inspected per SSPC standards and codes and per the paint manufacturer's requirements.

This warranty applies only to equipment made or sold by OTI and OTI makes no warranty with respect to parts, accessories, or components manufactured by others. The warranty which applies to such items is that offered by their respective manufacturers.

Form W-0200_b (0804)

OTI- Olympus Technologies, Inc. - Terms & Conditions of Sale

Terms and conditions appearing in any order based on this proposal which are inconsistent herewith shall not be binding on Olympus Technologies, Inc. (OTI). The sale and purchase of equipment described herein shall be governed exclusively by the foregoing proposal and the following provisions:

1. ITEMS INCLUDED: This proposal includes only the equipment specified herein and does not include erection, installation, accessory or associated materials such as controls, piping, etc., unless specifically listed.

2. PARTIES TO THE CONTRACT: OTI is not a party to or bound by the terms of any contract between OTI's customer and any other party. OTI's undertakings are limited to those defined in the contract between OTI and its direct customers.

3. PRICES AND DELIVERY: All prices quoted are subject to change without notice after thirty (30) days from the date of this proposal unless stated otherwise in this proposal. Unless otherwise stated, all prices are F.O.B. OTI or its supplier's shipping points. All claims for damage, delay or shortage arising from such equipment supply shall be made by Purchaser directly against the carrier. When shipments are quoted F.O.B. jobsite or other designation, Purchaser shall inspect the equipment shipped, notifying OTI of any damage or shortage within forty-eight (48) hours of receipt, and failure to so notify OTI shall constitute acceptance by Purchaser, relieving OTI of any liability for shipping damages or shortages.

4. PAYMENTS: All invoices are net thirty (30) days. Delinquencies are subject to a 2 percent service charge per month or the maximum permitted by law, whichever is less on all past due accounts. Pro rata payments are due as shipments are made. If shipments are delayed by the Purchaser, invoices shall be sent on the date when OTI is prepared to make shipment and payment shall become due under standard invoicing terms. If the work to be performed hereunder is delayed by the Purchaser, payments shall be based on the purchase price and percentage of completion. Products held for the Purchaser shall be at the risk and expense of the Purchaser. Unless specifically stated otherwise, prices quoted are for equipment only. These terms are independent of and not contingent upon the time and manner in which the Purchaser receives payment from others.

5. PAYMENT TERMS: Credit is subject to acceptance by OTI's Credit Department if the financial condition of the Purchaser at any time is such as to give the OTI, in its judgment, doubt concerning the Purchaser's ability to pay. OTI may require full or partial payment in advance or may suspend any further deliveries or continuance of the work to be performed by OTI until such payment has been received.

6. ESCALATION: If shipment is, for any reason, deferred by the Purchaser beyond the normal shipment date, stated prices set forth herein are subject to escalation. The escalation shall be based upon increases in labor and material and other costs to OTI that occur in the time period between quotation and shipment by OTI, except as hereinafter set forth in subparagraph (b) below:

(a) The total quoted revised price is based upon changes in the indices published by the US Dept. of Labor, Bureau of Labor Statistics. Labor will be related to the Average Hourly Earnings Indices found in the Employment and Earnings publication and material will be related to the Metal and Metal Products Indices published in Wholesale Prices and Prices Indices. (b) Price revision for items furnished to, and not manufactured by OTI, which exceed the above escalation calculation will be passed along by OTI to Purchaser based upon the actual increase in price to OTI for the period from the date of quotation to the date of shipment by OTI.

7. APPROVAL: OTI is furnishing its standard equipment as described in this proposal and as will be covered by its final submittal drawings. The equipment may not be in strict compliance with the Engineer's/Owner's plans, specifications, or addenda as there may be deviations. The equipment, however, will meet the general intention of the Engineer's specifications. If approval of equipment submittals is required prior to manufacturing, OTI requires such approval or authorization in written form. Supply of equipment will, therefore, be contingent upon approval of submittals.

8. INSTALLATION SUPERVISION: Prices quoted for equipment do not include erection supervision. OTI will, upon request, make available, at OTI's current rate, an experienced erection supervisor to act as the Purchaser's employee and agent to supervise installation of the equipment. Purchaser shall at its sole expense furnish all necessary labor, equipment, and materials needed for installation. Responsibility for proper operation of equipment is not by OTI. Any work performed by OTI personnel in making inspection, adjustment or changes must be paid for at OTI's current rates plus living and traveling expenses unless such work is included in the Proposal. OTI shall not be required to supply or install any safety devices whether required by law otherwise. The Purchaser hereby agrees to indemnify and hold harmless OTI from any claims or losses arising due to alleged or actual insufficiency or inadequacy of the safety devices offered or supplied hereunder, whether specified by OTI or Purchaser, and from any damage resulting from use of the equipment supplied hereunder.

9. ACCEPTANCE OF PRODUCTS: Products will be deemed accepted without any claim by purchaser unless written notice of non-acceptance is received by OTI within thirty (30) days of delivery if shipped F.O.B. point of destination. Such written notice shall not be considered received by OTI unless it is accompanied by all freight bills for such shipment, with Agent's notations as to damages, shortages and conditions of equipment, containers, and seals. Non-accepted products are subject to the return policy stated below.

10. TAXES: Any federal, state, or local sales, use or other taxes applicable to this transaction, unless specifically included in the price shall be for Purchaser's account.

11. TITLE: The equipment specified herein, and any replacements or substitutes shall, regardless of the manner in which affixed to or used in connection with realty, remain the sole and personal property of OTI until the full purchase price has been paid. Purchaser agrees to do all things necessary to protect and maintain OTI's title and interest in and to such equipment; and upon Purchaser's default, OTI may retain as liquidated damages any and all partial payments made and shall be free to enter the premises where such equipment is located and remove the same as its property without prejudice to any further claims on account of damages or loss which OTI may suffer from any cause.

12. INSURANCE: From date of shipment until the invoice is paid in full, Purchaser agrees to provide and maintain at its expense, but for OTI's benefit, adequate insurance on the equipment against any loss or any nature whatsoever.

13. SHIPMENTS: Any shipment or delivery dates recited represent OTI's best estimate but no liability, direct or indirect, is assumed by OTI for failure to ship or deliver on such dates. OTI shall have the right to make partial shipments; and invoices covering the same shall be due and payable by Purchaser in accordance with the payment terms thereof. If Purchaser defaults in any payment when due hereunder, OTI may, without incurring any liability therefore to Purchaser or customers, declare all payments immediately due and payable with maximum legal interest thereon from due date of said payment, and at its option, stop all further work and shipments until all past due payments have been made, and/or require that any further deliveries be paid for prior to continuation of shipment. If Purchaser requests postponements of shipments, the purchase price shall be due and payable upon notice from OTI that the equipment is ready for shipment; and thereafter any storage or other charge OTI incurs on account of the equipment shall be for the Purchaser's account. If delivery is specified at a point other than OTI or its supplier's shipping points, and delivery is postponed or prevented by strike, accident, embargo, or other cause beyond OTI's reasonable control and occurring at a location other than OTI or its supplier's shipping points, any charges OTI incurs shall be for the Purchaser's account. If Purchaser refuses delivery, OTI may store the equipment at Purchaser's expense. For all purposes of this agreement such tender of delivery or storage shall constitute delivery.

14. WARRANTY: OTI warrants equipment it supplies only in accordance with the warranty expressed in the attached copy of OTI WARRANTY against defects in workmanship and materials which is made a part hereof. Such warranty is in lieu of all other warranties, including warranties of merchantability and fitness for implied or statutory, and OTI shall not be liable for any contingent, incidental, or consequential damages for any reason whatsoever.

15. PATENTS: OTI agrees that it will, at its own expense, defend all suits or proceedings instituted against Purchaser and pay any award of damages assessed against it in such suits or proceedings, so far as the same are based on any claim that the said equipment or any part thereof constitutes an infringement of any apparatus patent of the United States issued at the date of this Agreement, provided OTI is given prompt notice in writing of the institution or threatened institution of any suit or proceeding and is given full control of the defense, settlement, or compromise of any such action; and Purchaser agrees to give OTI needed information, assistance, and authority to enable OTI so to do. In the event said equipment is held or conceded to infringe such a patent, OTI shall have the right at its sole option and expense to (a) modify the equipment to be non-infringing, (b) obtain for Purchaser the license to continue using said equipment, or (c) accept return of the equipment and refund to the Purchaser the purchase price thereof plus a reasonable charge for the use thereof. OTI will reimburse Purchaser for actual out-of-pocket expenses, exclusive of legal fees, incurred in preparing such information and rendering such assistance at OTI's request. The foregoing states the entire liability of OTI, with respect to patent infringement, and except as otherwise agreed to in writing, OTI assumes no responsibility for process patent infringement.

16. SURFACE PREPARATION AND PAINTING: If furnished, shop primer paint is intended to serve only as minimal protective finish. OTI will not be responsible for condition of primed or finish painted surfaces after equipment leaves its shops. Purchasers are invited to inspect paint in shops for proper preparation and application prior to shipment. OTI assumes no responsibility for field surface preparation or touch-up of shipping damage to paint. Painting of fasteners and other touch-up to painted surfaces will be by the Purchaser. Motors, gear motors, and other components not manufactured by OTI will be painted with that manufacturer's standard paint system. It is OTI's intention to ship major steel components as soon as fabricated, often before drive, motors, and other manufactured components. Unless Purchaser can insure that shop primed steel shall be field painted within thirty (30) days after arrival at the jobsite, OTI encourages Purchaser to purchase these components bare. OTI prices are based on paints and surface preparations as outlined in the main body of this proposal. In the event that an alternate paint system is selected, OTI requires written notification and data on the alternate paint selected. With Purchaser's agreement, OTI will then adjust its price as may be necessary to comply with the alternate selection or ship the material unpainted if compliance is not possible due to application problems or environmental conditions.

17. CANCELLATION, SUSPENSION, OR DELAY: After acceptance by OTI, this proposal, or Purchaser's order based on this proposal, shall be a firm agreement and is not subject to cancellation, suspension, or delay except upon payment by Purchaser of appropriate charges which shall include all costs incurred by OTI to date of cancellation, suspension, or delay plus a reasonable profit. Additionally, all charges related to storage and/or resumption of work, at OTI's shop or elsewhere, shall be for Purchaser's sole account and all risks incidental to storage shall be assumed by Purchaser.

18. RETURN OF PRODUCTS: No product may be returned to OTI without OTI's prior written permission, said permission may be withheld by OTI at its sole discretion.

19. BACKCHARGES: OTI will not approve or accept backcharges for labor, materials, or other costs incurred by Purchaser or others in modification, adjustment, service, or repair of OTI furnished materials unless such backcharge has been authorized in advance in writing by an OTI employee, by an OTI purchase order, or field work authorization signed by OTI.

20. MOTORS AND MOTOR DRIVES: In order to avoid shipment delays, any motor drives may be sent directly to the jobsite for installation by the equipment installer. Minor fit-up may be required.

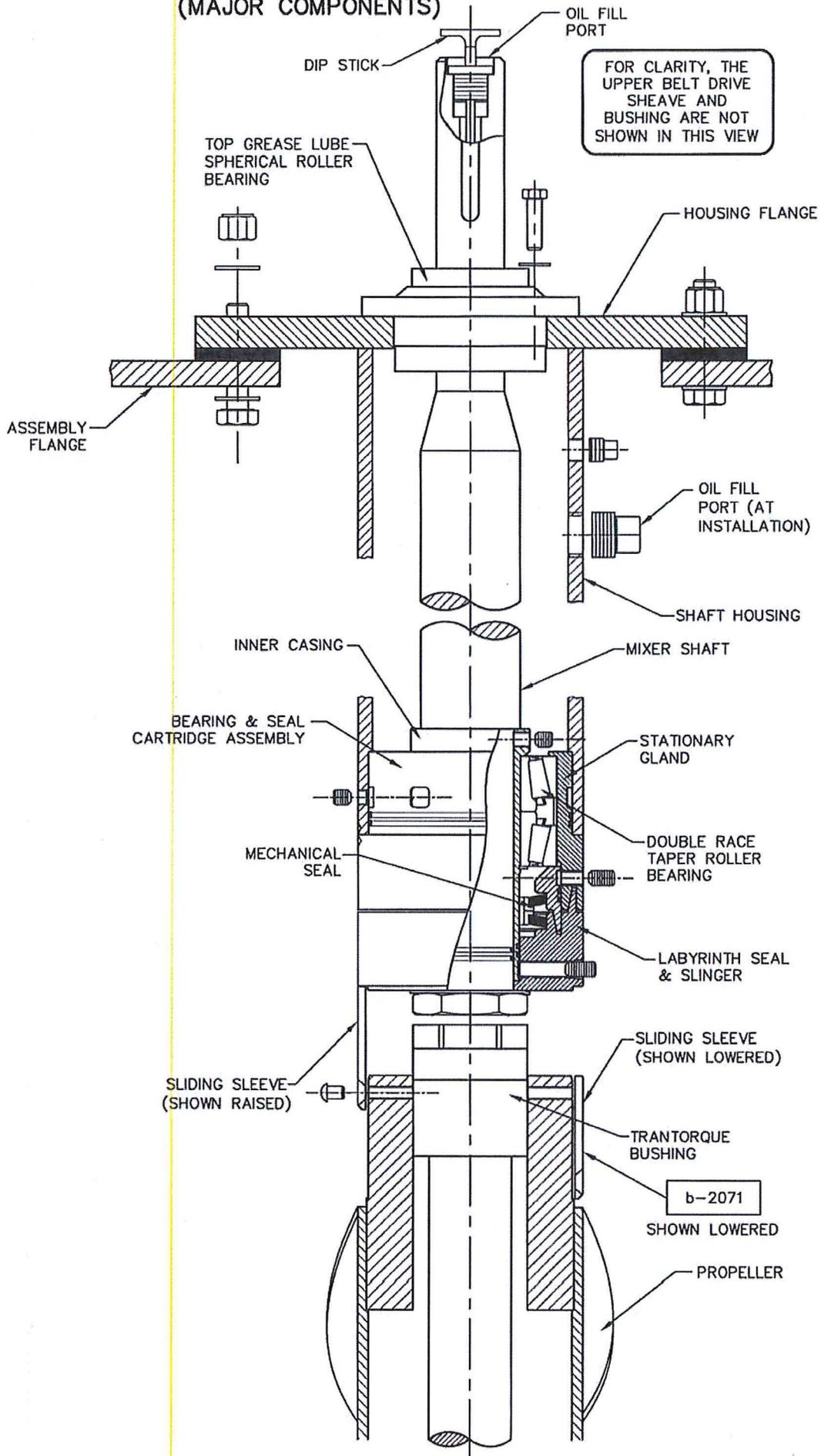
21. EXTENDED STORAGE: Extended storage instructions will be part of information provided at shipment. If equipment installation and start-up is delayed more than thirty (30) days, the provisions of the storage instructions must be followed to keep WARRANTY in force.

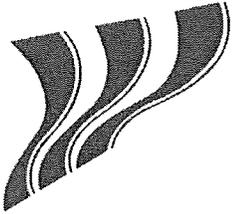
22. ARBITRATION NEGOTIATION: Any controversy or claim arising out of or relating to the performance of any contract resulting from this proposal or contract issued, or the breach thereof, shall be settled by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered to any court having jurisdiction.

23. LIABILITY: Liability for errors and omissions shall be limited to the greater of \$50,000 or the value of the particular piece of equipment (not the value of the entire order) supplied by OTI against which a claim is sought.

24. ENTIRE AGREEMENT: This proposal expresses the entire agreement between the parties hereto superseding any prior understandings, and is not subject to modification except by a writing signed by an authorized officer of each party.

MIXER ASSEMBLY (MAJOR COMPONENTS)





WILLMAR

City Administrator

**City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-214-5160
Fax Number 320-235-4917**

COUNCIL ACTION REQUEST

DATE: June 13, 2016

SUBJECT: Finance System Software

RECOMMENDATION: It is respectfully requested the City Council consider the following recommendation:

Approve a Resolution to enter into an agreement with Xerox for a new Finance Software System.

BACKGROUND: The current server system that operates the financial software needs to be replaced. It was purchased in 2004 and is no longer supported by Xerox. The problems that are occurring are mainly due to incompatibility with newer software and systems along with no updates to support an upgrade. It is at the suggestion of our vendor that we replace the server. After staff reviewed replacement systems it was decided that purchasing the Software as a Service (SaaS) from Xerox would be the best solution. The Software as a Service plan consists of having Xerox host the software in a secure and offsite location. Xerox will also be responsible for backups and upgrades. This will be a 3 year contact length. This new system changeover would occur in 2016 and funds have been approved within the 2016 budget.

FINANCIAL CONSIDERATION: The total cost for purchasing Software as a Service is \$89,195.85 over 3 years.

LEGAL: None

Department/Responsible Party: Steve Okins, Finance Director

AGREEMENT FOR APPLICATION HOSTING AND TECHNOLOGY SUPPORT SERVICES

This Agreement for Application Hosting and Technology Support Services (hereinafter the "Agreement") is entered into by and between City of Willmar with offices at 333 6th Street SW Willmar, MN 56201 (hereinafter "Customer"), and ACS ENTERPRISE SOLUTIONS, LLC with offices located at 8260 Willow Oaks Corporate Drive, Fairfax, VA 22031 (hereinafter "XEROX"), referred to individually as Party and collectively as Parties

1.0 BACKGROUND AND OBJECTIVES

This Agreement is entered into in connection with Customer's decision to engage XEROX to provide certain information technology hosting and support services related to Customer's business operations. This Agreement and the Exhibits set forth all terms and conditions governing the relationship between XEROX and Customer.

2.0 TERM

The term of this Agreement (the "Term") will be for three (3) years, from June 1, 2016 –through May 31, 2019 unless earlier terminated or renewed in accordance with the provisions of this Agreement.

3.0 SERVICES

XEROX shall provide all services, personnel, materials, equipment, and tools (hereinafter jointly referred to as the "Services") as set forth in Exhibit A – Statement of Work, attached hereto and made a part hereof. The Statement of Work constitutes the minimum quantity and level of services and deliverables to be provided in connection with this Agreement. Supplemental services may be procured by Customer in accordance with 4.0 hereof.

4.0 SUPPLEMENTAL SERVICES

Any effort, which does not fall within the Statement of Work set forth in Exhibit A, will be subject to the change order process. XEROX will be responsible for assisting Customer in defining, documenting and quantifying the change order. A detailed change order proposal will be prepared by XEROX and submitted to Customer for its review and approval. Customer will be responsible for timely turnaround of a decision on the approval of the change order request. All terms and conditions of the change order proposal (including any applicable payment terms) will be incorporated into a Supplemental Service Agreement ("SSA") a sample of which is annexed hereto as shown in Schedule 1. XEROX will not be required to perform activities that are not specifically stated in the Statement of Work without a fully executed SSA signed by both Parties.

5.0 CONFIDENTIALITY

5.1 Customer Confidential Information

With respect to information relating to Customer's business which is confidential and clearly so designated ("Customer Confidential Information"), XEROX will instruct its personnel to keep such information confidential by using the same degree of care and discretion that they use with similar information of XEROX which XEROX regards as confidential. However, XEROX shall not be required to keep confidential any information which: (i) is or becomes publicly available; (ii) is already in

XEROX' possession; (iii) is independently developed by XEROX outside the scope of this Agreement; or (iv) is rightfully obtained from third parties. In addition, XEROX shall not be required to keep confidential any ideas, concepts, methodologies, inventions, discoveries, developments, improvements, know-how or techniques developed by XEROX in the course of its services hereunder.

5.2 XEROX Confidential Information

Customer agrees that XEROX' methodologies, tools, concepts, know-how, structures, techniques, inventions, developments, processes, discoveries, improvements, proprietary data and software programs, and any other information identified as proprietary or confidential by XEROX, which may be disclosed to the Customer, are confidential and proprietary information ("XEROX Confidential Information"). With respect to XEROX Confidential Information, the Customer shall keep such information confidential by using the same degree of care and discretion that it uses with similar information of its own which Customer regards as confidential. However, Customer shall not be required to keep confidential any information which: (i) is or becomes publicly available; (ii) is already in Customer's possession; (iii) is independently developed by the Customer outside the scope of this Agreement and without any reliance on XEROX Confidential Information; or (iv) is rightfully obtained from third parties.

5.3 Use of Confidential Information

XEROX and Customer shall use each other's confidential information only for the purposes of this Agreement and shall not disclose such confidential information to any third party, other than as set forth herein, or to each other's employees, XEROX' permitted subcontractors, or Customer's permitted consultants on a need-to-know basis, without the other Party's prior written consent.

6.0 INTELLECTUAL PROPERTY RIGHTS

6.1 Customer Content

All data created or transmitted by Customer and stored on XEROX servers as part of the Services ("Customer Data") shall at all times be owned by Customer. XEROX shall not own or have any interest rights in the Customer Data. Except as instructed by Customer directly or indirectly through instructions provided to the servers through Customer's use of the XEROX Software, XEROX shall treat Customer Data as Customer Confidential Information. XEROX will upon (i) request of Customer at any time, and (ii) the cessation of all Termination/Expiration Assistance, promptly return to Customer, in the format and on the media in use as of the date of the request, all or any requested portion of the Customer Data. Archival tapes containing any Customer Data will be used by XEROX solely for back-up purposes. Any conversion of data for porting to other applications will not be provided under this contract.

6.2 Proprietary Rights of XEROX

All materials, including but not limited to any computer software (in object code and source code form), data or information developed or provided by XEROX or its suppliers under this Agreement, and any know-how, methodologies, equipment, or processes used by XEROX to provide the Services to Customer, including, without limitation, all copyrights, trademarks, patents, trade secrets, and any other proprietary rights inherent therein and appurtenant thereto (collectively "XEROX Materials") shall remain the sole and exclusive property of XEROX or its suppliers. Customer acknowledges and agrees that XEROX is in the business of designing and hosting Web-based applications and XEROX shall have

the right to provide services to third parties which are the same or similar to the Services and to use any XEROX Materials providing such services.

6.3 License Grant

XEROX grants Customer a non-exclusive license throughout the Term to perform, display, transmit, participate in the transfer of Customer Data and otherwise use the XEROX Materials for the purposes of performing this Agreement. Customer shall have no residual rights to the XEROX Materials beyond the term of this Agreement. Customer grants XEROX the right to maintain administrative access to the Customer Data during the Term for purposes of performing this Agreement.

7.0 INSURANCE; RISK OF LOSS

7.1 Required Insurance Coverage

Throughout the Term, XEROX shall, at its own expense, carry and maintain at least the kinds and minimum amounts of insurance listed below.

1. **Workers' Compensation Insurance:** As required by law.
2. **Commercial General Liability Insurance:** with a combined single limit for bodily injury and property damage in the amount of \$1,000,000 per occurrence and \$2,000,000 general aggregate.

XEROX will furnish proof of coverage, in the form of a standard certificate of insurance, to the Customer's Procurement Officer within ten (10) days of contract execution. If any material policy changes occur during the life of contract, XEROX shall provide updated proof of coverage, in the form of standard certificates of insurance, to Customer in a timely manner.

7.2 Risk of Loss

As of the effective date, each Party will be responsible for risk of loss of, and damage to, any equipment, software or other materials in its possession or under its control.

7.3. Professional Liability:

Xerox shall carry professional liability covering its negligent acts, errors, or omissions in the amount of \$1 million per claims made basis. Such insurance shall be maintained throughout the contract period and evidenced via a standard certificate of insurance.”

8.0 CHARGES

8.1 Charges

Subject to the other provisions of this Agreement, Customer will pay to XEROX the amounts set forth in Exhibit B – Applicable Charges, attached hereto and made a part hereof. Services performed in connection with an authorized Supplemental Services Agreement (Schedule 1) may be performed either on a time and material (T&M) or fixed fee basis as specified in the SSA. The charges applicable during each renewal term will be mutually agreed to by the Parties and incorporated to this Agreement as an SSA.

