

**FINANCE COMMITTEE REPORT
CITY OF WILLMAR
MONDAY, FEBRUARY 13, 2012**

The Finance Committee of the Willmar City Council met at 4:45 p.m. on Monday, February 13, 2012, in Conference Room #1 at the City Office Building. Chair Denis Anderson called the meeting to order.

Members Present:	Denis Anderson	.....	Chair
	Rick Fagerlie	.....	Vice Chair
	Tim Johnson	.....	Member
	Jim Dokken	.....	Member
	Charlene Stevens	.....	City Administrator
	Steve Okins	.....	City Finance Director

Others present included Marv Calvin, Fire Chief, Bruce DeBlieck, City Council, Frank Yanish, Mayor, Jill Bengtson, Willmar HRA; Ron Mehl, Dominion Management Services; Frank Hogan, Dougherty & Company; and David Little, West Central Tribune.

Item No. 1 – Willmar/Kandiyohi County Conduit Financing Request – Dominion Development Project (Information)

The Committee again reviewed and discussed an Application for Tax-Exempt Financing from Dominion for \$13.948 million of tax-exempt bonds to finance the acquisition and rehabilitation of Eagle Ridge, Somerset and Waters Edge Apartments. Ron Mehl of Dominion provided a brief overview of these three complexes and the proposed plan for financing and rehabilitation. Part of this project would be to upgrade housing for low and moderate income families and part would be for acquisition of the properties.

The HRA staff and Dominion representatives were still working on an agreed amount of units that would qualify for the section 8 voucher system. HRA staff would like to see approximately 40% of the units qualify and Dominion was indicating that their position was somewhere in the 25% range. The committee discussed the importance of the 40% requirement to preserve work force housing stock in the community since the project was not providing additional employment and or large tax base growth. Direction was then given to the HRA staff and Dominion to continue to work on resolving any differences so the project would be able to move forward in the process. The HRA Board has already approved this project and it is required by Federal Tax Law that the City approve the issuance of bonds by the HRA. It was noted that these Conduit Tax-Exempt Revenue Bonds are secured by revenue from the project and there is no obligation for the City or HRA to repay the bonds. Further, these bonds will not be considered a debt or indebtedness of the Willmar HRA or the City of Willmar and will not affect general credit. This matter was taken for information only.

Item No. 2 – Custodian Service Agreements (Resolution)

Staff presented a recommendation to award multiple contracts for custodial services to Service Master. The contracts would provide custodial services at City Buildings, at the Community and Activity Center, window cleaning at City Buildings and floor cleaning at the WWTF, Fire Department and City Hall.

The recommendation was due to the vacancy of one full-time custodial position and per the direction of the City Council. The process used consisted of requesting proposals from various custodial needs including; window cleaning, floor cleaning and general custodial services at various City buildings. Staff then reviewed each proposal based on cost, experience, expertise and references noted.

Funding for the four contracts would be funds originally appropriated for the custodial position at the Community Center and partial professional service appropriations from the Fire Department Budget. It was then moved seconded and passed for the following recommendation;

RECOMMENDATION: To introduce a resolution to award 4 contracts to Service master and amend the budget accordingly.

Item No. 3 – 2012 Street Improvement Preliminary Budget & Intent to Reimburse

Staff presented a proposed preliminary Budget for the 2012 Street Improvement Program as was recommended by the City Public Works/Safety committee. Funding would come from a variety of sources such as Local Option Sales Tax proceeds, MUC, County, State and General Obligation Assessment Bonds. As customary, due to the City incurring some eligible costs prior to the sale of bonds, the city would also have to take action to pass a resolution indicating its' intent to reimburse for this costs. It was then moved seconded and passed for the following two recommendations;

RECOMMENDATION: To introduce a resolution setting the 2012 Street Improvement Preliminary Budget at \$2,737,000.

RECOMMENDATION: To introduce a resolution establishing procedures to comply with reimbursement bond regulations.

Item No. 4 – Vehicle/Equipment Replacement Schedule and Policy (Resolution)

The committee reviewed a recommendation to amend the Equipment Replacement Schedule and adopt the revised Vehicle/Equipment Policy.

Staff explained that a Vehicle/Equipment Committee consisting of the Fire Chief, Police Chief, Finance Director and Public Works Director was formed to review the need of all City vehicles and to update the City's Equipment Replacement Schedule and Vehicle/Equipment Policy. The goals of the committee was to make an unbiased determination of the needs for all vehicles listed on the Schedule and determine if the City's Fleet was adequate as for as number of vehicles as well as type of equipment needed for each department's users.

The committee came up with the following recommendations; that 15 pieces of equipment be eliminated and sold at the spring 2012 auction, reassigning 9 vehicles as "general use" vehicles which can be checked out and used by any City employee for City business, and that the schedule be reviewed annually as part of the budgeting process by the committee.

The cost savings for equipment replacement in 2012 totals \$ 281,652 with an additional estimated savings of \$1,400 for insurance and licensing. It was then moved seconded and passed for the following recommendation;

RECOMMENDATION: To introduce a resolution to adopt the Vehicle/Equipment Replacement Schedule and Policy as amended.

Item No. 5 – Willmar Disc. Golfers Donation (Resolution)

Staff informed the committee that the Willmar Area Disc Golfers as donated \$590 to the city for improvements to the disc golf facilities at Robbins Island. The money would assist the city in the placement of a second pin placement at each hole (9) and possibly benches for players who are waiting as well. It was then moved seconded and passed for the following recommendation;

RECOMMENDATION: To introduce a resolution accepting the donation of \$590, amending the budget accordingly and sending a letter of appreciation to Association.

Item No. 6 – Fire Department Donation (Resolution)

Staff informed the committee that the Willmar Fire Department has received a donation of \$140.00 from Fancy Coats Pet Grooming and Inn for the purchase of pet life kits. It was then moved seconded and passed for the following recommendation;

RECOMMENDATION: To introduce a resolution accepting the donation of \$140, amending the budget accordingly and sending a letter of appreciation to Fancy Coats Pet Grooming and Inn.

Item No. 7 – Rice Hospital Advance Refunding

Staff distributed the final offering documents for the Rice Memorial Hospital advance G.O. Revenue bonds. The final closing on the advance refunding is scheduled to take place on February 28, 2012 with an estimated savings of slightly over \$7.1 million. Final numbers will be presented to the committee and the Hospital Board after the closing on the 28th. This was for information only.

Item No. 8 – Tax Exempt Government Bond Procedures/Policy (Resolution)

Staff presented written procedures and policies to ensure that interest on all bonds issued by the City remains tax-exempt.

The city has been doing all actions required to maintain the tax-exempt status of all interest, but has not had formal written procedures or policies explaining the requirements. By adopting the procedures and policy document as submitted, the City would now have formal documentation to comply with sections 103 and 140 to 150 of the Internal Revenue code of 1986. It was then moved seconded and passed for the following recommendation;

RECOMMENDATION: To introduce a resolution approving Post-Issuance compliance procedure and Policy for Tax-Exempt Government Bonds.

There being no further business to come before the Committee, the meeting was adjourned at 5:50 p.m. upon motion by Council Member Fagerlie, seconded by Council Member Johnson, and carried.

Respectfully submitted,

Steven B. Okins
Finance Director