



## **CITY COUNCIL ANNUAL WORKSHOP REPORT**

Administrative Business Department

### **PURPOSE OF REPORT**

This report is intended to assist the Mayor, Council Members and other interested parties in understanding the purpose of the Administrative Business Department and a few of the functions, projects and activities that the Department materially participated in during 2019. The report is abbreviated and does not reflect;

1. The totality of the Department's accomplishments, activities or responsibilities.
2. The efforts expended by the Department on the activities.
3. The demands the activities placed on the Department's limited staffing, time and resources.

The Department does not take singular credit for any of the accomplishments documented herein as success was only achieved through significant collective efforts and contributions from numerous elected representatives, city personnel, community members and others.

### **THE DEPARTMENT'S MISSION, VISION and PRIMARY OBJECTIVE**

Our Mission is to work in partnership with the Mayor, City Council Members, all Departments and citizens to provide excellent service to our community.

Our Vision is excellence in the management of carefully garnered public resources.

Our Primary Objective is to provide financial management, information, and business products to policy makers, departments, agencies, investors and the community so they can have confidence in the City of Red Wing's government, make informed decisions, and achieve their intended results.

### **DEPARTMENT PERSONNEL**

The Department consists of 8 full-time employees and 1 part-time employee. They are Marshall Hallock C.P.A., Director; Sue Iverson (previously Keith Schlichting and Bethany Pope), Finance and Accounting Manager; Ron Seymour – Capital Investment Program Coordinator; Jeff Cunningham – Risk and Safety Coordinator; Donna Kujala, Accounting Specialist – Utility Billing; Dawn Ableidinger, Accounting Specialist – AR, AP, Assessments; Laurie Hoernemann – Employee Services Technician, a vacant Accountant position, and Lauri Johnson, our part-time Finance Aide.

### **PRIOR YEAR TOP 10 ACCOMPLISHMENTS**

#### **Most Significant**

1. Managed, with great assistance from other City Departments and personnel, the day-to-day, mundane and routine activities associated with the City's administration, finances and related activities. The activities were managed without material error or omission as a result

of the care, exacting standard, significant skill, planning, effort, and the altruistic, selfless commitment to excellence in service that our employees demonstrate – not by sheer luck or good fortune. These routine activities include but are by no means limited to: strategic planning, financial planning, capital planning, budget development and coordination, capital financing, debt management, TIF and abatement administration, financial reporting, auditing, maintenance of the City’s financial transactions, general ledger, fixed assets and infrastructure, investment management, cash management, deposits, contract administration, collections activities, assessments, ... issuing 100’s or 1,000’s of accounts receivables, warrants (checks), assessment searches, utility bills, utility auto pay drafts, ... processing numerous grants, reconciling over \$50 million in cash receipts....

### **Budget**

2. 2019 budget implementation, monitoring and reporting.
3. 2020 budget and 2020-2024 CIP development and coordination- significant efforts expended on continued improvements to the budget and CIP processes include complex and dynamic analysis, support and development efforts.

### **Financial Reporting**

4. Awarded the Certificate of Achievement for Excellence in Financial Reporting. For the 11<sup>th</sup> consecutive year the City was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (“GFOA”) for its 2018 Comprehensive Annual Financial Report (“CAFR”). The Certificate of Achievement for Excellence in Financial Reporting is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents an important and significant accomplishment by a government and its management. It reflects the commitment of the governing body and staff to meeting the highest principles of financial reporting.
5. Unqualified Audit Opinion Issued on 2018 CAFR. This is a “clean” audit opinion and the highest achievable.

### **Capital Financing**

6. General Obligation Disposal System Revenue Bonds, Series 2019A – \$5,955,000 General Obligation (GO) Disposal System Revenue Bonds, Series 2019A were issued to finance construction and equipment acquisitions at the Solid Waste Campus.
7. Vogel Harbor and Levee Park Riverboat Dockage and Promenade Improvements. Ron Seymour serves as the project manager for this project as Engineering’s and Public Work’s staffing are stretched too thin. In collaboration with others, and despite tremendous difficulties that were experienced with lengthy periods of flooding, significant progress was made on the project in 2019 and project completion is scheduled for the summer of 2020.

### **Legislative and Regulatory/Policy Advocacy**

8. Legislative and Regulatory Activities –
  - a. Fiscal Health. Monitored and reported on the State legislative developments related to and impacting the City’s fiscal health. Participated in numerous policy development

committees and legislative activities with the League of Minnesota Cities, Coalition of Greater Minnesota Cities and Coalition of Utility Cities to assist in developing and shaping State tax and fiscal policy.

- b. State bond appropriation awards for the City capital improvement projects. Participated in continued efforts to secure state financing for projects of regional significance. In 2019 the City was successfully included within the House's bonding bill at \$4,817,000 for the Sturgeon Lake Rail Grade Separation Project. Unfortunately the Senate did not pass a bonding bill so no bonding bill crossed the finish line. We continue to work to position our bonding requests for success and inclusion in future State capital investment bills.
- c. Stranded Spent Nuclear Fuel. Participated in efforts to promote federal and state policy action regarding the stranded spent nuclear fuel ("SNF") issue. Included working with City Council members monitoring and participating in NRC and other proceedings including the PUC's Triennial Review and Integrated Resource Planning.