8.2 Taxes

- (a) XEROX will pay any sales, use, excise, value-added, services, consumption, and other taxes and duties imposed on any goods and services acquired, used or consumed by XEROX in connection with the Services.
- (b) Customer will pay when due any sales, use, excise, value-added, services, consumption, or other tax imposed by any taxing jurisdiction as of the effective date on the provision of the Services or any component thereof, as the rate of such tax may change from time to time during the applicable Term. If applicable, such taxes will be in addition to the Applicable Charges listed in Exhibit B.
- (c) If any taxing jurisdiction imposes after the effective date a new sales, use, excise, value-added, services, consumption, or other tax on the provision of the Services or any component thereof, the Parties will cooperate in attempting to reduce the amount of such tax to the maximum extent feasible. Customer will be liable for any such new tax, which is imposed on the Charges for the provision of the Services, or any component thereof.

9.0 INVOICES AND PAYMENT

9.1 Invoices and Payment

XEROX will issue to Customer, on a monthly basis, one (1) invoice for all amounts due with respect to services rendered and products delivered in the previous calendar month. Payment terms for materials and services will be as specified in Exhibit B. Each invoice will separately state all applicable charges, reimbursable expenses and taxes payable. Invoices delivered pursuant to this Section 9.1 will be due and payable within thirty (30) days after invoice issuance, unless other payment terms are mutually agreed to. All periodic charges for any partial month under this Agreement and any applicable authorized SSA shall, be prorated.

Invoices shall be submitted to: City of Willmar
333 6th Street SW
Willmar, MN 56201

9.2 Late Payment

Any sum or credit due either Party under this Agreement that is not paid or granted on the date due will thereafter bear interest until paid or applied, as the case may be, at an annual rate of interest of 4.5% provided no interest will accrue during any billing dispute between the Parties.

10.0 WARRANTIES

10.1 XEROX Warranties

XEROX warrants that all services will be provided in a good and workmanlike manner and in accordance with generally applicable industry standards. EXCEPT AS EXPRESSLY PROVIDED IN SECTION 10.1, XEROX DOES NOT MAKE AND DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS OR IMPLIED, OR ARISING BY LAW OR OTHERWISE, REGARDING THE SERVICES, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY,

FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE OR USAGE IN TRADE.

10.2 Disclaimed Warranties

XEROX exercises no control over, and accepts no responsibility for, the content of the information passing through XEROX host computers, servers, network hubs and points of presence, or the Internet. As a convenience for Customer, XEROX shall perform regular daily backup of all Customer Data. XEROX shall use commercially reasonable efforts to recover any lost or corrupted data resulting from XEROX negligence. Should XEROX be unable to recover such lost or corrupted data, XEROX' responsibility and liability for the loss of Customer Data shall be limited to restoring the data to the last required daily back up. Further, XEROX and its suppliers are not liable for any temporary delay, outages or interruptions of the Services.

10.3 Customer Warranties

Customer warrants, represent and covenants to XEROX that: (a) Customer will use the Services only for lawful purposes and in accordance with this Agreement; (b) all Customer content, including the Customer Data, does not and will not infringe or violate any right of any third party (including any intellectual property rights) or violate any applicable law, regulation or ordinance.

11.0 INDEMNIFICATION

XEROX will protect, defend, indemnify, and save whole and harmless the Customer and all of its officers, agents, and employees from and against:

- (a) Any third party claim brought against Customer relating to the death or bodily injury, or the damage, loss or destruction of real or tangible personal property, to the extent caused by the tortious acts or omissions of XEROX, its employees, contractors or agents in connection with the performance of the Services;
- (b) Any third party claim brought against Customer relating to the willful or fraudulent misconduct of XEROX, its employees, contractors or agents in connection with the performance of the Services;
- (c) Any third party claim brought against Customer relating to an actual infringement of any United State's patent, copyright, or any actual trade secret disclosure, by XEROX, its employees, contractors or agents in connection with the performance of the Services.

XEROX will have a right of contribution from Customer with respect to any claim to the extent Customer is responsible for contributing to the alleged injury.

12.0 LIMITATION OF LIABILITY

12.1 Limit on Types of Damages Recoverable

NOTWITHSTANDING ANYTHING TO THE CONTRARY ELSEWHERE IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE FOR INDIRECT, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES, REGARDLESS OF THE FORM OF ACTION, WHETHER

IN CONTRACT, TORT OR OTHERWISE, AND EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

12.2 Limit on Amount of Direct Damages Recoverable

EACH PARTY'S TOTAL CUMULATIVE, AGGREGATE LIABILITY TO THE OTHER FOR ANY AND ALL ACTIONS, WHETHER IN CONTRACT, TORT, OR OTHERWISE, WILL NOT EXCEED AN AMOUNT EQUAL TO THE U.S. DOLLAR EQUIVALENT OF THE TOTAL AMOUNT OF SERVICES PURCHASED BY THE CUSTOMER PURSUANT TO THIS AGREEMENT DURING THE SIX (6) MONTH PERIOD IMMEDIATELY PRECEDING THE DATE EITHER PARTY IS NOTIFIED BY THE OTHER OF ANY CLAIM. THIS LIMITATION WILL NOT APPLY TO ANY FEES OR CHARGES PAYABLE BY CUSTOMER UNDER THE AGREEMENT.

12.3 Force Majeure

- (a) Neither Party will be liable for any failure or delay in the performance of its obligations under this Agreement, if any, to the extent such failure is caused, directly or indirectly, without fault by such Party, by: fire, flood, earthquake, elements of nature or acts of God; labor disruptions or strikes; acts of war, terrorism, riots, civil disorders, rebellions or revolutions; quarantines, embargoes and other similar governmental action; or any other cause beyond the reasonable control of such Party. Events meeting the criteria set forth above are referred to collectively as "Force Majeure Events."
- (b) Upon the occurrence of a Force Majeure Event, the non-performing Party will be excused from any further performance or observance of the affected obligation(s) for as long as such circumstances prevail and such Party continues to attempt to recommence performance or observance whenever and to whatever extent possible without delay. Any Party so delayed in its performance will immediately notify the other by telephone or by the most timely means otherwise available (to be confirmed in writing within five (5) Business Days of the inception of such delay) and describe in reasonable detail the circumstances causing such delay.

12.4 Actions of Other Party or Third Parties

Neither Party shall be liable for any failure or delay in performance under this Agreement (other than for delay in the payment of money due and payable hereunder) to the extent said failures or delays are proximately caused by causes beyond that Party's reasonable control and occurring without its fault or negligence, including, without limitation, failures caused by the other Party or by third party suppliers, subcontractors, and carriers. The Party experiencing the difficulty shall give the other prompt written notice, with full details following the occurrence of the cause relied upon.

13.0 TERMINATION

13.1 Termination for Cause

- (a) Customer will have the option, but not the obligation, to terminate this Agreement for Cause for any material breach of the Agreement by XEROX that is not cured by XEROX within thirty (30) days of the date on which XEROX receives Customer's written notice of such breach, or if a cure cannot reasonably be fully completed within 30 days, a later

date, provided XEROX has provided a plan acceptable to Customer for such cure. Customer will exercise its termination option by delivering to XEROX written notice of such termination identifying the scope of the termination and the termination date.

- (b) XEROX will have the option, but not the obligation, to terminate this Agreement if Customer fails to pay when due undisputed amounts owed to XEROX, and Customer fails to cure such failure within sixty (60) days after receipt from XEROX of written notice from XEROX.

13.2 Effect of Termination

Termination of this Agreement for any reason under this Section 13.0 will not affect (i) any liabilities or obligations of either Party arising before such termination or out of the events causing such termination, or (ii) any damages or other remedies to which a Party may be entitled under this Agreement, at law or in equity, arising from any breaches of such liabilities or obligations.

14.0 APPLICABLE LAW, JURISDICTION, VENUE, AND REMEDIES

14.1 Applicable Law

All questions concerning the validity, interpretation and performance of this Agreement will be governed by and decided in accordance with the laws of the State of Minnesota.

14.2 Jurisdiction and Venue

The Parties hereby submit and consent to the exclusive jurisdiction of any state or federal court located in State of Minnesota and irrevocably agree that all actions or proceedings relating to this Agreement, will be litigated in such courts, and each of the Parties waives any objection which it may have based on improper venue or *forum non conveniens* to the conduct of any such action or proceeding in such court.

14.3 Equitable Remedies

The Parties agree that in the event of any breach or threatened breach of any provision of this Agreement concerning (i) Confidential Information, or (ii) other matters for which equitable rights may be granted, money damages would be an inadequate remedy. Accordingly, such provisions may be enforced by the preliminary or permanent, mandatory or prohibitory injunction or other order of a court of competent jurisdiction.

15.0 MISCELLANEOUS

15.1 Customer Provided Resources and Technical Working Environment

Customer shall provide XEROX resources with reasonable access to Customer facilities, as well as secure storage areas for materials, equipment and tools. Other specific resource needs may be identified following contract award and will be commensurate with the level of effort required under the Statement of Work.

15.2 Binding Nature and Assignment

Neither Party may assign, voluntarily or by operation of law, any of its rights or obligations under this Agreement without the prior written consent of the other Party; provided, that either may assign its rights and obligations under this Agreement to an affiliate, or to an entity which acquires all or substantially all of the assets or voting stock of that Party if such Affiliate or entity can demonstrate to the reasonable satisfaction of the other Party that it has the ability to fulfill the obligations of the assigning Party under this Agreement (and in the case of assignment by Customer, such third party agrees to pay any charges imposed by third parties relating to such assignments). No assignment by a Party will relieve such Party of its rights and obligations under this Agreement. Subject to the foregoing, this Agreement will be binding on the Parties and their respective successors and assigns.

15.3 Amendment and Waiver

No supplement, modification, amendment or waiver of this Agreement will be binding unless executed in writing by the Party against whom enforcement of such supplement, modification, amendment or waiver is sought. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar) nor will such waiver constitute a continuing waiver unless otherwise expressly provided.

15.4 Further Assurances; Consents and Approvals

Each Party will provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to give effect to this Agreement and to carry out its provisions. Whenever this Agreement requires or contemplates any action, consent or approval, such Party will act reasonably and in good faith and (unless the Agreement expressly allows exercise of a Party's sole discretion) will not unreasonably withhold or delay such action, consent or approval.

15.5 Severability

Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions or affecting the validity or enforceability of such provision in any other jurisdiction.

15.6 Entire Agreement

This Agreement, including the Exhibits thereto, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof.

15.7 Notices

Any notice, demand or other communication required or permitted to be given under this Agreement will be in writing and will be deemed delivered to a Party (i) when delivered by hand or courier, (ii) when sent by confirmed fXEROXimile with a copy sent by another means specified in this Section 15.7, or (iii) six (6) days after the date of mailing if mailed by United States certified mail, return

receipt requested, postage prepaid, in each case to the address of such Party set forth below (or at such other address as the Party may from time to time specify by notice delivered in the foregoing manner):

If to Customer, to:

City of Willmar
333 6th Street SW
Willmar, MN 56201

Steve Okins

If to XEROX, to:

ACS Enterprise Solutions, LLC
8260 Willow Oaks Corporate Drive
Fairfax, VA 22031

Attn: GFAS Director of Contracts

15.8 Survival

Any provision of this Agreement which contemplates performance or observance subsequent to any termination or expiration of this Agreement, will survive expiration or termination of this Agreement.

15.9 Independent Contractors & Use of Subcontractors

XEROX will perform its obligations under this Agreement as an independent contractor of Customer. Nothing in this Agreement will be deemed to constitute XEROX and Customer as partners, joint venturers, or principal and agent. XEROX has no authority to represent Customer as to any matters, except as expressly authorized in this Agreement or in an authorized Supplemental Service Agreement. XEROX has the right to use, if appropriate, qualified third party vendors.

15.10 Counterparts

This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

CITY OF WILLMAR, MINNESOTA

ACS ENTERPRISE SOLUTIONS, LLC

By: _____

By: _____

Name: _____

Name: John Hlavac

Title: _____

Title: Director

Date: _____

Date: _____

Exhibit A
Statement of Work

This Statement of Work describes the application hosting services that XEROX will provide to Customer in connection with this Agreement. Should additional services be required beyond or not defined in the scope of this Agreement, Customer and XEROX may enter into a Supplemental Services Agreement as further described in Section 4.0 of the Agreement, subject to required Customer approvals.

1.0 Application Software and Related Services

A key element of this Statement of Work is to provide Customer during the term of the Agreement with licensed access to core XEROX NewVision Application Software used in the daily operation of their agency. The XEROX NewVision Government Suite of Applications being provided are listed below. Customer has run these applications for the past 20 years and agrees they contain the functionality needed to run their business operations:

1.1 Financial Application System

XEROX will provide Customer with access to the following Financial Application System modules during the term of the Agreement:

- NewVision Government Financial
- NewVision Payroll
- NewVision Capital Assets
- NewVision Cash Register

1.2 Key Assumptions Concerning Software

- XEROX Software, subject matter experts and network services staff are available on a daily basis from 8:00 am to 5:00 pm (CST), Monday through Friday (except XEROX holidays) via a toll-free support number.
- The above listed applications will be available and licensed for up to twenty-six (26) seats/pcs who will be identified by the Customer. Access to these applications will be provided during the Term of the Agreement, and via remote connectivity to an XEROX Data Center facility where all programs and data will be securely stored and accessible.
- All access to the Services shall be controlled by user names and passwords issued by XEROX to Customer from time to time upon request by Customer. Each user name and password will be unique to each staff member that Customer designates is authorized to access the Services. Customer is solely responsible for the security of the user names and passwords issued to Customer's staff members. Any access to the Services using such user names and passwords will be deemed access by Customer.
- All standard software upgrades will be provided to Customer at no additional charge during the term of the Agreement. Upgrades are implemented at XEROX' discretion in accordance with XEROX' standard general release schedule for upgrades.

- Subject to the clarification contained in the following sentence, Software will be modified for “mandated” State & Federal functional requirements that must be handled by or within the XEROX NewVision Financial Application Software modules (for example W2 & 1099 processing for Payroll and Accounts Payable). Account Manager will fully review these changes with Customer to understand the nature of the requirement and proper handling within or exterior to the software application. These mandated modifications / enhancements will be provided by XEROX as long as they can reasonably be integrated into the base system architecture. At XEROX’ discretion, if the requirements are such that they cause major modification to either data structure or the systems base process flow architecture, then XEROX will inform the Customer of options, which may include additional cost, over and above the costs associated with this agreement.
- XEROX data center personnel in conjunction with XEROX Account Manager will physically handle and coordinate all software upgrades and file conversions (if necessary) for any XEROX directed base application enhancements or upgrades.
- There may be times when “custom” modifications are requested by Customer (items unique to the Customer environment, but not mandated or common to other XEROX customers). XEROX will work with Customer to develop detailed specifications and assess both cost (at then current XEROX hourly rates) and time lines to complete the work. XEROX will present a quote to the Customer for approval before proceeding with any work.
- In certain circumstances and/or to provide specific functionality, XEROX may utilize third party application software in conjunction with its own XEROX created software. In these instances, XEROX will inform the Customer of this third party relationship. XEROX will secure all necessary third party software licenses required to ensure proper and legal use by Customer during the Term in accordance with the Agreement.
- Unless otherwise specifically set forth in this Agreement, XEROX shall have no responsibility for the correctness, performance or underlying program code relating to third party software (not developed by XEROX) used in connection with the Services. However, the XEROX Account Manager, as part of this Agreement, will act as a liaison to the appropriate third party vendor/s when problems or concerns arise.

2.0 Hardware & Systems Accessibility

XEROX Owned Equipment & Software

- Customer understands that all software applications identified in Section 3 above will be hosted on XEROX-owned remote data center computers.
- XEROX will maintain a remote and highly secure data center where appropriate computer processing and wide-area network capabilities are located to serve Customer applications listed in this Agreement.
- Response times experienced by authorized users within Customer site will be maintained at commercially reasonable levels to accomplish the application and functional tasks set forth herein. Response time will be monitored and tuned by XEROX data center operations staff on

XEROX controlled network links as needed. XEROX is not responsible for network performance on network segments outside of XEROX control.

- All equipment located in XEROX off-site data center locations and communication equipment on Customer site needed to connect Customer Local Area Network to XEROX data center will be properly maintained by XEROX. Any maintenance or upgrade needed to this equipment, to meet the deliverables of this agreement, will be the responsibility of XEROX.
- Customer will provide a safe, secure, and adequate environment to house necessary XEROX owned equipment. Customer will inform XEROX if/when these items are damaged or not operating properly.
- XEROX will be responsible for the repair or replacement of XEROX owned equipment if/when it is deemed not operating properly. XEROX owned equipment that is deemed not operating properly, will be repaired or replaced within two (2) business days of XEROX being notified of failure.
- The following equipment and software will be provided to the Customer for use as part of this Agreement. The equipment and software will be owned by XEROX, but will be located at a Customer facility. Customer will be responsible for the risk of loss or damage to the equipment and software located at its facility for as long as such equipment and software is within its care, custody or control. XEROX will be responsible for providing standard manufacturer maintenance coverage for all equipment supplied as part of this paragraph. XEROX will also be responsible for all shipment costs (both at the time of installation and at the time of retrieval). XEROX will have no obligation to refresh the equipment or software in the absence of a contract amendment.

DESCRIPTION	MODEL	QUANTITY	MAINTENANCE
CISCO Router	881	1	Y

Customer Owned Equipment

- All required hardware, communication infrastructure, and related software will be the responsibility of the Customer.
- Customer will be responsible for maintaining or renewing any hardware maintenance agreements for their own equipment and at their own discretion.
- It is understood and agreed by XEROX and Customer that the XEROX services and equipment will integrate and connect to Customer equipment and/or network backbone, as a part of Customer's internal infrastructure.
- During the term of this Agreement, any upgrades, changes or additions to Customer owned equipment, or network environment that affects the connectivity, with XEROX equipment or communication infrastructure, must be reviewed and approved by XEROX. These upgrades, if approved, will be at Customer's expense unless otherwise mutually decided. If the Customer changes inhibit XEROX' ability to provide the services of this Agreement, XEROX will work

with the Customer on a best effort basis to resolve the underlying technical issues. However, if through these efforts a correction is not available, the Customer will be responsible to restore their environment to previous levels of service delivery.

- During the term of this Agreement, any expenses for maintenance, replacement, or repair, of Customer owned equipment or software will be at expense of Customer.

3.0 Customer Data

- All data collected on tape or hard copy, or residing on XEROX data center computers supplied by Customer to be utilized by XEROX in the computer system data base to provide services herein, will remain the property of Customer, and no use will be made thereof beyond that listed in the Agreement, without written permission of Customer.
- XEROX will upon (i) request of Customer at any time, and (ii) the cessation of all Termination/Expiration Assistance, promptly return to Customer, in the format and on the media in use as of the date of the request, all or any requested portion of the Customer Data. Any conversion of data for porting to other applications will not be provided under this contract.
- All Customer data located on XEROX computers in XEROX Data Center/s will be backed up routinely, professionally and daily and stored in secure off-site locations; retrievable by XEROX for Customer for any contingencies.
- XEROX shall be authorized to view and use all reports, data, or other material prepared by it for the Customer under this Agreement, but shall not disclose, nor permit disclosure of, any information designated by Customer as confidential, except authorized recipients as specifically and in writing designated by Customer.

4.0 Professional Support Services

- XEROX personnel will come on-site to complete the network connection to the XEROX datacenter. XEROX will install client-access software on a number of computers equal to the number of seats the Customer is licensing under this Agreement. The client-access software will allow the Customer access to the Financial Application System modules listed in 1.1 of this Statement of Work. Travel and Expenses for this initial trip are included as part of this Agreement.
- XEROX Software, subject matter expert and Network Services staff will be available daily from 8:00 am to 5:00 pm (CST), Monday through Friday (other than XEROX holidays) via toll free 800 support number. Call-back time from XEROX support will average at or under 1 hour.
- All monitoring of the XEROX Wide Area Network communications environment and continuous operations, XEROX remote data Center operations and security, and secure back-ups and remote storage of Customer Data will be responsibility of XEROX.
- Other than the initial installation visit described above, there will be no other on-site visits by XEROX staff on Customer locations. Should Customer request such visits for any reason,

XEROX will be entitled to compensation for the hours worked (as well as reasonable travel time), as well as reimbursement for travel and living expenses. Services will be billable at the then current XEROX labor rate, but not initiated without the written consent of Customer.

- Troubleshooting, repair, and replacement of XEROX provided equipment listed in section 2.0 above. Note: The removal of Spyware, Adware, Data Mining, and other infections are outside the scope of these support services and may incur standard time/material support charges. Customer will not incur any additional charges without prior written approval.

5.0 Customer Responsibilities

While XEROX will provide the account management, staffing, and computer hardware and software resources to provide the required services, Customer agrees to provide the following resources to support this effort:

- Identify the Customer Contract Administrator who will be the main contact for the XEROX Account Manager, for all service delivery issues.
- Identify Customer personnel in each department that can be the key contacts for the XEROX support team with regard to the specific software applications and functions related to the XEROX services.
- Identify Customer Contract Administrator who will have full authority for User Creation and modifications related to all Financial Systems.
- Customer is responsible for and controls all security on its internal Local Area Network/s, central computing, and desktop computing environments.
- Customer is responsible for all support services (technical and user) on its owned and internal LAN, other WAN connections outside of XEROX WAN, Central Computing, and desktop computing environments.
- Customer will provide, and is responsible for, the internal infrastructure necessary to allow XEROX to establish secure electronic communications and access to and from the XEROX remote data center.
- Customer is responsible for all Customer owned or purchased equipment set-up and integration into their own desktop or network environment.
- Customer shall, at its sole expense, at all times during the term of this Agreement, protect XEROX owned materials and/or equipment, which are located on Customer site, from deterioration other than normal wear and tear. Customer shall not use the XEROX owned items located on Customer premises for any purposes other than those for which they were designed hereunder. Customer shall bear the risk of loss or damage from fire, the elements, theft or otherwise from the time of and after the delivery of the items to the Customer's delivery address.
- Customer will not move any XEROX owned items or permit them to be moved from the original installation address without XEROX' prior written consent. Upon the request of XEROX, Customer shall make the materials available to XEROX during regular business hours for

inspection at the place where it is normally located and shall make Customer's records pertaining to the materials available to XEROX for inspection.

- Except where the Parties mutually agree to extend the term of the Agreement past the initial term or any successive renewal period, upon termination (by expiration or otherwise) of this Agreement, Customer shall, pursuant to XEROX' instructions and at Customer's expense, return the materials and any documentation or other tangible manifestation of the materials to XEROX in the same operating order, repair, condition and appearance as when received, except for normal wear and tear. Customer shall return the materials to XEROX at its address set forth herein or at such other address within the United States as directed by XEROX.
- Customer shall not, without the prior written consent of XEROX, affix or install any accessory, equipment or device to any XEROX owned items which are located on the Customer site, which may either impair the originally intended function or that cannot be readily removed without causing material damages. The Customer will not, without the prior written consent of XEROX and subject to such conditions as XEROX may impose for its protection, affix these items to any real property if, as a result thereof, such materials will become a permanent fixture under applicable law.

Exhibit B
Applicable Charges

1.0 Based Monthly Fee

Except as otherwise provided for under Section 2.0 Term of the Agreement, Customer shall pay XEROX a base monthly fee as outlined below for 36 months (June 1, 2016 – May 31, 2019). Services will be invoiced in advance for the following monthly cycle, and payments are due on a net 30 day basis.

Payment Schedule:

	Monthly Fee	# of Months	Annual Total
Year 1	2,644.07	12	31,728.80
Year 2	2,351.56	12	28,218.75
Year 3	2,437.36	12	29,248.30

2.0 Other XEROX Services

Services provided to Customer by XEROX, that are beyond the scope of this Agreement, or are in addition to or supplemental to the scope of this Agreement, will be provided at the then current XEROX labor rate during the Term. The XEROX Account Manager will always obtain prior written approval from Customer on the nature of the services, personnel assigned and estimated time and expenses to be incurred. All such services will be performed in accordance with a fully executed Supplemental Service Agreement (Schedule 1).

