

**FINANCE COMMITTEE REPORT
CITY OF WILLMAR
MONDAY, APRIL 22, 2013**

The Finance Committee of the Willmar City Council met at 4:45 p.m. on Monday, April 22, 2013, in Conference Room No. 1 at the City Office Building. Chair Denis Anderson called the meeting to order.

Members Present:	Denis Anderson	.....	Chair
	Tim Johnson	.....	Vice-Chair
	Rick Fagerlie	.....	Member
	Audrey Nelsen	.....	Member
	Charlene Stevens	.....	City Administrator
	Steve Okins	.....	City Finance Director
	Kevin Halliday	.....	City Clerk Treasurer

Others present included Kathy Aho of Springsted, Inc., Josh Halvorson of Donohue & Associates, West Central Tribune Journalist David Little and Accounting Supervisor Carol Cunningham.

Item No. 1 – Public Comment

Chair Anderson acknowledged that no one present wished to address the Committee at this time.

Item No. 2 – Statutory Municipal Liability Coverage Limits (Resolution)

Staff presented details of the current statutory tort liability limits to the extent of the coverage purchased from the League of Minnesota Cities Insurance Trust. A decision must be made annually whether to waive the limits.

If the City does not waive the statutory tort limits, an individual claimant would be able to recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total which all claimants would be able to recover in a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. If the City waives the statutory tort limits and purchases excess liability coverage, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.

Staff was recommending not to waive the statutory tort limits at this time. Following discussion, it was moved by Council Member Nelsen, seconded by Council Member Johnson, and passed to make the following:

RECOMMENDATION: to introduce a resolution stating the City will not waive the statutory tort limits.

Item No. 3 – Western Collector Financing Amended Budget (1 Motion and 1 Resolution)

Kathy Aho of Springsted, Inc., explained to the Committee that funds are available through the State of Minnesota’s Public Facilities Authority (PFA) for the City of Willmar to obtain a WIF Grant for a portion of the Western Collector project. By accepting this grant, the City would be required to fund a

reserve based on sewage flows and follow additional reporting requirements with PFA. It was being recommended that the City take this WIF Grant and proceed with the financing schedule. Current estimates show this project qualifies for a PFA loan of \$1,886,812 and a PFA Grant of \$763,205. After discussion, it was moved, by Council Member Nelsen, seconded by Council Member Fagerlie, and passed for the following:

RECOMMENDATION: To make a motion to accept the WIF Grant and borrow the lower amount.

It was then moved by Council Member Fagerlie, seconded by Council Member Nelsen and passed for the following:

RECOMMENDATION: To introduce a resolution to adopt the financing schedule for the Western Collector Project, introduce the ordinance, and order a public hearing for May 20, 2013.

Item No. 4 – Waste Treatment Rate Discussion (Information)

Staff presented the Wastewater Utility Rate Study to the Committee again, explaining that several financing alternatives have been explored, including the WIF Grant for the Western Collector that the Committee just recommended. Capital expenditures, not operational costs, are driving the rate increases as well as a significant reduction in consumer usage. It was also reported that Eagle Lake rate issues have currently been resolved. Council Member Fagerlie asked about the possibility of increasing the meter charge to ensure more stable revenue. After extensive discussion, it was determined that Springsted, Inc., would update the rate information utilizing higher meter rates and bring the rate structure back to the Finance Committee at the May 13, 2013 Meeting.

Item No. 5 – 2013 Street Improvement Financing (4 Resolutions)

Kathy Aho of Springsted, Inc., presented information to the Committee regarding the proposed 2013 Street Improvement Program financing. Bonds would be issued for \$1.95 million with interest rates projected at approximately 1.5%. After discussion, it was moved, by Council Member Fagerlie, seconded by Council Member Nelsen, and passed for the following:

RECOMMENDATION: To introduce a resolution to introduce the ordinance and call for a public hearing on May 20, 2013.

The final budget for Project 1301 was presented to the Committee for review and approval. After discussion, it was then moved by Council Member Nelsen, seconded by Council Member Johnson and passed for the following:

RECOMMENDATION: To introduce a resolution adopting the Final Budget for Project 1301 under the 2013 Street Improvement Program.

The final budget for Project 1303 was presented to the Committee for review and approval. After discussion, it was then moved by Council Member Fagerlie, seconded by Council Member Johnson and passed for the following:

RECOMMENDATION: To introduce a resolution adopting the Final Budget for Project 1303 under the 2013 Street Improvement Program.

The final budget for Project 1305 was presented to the Committee for review and approval. After discussion, it was then moved by Council Member Fagerlie, seconded by Council Member Nelsen and passed for the following:

RECOMMENDATION: To introduce a resolution adopting the Final Budget for Project 1305 under the 2013 Street Improvement Program.

Item No. 6 – Ten-Year Street Program – Debt Funding History Presentation

Finance Director Okins presented information to the Committee regarding the Ten-Year Street Program. Debt Service Funds are established to collect special assessments and disburse principal and interest payments. The Community Investment Fund was first established in 1990 to fund the City's portion of street work after special assessments are applied. The Public Works Fund was established in 2010 to be used for infrastructure/street work and is funded by a utility fee which is currently at \$4/customer. It was also noted that the State Legislature is seeking to authorize cities to create Street Maintenance Districts and impose fees to plan and fund street upkeep. After considerable discussion, members noted that the current street assessment policy should be reviewed. This matter was for information only.

Item No. 7 – Reports (Information)

The Committee received the following reports: 1st Quarter General Fund; 1st Quarter Investment & Interest Activity; 1st Quarter Rice Trust; and March, Rice Trust. It was noted that City Clerk Halliday was attempting to contact Bremer Bank regarding the possibility of the City receiving 2.6% interest on funds deposited there, similar to Library and County funds. This matter was taken for information only.

Item No. 8 – Miscellany (Information)

Council Member Johnson asked about insuring against law enforcement violations of data privacy which has gained concern across the state. Administrator Stevens stated that staff has taken steps to tighten up policy and procedures and educate employees to deter future violations. This matter was for information only.

There being no further business to come before the Committee, the meeting was adjourned at 5:55 p.m. upon motion by Council Member Johnson, second by Council Member Nelsen, and carried.

Respectfully submitted,

Carol Cunningham
Accounting Supervisor