### **Risk Management and Safety**

- 9. Finalized the June 7, 2017 Waste Campus fire claim in December 2019. The claim totaled \$4,957,147 less the \$10,000 per occurrence deductible.
- 10. Finalized the August 27, 2018 storm damage claim in December 2019. The claim totaled \$456,794 less the \$10,000 per occurrence deductible. The majority of this damage was sustained at the FBO Hangar at the Red Wing Regional Airport.
- 11. Established consistency in respirator fit-testing procedure across the organization, implemented new OSHA protocols and updated systems to improve testing efficiencies.

### **Other**

Finance participated in varying capacities and degrees in the following efforts.

- 12. Capital Improvement Plan Improvements. Efforts to improve the process have been ongoing and are being integrated into the CIP process.
- 13. Software and Systems were improved by staff with Bethany's tutelage and significant efforts.
  - a. The City's finance system (Springbrook) was migrated to the latest-greatest-current cloud version of the software. This successful migration culminated what had been a frustrating multi-year process.
  - b. PSN was implemented which provides the opportunity to pay utility bills online by various means including by credit card. PNS will enhance customers' options for paying utility bills and will provide a future platform for conveniently paying other fees for goods or services.
  - c. Employee Self-Serve is being rolled out which will provide employees the convenience of requesting leave, accessing payroll data, and tax documents while improving organizational efficiencies and promoting sustainable practices.
  - d. Implemented changes to penalties and late fees which drastically reduced the number of issued utility late notices and costs associated with such (>\$5,000).
- 14. Participated in efforts to provide expanded employment benefit options (additional health insurance plan) and to minimize the escalation in health insurance benefit costs.

--- This section is left blank intentionally ---

GRANTS AWARDED	AWARD	PURPOSE
Flexible Surface Transportation Program	\$737,763	Spring Creek Rd intersection fed funding added as advance construct
Single- Sort Recycling	\$250,000	Develop, educate and initiate single sort recycling
Local Trail Connections	\$150,000	Red Wing Riverfront Local Trail Connection Project
Regional Trails	\$250,000	Riverfront Trail Segment 3, Barn Bluff Regional Park to Colvill Park
Total	\$1,387,763	

ADMINISTRATIVE BUSINESS DEPARTMENT METRICS -	2016	2017	2018	2019
Number of active funds managed	105	107	122	115
Number of accounts receivable invoices issued	3,721	3,864	4,081	4,115
Number of warrants (checks) issued	6,227	6,249	6,612	6,158
Number of assessment searches conducted	636	605	527	644
Number of new assessment rolls added	7	9	5	4
Number of new individual assessments added	235	385	145	158
Number of miscellaneous assessment notice letters issued	287	272	281	263
Number of ambulance bills	2,275	2,107	2,333	2,490
Ambulance funds - revenue recapture/collections	\$ 35,012	\$ 40,689	\$ 35,031	\$ 37,438
Ambulance funds – total revenue recapture/collections	\$ 513,294	\$ 553,983	\$ 589,014	\$ 626,452
Ambulance funds – Collection Agency Collections	\$ 52,433	\$ 37,267	\$ 37,658	\$ 35,483
Ambulance funds – total Collection Agency Collections	\$ 1,367,058	\$ 1,404,325	\$ 1,441,983	\$ 1,477,466
Cash, Coin, Checks, Credit Cards, EFTs, ACHs reconciled/deposited	\$ 46,856,876	\$ 52,609,867	\$ 54,825,405	\$ 57,086,724
Number of utility bills issued	77,535	77,593	77,800	78,300
Value of utility bills issued	\$ 11,135,957	\$ 11,432,511	\$ 12,081,179	\$ 12,062,766
Number of new utility accounts opened	541	552	526	582
New utility auto-pay enrollees	260	222	286	193
Number of utility auto-pay drafts	21,674	22,900	24,561	25,347
Number of utility late notices issued	9,129	8,820	8,267	499
Number of W-2s Issued		342	404	358
Compensated Hours Tracked		446,811	471,863	475,503
Deferred Comp, Flexible Spending, HRA and PERA Accounts Managed		636	719	613
LMCIT - Property & Casualty Insurance - Annual Premium		\$ 299,916	\$ 323,114	\$ 322,875
LMCIT - Property & Casualty Insurance Claims Paid (as of 12/31/2019)		\$ 5,540,118	\$ 577,820	\$ 59,451
LMCIT - Workers' Compensation - Annual Premium (2019 non-audited)		\$ 309,687	\$ 343,376	\$ 453,783
LMCIT - Workers' Compensation Actual Incurred Claims (as of 9/30/2019)		\$ 493,998	\$ 220,793	\$ 30,848
Total Intergovernmental Revenue	\$ 5,878,620	\$ 6,069,508	\$ 7,082,531	TBD