Pricing Assumptions:

- Except as otherwise set forth herein, travel, lodging, meals and incidental expenses for XEROX staff that are directly related to performing the specific deliverables of this Agreement will be the responsibility of XEROX.
- Any other “expenses” that fall outside the deliverables of this Agreement will be the responsibility of Customer. The XEROX Account Manager will establish an approval process by Customer prior to incurring the expense.

SCHEDULE 1
SUPPLEMENTAL SERVICE AGREEMENT NO. __
[SAMPLE]

Name of Client: _____ (“Customer”)

Agreement: Agreement for Application Hosting and Technology Support Services
(the “Agreement”)

Definitions: Each term defined in the Agreement will have the meaning ascribed to it in the Agreement whenever the term is used in this SSA No. __.

Provision of Supplemental Services: Customer requests that XEROX supplement the Services it is providing under the terms of the Agreement by performing the supplemental services described below:

[Supplemental Services to be specified in this Section]

Term: XEROX will provide the supplemental services under this SSA No. __ for a period of ____ months/years, beginning on ____, and ending on ____.

Fee: Customer will pay XEROX the following additional fee(s):

[Specify Fee in this Section]

Payment Schedule: Payments will be made in accordance with the following payment schedule.

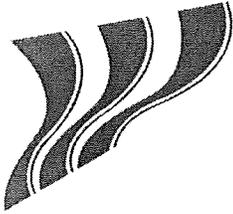
[Specify Payment Schedule in this Section]

Integration Provision: Except as expressly modified by this SSA No. ____, the Agreement remains in full force and effect. As of the Amendment Date of this SSA, the Agreement, as further amended by this SSA No. __, constitutes the entire understanding of the Parties as regards the subject matter hereof and cannot be modified except by written agreement of the Parties.

IN WITNESS WHEREOF, the Parties have mutually affixed their hand and seal and have executed this Supplemental Service Agreement as of the day and year signed below; establishing agreement on all terms and conditions herein.

[Signature Line]
Date

[Signature Line]
Date



City Finance Department

City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-235-4984
Fax Number 320-235-4917

COUNCIL ACTION REQUEST

DATE: June 13, 2016

SUBJECT: Presentation of 2017 Capital Improvement and Vehicle Requests

RECOMMENDATION: It is respectfully requested the City Council consider the following recommendation:

Receive for review and analysis for future action during the 2017 Budget Process.

BACKGROUND: The City Charter requires the Capital Improvement Program be presented for review 3 months prior to the Mayor's Budget Presentation. The Council receives the report for review and analysis so formal action can be taken during the budget process.

FINANCIAL CONSIDERATION: None at this time.

LEGAL: City Charter requirement.

Department/Responsible Party: Mayor/Council and Administrator Kruse

CITY OF WILLMAR

VEHICLE/EQUIPMENT REPLACEMENT POLICY

Scope

This policy applies to all vehicles and equipment attached to a vehicle which is owned by the City of Willmar.

Objective

It will be the objective of this policy to reduce annual maintenance and replacement costs of all City equipment. These objectives will be met through the systematic maintenance, upgrade, and/or replacement of equipment.

Procedure

The procedure of replacing, transferring to another department, deleting or requesting additional equipment or altering the replacement schedule is to submit a written justification to the Vehicle/Equipment Committee prior to the annual budgeting process. This request shall include specifications, estimated vehicle costs, funding source and completion of the *Vehicle/Equipment Change Request Form*.

All vehicles/equipment replaced will be available to other departments by schedule priority. If the vehicle/equipment being replaced is better than one scheduled to be replaced at a later date, then other departments would be able to exchange the equipment, allowing a department to have the best equipment available until such time as its vehicle/equipment would normally be scheduled to be replaced.

Equipment reaching its useful life but not replaced due to non-appropriation, refurbishment or usage allowance shall cause the Vehicle Replacement Committee to reconvene and revise the schedule as priorities, maintenance and funding allows.

~~Any vehicle not assigned a critical function and/or in use shall be made available for general usage and identified as a "general purpose vehicle". After use, a general purpose vehicle must be fueled to ¾ tank minimum and cleaned appropriately. Scheduling of all general usage vehicles shall be done thru Outlook Calendar established and maintained by IT.~~

Joint purchasing agreements should be considered when possible (i.e., state contract, consortium purchase, cooperative purchasing ventures, etc.).

Review

An annual review of all city vehicles will be done during the annual budget process by the Vehicle/Equipment Committee and submitted to the City Administrator at the same time as the annual budget. Modifications would be done through the approval of the Finance Committee.

Financing

The amount needed to finance the replacement program shall be funded through the normal budgeting process; however when planning for future year vehicle replacements 5% should be calculated in to the overall budget for inflation.

General Allocation Schedules

<u>Vehicle Type</u>	<u>Recommended Useful Life (Years)</u>
Air Compressors	20
Cars	
<i>Squad Cars</i>	34
<i>Specialty</i>	5
<i>Other Cars</i>	8
Fire Apparatus	
<i>Aerial Trucks</i>	25
<i>Pumpers</i>	25
<i>Tankers</i>	25
<i>Quint</i>	25
Heavy Equipment	
<i>Graders</i>	20
<i>Loaders</i>	15
<i>Rollers</i>	15
<i>Sweepers</i>	8
Light Equipment	
<i>Mowers</i>	4
<i>Mt Trackless</i>	8
<i>Skid Loaders</i>	10
<i>UTVs</i>	7
Pickups (up to ¾ Ton)	10
<i>CSO Pickup</i>	5
Snow Blowers	15
Specialty Equipment	
<i>Bucket Trucks</i>	15
<i>Flusher Trucks</i>	10
<i>Hot Box</i>	15

<i>R-Vac</i>	10
<i>Rodder/Tar Dist.</i>	20
<i>Semi Tractors</i>	10
<i>Speed Trailers</i>	15 8
<i>SWAT Bus</i>	20 19
SUV/Suburbans/Vans	10
Tractors	20
Trucks (1 Ton)	12
<i>Dump Truck</i>	10

Vehicle Replacement/Additions/Deletions/Transfer Request Procedure

For purposes of this policy the following terms when used have the assigned meaning:

- Chairperson – means the person the City Administrator has identified as the Chair for the Vehicle Replacement Committee.
- Vehicle – refers to a motor vehicle, tractor, or trailer capable of being pulled by a vehicle. Only trailers in which the initial purchase price of the trailer was more than \$5000.00 should be counted as a vehicle.
- Vehicle/Equipment – refers to equipment that is attached to the vehicle for the life of the vehicle or is repeatedly mounted and then removed from a vehicle as an accessory attachment which allows then allows the vehicle to be used for its intended functions (ie. buckets, mower decks, snow plows, etc.).
- Vehicle Addition (Added) – means a vehicle ~~was~~ will be added to increase the overall number of vehicles in a department's fleet and is not replacing an existing vehicle.
- Vehicle Deletion (Deleted) – means a vehicle which is being removed from the overall number of vehicles listed in the department's fleet with no intention to have the vehicle replaced.
- Vehicle Replacement (Replaced) – means a vehicle that has reached its useful life and will be sold, traded, or transferred with the planned purchase of another vehicle to take its place.
- Vehicle Transfer (Transferred) – means a vehicle that has reached the maximum useful life in one city department but may serve a purpose for another department which was scheduled to replace a similar vehicle. (Mowers might be an example of this).

1. During the first week of February of each year, the current Chairperson of the Vehicle/Equipment Committee shall (by email) distribute the following to each Department Head within the City:
 - a. A working list of vehicles managed and maintained within the various departments in an excel spreadsheet format.
 - b. The most current copy of the Vehicle/Equipment Replacement Policy. (This document.)
 - c. The most current copy of the Vehicle/Equipment Change Request form. (Also found within this document).
2. After receiving the spreadsheet each Department Head (or his/her designee) will review the vehicle(s) listed for their department. They will compare the list against the actual inventory being kept and maintained within their department and within two (2) weeks notify the Chairperson

receiving the spreadsheet of all differences between the listed vehicles and actual inventory so the spreadsheet can be properly updated by the Chairperson.

3. The Chairperson will make corrections as notified no later than the end of February and then resend the updated spreadsheet back to all Department Heads by email and indicate in that email the date as to when Department Heads need to submit Vehicle/Equipment Change Requests back to the Chairperson.
4. Each Department Head (or his/her designee) will then review the updated list for accuracy as it relates to their own department(s). They will determine which fleet vehicle(s) need replacement or need to have the replacement schedule adjusted. They will also consider their needs for any deletions, additions or re-assignments to their fleet. They will consider vehicles being replaced by other Departments and make the necessary contact with the Department head to determine if a vehicle being replaced within that Department may or may not fit their own replacement needs.
5. If the Department Head (or his/her designee) wishes to make any fleet additions, deletions, transfers or replacements they will then fully complete a Vehicle/Equipment Change Request form (with a photo attached) for each vehicle addition, deletion, replacement, re-assignment or replacement they wish to enact to the acting Chairperson by the date indicated in the email.
6. The Chairperson will consolidate the information received from Department Heads, update the spreadsheet and convene a meeting with other Vehicle Replacement committee members. The Committee is responsible for:
 - Discussing the changes received from each Department Head and approves or denies those requests as agreed upon.
 - Reviewing the current policy and forms for effectiveness and modify as necessary to meet current practices and needs.
7. The Chairperson is responsible for:
 - Setting up committee meetings as needed.
 - Maintaining the digital history either through Microsoft Word or Excel of each vehicle change and action being requested by the various city departments heads. This will enable future committees to:
 - i. Better track department requests and changes.
 - ii. Track overall fleet inventory numbers being maintained within the various city departments along with additions or deletions in a fleet.
 - iii. Track the overall use and the actual service life of different vehicle types being maintained within the city.

- Developing committee agendas for the replacement committee to follow and track the outcome of the committee's decisions on those agenda items.
 - Keeping the City Administrator informed of the action being taken by the committee.
8. In the event where a vehicle request is denied the Chairperson will schedule a future meeting date with committee members present and the affected Department Head (and/or staff member) to discuss the committee's denial. The affected Department spokesperson can at that time present any additional information regarding the denied request for further committee consideration.
9. After all change requests have been approved or denials have been fully vetted by the Committee, the Chairperson will forward the Committee findings to the City Administrator for the final approval or denial.
10. If the City Administrator approves a submitted request the Administrator will:
- Indicate the approval or denial on the request form along with signing and dating the form.
 - Give the original request form back to the Chairperson.
11. Within five (5) days of the approval or denial, the Chairperson will:
- Give the original copy of approved requests to the City Clerk.
 - Provide a copy of all approvals or denials to both the affected Department Head and Finance Director to assist future fleet planning and purchasing purposes.
 - Reconvene the committee if necessary to discuss any additional budgetary considerations made known by the City Administrator regarding the denied requests.
12. If a vehicle cannot be purchased under State Contract or through other approved purchasing consortiums and the purchase cost will be in excess of \$100,000.00 then the City Clerk will notify the Department Director to obtain quotes and start the bidding process. The City Clerk and/or Department Director will accept the bids along with obtaining the City Administrator's approval for purchase. Approved bids require agreements signed by Mayor and City Administrator. For all vehicles that do not need to be purchased through the bidding process the approval to purchase in the budgeted year is granted by the City Administrator's signature on the vehicle request form.
13. The Department Director (or his/her designee) will order, receive, and accept the vehicle.
14. After receiving the vehicle the Department Director submits the following paperwork to the City Clerk:
- Original completed fixed asset sheet for the vehicle.
 - Original Sales receipt/invoice.
 - Certificate of Origin for a Vehicle. (MSO)
 - Copy of the Application to Title/Register a motor vehicle.
 - A copy of the check issued if one was required upon delivery of the vehicle.

- Color photo copy of front, side, odometer reading and VIN # of the vehicle.
15. The City Clerk is responsible to license and insure the vehicle. He/she will then forward the original completed fixed asset sheet to the Finance Director along with a request for payment if a check was not already previously issued.

VEHICLE/EQUIPMENT CHANGE REQUEST FORM

Department Head - I am requesting the following to occur:

Check Applicable Box

Addition - (To the overall number of vehicles in our fleet):				
Deletion - (From the overall number of vehicles in our fleet and not to be replaced):				
Replacement - (To be replaced by another vehicle):				
Replacement Adjustment - (Move a budgeted vehicle to a different year in the schedule)				✓
Re-assignment - (Transfer to another City Dept.):				
Fixed Asset Number:	2006-00023			Reminder to Attach Photos
Vehicle Number:	885700	Replacement Cost:	\$700,000	
Vehicle Year:	1988	Vehicle Model:	LUXEMBURG	
Mileage:	18458	OR	Hours on vehicle:	2714.8

(Comments): SCHEDULED IN 2016 REPLACEMENT SCHEDULE. NOT ENOUGH FUNDING WAS GRANTED. ASKING FOR AN ADDITIONAL \$300,000 FOR TOTAL REPLACEMENT. THIS TRUCK IS REALLY BEGINNING TO SHOW IT'S AGE. LOTS OF WIRING & PUMPING ISSUES. Initial PK

Operator/Supervisor (comments if applicable):

I know we have some wiring problems with the alternator & the lights. We need more room on the truck with what we need that truck for. And need a pump & pump panel that works like all the other trucks. Initial MT

Mechanic (comments if applicable):

Engine is obsolete - Cant get parts anymore overall unit is getting tired and worn

Initial

_____**APPROVED**_____

_____**DENIED**_____

_____**Vehicle/Equipment Committee**_____

Date

_____**APPROVED**_____

_____**DENIED**_____

_____**City Administrator**_____

Date

Steve Okins

From: Jim Felt
Sent: Friday, June 03, 2016 9:21 AM
To: Steve Okins
Subject: WPD squad mileage, etc

UnitNo	CITYNR	Deleted	Year	Make	Model	VINNR	COMMENTS
8	121380	N	2012	Chev	Impala	2G1WD5E30C1311380	45000 miles
9	099277	N	2009	Ford	Crown Vic.	2FAHP71VX9X149277	60000 miles
10	131852	N	2013	Chev	Impala	2G1WD5E33D1261852	70840 miles
12	082072	N	2008	Chev	Impala	2G1WS553481322072	47700 miles
14	090639	N	2009	Chev	Impala	2G1WB57N491260639	53000 miles
16	057537	N	2005	Dodge	Ram PU	1D7HU18D85S197537	117723 miles
18	114924	N	2011	Dodge	Caravan	2D4RN1AG0BR654924	76450 miles

To help balance car needs for 2017, I'd recommend the following:

Replace car #9 (2009 Ford Crown Victoria)

Replace car #10 (2013 Chev Impala)

Replace car #16 (2005 Dodge Ram) ****Priority as this vehicle is failing****

Replace car #18 (2011 Dodge Caravan)

Replace car #8 (2012 Chev Impala)

Delay car #12 (2008 Chev Impala – Admin car)

Delay car #14 (2009 Chev Impala – Detective car)

VEHICLE/EQUIPMENT CHANGE REQUEST FORM

Department Head - I am requesting the following to occur:

Check Applicable Box

Addition - (To the overall number of vehicles in our fleet):				
Deletion - (From the overall number of vehicles in our fleet and not to be replaced):				
Replacement - (To be replaced by another vehicle):				
Replacement Adjustment - (Move a budgeted vehicle to a different year in the schedule)				2018
Re-assignment - (Transfer to another City Dept.):				
Fixed Asset Number:	300400049		Reminder to Attach Photo	
Vehicle Number:	090639	Replacement Cost:	\$41,483	
Vehicle Year:	2009	Vehicle Model:	Chevrolet Impala	
Mileage:	53005	OR	Hours on vehicle:	

(Comments): Recommend Replacement in 2018. Car is civilian version with lighter equipment, interior, rims, electrical & has tires that are not standard for fleet. Higher utilize costs. Embroider vehicle markings has occasional issues.

Initial (JF)

Operator or Supervisor (comments if applicable):

Initial _____

Mechanic (comments if applicable):

Vehicle was bought used. Vehicle tire rims are not heavy duty for police use. Air bag light has come on for no apparent reason. L.F door latch/lock has been replaced. Power steering line has leaked.

Mileage 52,000 ?

Initial MDS 6/1/16

_____**APPROVED**_____

_____**DENIED**_____

_____**Vehicle/Equipment Committee**_____

_____**Date**_____

_____**APPROVED**_____

_____**DENIED**_____

Steve Okins

From: Jim Felt
Sent: Friday, June 03, 2016 9:36 AM
To: Steve Okins
Subject: car 14 vehicle change form
Attachments: 201606030928.pdf

-----Original Message-----

From: ricoh3002@ci.willmar.mn.us [mailto:ricoh3002@ci.willmar.mn.us]
Sent: Friday, June 03, 2016 9:29 AM
To: Jim Felt
Subject: 3

This E-mail was sent from "RNP002673602C64" (Aficio MP C3002).

Scan Date: 06.03.2016 09:28:47 (-0500)
Queries to: ricoh3002@ci.willmar.mn.us

VEHICLE/EQUIPMENT CHANGE REQUEST FORM

Department Head - I am requesting the following to occur:

Check Applicable Box

Addition - (To the overall number of vehicles in our fleet):				
Deletion - (From the overall number of vehicles in our fleet and not to be replaced):				
Replacement - (To be replaced by another vehicle):				✓
Replacement Adjustment - (Move a budgeted vehicle to a different year in the schedule)				
Re-assignment - (Transfer to another City Dept.):				
Fixed Asset Number:	3015-00077			Reminder to Attach Photo
Vehicle Number:	972764	Replacement Cost:	\$60,000	
Vehicle Year:	1997	Vehicle Model:	CHEVROLET	
Mileage:	19972	OR	Hours on vehicle:	1957.5

(Comments): THIS IS THE FIRE DEPT'S CURRENT CRISIS VEHICLE. BECAUSE OF THE AGE OF THE VEHICLE THE CITY IS HAVING PROBLEMS LOCATING PARTS TO FIX IT WHEN THOSE PROBLEMS WOULD REPLACE THE CRISIS VEHICLE & NOT THE SKID. Mechanically Unsound Initial PH

Operator or Supervisor (comments if applicable):

The 1997 Chevy at times has over heated, blows fuses for the fuel pump will die or not start the would be a hard thing to happen when working in a grass fire. We may break up the stuck the pump, that we will put on the new truck. Initial MT

Mechanic (comments if applicable):

Engine has been overheated. wiring harness has been damaged and some of it replaced. Remaining harness's are obsolete. will blow fuses on occasion and then will not run. Reason for this unknown. More parts for unit are no longer available. Initial MDS
5/19/10

_____**APPROVED**_____

_____**DENIED**_____

_____**Vehicle/Equipment Committee**_____

_____**Date**_____

_____**APPROVED**_____

_____**DENIED**_____

_____**City Administrator**_____

_____**Date**_____



082072

2008 CHEV IMPALA

VEHICLE/EQUIPMENT CHANGE REQUEST FORM

Department Head - I am requesting the following to occur:

Check Applicable Box

Addition - (To the overall number of vehicles in our fleet):				
Deletion - (From the overall number of vehicles in our fleet and not to be replaced):				
Replacement - (To be replaced by another vehicle):				X
Replacement Adjustment - (Move a budgeted vehicle to a different year in the schedule)				
Re-assignment - (Transfer to another City Dept.):				
Fixed Asset Number:	300400039			Reminder to Attach Photo
Vehicle Number:	082072	Replacement Cost:	\$41,483	
Vehicle Year:	2008	Vehicle Model:	Chevrolet Impala	
Mileage:	60,000+ ?	OR	Hours on vehicle:	

(Comments): SUB NOTES BELOW

Initial CP

Operator or Supervisor (comments if applicable):

#12 Beauty is skin deep on this one. Looks great but see below for looming engine issues.

Initial WE 3/09

Mechanic (comments if applicable):

Has intermittent injector/Lifter noise. Had to repair wiring for rear defroster. Check engine light comes on often.

Check mileage - 46,000 ?

Initial MDS 5/27/16

____ APPROVED

____ DENIED

Vehicle/Equipment Committee

Date

____ APPROVED

____ DENIED



099277

2009 Ford Crown Victoria

Steve Okins

From: Jim Felt
Sent: Wednesday, June 01, 2016 11:29 AM
To: Steve Okins
Subject: Car 14
Attachments: IMG_0375.jpg

Hi Steve,

Sorry for the delay on this. With the armed robbery last night and a whole bunch of admin "immediate" things, just getting to this.

Attached is the picture of car #14, the 2009 Chevrolet Impala that should be on the 2017 list. Working on getting the mechanics notes ASAP.

14	090639 N	2009 Chev	Impala	2G1WB57N491260639	UL	Detect
----	----------	-----------	--------	-------------------	----	--------

Am I forgetting anything else?

Steve Okins

From: Jim Felt
Sent: Wednesday, June 01, 2016 3:39 PM
To: Steve Okins
Subject: FW: Car 14
Attachments: IMG_0375.jpg

From: Jim Felt
Sent: Wednesday, June 01, 2016 11:29 AM
To: Steve Okins
Subject: Car 14

Hi Steve,

Sorry for the delay on this. With the armed robbery last night and a whole bunch of admin "immediate" things, just getting to this.

Attached is the picture of car #14, the 2009 Chevrolet Impala that should be on the 2017 list. Working on getting the mechanics notes ASAP.

14	090639 N	2009 Chev	Impala	2G1WB57N491260639	UL	Detect
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Am I forgetting anything else?



121380

2012 CHEV IMPALA

VEHICLE/EQUIPMENT CHANGE REQUEST FORM

Department Head - I am requesting the following to occur:

Check Applicable Box

Addition - (To the overall number of vehicles in our fleet):			
Deletion - (From the overall number of vehicles in our fleet and not to be replaced):			
Replacement - (To be replaced by another vehicle):		X	
Replacement Adjustment - (Move a budgeted vehicle to a different year in the schedule)			
Re-assignment - (Transfer to another City Dept.):			
Fixed Asset Number:	300400062	<i>Reminder to Attach Photo</i>	
Vehicle Number:	121380	Replacement Cost:	\$41,483
Vehicle Year:	2012	Vehicle Model:	Chevrolet Impala
Mileage:	OR	Hours on vehicle:	

(Comments): #8 SEE NOTES BELOW

Initial (S)

Operator or Supervisor (comments if applicable):

#8 Now is good, but by replacement time mileage should be higher and for another, marked car will need replacement. Will not know until 12 months from now.

Initial 3109

Mechanic (comments if applicable):

HAS BEEN NORMAL MAINTENANCE SO FAR.

Miles - 44,000 - ?

