

FINANCE COMMITTEE

MINUTES

The Finance Committee of the Willmar City Council met on Monday, September 8, 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: City Administrator Charlene Stevens, City Finance Director Steve Okins, Fire Chief Gary Hendrickson, Civic Center Manager Troy Ciernia, Mayor Frank Yanish, Council Member Bruce Deblieck, Council Member Jim Dokken, West Central Tribune Journalist David Little, and Accounting Supervisor Carol Cunningham.

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 Door Replacement Civic Center (Resolution)

Staff explained that there are nine locker room doors in the Cardinal Arena at the Civic Center that are in need of replacement. This project is budgeted for \$30,000 under the 2014 Capital Improvements Program. The lower of the two proposals received for this replacement is in the amount of \$23,738. It was noted that this project will replace original doors dating back to the initial construction of the Civic Center in the early 1980's.

Following discussion, Council Member Fagerlie moved to introduce a resolution authorizing the Mayor and City Administrator to execute the contract with Chester Contracting, Inc., to replace the Civic Center doors in the amount of \$23,738 as presented. Council Member Nelsen seconded the motion which carried.

Item No. 4 2015 Budget Discussion (Information)

A. Fund Balance

Staff reviewed the Fund Balance Policy with the Committee and noted that it currently states under *Part a of Section 5. Unassigned* " ...The City will maintain an unrestricted fund balance in the General fund of an amount not less than 100% of the next year's budgeted expenditures of the General fund...". Staff suggested this part be amended to reflect what the City has historically done, which is to maintain an unrestricted fund balance of "...not less than \$4,000,000 Working Capital, \$1,000,000 Self Insurance, and \$2,600,000 Stabilization...". An amended policy will be prepared and brought back to the Committee for approval. Projected 2015 Fund Balances were also briefly reviewed. Staff noted that the only funds available to use at the City's discretion is the WRAC-8 Fund Balance, however, a portion of that has already been earmarked for capital improvements.

B. Tax Levy History

Staff reviewed the 10-year history of the tax levy received as well as comparative property tax data reflecting similar size communities. Council Member Nelsen requested information on City tax rates versus County tax rates for the past ten years as well. Staff will research and compile this information. It was noted that the 2015 Tax Levy is required to be certified to Kandiyohi County by September 30, 2014. After considerable discussion, it was decided that the Finance Committee Meeting with Full Council should be scheduled for Monday, September 29, 2014, to enable approval of the tax levy within the required timeline. Chair Anderson would like to schedule a tour, prior to that meeting, for all Council Members to view the maintenance issues at all City properties. Staff will coordinate this effort.

C. Other Potential Revenue Sources

Fire Chief Gary Hendrickson presented information to the Committee regarding insurance-paid fire call charges. There were about 30 fire calls in 2013 where a property owner suffered some sort of property loss and the fire department was eligible for compensation under the fire department service charge, resulting in estimated revenue of \$15,000, based on the \$500 per call minimum. Estimated revenue to date for 2014 is \$6,500. It was noted that Alexandria, Brainerd, and Owatonna do not charge for these fire calls. Council Member Fagerlie spoke in favor of instituting this insurance-paid fire call charge of \$500.

Finance Director Okins provided the Committee with information from 2007 when the City had first discussed establishing a CenterPoint Energy franchise fee and noted that staff has contacted CenterPoint representatives for updated statistics for 2014. Based on the 2007 Analysis, the annual fee that would be paid to the City was approximately \$250,000. Staff will present the updated information once it is received from CenterPoint.

Staff also presented an estimate of debt service costs that would be incurred if the Council chooses to issue bonds to fund deferred maintenance costs. Based on the most recent bond issued in 2014, the cost for \$1,000,000 repaid over ten years would be \$133,356 in interest.

It was the consensus of the Committee that further Council discussion is needed regarding Pavement Management and deferred maintenance issues.

This matter was for information only.

Item No. 5 Old Business (Information)

There was no old business.

Item No. 6 New Business (Information)

There was no new business.

There being no further business to come before the Committee, the meeting was adjourned at 5:57 p.m.

Respectfully submitted,



Carol Cunningham
Accounting Supervisor