

FINANCE COMMITTEE

MINUTES

The Finance Committee of the City of Willmar met on Monday, February 9, 2015, in Conference Room No. 1 at the City Office Building.

Present: Denis Anderson Chair
Tim Johnson Vice-Chair
Rick Fagerlie Member
Jim Dokken Member

Others present: City Finance Director Steve Okins, City Administrator Charlene Stevens, MUC General Manager Wes Hompe, and MUC Finance Director Tim Hunstad.

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 Municipal Utilities Proposed Rate Increase (Motion)

MUC General Manager Wes Hompe and Finance Director Tim Hunstad presented to the Committee the MUC Cost of Service and Rate Design Study, as well as reviewed the process necessary to enact the rate increase.

The Cost of Service and Rate Design Study was previously distributed to the City Council and can be found electronically in the Council Agenda materials.

Following discussion, Council Member Fagerlie moved to set a Public Hearing for March 2, 2015, Council Member Dokken seconded the motion, which carried.

Item No. 4 Review of Forfeiture Asset Sales Distribution (Information Only)

Staff explained to the Committee the City of Willmar takes possession of forfeiture vehicles pursuant to District Court orders. The City Clerk's Office takes steps necessary to secure ownership of the asset and subsequently prepares to dispose of the asset at a City auction. Attached are the last four year's distribution details of the successful sales. The Willmar Police Department receives 70% of the net sales (-5% admin/advertising and -5% for the auctioneer) in all cases. The prosecuting attorney (City and County) receives either the remaining 30% or 20% if State Statute requires a 10% payment to the State Treasury and credited to the general fund. The proceeds forwarded to the prosecuting authority that handled the forfeiture must be "used as a supplement to its operating fund or similar fund for prosecutorial purposes". This matter was received for information only.

Item No. 5 Fire Department 2015 Budgetary Amendment (Resolution)

Staff explained to the Committee that in 2014, the Legislature passed into law the Volunteer Retention Stipend Aid Pilot Program whereby an annual stipend will be allotted to volunteer fire fighters and first responders to assist with recruitment and retention efforts. Willmar has been selected to be included in this pilot program. Volunteers who serve from January 1 to December 31, 2014, 2015, and 2016 will receive a payment of \$500 for each year in service.

As part of this program, The City is required to document its effectiveness in recruitment and retaining of volunteer staff to help ensure it is expanded statewide in three years. The three year funding to assist with recruitment and retention of volunteers for the Fire Department is: \$17,500 / 2015, \$20,000 / 2016-2017.

Following discussion, Council Member Fagerlie moved to introduce a Resolution to increase the Fire Department budget by \$17,500. Council Member Dokken seconded the motion, which carried.

Item No. 6 Preliminary Budget Presentation for the Westwood Court Lift Station Project (Resolution)

Staff introduced to the Committee a resolution to approve the recommended preliminary budget for the Westwood Court Lift Station project. The lift station replacement is scheduled in the City Wastewater Study that has been approved by the Council in previous years.

Following discussion, Council Member Fagerlie moved to approve the Resolution for the Preliminary Budget for the Westwood Court Lift Station Project of \$1,140,000. Council Member Dokken seconded the motion, which carried.

Item No. 7 Resolution of Intent to Reimburse-Westwood Court Lift Station(Resolution)

Prior to incurring costs on the Westwood Court Lift Station project, it is necessary that the Council adopt a Resolution of Intent to Reimburse. This will insure that the City will be reimbursed for project costs after the date of the resolution. It was staff's recommendation to adopt the resolution insuring that project costs are covered by the bond issue.

Following discussion, Council Member Fagerlie moved to approve the Resolution for the Intent to Reimburse the Westwood Court Lift Station Project of \$1,140,000. Council Member Dokken seconded the motion, which carried.

Item No. 8 Consideration of 2014 General Fund Departmental Budget Amendments (Information Only)

The City Council and Finance Committee have handled past departmental budgetary adjustments in one of two ways, either at the time of known adjustments or at the end of the year when unaudited numbers are available, normally the first part of March. Previous audits have indicated both are acceptable and need to be determined by the City Council. Adjustment alternatives have consisted of the following:

- A.) Appropriation of new revenues
- B.) Appropriating revenue surpluses
- C.) Covering with available appropriations (i.e. vacant positions from other departments)
- D.) Appropriation of assigned Emergency Fund balances

The City Council and Finance Committee should decide and direct staff as to the method of handling budget adjustments, and will be addressing this matter further at their March meeting.

The Legal Department overage was discussed at length and staff explained the annual costs for 2014 were \$81,500 over budget due to more than anticipated costs for Labor contracts, personnel issues for the Police Commission, and Cable Access franchise work. Legal costs in 2013 were \$263,434 and 2012 were \$235,564.

Item No. 9 Reports (Information Only)

The Committee reviewed and directed staff to place the following reports on file in the Finance Department.

- A.) October Rice Trust
- B.) November General Fund Departmental Report
- C.) November Rice Trust
- D.) 4th Quarter Investment Activity
- E.) December 31, Investment Portfolio
- F.) 10 Year Investment/Cash Quarterly Balances
- G.) 2014 Interest by Institution
- H.) 10 Year Interest Quarterly Earnings
- I.) 4th Quarter Rice Trust Activity
- J.) Preliminary 2014 General Fund Year End Summary Totals

Item No. 10 Old Business (Information)

There was no old business.

Item No. 11 New Business (Information)

There was no new business.

There being no further business to come before the Committee, the meeting was adjourned at 5:56 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steven B. Okins", written in a cursive style.

Steven B. Okins
Finance Director