Initial MDS 5/27/16

APPROVED DENIED Vehicle/Equipment Committee _____
Date

APPROVED DENIED _____



131852

2013 CHEV IMPALA

VEHICLE/EQUIPMENT CHANGE REQUEST FORM

Department Head - I am requesting the following to occur:

Check Applicable Box

Addition - (To the overall number of vehicles in our fleet):			
Deletion - (From the overall number of vehicles in our fleet and not to be replaced):			
Replacement - (To be replaced by another vehicle):		X	
Replacement Adjustment - (Move a budgeted vehicle to a different year in the schedule)			
Re-assignment - (Transfer to another City Dept.):			
Fixed Asset Number:	300400104	<i>Reminder to Attach Photo</i>	
Vehicle Number:	131852	Replacement Cost:	\$41,483
Vehicle Year:	2013	Vehicle Model:	Chevrolet Impala
Mileage:	OR	Hours on vehicle:	

(Comments): #10 See notes below

Initial [Signature]

Operator or Supervisor (comments if applicable):

#10 Buy replacement time - mileage should be near 100,000. Police equipment issues due to age will start before replacement time

Initial [Signature]

Mechanic (comments if applicable):

Engines oil cooler lines have leaked. One wheel bearing has been replaced, others will be needed in future. Alternator has been replaced twice.

miles 70,436 -

Initial nds 5/27/16

APPROVED **DENIED** **Vehicle/Equipment Committee** _____
Date

APPROVED **DENIED** _____



114924

2011 DODGE CARAVAN

VEHICLE/EQUIPMENT CHANGE REQUEST FORM

Department Head - I am requesting the following to occur:

Check Applicable Box

Addition - (To the overall number of vehicles in our fleet):				
Deletion - (From the overall number of vehicles in our fleet and not to be replaced):				
Replacement - (To be replaced by another vehicle):				X
Replacement Adjustment - (Move a budgeted vehicle to a different year in the schedule)				
Re-assignment - (Transfer to another City Dept.):				
Fixed Asset Number:	301600018			Reminder to Attach Photo
Vehicle Number:	114924	Replacement Cost:	\$41,483	
Vehicle Year:	2011	Vehicle Model:	Dodge Caravan	
Mileage:		OR	Hours on vehicle:	

(Comments): #18 Original CSO van (gray) 71,000 now and by replacement time. It should be near 90,000. Starting to have police equipment electrical issues.

Initial 3109

^{oops} Operator or Supervisor (comments if applicable):

SEE NOTES

Initial CS

Mechanic (comments if applicable):

HAS issues with keeping battery charged. miles are getting high. Check engine light comes on intermittently.

miles - 76,012 -

Initial _____

_____**APPROVED**_____

_____**DENIED**_____

Vehicle/Equipment Committee

Date

_____**APPROVED**_____

_____**DENIED**_____



57537
2005 DODGE RAM

VEHICLE/EQUIPMENT CHANGE REQUEST FORM

Department Head - I am requesting the following to occur:

Check Applicable Box

Addition - (To the overall number of vehicles in our fleet):				
Deletion - (From the overall number of vehicles in our fleet and not to be replaced):				
Replacement - (To be replaced by another vehicle):				X
Replacement Adjustment - (Move a budgeted vehicle to a different year in the schedule)				
Re-assignment - (Transfer to another City Dept.):				
Fixed Asset Number:	301800062			Reminder to Attach Photo
Vehicle Number:	57537	Replacement Cost:	\$40,000	
Vehicle Year:	2005	Vehicle Model:	Dodge Ram Pickup	
Mileage:		OR	Hours on vehicle:	

(Comments): RECOMMENDED PRIORITY REPLACEMENT. VEHICLE FAILING.

Initial JD

Operator or Supervisor (comments if applicable):

#16 Agree w/ mechanic. Unreliable for out of town.

Initial RE 3/10/16

Mechanic (comments if applicable):

Have had trouble with certain vehicle functions quit working, so then work again after shutting off vehicle and restarting. Recently vehicle has intermittently died. ~~REPAIR~~ Parking brake cable / Brakes repaired because of rust

Initial MDS 5/27/16

APPROVED DENIED Vehicle/Equipment Committee _____
Date

APPROVED DENIED _____

VEHICLE/EQUIPMENT CHANGE REQUEST FORM

Dave

Department Head - I am requesting the following to occur:

Check Applicable Box

Addition - (To the overall number of vehicles in our fleet):			
Deletion - (From the overall number of vehicles in our fleet and not to be replaced):			
Replacement - (To be replaced by another vehicle):		2017	
Replacement Adjustment - (Move a budgeted vehicle to a different year in the schedule)			
Re-assignment - (Transfer to another City Dept.):			
Fixed Asset Number:	3005.00005	Reminder to Attach Photo	
Vehicle Number:	052444	Replacement Cost:	\$180,000.00
Vehicle Year:	2005	Vehicle Model:	International D7900 Dump Truck
Mileage:	90,627	OR	Hours on vehicle: 6888 2-4-16

(Comments): Unit has a high number of hours and showing signs of age. Has had spring replaced, air tanks replaced and rust/corrosion. This unit has been delayed in replacement two years, would recommend replacement.

Initial *AD*

Operator or Supervisor (comments if applicable):

Track rides rough, A.C. does not work
 does not have a wing hoist sometimes does
 not work have had fuel and air leaks because
 of rust + corrosion

Initial DIC, 2/3/16

Mechanic (comments if applicable):

One air reservoir tank and fuel tank have been replaced because of rust/corrosion. Suspect air holes in other air tank. ~~Fuel tank has been replaced~~ Small air leaks due to hardening air lines and age. Rear leaf springs have been replaced - expect front ones to start breaking. Has had wiring issues - melted fuse holders. 90,627 miles 6,888 hours Initial MMS 2/3/16

 APPROVED

 DENIED

Vehicle/Equipment Committee

_____ Date

 APPROVED

 DENIED

_____ City Administrator

_____ Date



2005 INTERNATIONAL 7400 Dump Truck
UNIT # 052444

VEHICLE/EQUIPMENT CHANGE REQUEST FORM

Acacia C.

Department Head - I am requesting the following to occur:

Check Applicable Box

Addition - (To the overall number of vehicles in our fleet):			
Deletion - (From the overall number of vehicles in our fleet and not to be replaced):			
Replacement - (To be replaced by another vehicle):		2017	
Replacement Adjustment - (Move a budgeted vehicle to a different year in the schedule)			
Re-assignment - (Transfer to another City Dept.):			
Fixed Asset Number:	3005. 0006	Reminder to Attach Photo	
Vehicle Number:	052443	Replacement Cost:	\$ 180,000.00
Vehicle Year:	2005	Vehicle Model:	International 7400 Dump Truck
Mileage:	68,704	OR	Hours on vehicle: 5,298 2-4-16

(Comments): *replace as scheduled has been delayed previously as showing age signs. would recommend replacement.*

Initial *AC*

Operator or Supervisor (comments if applicable):

** Air conditioner does not always work properly*
** Box Hoist works properly about 70% of the time*
** Very Clean truck * Hard starting in cooler weather*
** Very rough riding truck * Batterys die alot Initial SC*

Mechanic (comments if applicable):

Hydraulic valve bank occasionaly malfunctions, usually making hoist inoperative. Expecting leaf springs (suspension) to start breaking. Have already repaired on other trucks this age. Expect fuel tank to soon start leaking. Small air leaks due to age/handening air lines. AIR supply Reservoirs have been replaced because of rust/corrosion. 68,704 miles 5,298 hours Initial MDS 2/3/16

_____**APPROVED**_____

_____**DENIED**_____

_____**Vehicle/Equipment Committee**_____

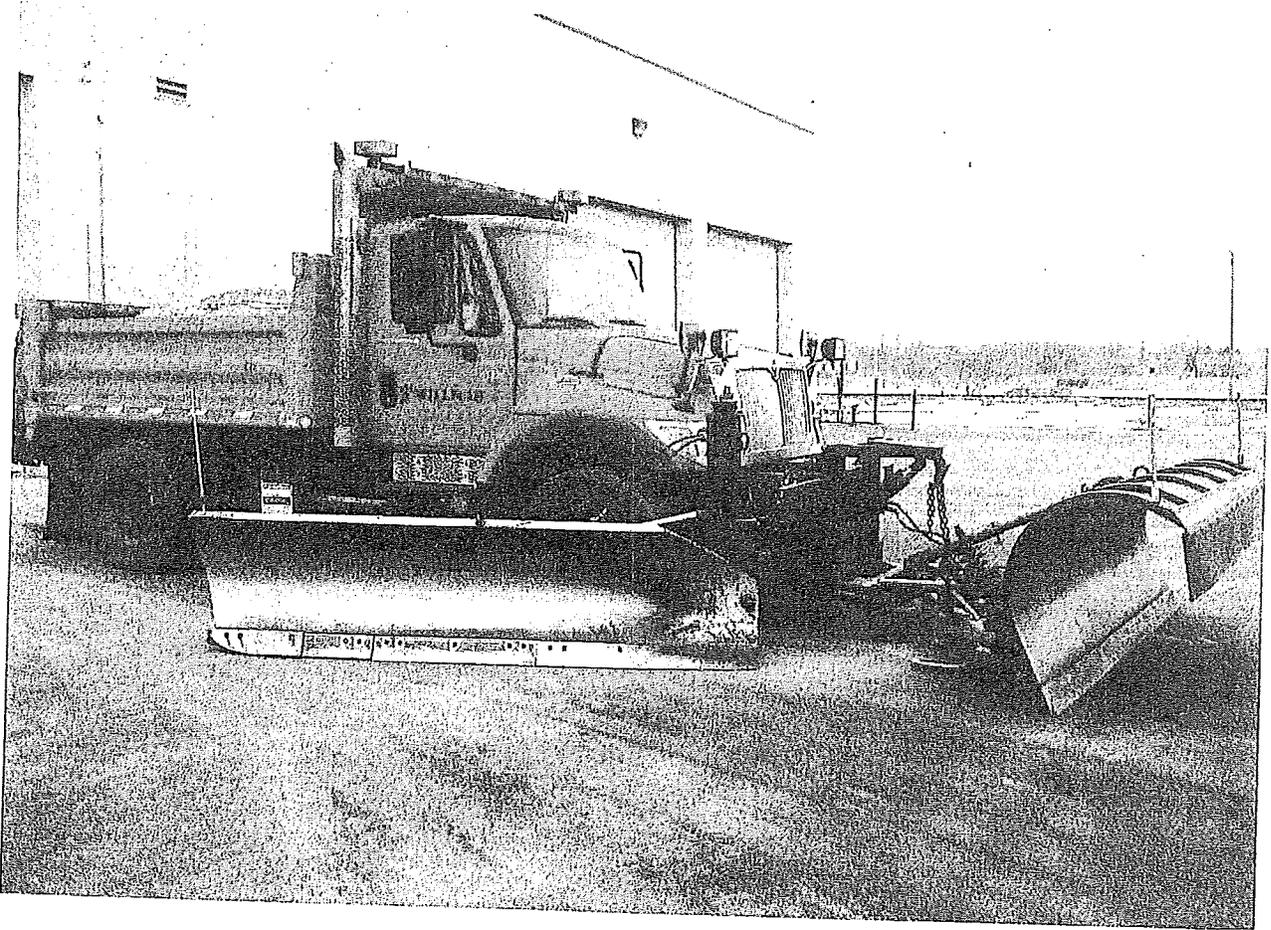
_____**Date**_____

_____**APPROVED**_____

_____**DENIED**_____

_____**City Administrator**_____

_____**Date**_____



2005 INTERNATIONAL DUMP TRUCK 7400

UNIT # 052443

VEHICLE/EQUIPMENT CHANGE REQUEST FORM

Department Head - I am requesting the following to occur:

Check Applicable Box

Addition - (To the overall number of vehicles in our fleet):			
Deletion - (From the overall number of vehicles in our fleet and not to be replaced):			
Replacement - (To be replaced by another vehicle):		2017	
Replacement Adjustment - (Move a budgeted vehicle to a different year in the schedule)			
Re-assignment - (Transfer to another City Dept.):			
Fixed Asset Number:	3020.0003	Reminder to Attach Photo	
Vehicle Number:	007712	Replacement Cost:	\$65,000.00
Vehicle Year:	2000	Vehicle Model:	Vermeer - Brush Chipper
Mileage:	OR	Hours on vehicle:	1,849 hours 2-4-16

(Comments): Nice design - size is sufficient for our purposes most of the time - Machine is getting older with a few problems showing up - stress crack in fuel tank & also RPM Auto Feed function does not work.

Initial DH

Operator or Supervisor (comments if applicable):

This unit is showing signs of age in the fuel system and electrical system. Has been delayed in replacement two times would recommend replacement as scheduled.

Initial d.d.

Mechanic (comments if applicable):

1,849 - hours. Engine Murphy/Safety system will sometimes shut engine down for no reason. Will not always allow immediate restart. Fuel tank has crack and leaks. Wiring has been repaired once already. Engine oil pressure gauge replaced twice. Unit safety features are for standards of 16 years ago.

Initial MDS 2/2/16

 APPROVED

 DENIED

Vehicle/Equipment Committee

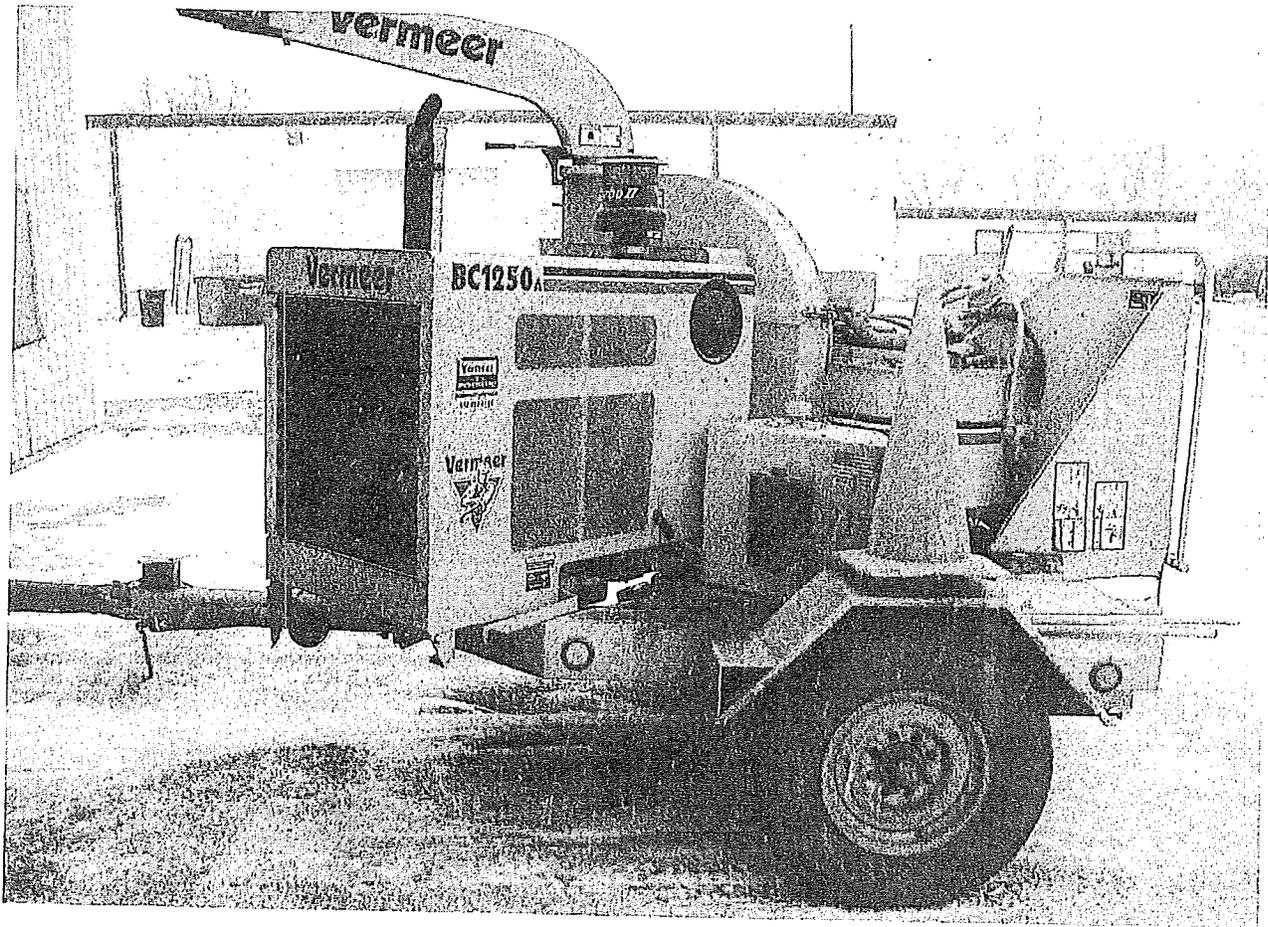
Date

 APPROVED

 DENIED

City Administrator

Date



2000 VERMEER BRUSH CHIPPER
UNIT # 007712

PUBLIC WORKS VEHICLE INVENTORY CHANGES

Fixed Asset	Vehicle Number	Make/Model	Next Projected Replacement	
3005.00050	118382	2011 International	2021	\$210,000.00
3009.00003	010410	2001 John Deere Grader	2021	\$240,000.00
3040.00003	014025	Wenger Showmobile	2022	
3040.00006	130012	Elgin Sweeper	2021	\$230,000.00
3005.00006	052443	2005 International Truck	2017	\$180,000.00
3005.00005	052444	2005 International Truck	2017	\$180,000.00
3020.00003	007712	2000 Vermeer Chipper	2017	\$65,000.00
<u>Remove</u>				
3005.00007	052445	2005 International Truck	2015	\$170,000.00
3007.00011	050291	2005 Toro Sand Pro	2015	\$30,000.00
3007.00028	113803	2011 Kubota	2015	\$31,907.00
3007.00029	115465	2011 Kubota F-3680	2015	\$31,907.00
3007.00030	115645	2011 Kubota F-3680	2015	\$31,907.00
3007.00031	115469	2011 Kubota	2015	\$31,907.00
3008.00021	006586	2000 John Deere Loader	2015	\$222,000.00
3014.00013	073501	2007 MT-MTST Trackless	2015	\$140,000.00
3015.00043	030074	2003 Ford F-350	2015	\$47,000.00
<u>Replacement Add</u>				
3005.00068	163717	2016 International Truck	2026	
3007.00037	151660	2015 Jacobsen sand pro	2025	
3007.00038	152201	2015 Kubota ZD331	2019	\$35,000.00
3007.00048	150297	2015 Kubota F-3990	2019	\$35,000.00
3007.00044	150302	2015 Kubota F-3990	2019	\$35,000.00
3007.00041	151344	2015 Kubota B-3350	2019	\$35,000.00
3008.00043	152243	2015 John Deere Loader	2030	
3014.00020	151914	2015 MT-MT6 Trackless	2023	
3015.00052	169051	2016 Ford F-350	2028	

Toro sweeper not for replacement

Street sweeper 2020

\$225,000.00

City of Willmar
Department Inventory of Vehicles Currently Being Used

This spreadsheet was last updated on: March 6, 2015

Location	Fixed Asset Number	Vehicle Number	Year	Make/Model	Vehicle Type	Sub-type	Assigned for...	Replacement Cycle (Years)	2016	2017	2018	2019	2020	2021	Next Projected Replacement
Civic Center	3020.0002	901147	1990	Cushman	Light Equipment	-	Garbage hauling	Will not Replace (See notes).	-	-	-	-	-	-	N/A
Civic Center	3007.00023	044451	2004	Advanced Riding Floor Scrubber	Specialty Equipment	-	-	11	-	-	-	-	-	-	2026
Civic Center	3007.00032	126458	2012	Kubota	Light Equipment	Mower	-	7	-	-	\$25,000	-	-	-	2026
Civic Center	3018.00073	120152	2012	Ford - F-250, 4x4	Pickups (up to ½ Ton)	-	Site use	10	-	-	-	-	-	-	2022
Civic Center	3020.00004	944983	1994	Ice Resurfacer	Specialty Equipment	-	Blue Line Center	20	-	-	-	-	-	-	2035
Civic Center	3020.00015	078310	2007	Zamboni Ice Resurfacer	Specialty Equipment	-	Civic Center Arena	20	-	-	-	-	-	-	2027
Civic Center	3020.00022	000359	2000	Toro, Workman Model 3200	Skid Sprayer	UTV	Making Ice	20	-	-	-	-	\$30,000	-	2040
Civic Center	0.00000	0	0	Bobcat - Toolcat	Specialty Equipment	0	Multi Purpose	10	-	-	-	-	-	-	2025
									\$0	\$0	\$0	\$25,000	\$30,000	\$0	
Community Center	3007.00003	036430	2003	John Deere GT-235	Light Equipment	Mower	Mowing weeds around garden at Sr. Citizen Center	Will not Replace (See notes).	-	-	-	-	-	-	Never
									\$0	\$0	\$0	\$0	\$0	\$0	
Community Developm	3018.00083	142845	2014	Ford F-150	Pickup	Pickup - Under 1 ton	Inspections - Randy	10	-	-	-	-	-	-	2024
Community Developm	3018.00017	099551	2009	Ford Escape	SUV	SUV	Toms / Inspections / General Use	10	-	-	-	\$28,000	-	-	2029
									\$0	\$0	\$0	\$28,000	\$0	\$0	
Engineering	3018.00064	117343	2011	Dodge Ram 2500	Pickup	Pickup - Under 1 ton	Ryan - Surveying	10	-	-	-	-	-	\$47,673	2031
Engineering	3018.00019	119487	2011	Ford Explorer XLT	SUV	SUV	General Use	10	-	-	-	-	-	\$47,673	2031
Engineering	3018.00008	169535	2016	Ford F-150	Pickup	Pickup - Under 1 ton	Daryl Inspections	10	\$37,353	-	-	-	-	0	2026
Engineering	3018.00028	169534	2016	Ford F-150	Pickup	Pickup - Under 1 ton	Curly Inspections	10	\$37,353	-	-	-	-	0	2026
									\$74,705	\$0	\$0	\$0	\$0	\$95,346	
Fire	3006.00019	317270	1931	American La France	Fire Apparatus	Fire - Pumper	Parade / Public Education	N/A	-	-	-	-	-	-	N/A
Fire	2102.00001	973222	1997	Southwest Gulfstream Hazmat Trailer	Trailer	-	TRT - Technical Rescue Team	20	-	\$0	-	\$30,000	-	-	2039
Fire	2102.00011	100419	2010	CargoMate Trailer	Trailer	-	HEAT Team	20	-	-	-	-	-	-	2030
Fire	3006.00010	062633	2005	Spartan Pumper/Tanker	Fire Apparatus	Fire - Tanker	Fire Suppression	25	-	-	-	-	-	-	2028
Fire	3006.00014	140522	2014	Rosenbauer 78 Viper	Fire Apparatus	Fire - Quint	Fire Suppression	25	-	-	-	-	-	-	2038
Fire	3006.00023	885700	1980	LuVerne Commander II	Fire Apparatus	Fire - Pumper	Fire Suppression	25	\$400,000	\$300,000	-	-	-	-	2041
Fire	3006.00026	991481	1999	Pierce Ladder	Fire Apparatus	Fire - Aerial Truck	Fire Suppression	25	-	-	-	-	\$300,000	-	2024
Fire	3006.00033	022448	2002	Spartan Chassis	Fire Apparatus	Fire - Pumper	Fire Suppression	25	-	-	-	-	-	-	2027
Fire	3015.00077	972764	1997	Chevrolet (4-Door)	Truck	-	Fire Suppression - Grass Rig	15	-	\$60,000	-	-	-	-	2032
Fire	3018.00045	070455	2007	Ford F-150	Pickup	Pickup - Under 1 ton	Fire Suppression	10	\$0	\$0	-	\$42,500	-	-	2029
Fire	3018.00066	115439	2011	Dodge Ram 1500	Pickup	Pickup - Under 1 ton	Gary - Dept. Head Assignment	10	-	-	-	-	-	-	2031
Fire	3020.00019	112949	2011	Polaris Ranger 500	UTV	UTV - Utility Task Vehicle	Regional Response	12	-	-	-	-	-	-	2023
									\$400,000	\$360,000	\$0	\$72,500	\$300,000	\$0	
Police	2083.00007	047266	2004	MPH Trailer	Specialty Equipment	-	Community	15	-	-	-	-	-	-	2022
Police	0.00000	141318	2014	Radar Trailer "Stalker Sam"	Specialty Equipment	-	Community	15	-	-	-	-	-	-	2022
Police	3002.00001	992747	1999	Ford Eldorado Bus	Specialty Equipment	-	S.W.A.T.	20	-	-	\$225,000	-	-	-	2033
Police	3004.00030	067051	2005	Chevrolet Impala	Car	Police - Specialty Squad	School Resource Officer	8	\$41,483	-	-	-	\$46,300	-	2024
Police	3004.00039	082072	2008	Chevrolet Impala	Car	Police - Unmarked Squad	Detective	8	\$0	\$41,483	-	-	-	-	2023
Police	3004.00042	087437	2008	Chevrolet Impala	Car	Police - Specialty Squad	School and Travel (Old GET)	8	\$0	-	-	-	-	-	2022
Police	3004.00043	099277	2009	Ford Crown Victoria	Car	Police - Specialty Squad	Carline	5	\$0	\$41,483	-	-	-	-	2025
Police	3004.00049	090639	2009	Chevrolet Impala	Car	Police - Unmarked Squad	Detective	8	-	\$41,483	-	-	-	-	2023
Police	3004.00054	103762	2010	Chevrolet Impala	Car	Police - Unmarked Squad	Community Outreach Sgt.	8	-	-	\$44,100	-	-	-	2025
Police	3004.00056	104928	2010	Chevrolet Impala	Car	Police - Unmarked Squad	Detective	8	-	-	\$42,000	-	-	-	2024
Police	3004.00059	129961	2012	Chevrolet Impala	Car	Police - Marked Squad	School Resource Officer	8	-	-	-	-	\$46,300	-	2024
Police	3004.00060	129440	2012	Chevrolet Impala	Car	Police - Specialty Squad	School Resource Officer	8	-	-	-	-	\$46,300	\$0	2024
Police	3004.00061	2	2016	Chevrolet Impala	Car	Police - Marked Squad	Patrol	3	-	-	\$44,100	-	-	-	2023
Police	3004.00062	121380	2012	Chevrolet Impala	Car	Police - Marked Squad	Patrol - Spare	3	\$0	\$41,483	-	-	-	\$46,600	2025

