

**FINANCE COMMITTEE REPORT  
CITY OF WILLMAR  
WEDNESDAY, NOVEMBER 14, 2012**

The Finance Committee of the Willmar City Council met at 4:45 p.m. on Wednesday, November 14, 2012, in Conference Room No. 1 at the City Office Building. Chair Denis Anderson called the meeting to order.

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|------------------|------------------|-------|-----------------------|
| 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 Mayor Frank Yanish, Council Member Steve Ahmann, Council Member Bruce Deblieck, West Central Tribune Journalist David Little, and Accounting Supervisor Carol Cunningham.

**Item No. 1 – Public Comment**

Chair Anderson acknowledged that no one was present to address the committee at this time.

**Item No. 2 – Accept Project 1202 and Authorize Final Payment ( Resolution )**

Staff explained to the Committee that Project 1202, which was for the relocation of the water main at MN/DOT Headquarters, has been completed. Engineering staff has reviewed the construction on the project for conformance to the contract and has received the project closeout material to issue final payment on the project. It was noted that the Willmar Municipal Utilities will be reimbursing the City for the entire amount of the project. Staff recommends accepting Project 1202 and authorizing final payment to Ellingson Drainage, Inc. in the amount of \$30,243.99. Following discussion, it was moved by Council Member Fagerlie, seconded by Council Member Johnson and passed to make the following:

**RECOMMENDATION:** to introduce a resolution to accept Project 1202 and authorize the final payment to Ellingson Drainage, Inc., in the amount of \$30,243.99.

**Item No. 3 – LELS 2011 Back Pay Appropriation ( Resolution )**

Staff explained to the Committee that an interest arbitration award was received in August, 2012, for the Law Enforcement Labor Services, Inc., (LELS) and the City of Willmar for contract years 2011 and 2012. On November 5, 2012, the City Council approved by resolution the implementation of that wage award. As a result, the 2012 budget needs to be adjusted for the 2011 portion of wages/overtime in the amount of \$22,538.19 and staff is recommending appropriating this amount from Uncompensated Absences Fund Balance to 2012 Non-Departmental Wages/Overtime Expenses. Following discussion, it was moved by Council Member Fagerlie, seconded by Council Member Johnson and passed to make the following:

**RECOMMENDATION:** to introduce a resolution appropriating \$22,538.19 from Uncompensated Absences Fund Balance to the 2012 NonDepartmental Wages/Overtime Budget for the 2011 portion of police officers' back pay.

**Item No. 4 – Approve Willmar Municipal Utilities Agreement ( Resolution )**

Staff explained to the Committee that the current Intergovernmental Transfer Agreement with the Willmar Municipal Utilities (WMU), which required a transfer of 4.8% of the audited WMU net assets with an annual increase not to exceed 4%, expires December 31, 2012. The Finance Committee Chair, City Administrator and Finance Director have negotiated a new agreement for 2013 and 2014. This new agreement calls for a 4.9% transfer payment based upon the WMU's audited net assets as of January 1 of the previous year, with a cap not to exceed a 4% increase over the amount of the intergovernmental transfer for the previous year. Council Member Fagerlie inquired about the amount that WMU would be paying in property taxes as opposed to making this payment in lieu of taxes. Staff will research this information. Council Member Dokken had concerns about raising the rate. Following discussion, it was moved by Council Member Fagerlie, seconded by Council Member Johnson and passed, with Council Member Dokken abstaining, to make the following:

**RECOMMENDATION:** to introduce a resolution authorizing the Mayor and City Administrator to execute the Intergovernmental Transfer Agreement between the City of Willmar and the Willmar Municipal Utilities for 2013 and 2014 as presented with the rate of 4.9% of audited net assets.

**Items No. 5 and 6 – Willmar Baseball Boosters and Kandiyohi County Historical Society Allocations ( Motion)**

Staff reported to the Committee that the City Council has acted to fund the Baseball Boosters request for \$13,000 in the 2013 Budget and the Kandiyohi Historical Society request in the amount of \$1,000 per year for five years beginning in 2013. Council members have also proposed funding all or part of either or both allocations from the 2012 budget, thereby reducing costs in 2013 and eliminating on-going payments and tracking of the obligation. There are sufficient funds within the 2012 budget due to unspent funds, such as for salaries and/or professional services, that could be utilized to pay the allocations should the Finance Committee and City Council wish to make that recommendation. If both obligations were paid in full in 2012, the total cost would be \$18,000. Obligations could also be split over 2012 and 2013. Staff is looking for direction from the Finance Committee prior to the November 26<sup>th</sup> Budget Workshop. Following discussion, it was moved by Council Member Fagerlie, seconded by Council Member Dokken and passed to make the following:

**RECOMMENDATION:** to make a motion to approve the full amount be paid as applicable to both organizations in 2012 for a total of \$18,000, which, broken down, constitutes \$13,000 to the Baseball Boosters and \$5,000 to the Historical Society.

### **Item No. 7 – Public Improvement Revolving Fund Possible Consolidation ( Resolution )**

Staff explained to the Committee that the Public Improvement Revolving (PIR) Fund was originally established many years ago with the intent to temporarily finance projects until such time as bond financing could be completed for the applicable project. As a result of the 2011 audit, it was a recommendation of Westberg & Eischens to consolidate this fund into the Community Investment Fund, thereby establishing a designated reserve for these PIR funds. Following discussion, it was moved by Council Member Johnson, seconded by Council Member Dokken and passed to make the following:

**RECOMMENDATION:** to introduce a resolution to abolish the Public Improvement Revolving Fund and designate it as a fund balance reserve in the Community Investment Fund.

### **Item No. 8 – Reports ( Information )**

The Committee reviewed the following reports for October 31, 2012: Local Option Sales Tax, CVB, and WRAC-8. This matter was for information only.

### **Item No. 9 – Future Agenda Items ( Information )**

Future agenda items scheduled for the Finance Committee Meeting on November 26, 2012, at 4 PM, include budget presentations by Rice Hospital and MUC. Other future agenda items include Fund Balance Discussion. A reminder also was given of the Council Work Session scheduled for 6 PM on Monday, November 19, 2012.

### **Item No. 10 – Miscellany**

**Senior Citizen Deferment Collections.** Staff requested direction from the Finance Committee regarding the two parcels with unpaid senior citizen deferments that the Council previously voted for collection. There were concerns whether to send a notice now to each property owner that the deferments are due and payable or if the real estate tax statements sent in 2013 were adequate notice. It was the consensus of the Finance Committee that a notice should be sent.

**Other.** Council Member Fagerlie inquired about the project occurring on 10<sup>th</sup> Street at the railroad tracks. Railroad ties are being replaced and bituminous is being put down. Council Member Fagerlie also inquired about the pending election for the vacant seat in Ward 4. Staff explained that the applicable process to be followed in this circumstance is scheduled to be discussed at the November 19, 2012, Council Meeting. This matter was for information only.

There being no further business to come before the Committee, the meeting was adjourned at 5:25 p.m. upon motion by Council Member Fagerlie, second by Council Member Dokken, and carried.

Respectfully submitted,

Carol Cunningham  
Accounting Supervisor