

## FINANCE COMMITTEE

### MINUTES

The Finance Committee of the Willmar City Council met on Monday, January 27, 2014, in Conference Room No. 1 at the City Office Building.

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

Others present: Finance Director Steve Okins; Planning & Development Director Bruce Peterson, City Clerk Kevin Halliday; Rice Hospital CEO Mike Schramm; Rice Hospital CFO Bill Fenske; Public Works Superintendent Scott Ledebor.

#### Item No. 1      Call to Order

The meeting was called to order by Chair Anderson at 4:45 p.m.

#### Item No. 2      Public Comments

There were no comments from the public.

#### Item No. 3      Rice Memorial Hospital 2013 Report (Information)

Bill Fenske, CFO of Rice Hospital, presented the committee with the 2013 Financial Report, which reflects a net operating loss of \$2,870,499 as of December 31. Inpatient volumes are stable but the hospital continues to see lower outpatient volumes. Discussion included accounts receivable issues, the shift in Payer Mix to more governmental sources and less commercial sources, and efforts to recruit more specialized physicians for the hospital, particularly orthopedists. This matter was received for information.

#### Item No. 4      Lakeland Drive Bike Path Consultant/Budget (Resolutions - 2)

Staff explained to the committee that should the Council wish to pursue the Lakeland Drive Bike Path Project, nineteen parcels of property need to be appraised to purchase easements to construct the designed bike path along this street. Noting the limited number of available appraisers in the area, a proposal was received from William Latham Real Estate, Inc., for these consultant services totaling \$29,500. It is proposed that Local Option Sales Tax Funds be used for this contract.

Following discussion, Council Member Fagerlie made a motion, seconded by Council Member Nelsen, to introduce a resolution to approve the consultant services contract for the Lakeland Drive Bike Path Project Property Appraisals with William Latham Real Estate, Inc., for \$29,500. The motion carried.

Staff then presented the Preliminary Lakeland Drive Bike Path Project Budget for Easement Acquisition to the Committee totaling \$70,000. Of this amount, \$29,500 is for Professional Services for the required property appraisals just discussed. The other \$40,500 is the estimated cost of the easements required for constructing the bike path.

Following discussion, Council Member Nelsen made a motion, seconded by Council Member Johnson, to introduce a resolution to approve the Preliminary Lakeland Drive Bike Path Project Budget for Easement Acquisition in the amount of \$70,000. The motion carried.

Item No. 5      Robbins Island Trail Project 1304 Budget Amendment (Resolution)

Staff presented the proposed revisions to the Robbins Island Trail Project 1304 Budget. The project budget has not been amended since before bids were taken and needs to be revised to reflect actual costs. Bids came in considerable higher than anticipated and the State of Minnesota has agreed to cover 80% of the bid costs for the project with federal grant dollars. Total construction costs are estimated at \$260,000. The project bid was \$251,986 but due to the addition and deletion of items in the project, there will be approximately \$8,000 of additional costs that will need to be borne by the City. The Local Option Sales Tax Fund will be used for the entire City portion with Federal grants funding the remainder.

Following discussion, Council Member Nelsen made a motion, seconded by Council Member Fagerlie, to introduce a resolution to approve the Amended Robbins Island Trail Project 1304 Budget as presented. The motion carried.

Item No. 6      Public Works Snow Equipment (Motion)

Staff presented a request to purchase two trucks with snow removal equipment to replace two of the current fleet. The two new trucks would be equipped with plows and dump bodies for a total cost of \$333,568.48 which includes tax and license fees. There is a trade value of \$49,000 that would be credited at the time of delivery. The Capital Improvements Program for 2014 included \$320,000 for both trucks. Hours and mileage on the old trucks was provided to the committee by Public Works Superintendent Scott Ledebor.

Following discussion, Council Member Fagerlie made a motion, seconded by Council Member Johnson, to approve the purchase of two new Public Works trucks with snow equipment as presented. The motion carried.

Item No. 7      Public Works Oil Distributor Equipment (Motion)

Staff presented a request to purchase a trailer-mounted oil distributor used by Public Works for street patching. The existing equipment is in need of replacement and it is being proposed that a 300-gallon trailer-mounted unit be purchased in the amount of \$41,296 from Stepp Manufacturing. The 2014 Capital Improvement Program included \$187,427 to replace the existing 1,000-gallon truck-mounted unit. Public Works Superintendent Ledebor explained that with the truck-mounted rig, they are required to drive to Chaska, Minnesota, to pick up the product, which has a lengthy shelf-life. With the trailer mounted rig, the product can be obtained from the local MnDOT station, but that product has a shelf-life of only a couple of weeks. Both products are equally effective in patching streets. The existing truck, which is 24 years old, would be disposed by selling it on the state governmental website.

Following discussion, Council Member Fagerlie made a motion, seconded by Council Member Nelsen, to approve the purchase of the trailer-mounted oil distributor for \$41,296 from Stepp Manufacturing. The motion carried.

Item No. 8      Reports (Information)

The Committee received the following reports: 12/31/13 Cash/Investments Portfolio; 3<sup>rd</sup> Quarter Investment Activity; 2013 Interest/Dividends by Institution; 10-Year Investments History By Quarter; 10-Year Interest/Dividends History By Quarter; December, 2013, Rice Trust; and 2013 Kandiyohi Area Transit. This matter was taken for information only.

Item No. 9      Other Business (Information)

There being no further business to come before the committee the meeting was adjourned at 5:50 p.m. on a motion by Council Member Nelsen, seconded by Council Member Johnson.

Respectfully submitted,

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

Carol Cunningham  
Accounting Supervisor