Location	Fixed Asset Number	Vehicle Number	Year	Make/Model	Vehicle Type	Sub-type	Assigned for...	Replacement Cycle (Years)	2016	2017	2018	2019	2020	2021	Next Projected Replacement
Public Works	3018.00019	160774	2016	Ford - F-150, 4x4	Pickup	Pickup - Under 1 ton	Justin - Pool	10	\$37,600	-	-	-	-	-	2026
Public Works	3018.00020	068412	2006	Ford - F-150, 4x4	Pickup	Pickup - Under 1 ton	-	10	\$0	\$0	\$35,000	-	-	-	2028
Public Works	3018.00042	067863	2006	Ford - F-350	Pickup	Pickup - 1 ton or greater	Miscellaneous	12	-	-	\$51,000	-	-	-	2030
Public Works	3018.00052	088184	2008	Ford - F-150	Pickup	Pickup - Under 1 ton	-	10	-	-	\$48,000	-	-	-	2028
Public Works	3018.00070	125503	2012	Ford - F-150 4x4 extended cab	Pickup	Pickup - Under 1 ton	-	10	-	-	-	-	-	-	2022
Public Works	3018.00080	133877	2013	Ford - F-150, 4x2	Pickup	Pickup - Under 1 ton	Ball Diamonds	10	-	-	-	-	-	-	2023
Public Works	3020.00003	007712	2000	Vermeer - Brush Chipper	Light Equipment	Other	-	15	-	\$95,720	-	-	-	-	2032
Public Works	3020.00020	130813	2013	John Deere - Gator	Light Equipment	UTV-Utility Task Vehicle	-	7	-	-	-	-	\$25,000	-	2027
Public Works	3040.00002	98TGCW	1998	Pro-patch Pothole Trailer	Specialty Equipment	Other	-	15	-	-	-	\$143,325	-	-	2034
Public Works	3040.00003	014025	2001	Wenger Showmobile	Specialty Equipment	Other	-	20	-	-	-	-	-	-	2025
Public Works	3040.00006	130012	2013	Elgin Sweeper	Heavy Equipment	-	-	8	-	-	-	-	-	-	2026
Public Works	3018.00000	163318	2016	Bobcat - Toolcat	Specialty Equipment	Other	-	10	\$80,000	-	-	-	-	-	2026
									\$146,500	\$455,720	\$740,000	\$536,325	\$305,000	\$435,000	

Year	2016	2017	2018	2019	2020	2021
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Total For All City Departments (Excluding Waste Water as they use different funding source): \$781,212 \$1,106,101 \$1,091,000 \$970,525 \$773,900 \$724,746

Waste - Collector	2053.00009	75468	2007	Olympian Generator	Portable Trailer	Generator	Lift Station Standby	15	\$0.00	0	\$0.00	\$0	-	-	2022
Waste - Collector	2102.00001	077092	2007	Air Conveyance	Trailer	0	Clean Sewers	10	-	\$185,000.00	-	-	-	-	2027
Waste - Treatment	3007.00034	147637	2014	Kubota - F3680 F - Mower	Light Equipment	Mower	Both Sites	7	-	-	-	-	-	-	2028
Waste - Biosolids	3014.00010	069956	2006	International - 7600 - Semi/Tractor	Specialty Equipment	Semi Tractor	Pulls Tanker	12	-	-	\$175,049.00	-	-	-	2028
Waste - Biosolids	3014.00014	096730	2009	John Deere - 8330	Tractor	0	Hauling Solids	10	-	-	-	\$230,000	-	-	2029
Waste - Collector	3015.00011	103516	2010	Dodge - Ram 5500, 4x4	Trucks (1 Ton)	0	Lift Station	10	-	-	-	-	\$78,000	-	2030
Waste - Collector	3013.00007	119287	2011	International Sewer Cleaner Truck	Specialty Equipment	Flusher Truck	Used by Public Works	10	-	-	-	-	-	\$195,000	2031
Waste - Treatment	3017.00021	054478	2005	Hiniker Plow Blade	Specialty Equipment	0	On Jason's Truck	10	-	-	-	-	-	-	2025
Waste - Treatment	3018.00038	056648	2005	Ford - F-250 - Electrical	Pickup	Pickup - Under 1 ton	Jim	14	-	-	\$56,227	-	-	-	2031
Waste - Treatment	3018.00088	162835	2016	Ford - F-250 - Biosolids	Pickup	Pickup - Under 1 ton	Jason	10	-	-	-	-	-	-	2026
Waste - Treatment	3018.00044	066337	2006	Ford - F-350 - Maintenance	Pickup	Pickup - 1 ton or greater	Paul	12	-	-	\$47,741.00	-	-	-	2028
Waste - Treatment	3018.00061	104969	2010	Ford - F-150, 4x4 - Plant	Pickup	Pickup - Under 1 ton	On Site Use	12	-	-	-	-	-	-	2024
Waste - Biosolids	3020.00005	011581	2001	Honeywagon - 5300 gallons	Light Equipment	Tanker	Tanker in Field	10	-	-	-	-	-	-	2025
Waste - Biosolids	3020.00014	065904	2006	John Deere - 4x4 Gator	UTV	0	On-site Maintenance	10	\$18,500.00	-	-	-	-	-	2026
Waste - Biosolids	3020.00016	108390	2010	5500 Gallon Tanker	Heavy Equipment	Tanker	Hauling Solids	10	-	-	-	-	\$98,500	-	2030
Waste - Treatment	3020.00023	841684	1984	EZ Go golf cart - J1684	Light Equipment	0	Site use	0	-	-	-	-	-	-	Won't Replace
Waste - Treatment	unknown	1445681	2014	Kubota RTV 500	Light Equipment	Utility Cart	Site use	7	\$0.00	\$0.00	\$0.00	\$0	-	\$11,046	2028
Waste - Treatment	3020.00024	100164	2010	Kubota Utility Tractor	Light Equipment	0	New Site	10	-	-	-	-	\$60,229	-	2030
Waste - Treatment	3020.00029	104944	2010	Kubota RTV	Light Equipment	0	New Site	10	-	-	-	-	\$16,513	-	2030
Waste - Biosolids	3040.00004	967043	1996	5000 Gallon Tanker - E5000 SL	Heavy Equipment	Tanker	Hauling Solids	10	-	-	-	-	\$98,500	-	2030
									\$18,500	\$185,000.00	\$222,790.00	\$286,227	\$351,742	\$235,381	

Year	2016	2017	2018	2019	2020	2021
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Total For All City Departments (Including Waste Water Needs): \$799,712 \$1,291,101 \$1,313,790 \$1,256,752 \$1,125,642 \$960,127

**City of Willmar 2017
Proposed Capital Improvement Program**

6/1/2016
4:10 PM

Score	Project	Budget	Cash	Bond	Utility Fund	WWTP Fund	Storm Water	State Aid/Federal
42	Security/Deferred Maintenance	City Hall/Bldgs.	\$ 500,000					
40	Pavement Management (Street, parking lots, and trails)	Engineering	\$ 400,000	\$ 2,000,000	\$ 50,000	\$ 50,000		\$ 750,000
37	Neighborhood Parks: playground replacement/ADA adjustments	Park Dev.	\$ 100,000					
36	East Taxi lane Reclamation Construction	Airport	\$ 177,000					\$ 413,000
33	Police Forensic Software	IT	\$ 25,200					
32	Use of Force Simulator	Police Dept.	\$ 21,000					
32	Western Interceptor Storm Sewer Design/Easement	Storm water					\$ 150,000	
32	Truck Lift - Mech. Shop	Public Works	\$ 130,000					
30	New Backup Storage Array	IT	\$ 20,000					
29	Auto Extraction Equipment	Fire Dept.	\$ 35,000					
29	Phase II Fairgrounds LS; construction and CRS	Waste Water				\$ 600,000		
29	Phase I Armory LS; design	Waste Water				\$ 80,000		
28	Domestic Water Heater	DOAC	\$ 20,000					
27	Bleacher Replacement	Civic Center	\$ 375,000					
27	North Swanson Build Concession/Restroom Bldg.	Park Dev.	\$ 365,000					
27	Air Conditioning	Auditorium	\$ 300,000					
26	Miller Park: remove tennis courts, playground & construct 4 tennis courts	Park Dev.	\$ 220,000					
26	Bathroom Fixture Retrofit	Civic Center	\$ 100,000					
26	Tuck pointing	Auditorium	\$ 100,000					
25	Civic Center Fiber	IT	\$ 30,000					
24	Garage Roof Replacement	Fire Dept.	\$ 50,000					
18	Auditorium Wi-Fi	IT	\$ 18,000					
18	Replace Flooring (Bremer/Reynold Rooms)	CER	\$ 20,000					
12	Cablecast Flex Lite SD/HD/SDI Video Server	WRAC	\$ 14,000					
			\$ 3,020,200	\$ 2,000,000	\$ 50,000	\$ 730,000	\$ 150,000	\$ 1,163,000

Information Systems CIP Memo

5-6-16

The items that are a priority for the Information Systems Department include a new Backup storage Array, a fiber connection to the Civic Center, new forensics software and Wi-Fi at the Auditorium.

Backup Storage Array

The current storage array that hosts the backup files for the city is 6 years old and the warranty has expired. The backup files on this unit include backups of all files, emails and servers. To date there have been 2 disk drive failures and the unit is in need of replacement.

Civic Center Fiber

This is a request for Capital to install a fiber internet connection from the Civic Center to the Utilities Wind Turbines. At the Civic Center the internet is currently provided through Windstream. The most service that they can offer to this building is a 12 MB line which is not adequate for the staff, arena users or for the wireless system which was recently installed. Staff has looked at service from Charter. Charter does not currently offer service to the Civic Center and at a minimum will require a 60 month lease for a 50 MB line. The price for this service is \$1,200 per month with a \$1,000 install fee. This comes to a total of \$73,000 for 5 years of internet service. Currently Municipal Utilities has internet to their Wind Turbines and will allow us to connect to these. Internet service to the turbines is provided from the county on the state system and we will not be charged any service cost. Internet speed will be around 60 MB provided from the county. Preliminary site estimates to connect to the turbines have been done by M and P Nexlevel, LLC.

Police Forensic Software

This is a request to purchase new forensic software for the Police Department. The current forensic software is used for investigating a variety of electronic devices from Cell phones, tablets, computers, DVD/CD's and portable hard drives. The police department does offset some of the costs of this software by billing other law enforcement agencies who request to use this software. The current software was purchased in 2012 and is no longer supported by the developer.

Auditorium Wi-Fi

This is a request to have Wi-Fi installed at the Auditorium. There have been several requests, in just the past few months, by Organizations who use the auditorium and by Community Ed and Rec. Staff to have Wi-Fi service offered at the building. This project will install the service through the gymnasium, lobby and gun range classroom.



WILLMAR

PLANNING AND DEVELOPMENT SERVICES

City Office Building
333 SW 6th Street, Box 755
Willmar, MN 56201
320-235-8311
Fax: 320-235-4917
www.willmarmn.gov

MEMO

TO: Bruce D. Peterson, Director of Planning and Development Services

FROM: Megan M. DeSchepper, Planner/Airport Manager

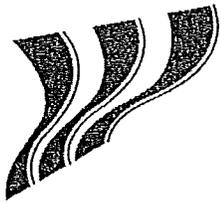
DATE: May 6, 2016

RE: 5-year CIP 2017-2021

Enclosed is the Airport 5-year CIP for 2017-2021. With Bolton and Menks consultation some of the projects have changed or increased in price to encompass all parts of the projects from design to construction. But several projects have also been removed or pushed back beyond the five years. With the current Federal spending climate, competition/demand for funds, and finally coming back into compliance, the reality is everything will be done at a slower pace due to limited funding.

Please contact me for any clarification. Thank you.

MMD



WILLMAR



**FIRE DEPARTMENT
FIRE CHIEF / MARSHAL**

515 2ND ST. SW
WILLMAR, MN 56201
320-235-1354
FAX 320-235-1607

To: Bruce Peterson, Planning & Development Director

From: Frank Hanson, Fire Chief

Date: 5/5/2016

Subject: Five-year Capital Improvement Plan

The following is an explanation of our proposed 5-year Capital Improvement Plan:

1. Extrication Equipment

In attempts to provide quicker service to citizens and travelers/commuters within the City and throughout the County, the Fire Department is proposing the purchase of vehicle extrication equipment. This includes the tools necessary to extricate vehicle accident victims immediately once we're on scene, rather than wait for the arrival of Rescue Squad personnel. 2017

2. Fire Nozzles

These are one of the most valuable piece of fire equipment that there is. We need to replace many of our nozzles as many of them were manufactured prior to the 1980's. They have had repairs done to them but now is the time to start updating and replacing the older version's. 2017-2021

3. Fire Engine Pump Rebuild

Our 2001 Rosenbauer fire truck is in need of a pump rebuild. Each year all fire trucks go through pump testing and need to meet the required Gallons Per Minute (GPM). This piece of apparatus during its 2015 pump test barely met the required 1500 GPM. The only way it passed was to give it a little extra TLC. Once again it is anticipated that it will barely pass or it might not pass the pump test in 2016. Once the pump is rebuilt, that pump should be good for the rest of the trucks useful life, which is 10 more years. 2017

4. Portable and Mobile Radios

The current radios that we are using have been discontinued from the manufacture. Parts and service for these radios will only continue until 2019. The radios are very much a lifesaving tool. They keep the firefighters that are working an incident in connect with the command person. Because of this we need to make sure they are in perfect working order. They are used by firefighters on every call. Because of the high cost of these radios I am spreading out the purchases over three years. 2018-2020

5. Fire Station Carpeting

The carpeting in the fire station was installed in 2005. By 2018 this carpeting will need replacement. 2018

6. HVAC Replacement

The HVAC systems for the upstairs office are is 25 years old and beyond its expected life, while the HVAC system for the training room area is 29 years old. Both will be in need of replacement. 2019

7. Garage Floor Resurface / Repaint

The garage floor was last painted in about 2007. It is heavily used and is already showing signs of needing to be redone. 2020

8. Garage Heat System Replacement

The Co-Ray Vac heat system in the garage was installed in the early 80's. It is well beyond its useful life. We are starting to have issues with repairs and it is not as energy efficient as it should be. 2020

9. Thermal Imaging Cameras

These cameras have a lot of use on them. They are in constant high heat and smoky environments. 2 cameras will need replacing. 2019

10. Training Burn Facility

Live training opportunities are becoming few and far between. We are planning on going into a partnership with Ridgewater College. 2020

11. Outdoor Warning Sirens

The Outdoor Warning Sirens that were installed in 1990 are to be replaced. 2018, 2019, 2020

12. Outdoor Warning Siren Batteries

The City of Willmar currently owns 15 Outdoor Warning sirens. Each siren has 4 batteries. We replace batteries in 5 sirens a year. 2017-2021

Bruce Peterson

From: Jim Felt
Sent: Wednesday, June 1, 2016 10:13 AM
To: Bruce Peterson
Subject: WPD Use of Force Simulator justification & info
Attachments: catalogue2012.pdf

Bruce,

Attached is the official catalog of TI Training, the company that I researched and priced for the use of force simulator.

In short, use of force issues remain a liability heavy, but necessary, part of police work. We need to train our officers in the most realistic environments for good use of force applications. This also includes decision making skills on what type of force to use, when to use it and transitioning from one type of force (or tool) to another.

This simulator has been in use by multiple agencies throughout the country for several years. I've also had first hand demonstrations and believe this could be an incredible tool for training in our agency.

Some things for consideration:

- To this point we had rented a system based on 1990's scenarios that cost WPD about \$1,500 / week to rent. We've used it enough that officers recognize the scenarios and it is no longer useful for training
- A similar system is available at a fixed location in St. Cloud at \$50 / hour per officer. This cost, coupled with at least two hours of drive time make it impractical for WPD to utilize.
- This system has over 500 different scenarios available at start up and new ones are added quarterly at no extra cost to WPD. Each scenario can be "branched" based on the officers reactions or demonstration of force (i.e. proper verbal de-escalation skills can allow the instructor to have the offender comply or pull a checkbook out of their pocket versus a gun).
- This system allows for simulating a number of use of force tools including verbal commands, pepper spray, batons, handguns, rifles and even flashlights (all which WPD utilize)
- We would look to partner with local law enforcement agencies and make this available to them (most likely with a WPD instructor). Potential for some revenue generation
- We would look to utilize this for public education on how police use of force is trained & justified
- We would utilize this to help educate elected officials, court officials and attorneys on use of force issues
- This could potentially be used for rental with some revenue generation for private firearms training courses (CCW)
- This could potentially be used to take the place of limited live firearms training – saving on high ammunition costs & firearms maintenance
- Would be a useful tool for diagnosing firearms training issues without using live ammunition (jerking the trigger, poor aim, etc)
- Has a module that can be used for hunter education (potential for some revenue generation)
- Portable system that can be moved to different locations for public demonstrations or where training room is available

If you have any questions, please let me know. Thanks!

FAIRGROUNDS LIFT STATION AND FORCE MAIN

The existing Fairgrounds lift station is one of the city's original stations, constructed in 1930. The wet well is located behind the lift station and space constraints make it difficult to use the safety equipment required to access the wet well. The vertical ladder into the wet well and space constraints make this an unsafe lift station to access and maintain. The building is in need of repairs. Due to the age of the building and pumps and the unsafe access to the wet well, the Fairgrounds lift station is in need of replacement. The force main of approximately 800 feet, was also constructed in 1930. The lift station and force main is scheduled for replacement in 2017 as part Facilities Plan Four (4) Lift Station Replacements and should be eligible for a construction loan under the Minnesota Clean water Revolving Fund.

ARMORY LIFT STATION

The existing Armory lift station was constructed in 1975. The wet well is located in the middle of the road in a low area. During rainfall or snowmelt events, water floods the road and the wet well is under water. Accessibility to the wet well is an issue due to its location in a traffic lane and also being under water at times. The original pumps installed in 1975, are leaking, and are in need of replacement. There is no exterior lighting at the lift station site. The lift station is scheduled for design in 2017 with construction in 2018 as part Facilities Plan Four (4) Lift Station Replacements.

Parallelogram Lift Justification

Work on dump trucks with wings must be performed on the floor which is not because of the potential for tipping. The SnoGo snow blowers, without the loader, must be lifted with four jack stands for maintenance. These units would benefit from the use of the parallelogram lift to work on them while also keeping the loader hooked up for stability. This lift could also raise the wheel loaders and motor graders, if necessary.

The parallelogram lift would also work for the majority of the fire trucks, with the exception of the ladder trucks, without emptying the water tanks. The current lift is at maximum capacity for some of the current fire trucks.

Western Interceptor Storm Sewer Alternate

- 1. The Western Interceptor project was bid on 6/6/2012. The bid documents included an alternate for the construction of a 54" storm sewer, which is phase one of proposed associated storm sewer improvements for southwestern Willmar. The City Council accepted the base and alternate bid of Geislinger & Sons for the Western Interceptor Project on 10/15/2012.**
- 2. Phase two of the associated storm sewer improvements includes the design and construction from the now existing 54" storm sewer to the existing Ortenblad area storm pond and also to replace the 1930's 18" clay county tile line that serves as the outlet of the Swansson Field area storm pond. Easement requirements and storm sewer size and alignment will be determined in the design process.**

Bruce Peterson

From: Rob Baumgarn
Sent: Wednesday, June 1, 2016 8:28 AM
To: Sean Christensen
Cc: Steve Brisendine
Subject: RE: CIP justification summary

Please add or subtract what you think.

Rob/Steve – Civic Center Bathroom Fixture Retrofit

Rob/Steve – Bleacher Replacement (I think most hinges from the man-hours it takes to move these in and out but a bit more written down would be great)

Bathroom Fixture Retrofit:

The restrooms in the main lobby area of the cardinal arena and the restrooms going down the hallway to locker rooms 1-4 are original units. The fixtures are dated and stained. The restroom partitions are breaking, rotting and falling part. Staff have done what they can to repair most of the partitions. Many are beyond repair at this point. If dollars allow, we would update the BLA lobby restrooms as well. These restrooms are having many of the same issues as the ones stated above. Also, we will fix the restrooms to be ADA compliant.

Bleacher Replacement:

The bleacher system is original to the building. Brackets, hinges and railings are broken and need to be constantly repaired. The bleachers need to be pulled and pushed in manually that require 3 staff people to operate for several hours. Many of the parts that we need to replace are not available and staff are making themselves. The life span of this bleacher system is 30 years.

Rob Baumgarn
Willmar Civic Center Manager
320-235-1454 Office
320-222-0485 Fax

From: Sean Christensen
Sent: Tuesday, May 31, 2016 5:58 PM
To: Jim Gauer; Scott Ledebor; Christopher L. Simon; Steve Brisendine; Rob Baumgarn; Curly Wittman
Subject: CIP justification summary

Per the CIP committee today, can I please get some more information/detail/justification on the following projects, from the following people. The mayor is making a big deal on justifying CIP projects recently. I think a line or paragraph would be sufficient, just something we can "read". Here's the kicker...please get these to me by 2pm tomorrow. Sorry for the short notice

Jim – Fairgrounds LS construction (this one should be simple as we are already under way)
Jim – Armory LS design (maybe years of service, major recurring issues, etc.)

Scott – Truck Lift (this is the parallelogram lift)

Chris – City Hall Security/Deferred Maintenance (we are going to combine some security measures and a few of the items like carpet and ceiling into one item so if we could get a brief overview as you verbally mentioned today that would be great)

Chris – Auditorium A/C (I have the Chappell quote but a small summary sentence or paragraph please)

Chris – Auditorium Tuck Pointing

Steve – WCAC Replace flooring in Bremer Room/Reynolds Room

Steve – DOAC domestic water heater (I received a quick text and call from Scott regarding a 2-tank system that is 10+ years old that worked to satisfy the committee but if you have slightly more info that would be great)

Steve – Miller Park Tennis Courts

Steve – North Swansson Concession/Restroom

Steve – Neighborhood Parks ADA Adjustments

Rob/Steve – Civic Center Bathroom Fixture Retrofit

Rob/Steve – Bleacher Replacement (I think most hinges from the man-hours it takes to move these in and out but a bit more written down would be great)

Curly – Western Interceptor Storm Sewer Design/Easements (again, I know the basics but if you could jot down some ideas/history to throw in the file that would be great)

Thanks everyone

Sean E. Christensen, P.E.
Public Works Director/City Engineer
City of Willmar
333 6th Street SW
PO Box 755
Willmar, MN 56201
Office: 320.235.4913
Cell: 320.212.0538
schristensen@willmarmn.gov

CIP City Hall and City Auditorium

City Hall

- The City Hall carpet is starting to show wear and tear. To my understanding, the most recent parts of the building were re-carpeted approximately 15 years ago. Many areas are starting to fray and unravel, with seams starting to let go. Even though the carpet gets cleaned twice a year, the stains are embedded and remain visible after cleaning. Rough estimates from area flooring contractors have been \$8-\$9 per sq. ft. including removal and installation.
- The lower portion of City Hall is rented out to Mid Minnesota. Throughout the lower level, the ceiling tiles are showing their age along with the previous faults of the building. The 2x2 suspended ceiling tiles are sagging in the middle and numerous tiles have been stained throughout years. The once white tiles are now multicolor. The tiles are very old and the texture/pattern is no longer available so matching them would be difficult. The basement is broken up into many areas and redoing individual smaller areas would be possible.

City Auditorium

- Throughout the years the exterior of the building has taken a lot of weather abuse. The weather has washed away large areas of tuck pointing in the brick exterior. Certain parts of the building are worse than others, with the north side being a major concern. Areas of the north side have little to no tuck pointing on them and brick is starting to crumble.
- Before the renovations, the Auditorium was cooled/dehumidified with DX air conditioner. DX cooling is similar to what is found in residential systems using refrigerant to cool. The previous cooling unit was installed around 1993 with two main intentions of cooling and dehumidification. Since the renovation, the new HVAC units are not equipped with DX cooling capabilities and would require work to be done to equip them. There are 3 HVAC units currently controlling different areas of the building. We could add cooling to individual units and not others but we fear the doors to rooms would be left opened to allow cool air access. One of the units currently has a chilled water coil installed in it (not hooked up). It is our understanding that installing a chilled water system instead of a DX cooling wouldn't work as efficient and would cost more due to the amount of labor of installing it. Therefore, if adding cooling to the HVAC units is granted we would switch the chilled water coil currently installed in the one unit with a DX cooling coil. The summer of 2015 was the first summer without cooling present and we experienced numerous complaints from the public regarding the overwhelming heat in the building. Temps were monitored throughout the building in various locations with average temperatures ranging from 83 degrees to 86 degrees the summer. Another concern we have is without the ability to control the humidity level in the gym we worry that the floor might absorb the humidity, potentially causing the floor to swell and buckle.

**City of Willmar 2017
Proposed Capital Improvement Programs**

Score	Project	Department	Cash	Bond	WWTP Fund	StormWater	State Aid/Federal
Pavement Management							
40	Pavement Management - streets, parking lots, trails*	Eng./PM		\$3,000,000.00			
19	CR116 Relocation for RWY Extension	Airport	\$40,000.00				\$360,000.00
Facilities - New/Maintenance							
39	Tuck Pointing	Auditorium	\$ 100,000.00				
35	Air Conditioning	Auditorium	\$ 300,000.00				
33	Perimeter Fencing Phase 1	Airport	\$32,500.00				\$292,500.00
27	North Swansson - Press Box, Concessions, Restroom Bldg.	Park Dev.	\$ 375,000.00				
26	Bathroom Fixture Retrofit	Civic Center	\$40,000.00				
26	Miller Park Renovations	Park Dev.	\$ 192,000.00				
26	Old WWTP Retrofit	Stormwater				\$100,000.00	
19	Bleacher Replacement	Civic Center	\$ 375,000.00				
18	Apron Expansion - Phase 1	Airport	\$45,000.00				\$405,000.00
18	Apron Expansion Design	Airport	\$8,000.00				\$72,000.00
9	Terminal Irrigation System	Airport	\$60,000.00				
Furniture/Equipment							
37	Server	IT	\$15,000.00				
37	Neighborhood Parks, Playground Replacement, ADA Adj.	Park Dev.	\$ 100,000.00				
32	Use of Force Simulator	Police	\$19,000.00				
25	Fuel System -Tanks	Public Works	\$175,000.00				
Plans/IT							
22	Network Link to PWG	IT	\$100,000.00				
19	Extend Runway & Taxiway Design	Airport	\$34,000.00				\$306,000.00
Miscellaneous Infrastructure							
29	Sewer Replacement on streets being constructed	WWT			\$50,000.00		
27	Phasell Fairgrounds, LS, construction and CRS	WWT			\$600,000.00		
27	Phase I Armory Lift Station Design	WWT			\$80,000.00		
23	Extend Sewer Line to new WWTF	Airport	\$120,000.00				\$280,000.00
15	Area West of Menards (Phase 1)	Stormwater				\$100,000.00	
	Total		\$2,130,500.00	\$3,000,000.00	\$730,000.00	\$200,000.00	\$1,715,500.00

*City of Willmar 2018
Proposed Capital Improvement Programs*

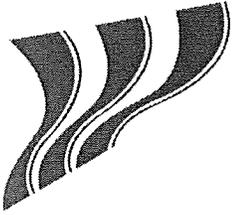
Score	Project	Department	Cash	Bond	WWTP Fund	StormWater	State Aid/Federal
<i>Pavement Management</i>							
40	Pavement Management - streets, parking lots, trails*	Eng./PM		\$3,000,000.00			
19	Runway Extension Grading	Airport	\$75,000.00				
14	Overlay Old Site Driveway	WWTP			\$40,000.00		
<i>Facilities - New/Maintenance</i>							
37	Refridgeration Project - Cardinal & Blue line Areans	Civic Center	\$2,450,000.00				
33	Perimeter Fencing Phase 2	Airport	\$32,500.00				
29	Swansson Field New Lighting (Green, Orange, Yellow)	Park Dev.	\$525,000.00				
25	Double Sided Concession Stand	DOAC	\$300,000.00				
20	Public Works Storage	Public Works	\$175,000.00				
0	Swansson Field Utility Storage Building	Park Dev.	\$187,500.00				
<i>Furniture/Equipment</i>							
40	Portable and Mobile Radios	Fire	\$200,000.00				
37	Neighborhood Parks, Playground Replacement, ADA Adj.	Park Dev.	\$100,000.00				
24	Search Robot	Police	\$18,000.00				
14	Fire Station Carpeting	Fire	\$18,500.00				
<i>Plans/IT</i>							
32	BIN (desktop) Computers	WWTP			\$10,450.00		
<i>Miscellaneous Infrastructure</i>							
31	Bio Solid Piping & Design	WWTP			\$600,000.00		
30	Kennedy School Area	Stormwater				\$100,000.00	
30	Ramblewood Slough	Stormwater				\$100,000.00	
29	Sewer Replacement of streets being constructed	WWTP			\$50,000.00		
27	Phase II Armory LS; construction and CRS	WWTP			\$400,000.00		
27	Phase I Gorton Ave LS	WWTP			\$60,000.00		
	Total		\$4,081,500.00	\$3,000,000.00	\$1,160,450.00	\$200,000.00	\$0.00

**City of Willmar 2019
Proposed Capital Improvement Program**

Score	Project	Department	Cash	Bond	WWTP Fund	StormWater	State Aid/Federal
	Pavement Management						
40	Pavement Management - streets, parking lots, trails*	Eng./PM		\$ 3,000,000.00			
19	Runway Extension Paving & Lighting	Airport	\$195,000.00				
	Facilities - New/Maintenance						
29	Swansson Field - New Lighting Blue/Red	Park Dev.	\$262,500.00				
25	Swansson Field - Reorient Blue Field	Park Dev.	\$250,000.00				
17	Swansson Field - 2 Season Shelter/Plaza	Park Dev.	\$143,750.00				
7	Maintenance Equipment Storage Bldg.	Airport	\$195,000.00				
	Furniture/Equipment						
37	Neighborhood Parks, Playground Replacement, ADA Adj.	Park Dev.	\$100,000.00				
35	Swansson Field - Playground Equipment	Park Dev.	\$275,000.00				
28	Thermal Imaging Cameras	Fire	\$18,000.00				
	Plans/IT						
32	BIN (desktop) Computers	WWTP					
	Miscellaneous Infrastructure						
30	Bio Solids UST Mixing pumps & design	WWTP			\$360,000.00		
29	Sewer Replacement of streets being constructed	WWTP			\$50,000.00		
27	Phase II Gorton Ave LS; Construction and CRS	WWTP			\$300,000.00		
15	Area West of Menards (Phase 2)	WWTP				\$300,000.00	
13	Traffic Signals 24th Avenue & 1st St	Engineering	\$260,000.00				
5	Signal - Interconnection 1st ST - Signals	Engineering	\$150,000.00				
	Total		\$1,849,250.00	\$3,000,000.00	\$710,000.00	\$300,000.00	\$0.00

*City of Willmar 2020
Proposed Capital Improvement Program*

Score	Project	Department	Cash	Bond	WWTP Fund	StormWater	State Aid/Federal
<i>Pavement Management</i>							
40	Pavement Management - streets, parking lots, trails*	Eng./PM		\$ 3,000,000.00			
19	Runway 3031 Rehabilitation	Airport	\$7,500.00				\$67,500.00
<i>Facilities - New/Maintenance</i>							
33	Public Works Garage HVAC Mech. Shop paint area	Public Works	\$75,000.00				
23	Robbins Island - Remove shelter except Giri	Park Dev.	\$56,000.00				
23	Robbins Island - Build 4 season shelter	Park Dev.	\$437,500.00				
16	Training Burn Facility	Fire	\$225,000.00				
<i>Furniture/Equipment</i>							
37	Neighborhood Parks, Playground Replacement, ADA Adj.	Park Dev.	\$100,000.00				
33	Computer Forensics Eqt. Upgrade	Police Dept.	\$10,000.00				
<i>Plans/IT</i>							
<i>Miscellaneous Infrastructure</i>							
30	MgOH Recirculation Pump	WWTP			\$8,755.00		
29	Sewer Replacement on streets being constructed	WWTP			\$50,000.00		
	Total		\$911,000.00	\$3,000,000.00	\$58,755.00	\$0.00	\$67,500.00



City Finance Department

City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-235-4984
Fax Number 320-235-4917

COUNCIL ACTION REQUEST

DATE: June 13, 2016

SUBJECT: Local Option Sales Tax

RECOMMENDATION: It is respectfully requested the City Council consider the following recommendation:

Mayor and Council to direct staff on next action desired.

BACKGROUND: Staff, Mayor and Council have been studying the processes of implementing a Local Option Sales Tax to fund projects of regional significance.

FINANCIAL CONSIDERATION: Possible implementation of Local Option Sales Tax generating \$2.2 million per year.

LEGAL: State Statute.

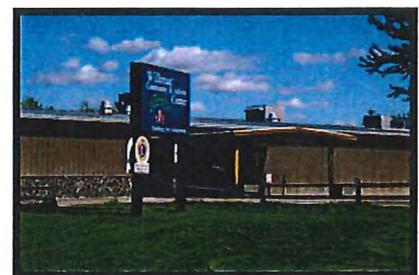
Department/Responsible Party: Administration/Administrator Kruse

City of Willmar
Projects of Regional
Significance (PRS)
Report

Prepared for the
Willmar City Council

Draft Date:
June 1, 2016

Prepared by the Mid-Minnesota
Development Commission



Mayor and City Council Members

Mayor Marv Calvin

Ward 1 Andrew Plowman

Ward 1 Dennis Anderson

Ward 2 Ron Christianson

Ward 2 Tim Johnson

Ward 3 Rick Fagerlie

Ward 4 Audrey Nelson

Ward 4 Shawn Mueske

To view a City of Willmar Ward Map, visit the City's Website at:

www.willmarmn.gov

City of Willmar

Projects of Regional Significance (PRS) Report

A. Introduction

The City of Willmar, Minnesota, has been discussing the need for a number of potential regional projects over the last couple of years. The purpose of this report is to highlight the current discussion on which projects the City might pursue over the next two to ten years (2018-2027).

In order to facilitate the discussion, the City of Willmar entered into a contract with the Mid-Minnesota Development Commission (MMDC). Specifically, MMDC assisted the community with the following three items:

1. **City Council Listening Sessions.** MMDC facilitated the discussion during two Willmar City Council listening sessions. The sessions took place at the Willmar Area Community Center at 1:00 and 7:00 p.m. on May 24, 2016. Both listening sessions lasted approximately 1½ hours.
2. **Community Survey.** Develop and administer an online community survey designed to gauge the public's interest in a number of potential Projects of Regional Significance (PRS). In addition to prioritizing projects, the respondents were also asked if they would support paying for the projects with either local property taxes or implementing a 0.5% local option sales tax.
3. **Projects of Regional Significant (PRS) Report.** This document was prepared for the Willmar City Council and presented during the June 6, 2016, regular council meeting (7:00 p.m.; Council Chambers; Willmar Municipal Utilities).

B. City Council Listening Sessions

Two separate listening sessions were facilitated on May 24, 2016, at the Willmar Area Community Center (624 Highway 71 North), beginning at 1:00 and 7:00 p.m. A copy of the Press Release appears in Appendix A. This was an opportunity for residents to share their ideas on potential regionally significant capital projects. Initiating a voter approved local option sales tax (0.5%) to help pay for the regionally significant projects was also discussed.

Staff from the Mid-Minnesota Development Commission (MMDC) facilitated the listening sessions by showing a PowerPoint presentation. The main highlights from the presentation are summarized in this section. A copy of the full presentation appears in Appendix A.

Demographics

Willmar is a thriving regional center:

- Approximately 19,927 Population
- 16,000 total jobs, 5,070 live in the City
- 67% of workforce commutes to the City
- 12th Largest City in Greater Minnesota
- 136 Retail & 31 Manufacturing firms
- Daytime population over 31,000

PRS Definition

Project of Regional Significance:

Facility, infrastructure or capital asset used by a broader audience than just Willmar.

Potential PRS

Potential Projects of Regional Significance:

1. Community Center/Backup Emergency Operations Center, Mid-Minnesota Office Space, WRAC 8 Studio
2. Swansson Field/Lighting Improvements
3. Civic Center Refrigeration Improvements
4. Robbin's Island Regional Park Improvements
5. Year-around Ice Arena/Facility
6. Multi-family Workforce Housing Incentive
7. Regional Emergency Training Center
8. Curling Club Facility
9. Block 50 Parking Structure
10. Wye South-end Overpass
11. Field House
12. Transportation
13. Becker Avenue Plan

***Civic Center –
Refrigeration***



Estimated cost \$2.5 million for Cardinal and Blue Line areas.

***Civic Center –
Curling Facility***



Estimated cost \$1.8 - \$4.3 million for a curling facility addition at the Civic Center.

***Civic Center –
Hockey Addition***



Estimated cost \$4.4 - \$6.6 million for a new insulated sheet of ice and other needed improvements (not included new refrigeration).

**Swannson Field
- Lighting**



*Estimated cost
\$947,000 - \$1.3 million.
Inferior foot candles
on all five existing lit
fields. Includes
installing lights on
Blue Field.*

**Swannson Field
- Infrastructure**



*Estimated cost \$2.3
million. Includes
parking, trails,
roadway and field
enhancements.*

**Robbins Island –
Infrastructure**



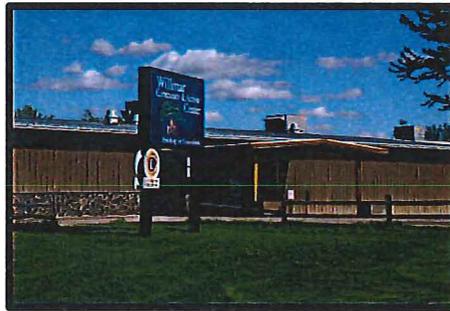
*Estimated cost \$3.7
million. Includes
shelters, roads, parking
lots, and trail
improvements.*

***Robbins Island
- Destination
Playground***



Part of the previous estimate. Destination playgrounds provide amenities that families specifically travel from afar to enjoy.

***Community
Center***



Estimated cost \$5.8 - \$8 million for a 20,000 square foot facility. Facility study identified the current center is in unsatisfactory condition.

***Emergency
Training Center***



Estimated cost \$3 - \$4 million. A state-of-the-art facility that offers classroom and hands-on instruction in the most extensive and contemporary array of courses available to police, firefighters, emergency medical technicians.

Field House



Estimated cost \$7.75 million. A large building that provides space for variety of athletic and community events.

Becker Avenue Streetscape



Redesign Becker Avenue with a multi-use trail, trees, ornamental lighting, signage, and pedestrian amenities.

Transportation Enhancements



Fixing regionally significant roads that are not State-aid roadways. Examples include Civic Center Drive; 23rd Street; and Transportation Road.

Wye Overpass



Photo from West Central Tribune

Estimated cost \$2.5 million of the projected \$5 million funding gap (the rest paid for by Kandiyohi County). Total project cost \$50 million.

Potential Funding

Potential Capital Projects 10-Year Funding Needs is estimated to be between \$150,000,000 - \$200,000,000. If any of the priority projects are pursued, the following two options (outside of receiving grants) were discussed:

- Willmar City Property Taxes?
- Willmar Location Option Sales Tax (0.5%)?

Willmar Sales Tax History

- **1999 \$4,945,733** Kandiyohi Regional Library
- *Discontinued in 2001.*
- **2004 \$13,021,776** for expansion of airport/industrial park, hiking and biking trails, Blue Line and Civic Center Connection - *Discontinued in 2012.*

Key Points

1. Local sales taxes can be established by cities through Minnesota State Statute 297A.99.
2. Subject to approval of the voters at a general election – November 8, 2016.
3. Sales tax/projects need legislative approval.
4. Resolution must state the City’s approval, proposed tax rate, uses, total revenue to be raised and length of time to be in effect.
5. Proceeds of the tax must be designated for specific improvements at least 90 days before the referendum.

Public Input

If Willmar is to continue to grow and prosper as a regional center, what Projects of Regional Significance (PRS) should be a priority over the next two to ten years?

Summary of the Public Comments (*Listening Sessions*)

Note: Note takers did their best to capture comments, but may have missed some key comments that were made.

Comments from the 1:00 pm Meeting

The afternoon session allowed questions and comments during the presentation and afterwards. There was a question if the third sheet of ice or the curling facility would be a freestyle building or attached to the Civic Center. Another question about the curling club addition was can it be used for dry events in the summer? There was a discussion that a third sheet of ice for skating and hockey would allow a facility to be built for year round ice in a smaller space to cost less to operate.

There was a questions about the Swansson Field lighting improvements. Will the new lights be LED? The answer was yes. There was a discussion that the lights are approximately 40 years old and at the end of their useful life. Lights do not have enough candle power and short poles were needed at the time of construction due to the old airport.

There was a question about will there be a cost of using facilities such as the ballfields to help pay for the improvements. Are the costs for improvements broke down by each field? The answer was yes.

There was a question about why has not the city been setting money aside through the years to replace facilities that need replacing. Staff explain that this is not how the City budgets. The State Auditor does not like to see governments setting aside a number of pots of money for these types of projects.

There was a question if the \$2.3 million for lights is a separate cost from the \$3.5 million infrastructure projects for Swanson Field. The answer is yes.

There was a question if the City has worked with the DNR on the lake water quality issue at Robbins Island. Staff said work has been coordinated with the Soil and Water Conservation District for improvements. Efforts have also been made to shoo geese away; water conditions have been improving.

There was a question about is it true that Willmar checks water quality more often than most communities with similar swimming beaches? The answer was yes.

Discussion included a “Destination Playground” located at Robbins Island. However discussion also included children getting to and from the park could or would be a problem.

There was a question about the 20,000 square feet space shown for a new community center. The current community center is a 12,000 square foot facility. There was a comment that cities that have built new community centers around the state need to be subsidized by the communities. Fees for use do not pay for them. Also a concern that if such items as a fitness center at the facility would take business away from private business that provides that service.

There was a comment that the fieldhouse and community center should be connected together to save on building and operational costs.

An individual discussed that Willmar needs to have good facilities to attract businesses and persons to the community. A statement was made that Willmar competes for new industry and high skilled labor from communities that have better community facilities in place. It was also pointed out that some of the projects on the list will bring people to Willmar utilizing the facilities, i.e. large tournaments. These people spend money on hotels, gas, food and shopping while in town.

Redwood Falls was brought up as an example of a community with fieldhouse. A person mentioned that all the projects sound good, but “I do not see any money trees.”

There were questions on what the emergency services regional training center was. Staff answered the question. There was a question on where does the training take place now? It was pointed out that training occurs all over the state including the metro area, Camp Ripley, and Marshall.

There was a question on what is the cost for the Becker Avenue development plan?

A City Councilperson brought up the cost of maintenance of new facilities that would be built. He also would like to see a cost estimate provided on what the average family in Willmar will likely pay per year for an additional half cent sales tax. An explanation is needed on what is covered and not covered by this tax.

There was a comment that a return on investment analysis should be conducted on potential projects that are considered.

There was a comment that we should fix up what we already have.

A person mentioned that he would add a project to the list. The person would like to see that the industrial park be in shovel ready status. There is a need to bring in higher paying jobs that will in turn increase property values and thus help pay for new facilities.

There was a comment that if a community center was built, that it should not be built any further out from downtown, as it is already a burden for elderly to get to it.

Comments from the 7:00 pm Meeting

A person discussed that he sees the top priorities such as jobs, medical facilities, and community attractiveness in a future strong community. He said that Willmar has a long way to go in matching the cities such as Hutchinson and Alexandria have in place. He stated that in selecting projects to go forward with they should be the ones that meet the needs of the cities priorities. Wants versus needs.

There was a question if the curling facility and the second sheet of ice need to be two separate facilities.

There was a comment about the financial benefit of a third sheet of ice. A discussion about additional camps, clinics and curling tournaments could take place.

On the presentation slide about stakeholders, a comment was made to add the University of Minnesota and the MinnWest Campus.

There was a question about the Wye Project funding gap.

A series of questions was asked by an individual. Where did the concept come from? Why the community is not keeping up – are we growing too fast? Are we wanting more than we can afford?

It was discussed that some items on the list are at the end of their useful life and/or are not meeting the current need.

An individual mentioned that “we have enough taxes.” She mentioned the new school. She asked how are people on fixed incomes going to pay for increased taxes.

There was a comment about that younger people come to communities that they see have things that are happening. Want amenities in place.

A person mentioned that priority should be given to projects that can generate revenue.

A comment was made that a community center needs to have multiple uses. Allow for concerts. A large multi-purpose facility that can generate revenue, and attract persons to come into Willmar spending their money while they come into town.

A person said that we do not need a new community center – it does not generate any revenue – items should be chosen that generate revenue.

A comment was made about the downtown and general shopping in the community about how they have deteriorated.

A question was asked what projects are your least favorites:

A comment was made that we do not need a downtown parking ramp.

A comment was made that the fieldhouse was voted down on the last school referendum, thus it should be off the list to consider.

A person said no to the emergency services regional training facility.

Not both a curling club addition and a new separate sheet of ice.

A person questioned if Robbins Island was the best location for a destination playground.

The same person that commented in the afternoon session spoke up again for getting the industrial park shovel ready for higher paying jobs.

A question was asked if the City Auditorium needs further work. A City Council person mentioned there are some ADA accessibility concerns with the building.

C. City of Willmar Regional Projects Survey

The second major source of public input regarding potential Projects of Regional Significance (PRS) was gained through the use of an online survey. The survey, referred to as the *City of Willmar Regional Projects Survey*, was promoted through a Press Release issued on May 20, 2016 (refer to Appendix A). The Press Release invited people to take the online survey through the end of May 2016, at the following link:

<https://www.surveymonkey.com/r/willmarprojects>

A total of 840 people participated in the online survey. The survey was set-up online through SurveyMonkey.com and only allowed participation once per IP address. The following sections summarize the results. All four questions are summarized in total (without any filters), while questions two and three are also summarized by Willmar-only responses (filtering out non-Willmar residents).

Question 1: Where do you reside? *Please select the best answer...*

Figure A:
Question 1 Results (bar chart)

Answered: 840 Skipped: 0

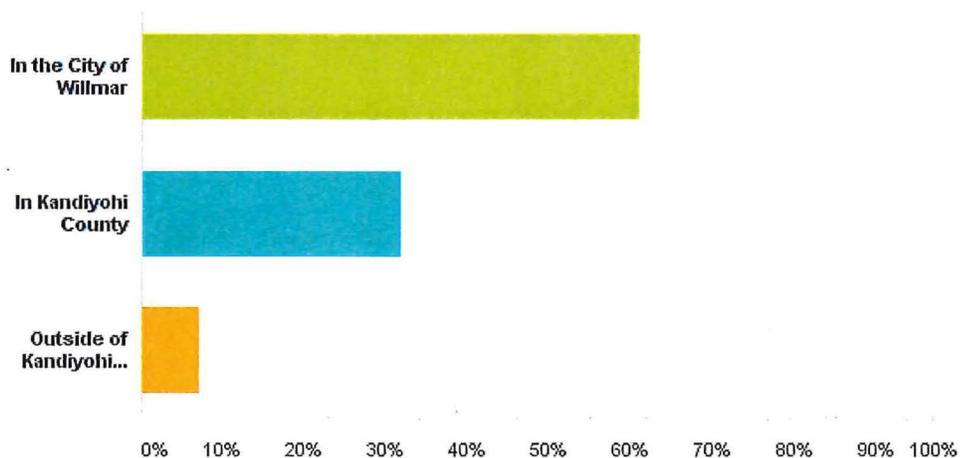


Table A:
Question 1 Results (actual statistics)

Answer Options	Response Percent	Response Count
In the City of Willmar	61.1%	513
In Kandiyohi County	31.8%	267
Outside of Kandiyohi County	7.1%	60
	<i>answered question</i>	840
	<i>skipped question</i>	0

Question 1 Summary: Of the 840 total respondents, 513 (61%) came from the City of Willmar, followed by 267 (31.8%) in Kandiyohi County, and 60 (7.1%) outside of Kandiyohi County.

Question 2: Which of the following projects do you think should be pursued in the City of Willmar? Please check all that apply...

Figure B:
Question Two Results
(bar chart)

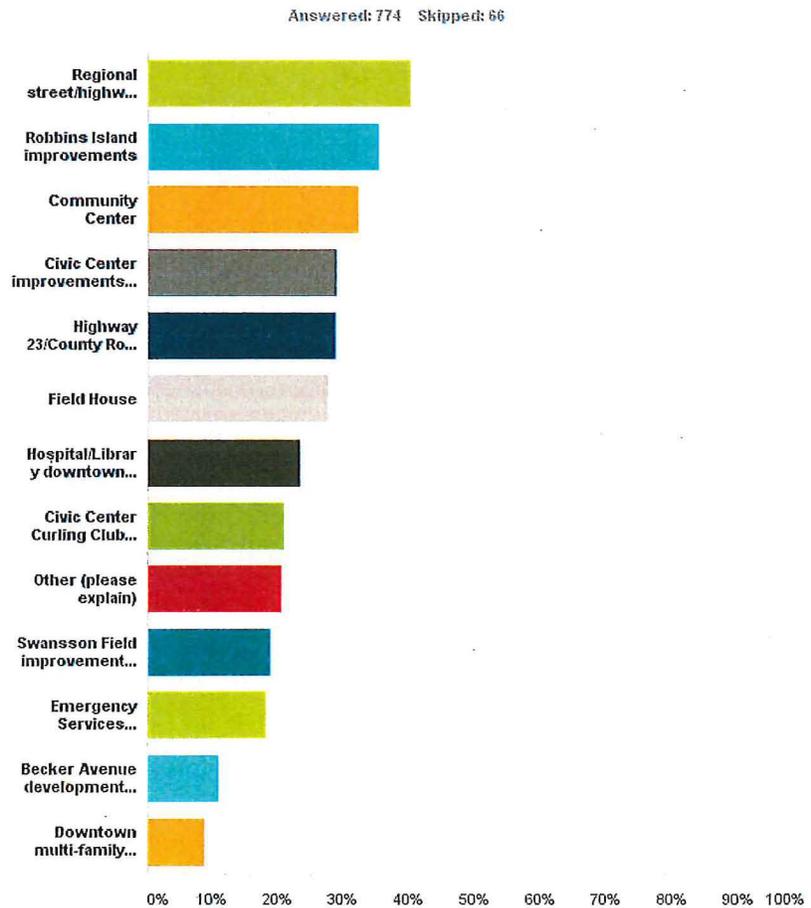


Table B:
Question 2 Results (actual statistics)

Answer Options	Response Percent	Response Count
Regional street/highway improvements	40.3%	312
Robbins Island improvements	35.3%	273
Community Center	32.3%	250
Civic Center improvements (i.e., refrigeration)	28.9%	224
Highway 23/County Road 5 overpass (Wye Project)	28.8%	223
Field House	27.8%	215
Hospital/Library downtown parking structure	23.4%	181
Civic Center Curling Club addition	20.8%	161
Other (please explain)	20.4%	158
Swansson Field improvement (i.e., lighting)	18.7%	145
Emergency Services Regional Training Center	18.2%	141
Becker Avenue development plan	10.9%	84
Downtown multi-family workforce housing	8.8%	68
<i>answered question</i>		774
<i>skipped question</i>		66

Question 2 Summary: Of the 840 total respondents, 774 (92%) answered the question and 66 (8%) skipped answering Question 2. Of those who answered, the four highest priority projects were Regional Street/Highway Improvements (40%); Robbins Island Improvements (35%); Community Center (32%); and Civic Center Improvements (30%). The four lowest scoring projects were Downtown Multi-Family Workforce Housing (9%); Becker Avenue Development Plan (11%); Emergency Services Regional Training Center (18%); and Swansson Field Improvements (19%).

Note: It can be assumed that many respondent’s answers would change if they knew more about what each project involved. Please keep in mind the purpose of the survey was to help gauge preliminary voter support for the listed projects.

Please refer to Appendix B for a copy of the written comments received in the “other” category on Question 2.

Figure C and Table C shows the survey responses from the individuals who selected if they resided “In the City of Willmar” (on question 1 on the survey) regarding their priority projects.

Figure C:
Question Two Results (Willmar Residents Only)

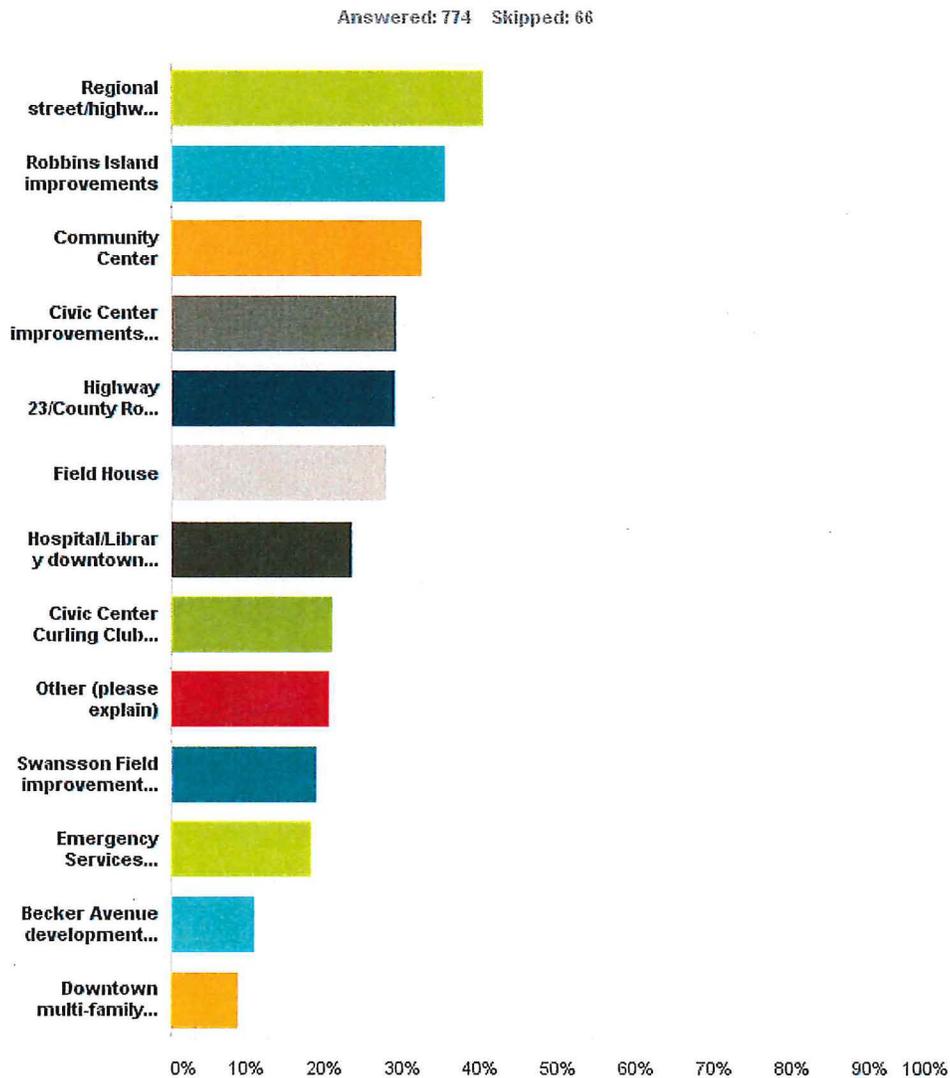


Table C:
Question 2 Results (Willmar Residents Only)

Answer Options	Response	Response
	Percent	Count
Regional street/highway improvements	42.8%	203
Robbins Island improvements	39.7%	188
Community Center	38.0%	180
Civic Center improvements (i.e., refrigeration)	31.9%	151
Field House	31.9%	151
Highway 23/County Road 5 overpass (Wye Project)	27.6%	131
Hospital/Library downtown parking structure	24.5%	116
Swansson Field improvement (i.e., lighting)	22.6%	107
Other (please explain)	20.9%	99
Civic Center Curling Club addition	20.5%	97
Emergency Services Regional Training Center	17.7%	84
Becker Avenue development plan	11.8%	56
Downtown multi-family workforce housing	10.8%	51
<i>answered question</i>		474
<i>skipped question</i>		39

Question 2 Summary – Willmar Residents Only: Of the 513 Willmar residents who took the online survey, 474 (92%) answered the question and 39 (8%) skipped answering Question 2. Of those who answered, the four highest priority projects were Regional Street/Highway Improvements (43% - up 3% from the total group); Robbins Island Improvements (40% - up 5% from the total group); Community Center (32% - up 6% from the total group). The Civic Center Improvements (32% up 2% from the total group) and Field House (32% - up 4% from the total group) were tied for the fourth highest priority. The four lowest scoring projects were Downtown Multi-Family Workforce Housing (11% - up 2% from the total group); Becker Avenue Development Plan (12% - up 1% from the total group); Emergency Services Regional Training Center (18% - tied with the total group); and “Other” projects (21% - up 1% from the total group).

Notice the percentages of priority ranking projects are overall very similar from Table B (total survey population) and Table C (Willmar respondents only).

Question 3: Please select a primary funding source for the projects you selected...

Figure D:
Question 3 Survey Results (bar chart)

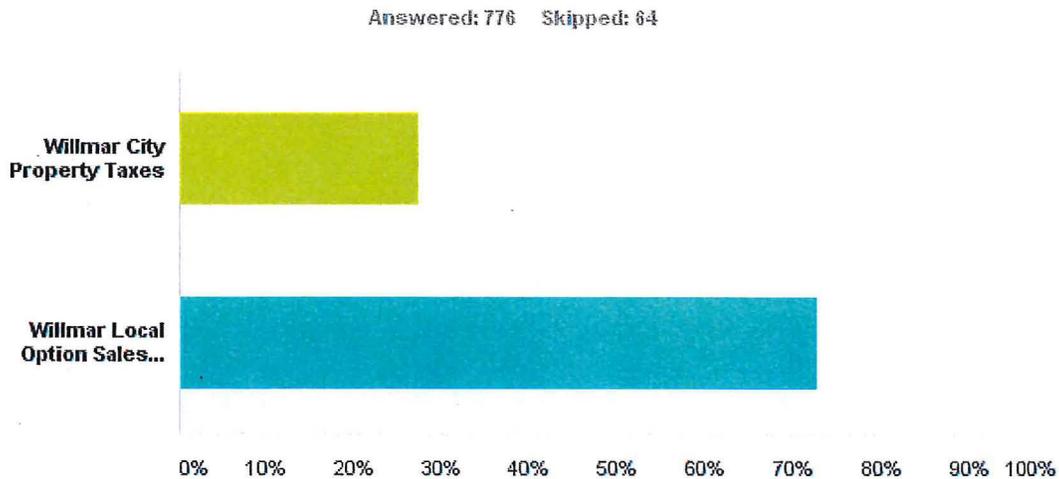


Table D:
Question 3 Survey Results (actual statistics)

Answer Options	Response	Response
	Percent	Count
Willmar City Property Taxes	27.3%	212
Willmar Local Option Sales Tax (0.5%)	72.7%	564
	<i>answered question</i>	776
	<i>skipped question</i>	64

Question 3 Summary: Of the 840 total respondents, 776 (92%) answered the question and 64 (8%) skipped answering Question 3. Of the 776 respondents who answered the question, 564 (73%) favored using a Willmar Location Option Sales Tax (0.5%) compared to 212 (27%) respondents favoring using Willmar City Property Taxes.

Figure E and Table E shows the survey responses from the individuals who selected if they resided “In the City of Willmar” (on question 1 on the survey) regarding their main source of funding preference.

Figure E:
Question 3 Survey Results (Willmar Residents Only)

Answered: 475 Skipped: 38

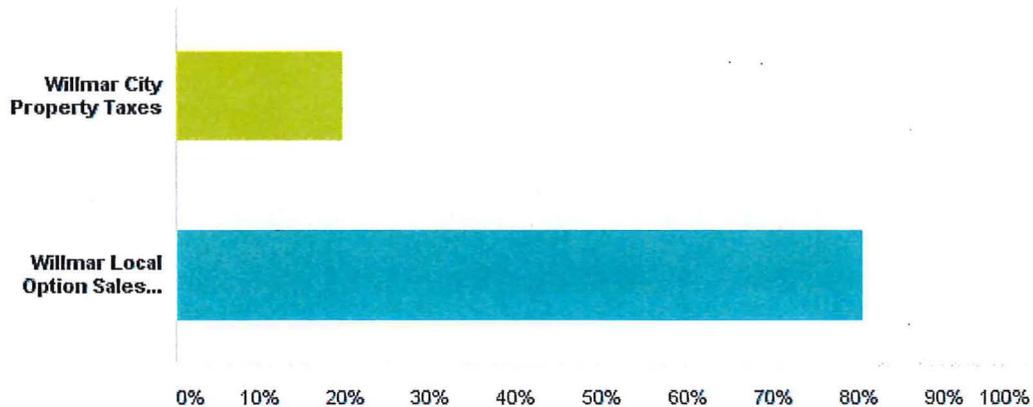


Table E:
Question 3 Survey Results (Willmar Residents Only)

Answer Options	Response	Response
	Percent	Count
Willmar City Property Taxes	19.6%	93
Willmar Local Option Sales Tax (0.5%)	80.4%	382
	<i>answered question</i>	475
	<i>skipped question</i>	38

Question 3 Summary – Willmar Residents Only: Of the 513 Willmar residents who took the online survey, 475 (93%) answered the question and 39 (7%) skipped answering Question 3. Of those who answered, 382 (80% - an increase of 7%) favored using a Willmar Location Option Sales Tax (0.5%) compared to 93 (20% - a decrease of 7% from the total population) respondents favoring using Willmar City Property Taxes.

Question 4: Please enter your home zip code. Thank you for your participation!

*Table F:
Question 4 Results*

<i>Zip Code</i>	<i>Quantity</i>	<i>General Location</i>
56201	554	City of Willmar
56288	54	City of Spicer
56273	23	City of New London
56282	13	City of Raymond
56209	12	City of Atwater
56251	9	City of Kandiyohi
56279	9	City of Pennock
56216	8	City of Blomkest
56252	8	City of Kerkhoven
55355	6	City of Litchfield
56222	4	Clara City
56253	4	City of Lake Lillian
56281	4	City of Prinsburg
56289	4	City of Sunburg
Miscellaneous	75	1-3 responses by various zip codes
Skipped	53	No zip code entered
Total	840	

Appendix A:

Willmar City Council Listening Sessions Press Release



WILLMAR

City Administrator

City Office Building
333 SW 6th Street
PO Box 755
Willmar, MN 56201
320-214-5160
Fax: 320-235-4917
www.willmarmn.gov

Press Release

May 12, 2016

Who: All interested Willmar Area Residents
What: Facilitated conversation about potential projects to be funded by a potential Willmar Local Option Sales Tax
When: Tuesday, May 24, 2016, 1:00-2:30 p.m. and 7:00-8:30 p.m.
Where: Willmar Area Community Center, 624 Highway 71 N, Willmar, MN 56201
Why: To identify projects of Regional Significance

The City Council will host a facilitated conversation with area residents. This is an opportunity for residents to share their ideas on regionally significant capital projects which could potentially be funded by a ½ percent local option sales tax. Projects considered eligible are those used by a broader audience than just City of Willmar residents. Projects might include recreational facilities, arts and culture amenities, infrastructure and public buildings.

Willmar is a thriving regional center where people live, work, play, learn and prosper. Please come and share your ideas, your vision and priorities for the next two to ten years.

Respectfully,

Larry Kruse
City Administrator

Appendix B:

Willmar Survey

“Other” Written Responses and Summary Highlights

Willmar Regional Projects Survey Question Two 'Other' Written Comments

"Which of the following projects do you think should be pursued in the City of Willmar?"

1	Community Center should be similar to what Redwood Falls did.
2	Robbins Island improvements should be adding infrastructure such as four season recreational opportunities and an amphitheater.
3	Invest in technology necessary to allow for mixed recycling in Kandiyohi county. I'd support Robbins island project IF it was a significant improvement. Sad that a city of 20,000+ residents surrounded by lakes has a beach within walking distance with nary a person there, ever.
4	None. I'm sick of every government entity raising my taxes.
5	Please do not throw money into downtown. It has already been taken over. Downtown multi-family workforce housing development...what is that code for? Becker Ave development plan...No thanks.
6	apartments for Young Professionals moving the area
7	Streets in Willmar that are in bad shape
8	Items listed above apply to only a small number of citizens of Willmar and attributing dollars to winter specialty sports is not fiscally responsible for all Willmar citizens. I DO NOT support hockey OR curling because of the small number of people that would use the facility.
9	Projects that do more than just updates that should have been done or are planned.
10	<p>Needed in the Community Center would be an indoor playground for children to use in the wintertime or on rainy days. This was taken out of the city auditorium when the shooting range was reconfigured.</p> <p>Investments need to be made in our park systems...surrounding communities have parks that parents talk about visiting-Litchfield, Montevideo, Redwood Falls, and even Spicer. The parks in Willmar are numerous but the equipment was aging and now has been removed with many parks far off on the process of being updated! Trees need to be planted in the parks to provide shade for children and parents. Many parks do not even have benches for people to sit on and relax and enjoy the views or even trash cans! Maybe Robbins Island can truly be a spot to visit. Mankato has a free zoo as part of their park and plenty of shade and picnic tables and benches.</p> <p>The Civic Center Refrigeration should have been budgeted for as well as the park improvements but these things have been allowed to get run down.</p> <p>City representatives and EDC should work with Mills to get them to sell their blighted properties both downtown and on 1st street.</p> <p>Housing development would be greatly appreciated especially lower income housing.</p>
11	City of Willmar street maintenance
12	Unlike a lot of people (apparently) I believe that more taxes are not evil. What is evil (OK, not right) is inefficient use of my money I give for taxes. I do not feel that a local option tax is regressive like a vocal Council Person, but gets those using the services from out of town to help pay for the improvements. Thank You.
13	none

Willmar Regional Projects Survey Question Two 'Other' Written Comments

"Which of the following projects do you think should be pursued in the City of Willmar?"

14	I oppose the sales tax. I sometimes shop in Willmar. Shouldn't the city find good ways to fund needed projects without adding a sales tax?
15	NONE! No Local option Sales Tax!
16	NONE
17	None
18	I think 2/3 of your suggestions should be canned. Street and highway should be first. We throw too much money into sports and rec in this town. Then maybe get firestorm street cleaned up. Slow down traffic on 19th and first. People drive way over speed limit in there big suburban cadalliacs. Walking trails area that feels safe would be nice.
19	Bicycle and pedestrian access Beautification
20	improvements on existing parks. Willmar has many wonderful parks and in the 70's, 80's and 90's these parks were well maintained and well used. they seem to be slipping away now. lets maintain the park system in Willmar
21	Upgrade the parks
22	With the repairs needed for Senior Center. Rec in Jefferson building and school close vote on field house. Why couldn't we combine them into one new structure. Sell off the other two and put money towards new one. Have the facility be able to host basketball and volleyball tourneys as they bring a lot of money into community. And indoor track for high school kids to train. old people can walk in the day. Place for sports to use, baseball, golf, tennis etc. when bad weather. Better athletics/better schools/ better recruiting for businesses to families. Better economy.
23	All parks
24	none, the average income in Willmar is low, people can't afford more unnecessary spending.
25	Why wouldn't a community center be combined with a field house project? Seems like the best solution for a facility that could be widely used by all.
26	Roads need major repairs
27	I would like to see an expansion on the Civic Center to make a regional Community center with a Fieldhouse so can be used as a multi-purpose facility.
28	I do not feel that I am familiar enough with the need for each of these projects and I don't want to answer and skew the data.
29	None, we pay enough in taxes.
30	College housing
31	bike trails in and around the city
32	Finish the bicycle trails around the city More and better tennis courts. Continue i.e. Supporting the major resurgence in tennis by sponsoring youth programs and developing more for tennis and adults. Tennis competitions.
33	Why are we looking for reasons to raise taxes?!? Use the funds available.
34	I think a community/rec center attached to the Civic Center would be a wonderful addition to this community. We also need funding on reserve for the maintenance of all these items listed.
35	Splash pad, improvement on parks for kids of all ages

Willmar Regional Projects Survey Question Two 'Other' Written Comments

"Which of the following projects do you think should be pursued in the City of Willmar?"

36	No Tax!
37	I do not support this tax. These unnecessary projects (unnecessary because we already have many of the above titled options i.e. multiple community centers) can be addressed without adding an additional tax. The present taxes are already being harshly felt by the community. Why is there not an option in the 3rd question for a "none of these" or "other & please explain"? Why do I have to pick where I'm taxed? How about an option for me to vote for no extra tax?
38	None of these projects are important or urgent to the community or region, most are unnecessary and wasteful. I do not support the adoption of a local sales tax; it's disgusting that your "survey" doesn't even make that an option. As such this is little more than a push poll sponsored by local government to impose their narrow minded agenda onto residents. This "survey" is a sham. Do you want the projects paid for with property tax or sales tax money? Neither!!! (And that's not an allowed option even!)
39	Fix the roads. They are awful and I can't afford to replace my wheel bearings every couple months.
40	I think it folly to try come up with a project so you can levy a tax on people. Putting the cart before the horse. Do your job and come up with the project before you decide to tax!!!
41	I am not in favor of adding many tax-payer funded building projects at this time, as we have many good buildings in this town that are not being utilized to their maximum potential.
42	City wages are 80% of your budget, fix that so you have more than 20% to work with in a year. Are all the positions in the city needed? Forty six million in standby now, after taxes are collected back up over 50 million again?
43	No sales tax. Only way I would vote if 100% goes to roads and street and all homestead properties would be eligible
44	Why do we have to do any of these things?
45	Fund projects that dont have another source of funding.
46	Road repair
47	Street repair
48	Our streets need to be fixed before we worry about better ice for the hockey players! I will not support any such frivolous spending when our streets are in such disrepair!
49	have no voice in this matter but live near willmar - but still have to the tax because of zip code for item purchased on line
50	none
51	It should be for something that improves quality of life for everyone not a specific group like hockey or baseball which use is seasonal. Go for walk in sw willmar the sidewalks ate very unsafe.
52	This past winter, my kids and a few of their friends wanted to go do something fun. It was too cold to play outside for long, so we thought we could do something in town. Our options...bowling, the Y or a movie. The bowling alley charges way too much for what you get. If you're lucky, the equipment might work. That place needs a major overhaul. The Y? We are members, so we've been there done that. A lot. So, to the movies we went for a mere \$60. Willmar needs somewhere fun and affordable for kids to play during the colder months.

Willmar Regional Projects Survey Question Two 'Other' Written Comments

"Which of the following projects do you think should be pursued in the City of Willmar?"

53	Civic Center activities attract people from all around. Roads are important for business development.
54	None! Our low income people can't afford it and we don't need any of these!
55	Not a city of Willmar resident
56	None. Why decide you need a new sales tax first and then try to find something to do with it?
57	I would like to see a Community/Rec Center added to the Civic Center with WCER offices attached (similar to auditorium when Rec offices were attached to facility) and have WCER staff operate, schedule, and oversee adult senior programming, spring shows, concerts, and kids weekend tournaments....A multi-purpose facilities and programs w activities the Y does not offer that bring people into our community which will grow our tax base when they frequent our businesses and spend \$.....Sell or re develop Jefferson building and the old Elks club this will reduce costs.....If we need some CER staff in Willmar they can office at WEAC or Garfield. When city, school private and nonprofit groups work together and have vision we can grow which increases tax revenue.....LOST is the tool to use the people that don't live in Willmar can help us pay some of the bills and upgrades.....We a are a regional center let's invest in a facility and NOT put a million \$ into an old buildings w no historical value.... When we bring people to our community we get tax revenue! Thank you for all you are doing!
58	Do not implement the tax. We need to live within our means.
59	Sell the blue line to the curling club then build a new sheet that can be used in the summer.
60	None.
61	Multi-Purpose Community Center connected to the Civic Center....We have concessions, parking, staff, land HS right next door! Develop this complex/site!
62	How about letting us keep our hard earned money. Reduce a few people in every department and use that money to repair out streets. We have too much City government as well as State and Federal.
63	13th and 14th Streets SE are really bad; big potholes. In-city streets need improvement. Use the old Mills bldg standing empty for the homeless and others needing shelter for a night or two. GET RID OF TERRIBLE-LOOKING PROPERTIES ON HWY. 12 COMING INTO WILLMAR FROM THE EAST. SO RUNDOWN THAT NO ONE SHOULD BE LIVING IN THEM. SOME ARE EMPTY AND FALLING APART. RELATIVES AND FRIENDS COMING INTO TOWN THAT WAY THINK WILLMAR IS REALLY A POOR LITTLE TOWN.
64	No Sales Tax!!! Let's wait and see what Kandiyohi County does first!!
65	None
66	A dedicated curling arena.
67	With County Road 5 being redone, and 85 percent of the work done on the 4 lane. Expand the last two miles to the west and build all 4 ramps from 5 to hwy 23!!!
68	When we spend tax payers \$'s I feel the projects that are not infrastructure related need to be multi-purpose and reach as many user groups as possible which is why I pick the Community/Rec Center over the Field house and Curling Center...I am not against the field house but the voters voted NO to the field house last year so I don't see that project getting passed in fact I feel it will be the reason this LOST gets voted down if it ends up on the ballot. A large Community/Recreational Center could be multi-purpose and reach many

Willmar Regional Projects Survey Question Two 'Other' Written Comments

"Which of the following projects do you think should be pursued in the City of Willmar?"

	groups....The seniors would support the Community/Rec Center and it can be used for many adult and youth programs along with shows and concerts that bring people to Willmar adding tax revenue to our budget. My biggest concern with adding another sheet of ice (Curling Ice) is the operational costs to run three sheets and who is going to pay for that and staff it if its only designated for one user group? I don't think it is fair to the tax payers to spend that kind of \$\$ to build and that kind of \$\$ to operate for one specific group....We are stretching our ice season with the new group (Junior Hockey) coming in and they can work to grow their #'s with the added fall ice we have available and if they grow then in 5 years we can re-visit adding another ice sheet to cover the operational costs....If we spend tax payers \$'s for one specific user group then every program is going to want their own facility and where does it end if we start doing that? We really need to build Multi-purpose facilities that can be converted into other uses if we spend tax payers \$'s. Thank You!
69	More funding for Willmar Police Department for additional new vehicles, proper equipment and possibly another k-9 officer with all needed gear AND extra officers! This should be funded using Willmar Property Taxes and partially from a Local Option Sales Tax. The City of Willmar needs more officers far worse than any of the other things listed above.
70	Civic Center/Blue line center only benefits a small number of people (i.e. Hockey and Curling) otherwise it is largely unused. The whole city shouldn't have to pay for a structure that is only geared towards those people. Do something that will benefit the community (fix the streets on the schedule you said you were going to fix and not delay because your buddies say that they don't need their street repaired) at large and not gear my tax dollars spent in Willmar towards special interest groups.
71	This field house would allow year round running, walking and recreation. This project would benefit ALL of the residents of Willmar. The other projects (lighting, civic center, etc...) only benefit a small group of people that use those facilities for specific things.
72	A "Y" on the overpass on the west side of town. This would allow traffic, pedestrians, and bikers a safe way from one side of the tracks to the other. Right now you need to go all the way down to first street to get this accomplished. Also we could then stop the 10th street crossing and have a lot less train whistles....since you asked, this is just an idea :)
73	Isn't Hwy 23/Co 5 a State or County project? That's the only one on the list I would consider supporting a tax for.
74	I would like to see more bike trails and on street bike routes in Willmar. Robbins Island should be enhanced as well. It would be nice to have a facility to offer rentals such as kayaks, canoes, cross country skis, etc. The community center/fieldhouse in my mind are the same facility and would be good for the community.
75	Football/Soccer Stadium at High School. Two pieces of field turf.
76	no new taxes
77	I would like to see an addition to the Willmar Civic Center to include a field house. I think making it a multi-use facility of that stature would allow us to host regional events that can generate quite a bit of revenue for the city, and depending on the size of the events, even local businesses. Thanks.
78	Parks made for all ages. Baby swings to toddler stairs to slides. Rice park is perfect but it would be great not having to cross 1st Street to get to a kid friendly park. The one on 4th St SE or the park across from the YMCA would be great.
79	Lighting at Kennedy Soccer field

Willmar Regional Projects Survey Question Two 'Other' Written Comments

"Which of the following projects do you think should be pursued in the City of Willmar?"

80	updated park structures
81	Look to Redwood Falls - they have an awesome community center. Be sure there are meeting facilities included also!
82	#1 Road improvement!!!
83	none
84	I do not have enough information to make an educated decision. I would leave that decision to staff and elected officials.
85	Fix the pothole/cobblestone streets in the City of Willmar.
86	More things for kids
87	Continued improvements to bike and walking trails, especially widening to make more usable.
88	More law enforcement and equipment. Particularly to address the ever-growing drug problems that are often brushed under the rug by city officials.
89	Continue to pursue plans that encourage the use facilities and differentiate Willmar from other small to mid-size cities.
90	Frankly, I do not think the city of Willmar has any control over the tax monies they get. Tax and spend, tax and spend. No improvements anywhere, just new vehicles for city employees.
91	I am not aware of the details of all of these proposed projects making it more difficult to judge potential value. I feel like Willmar would benefit from some type of town center whether that be downtown or Robbins Island or other. It lacks a central location that builds a sense of community or a central gathering place. I don't feel like the information provided indicates well where a LOST tax is applied.
92	None
93	None. Honestly, if you add an additional city sales tax, I will simply order more and more of my purchases on line. They charge no extra sales tax, the item is shipped right to my door. We have simply got to CUT spending!
94	No TAX!!!
95	A park improvement with fountain and band shell for live music at Rice Park or something aesthetically inviting near first street similar to Litchfield's park. Willmar is a dump of uninviting looks and feel and needs something to attract businesses and law abiding citizens who would be willing to make it look like a place you'd want to shop or visit. In the past 30 years, I can't think of many improvements that do that, except the Stingers field. The mall leaves lots to be desired, downtown is not so interesting. We definitely need something to attract visitors who come to the lakes to want to come to town too. Look at Litchfield, and especially Alexandria, who have thriving businesses to attract shoppers and non-chain bar/restaurants to enjoy unique atmospheres. Willmar seems uninviting and backwards in its efforts to attract positive attention.
96	Take care of the parks in town please.
97	Football/soccer stadium by Civic Center with two fields of field turf. One of stadiums has a bubble over it.
98	Add a football/soccer stadium by civic center and two fields of field turf. One of the fields should be bubbled.
99	Field turf stadium and extra field with a bubble for winter use. soccer, golf, etc.
100	Noise Abatement at Railroad Crossings at 7th and 10th Streets.

Willmar Regional Projects Survey Question Two 'Other' Written Comments

"Which of the following projects do you think should be pursued in the City of Willmar?"

101	Field turf football and soccer fields. Bubble over one of the fields for winter use or poor weather use.
102	Field turf
103	I would like to see improvements made to Robbins Island. I think it would be great to have a Boathouse where people can rent canoes, kayaks, paddleboards, etc.
104	The City of Willmar can pursue any project they like...as long as they DO NOT try and fill their pockets with an increase in local sales tax. If they want to improve their city - fund it like all the other cities have to - property tax, grants, & loans. Besides who can say what they will spend the money on once they have it in their bank account. Wrong way to do this - PROJECT first then vote if we want to support and pay for it.
105	Bike trails
106	A field house with indoor soccer facilities could generate a solid income with leagues running all winter. If it was multipurpose (soccer field, basketball court, etc.) it could be multi-dimensional. Soccer is one thing that all the cultures in Willmar have in common.
107	Not sure we need any of these
108	Robbins Island should be a focus for the community. We need an amphitheater, boat rentals, cross country ski and snowshoe rentals, destination playground, etc. We need to improve the amenities at the park to draw people to the park. We should also have a combined Community Center and Fieldhouse. This would be a great asset for the region. I don't think we should pay for things like refrigeration, roads, etc. that should be included in the city's budget. We need to improve our amenities to draw key professionals into our community.
109	Something regional...the only thing regionally used in this list would be the hospital/library - but they both have ample parking.
110	No!!!!!!!!!!!!!! To question 3 as well! What an unfair poll, shame on you for your manipulative efforts
111	Please do not count downtown street parking as a viable solution. It is hard to find a street parking spot downtown and the public parking lot by the library fills up as well.
112	None of the above. If the city desires it--pay out of CITY ONLY revenue. No tax on outsiders!!!
113	Performing Arts Center
114	As a member of the curling club, we could help bring in more visitors to the area with a larger facility equaling bigger draws to larger events. As someone who works quite frequently at Rice hospital I think parking is almost atrocious for a facility if this size. Not to mention the craziness at times of children not paying attention when going from the city parking lot to the library.
115	Projects should be addressed; but I am not in favor of a LOST again.
116	Working toilets at the parks and more frequent garbage collection at parks. Finish splash pad. City beautification such as more art, flowers in front of the businesses. Class for downtown business owners on making attractive and welcoming window displays and storefronts. More benches around town.
117	None

Willmar Regional Projects Survey Question Two 'Other' Written Comments

"Which of the following projects do you think should be pursued in the City of Willmar?"

118	No Tax
119	Do not need City Sales Tax
120	Hospital /Library parking structure should include new City Hall plus retail space on main level, including Lakes Area Dental Office. Housing should be at Mills block with underground parking and more retail space main level. Selvig Park is extended Glacial Lakes Trail which is part of Becker Avenue development plan. This will bring a whole new opportunity for biking and walking. Parking, housing and trails--all meet regional significance. The other projects listed should be funded with tax funding in a comprehensive, visionary plan over several years.
121	None. Learn to live with the high taxes we already have
122	There doesn't appear to be enough time to do it right and trying to force/rush it through just because, will lead to failure and also hurts the chances for next time. No solid numbers, no solid direction, no plan and no council consensus.
123	I believe a combination of items could maximize the available dollars. Combining a community center / field house / curling / third sheet of ice could all be done in conjunction at a lower cost than addressing all of them independently. In addition, I think that a high profile, highly visible project has a greater chance of getting to the ballot and getting approved.
124	Streets
125	City streets
126	It would be nice to setup fund for assisting Investors to Build Multi Unit Housing
127	NONE
128	More pet friendly projects. Similar to Sioux Falls, SD. A thriving city- full of pet friendly rental housing, parks with play areas and walking trails- all pet friendly and maintained. Shopping and eating with outdoor patio areas that are pet friendly. Outdoor recreation areas that welcome pets as well as people- Family friendly activity areas- mini-golf, bean-bag toss, horse shoes, etc... rentals like paddle boards, boats, and the like at the lake parks like Robbins Island, A nice area developed for farmers markets, crafters, etc (similar to Thurs on First in Rochester-MN) Urban gardens for families, anything to make the community thrive. I lived away and have been many places and it is sad to see Willmar so behind the times in making the community grow, and thrive. There is very little draw to attract people, families and businesses here and keep them here.
129	We don't need more money wasted on our downtown area as we've wasted enough taxpayer money there already. Putting this into the proposal will ensure that the local sales tax option gets voted down.
130	Just those that benefit the citizens of Willmar. We shop at least once a week in Willmar but don't feel we should be taxed for something we won't use. If this sales tax is adopted we will most likely shop elsewhere.
131	Better baseball field complex to host more tournaments. These tournaments bring in a lot of business to the community which will help the health of the economy here in Willmar! Maybe an expansion of Bill Taunton field. Better concessions and additional Baseball fields!

Willmar Regional Projects Survey Question Two 'Other' Written Comments

"Which of the following projects do you think should be pursued in the City of Willmar?"

132	Fix our streets. We do not need more bike paths when we neglect our streets. Stop spending money we do not have. The jobs you want to create are minimum wage jobs so let us stop dreaming and be realistic. Vision 40 sucks.
133	Are you kidding? How about not raising taxes and finding an alternative way to fund? Maybe less government housing, welfare, etc.
134	None as why should I pay for your projects I will not be shopping in your fair town I hope my local businesses step up and have better sales
135	None
136	Orange field needs major upgrades if the stingers are taking the main field
137	Develop a position for Park Manager and a system to care for the parks and trails in the area. The lakes, trails, and Parks in the Willmar area are full of garbage! Partner with the Corrections System and have those that pick up recycling also pick up garbage.
138	park improvements
139	None no tax
140	Move WRAC 8 to the field house/community center area - spend some money at Swanson field along with grant money as this is a regional park now.
141	Improvements to the bypass lane on County 23 at County 9 are needed. It is too narrow, the edges are crumbling, and it is not at the same level as the road.
142	Resurface the Glacial Lk trail- from civic Ctr. to Spicer!! It has sooooo many bad spots!
143	None drop the tax idea
144	Library drive through and drop off box. I always have my books/cds/dvds waiting for me to pick. Parking 1/2 block or more from door in the middle of winter or heat of summer is difficult for me and for others that are challenged trying to get around. I'm in the library less than 2 minutes and a drive through would allow others who aren't currently accessing the library because of physical constraints would benefit many, especially if they learned how to navigate the how-to's of such a benefit.
145 Nothing! And to #3 = Neither! ... AKA NONE OF THE ABOVE.
146	Please make a winterized version of the yellow bike program, where we can use the new revenue to buy pizza ranch's old yellow cars--and litter them throughout the region for people to borrow and use as they wish and need. The bike program is fantastic, but the seasons of Minnesota really demand a more comprehensive approach that includes winter friendly options like distinctive yellow cars. Lastly, since I'm poor and don't own a home, I don't pay any property taxes -- so I think that this would work best if it were assessed on property taxes, so I can both literally and figuratively get a "free ride"!
147	Add a football/soccer stadium by civic center and two fields of field turf. One of the fields to be bubbled.
148	None...where is the option for a "No tax/No property tax" box? This is a loaded bias survey! Why is the field house even on this, it was voted down last year by the property owners! Focus on maintaining what you have built already...repair the streets, establish a repair and maintenance fund for city buildings so they don't fall into disrepair. Willmar replaces city cars and trucks regularly and you don't see any rust on them. Why does the city buildings leak rainwater and need so much repair that they need torn down and rebuilt? Because the city isn't doing its job of maintaining what they have already. Why should we build more stuff you guys aren't going to take care of? You asked...

Willmar Regional Projects Survey Question Two 'Other' Written Comments

"Which of the following projects do you think should be pursued in the City of Willmar?"

149	I am not in favor of the tax!
150	Soccer complex similar to the one in Mankato, funded by city, Jenni-O Stores, Willmar local Option Sale tax and Minnesota and National Youth soccer associations
151	Have the community center combined with the field house so there are opportunities for all ages there and activities during the daytime
152	People are sick of being taxed to death! Why are small towns able to accomplish so much more with the tax \$'s that they have?
153	The refrigeration at Civic Center was already in the budget, so what is going on that you would ask if we should put money towards it??! Also, we are now paying bigger taxes to pay for a new school. Not a good time to go back to this excessive sales tax. Therefor I think that question 3 is not valid question. In order for this survey to be seen, I'm FORCED to mark one. No increase in any taxes currently!
154	A new mayor, if it passes, paid for with his reputation (not with our taxes). Number 3 is neither option....
155	If the community center is rebuilt, I do not want it to build a lot of weight rooms and exercise equipment that will compete with the YMCA. We as community members supported that institution. I do not want the city to compete, especially when you do not pay to support the current community center with a director.
156	City street repairs.

Willmar Survey Question 2 “Other” Comments Highlights

- 32 respondents said no to all new taxes. An additional 9 respondents said no specifically to the local options sales tax. One other person said was not opposed to new taxes, but not at this time. Need to build support before attempt.
- 11 respondents simply answered none. It is likely that most likely meant no new taxes, but it cannot be ruled out that they meant no comments or something else.
- 18 mentioned the need for street improvements. An additional 3 respondents specifically mentioned projects related to the Willmar Wye project.
- 17 respondents mentioned the need to improve parks. Of this number, 6 respondents discussed projects for Robbins Island Park in particular. There were other responses not shown in the tally that highlighted baseball field needs.
- 9 respondents mentioned trail needs.
- There were 10 respondents that mentioned that a community center needs to be combined with a field house. The structure needs to be multi-purpose. 10 other respondents mentioned the need for a field house alone, while 5 mentioned the need for a community center alone.
- 3 respondents mentioned housing as a need.
- Many comments were made opposing particular projects on the list.
- A few projects were mentioned that were not part of the list of suggestions..



★ WILLMAR

City Administrator

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Fax: 320-235-4917
www.willmarmn.gov

Date: June 1, 2016
To: Finance Committee - City Council
From: Larry Kruse, City Administrator *JK*
Re: Donation Protocols

The City of Willmar has a history of accepting and managing donations for community projects. Willmar has a strong track record managing long-term endowments such as the Selvig Park Fund and short-term one-time small efforts for a project, purpose or cause. Like most cities, managing donations for the common good of the community is second nature for us. Donation management is a priority for us as is maintaining the trust of the people we serve. As some questions have been voiced questioning the City's protocol for managing donations, I have reviewed several years of donations and found no irregularities. Donated funds were receipted, acknowledged by Council resolution, audited and thank you letters mailed to donors. The City to my knowledge has never had a complaint from a donor on our donation or implementation process.

The City's financials are audited annually, whereby the auditors look for security weaknesses in our accounting, internal controls and management processes. The City's auditor has given the City their unqualified opinion stating the City's finances fairly represent the City's finances. The auditors also provide a management letter on items to improve on and the management of donations has never been mentioned.

The benefit to the City managing donations intended for a City purpose is that we graciously receive the money and there is no administrative charge against those funds. Whereas foundations charges management fees to handle donations and they often don't want to manage small gifts or small capital campaigns, whereas the City does it all at no cost.

The following Minnesota State law passed in 1949 regulates gifts to cities:

465.03 GIFTS TO MUNICIPALITIES.

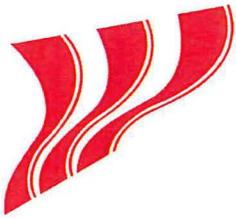
Any city, county, school district or town may accept a grant or devise of real or personal property and maintain such property for the benefit of its citizens in accordance with the terms prescribed by the donor. Nothing herein shall authorize such acceptance or use for religious or sectarian purposes. Every such acceptance shall be by resolution of the governing body adopted by a two-thirds majority of its members, expressing such terms in full.

The donation protocol is for the Clerk to receipt funds and the finance department codes those donations into an account whereby they are tracked. A prompt letter of thanks is mailed to the donor by the City Administrator acknowledging the gift on City stationary, noting the amount and purpose.

Recently we added the till receipt when possible along with the letter. The Department Director is informed of the availability of funds for the designated purpose and they proceed with the project or designated purpose. The City Administrator brings donations forth quarterly for the Council to publically approve by resolution and again to thank the donor. Active donation projects like other city projects are regularly reviewed at weekly staff meetings until completed.

Historically donations are routine in nature for generally acceptable purposes. An example of this would be a \$250 donation for fire department gloves. On occasion, someone may propose to donate something the City may not want or would require future maintenance or spending. An example of this would be the Rule Tire Building, which was donated to the City for \$1. The City had to tear down a dilapidated building at a cost to taxpayers. On those occasions staff would bring those forward seeking direction from the Council prior to drafting a resolution of acceptance.

Based on my thirty years of experience as a City Manager, I find the City of Willmar practices in managing donations exemplary. I believe all donors are satisfied with documentation and donation management. We as staff will continue the traditions of excellent management of donations ever grateful for the trust donors give to us!



WILLMAR

City Administrator

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Main Number 320-214-5160
Fax Number 320-235-4917

COUNCIL ACTION REQUEST

DATE: June 9, 2016

SUBJECT: Transition expense – Appraiser I

RECOMMENDATION: It is respectfully requested the City Council consider the following recommendation:

Subject to support by the AFSCME Union to acknowledge a special circumstance regarding the abolishing of the Assessing Department and pay Brenda Vander Pol, Appraiser I her accumulated sick leave and further to pay Ms. Vander Pol a lump sum of \$4,338 to compensate for the differential in City/County health insurance.

BACKGROUND: The City Council will abolish the Assessing Department effective July 4, 2016. Pursuant to the Labor contract it requires the City to meet and negotiate with the Union when a pending layoff occurs.

After the Council took action to abolish the department, staff met with AFSCME regarding the Appraiser I, Brenda Vander Pol whereby they requested she be paid out her 42 hours of accumulated sick leave. Further, as Ms. Vander Pol transitions to the County, her health insurance costs will increase \$482 per month. Although Ms. Vander Pol's deductible will decrease and she will have improved coverage, the reduction in deductible provides no benefit to Ms. Vander Pol unless her family incurred additional medical expense.

Ms. Vander Pol has decided to accept a position with the County. The City Council is under no obligation to provide additional assistance, however, it was agreed the City Administrator would make a recommendation based on this unusual circumstance to pay Ms. Vander Pol for accumulated sick leave and to meet the Union half way and pay up to \$241 per month for 18 months in a lump sum either directly to her or into a her tax deferred account.

FINANCIAL CONSIDERATION: The cost for 18 months at \$241 is \$4,338. Forty-two hours of sick leave at \$18 per hour equals \$756 plus payroll tax.

Department/Responsible Party: Larry Kruse, City Administrator