

City of Winsted
City Council Special Work Session
Lewis Room
Tuesday, May 22, 2012
3:00 p.m.

Present: Mayor Steve Stotko
Council Member Tom Ollig
Council Member Bonnie Quast
Council Member Dave Mochinski
Council Member George Schulenberg

Staff Present: Brad Martens, City Administrator
Deborah R. Boelter, City Clerk-Treasurer

I. Call to Order

Mayor Stotko called the meeting to order at 3:00 p.m.

II. 2013 Budget

Mr. Martens stated that for the budget process for the year 2012, staff provided the City Council with a budget worksheet and asked them to complete the worksheet by providing items that they would like to see included and/or eliminated in the year 2012 budget. Mr. Martens stated that the City Council informed staff afterwards that they did not like the worksheet format.

Mr. Martens stated that for the budget process for the year 2013, staff made the decision to have a Work Session to discuss the proposed year 2013 budget with the City Council and to obtain input and direction on what items should be included in the preliminary planning process.

a) 2013 Budget Conditions

i. Local Government Aid (LGA) - 2013

Mr. Martens stated that in the year 2013, the State of Minnesota has indicated that cities with populations below 5,000 will be funded their LGA at the same amount that they received in the year 2012. The City of Winsted is scheduled to receive \$547,848 in the year 2012.

ii. Debt Levy - 2013

Mr. Martens stated that the City of Winsted is currently paying a debt payment of \$94,000 annually that will no longer need to be budgeted for in the year 2013. In the year 2013, a new debt payment of approximately \$37,000 annually will begin for the Westgate Improvement Project.

iii. Franchise Fees - 2013

Mr. Martens stated that in the year 2013, the City of Winsted will receive an additional \$12,000 in revenue due to franchise fees. In the year 2012, the City collected franchise fees for nine (9) months and in the year 2013 the City will collect franchise fees for twelve (12) months.

iv. Expenditures

Mr. Martens stated that several expenditures in the year 2012 budget will not be required in the year 2013 budget. They include:

1. \$8,000 for the City's 125th anniversary celebration.
2. \$13,000 for a server upgrade for the City.
3. \$4,000 for elections.

v. Property Tax Levy - 2013

Mr. Martens stated that the property taxes paid by the businesses in the City of Winsted have increased dramatically in the year 2012 due to the shift in the property taxes away from homestead properties.

Mr. Martens asked the City Council what direction they would like to see the property tax levy take in the year 2013. He continued by asking the City Council if they intend to reduce the year 2013 budget by a certain dollar amount or percentage amount. Mr. Martens stated that expenditures would need to be reduced by \$11,176 or additional revenue would be needed to reduce the property tax levy by one percent (1%).

Mayor Stotko asked the City Council if they are aware of any businesses in the City of Winsted that may close due to the large property tax increase.

Council Member Mochinski stated that if any businesses would be closing, he does not believe that they would bring it to the attention of the general public.

Council Member Quast stated that she had spoken with the Bayerls and they shared some concerns about what they would do with the space in their downtown building leased by Duebers if they would cease operations.

Mayor Stotko stated that he believes that the year 2013 property tax levy should not be decreased but have a zero percent (0%) increase.

Council Member Ollig stated that he did announce at a City Council meeting, and the Local Board of Appeal and Equalization meeting, that he would strive to reduce the year 2013 budget to help reduce the year 2013 property tax levy.

Council Member Ollig stated that his goal would be to reduce the year 2013 budget by five percent (5%).

Mayor Stotko stated that he does not want to see the City of Winsted operate like a rollercoaster from year-to-year by reducing the property tax levy one (1) year and then increasing it the next year, etcetera.

Council Member Ollig stated that he publically promised to reduce the year 2013 budget so it is his goal to try and do that.

Council Member Quast stated that she believes that the City Council needs to be diligent and help the business owners by reducing the year 2013 property tax levy.

Council Member Schulenberg stated that he would like to see the City Council do what they can to reduce the 2013 budget and property tax levy.

Mr. Martens stated that will take the City Council's input and direction at this Work Session and use it to prepare a preliminary budget for the year 2013. He continued by stating that the City Council can then make amendments to the proposed 2013 budget at future meetings.

b) Discussion Topics

i. Employee Compensation:

1. Discuss salary increase for employees in 2013

a) Three percent (3%) salary increase - 2012

Mr. Martens stated that the City Council adopted a three percent (3%) salary increase for employees in the year 2012 budget.

2. Discuss insurance benefits

a) Current Health Insurance - 2012

Mr. Martens stated that the City of Winsted currently pays for one hundred percent (100%) coverage for health insurance for the City's employees and eighty-five percent (85%) coverage for the employee's dependents.

b) Current Health Savings Account (H.S.A.) - 2012

Mr. Martens stated that the City of Winsted currently pays for fifty percent (50%) of the H.S.A. deductible for each employee. The amount is \$1,000 per year for a single employee with no dependents and \$2,000 per year for an employee with dependents.

Council Member Quast stated that she often receives comments from the business owners in the City of Winsted that the City's insurance benefits for its employees is very generous.

The City Council discussed the salaries, wages and insurance benefits of the City's employees in regards to the year 2013 budget.

The City Council directed Mr. Martens to complete a survey comparing the salaries, wages and insurance benefits that employees receive from other Minnesota cities comparable to the demographics of the City of Winsted and also surrounding communities.

ii. Department Budgets

Mr. Martens gave a brief overview of the following department budgets.

1. Mayor and City Council

2. Administration

3. Legal Counsel

4. Engineering

5. Police Department

a. Succession planning for the Chief's position

- i. The City Council discussed the possibility of succession planning for the Winsted Police Department.

Council Member Ollig gave a brief overview of the findings of the Budget Task Force regarding the future of the Winsted Police Department.

Council Member Ollig stated that it is more cost effective for the City to continue with the Winsted Police Department than to contract with the McLeod County Sheriff's Department for the same hours of coverage.

Council Member Ollig stated that he went into the Budget Task Force meetings believing that the City would have to eliminate the Police Department and contract with the McLeod County Sheriff's Department

to reduce cost in the City's budget; however, over the course of the Budget Task Force meetings, it was determined that it is more cost effective for the City to keep the Police Department and not contract with the McLeod County Sheriff's Department.

Council Member Mochinski stated that he would like to see the cross training done with a Police Officer that is currently employed by the City of Winsted. Mayor Stotko stated that some cross training is already being done by Chief Henrich.

6. Building Inspection Services

7. Public Works Department

8. Parks

9. Library

10. Water

Mr. Martens stated that he will be recommending a five percent (5%) increase in water rates for the year 2013.

11. Sewer

Mr. Martens stated that he will be recommending a five percent (5%) increase in sewer rates for the year 2013.

12. Airport

The City Council discussed the possibility of paving the existing turf runway.

13. Winsted Volunteer Fire Department

The City Council directed Mr. Martens to do some research on the participation of the firefighters in the current wellness program that is budgeted for annually in the Winsted Volunteer Fire Department Fund.

iii. Capital Improvement Plan (CIP)

1. Mr. Martens stated that the CIP is not sufficiently funded to pay for future equipment purchases for the City's Public Works Department and/or Police Department.
2. Mr. Martens stated that \$150,000 was budgeted in the General Fund in the year 2012 to be transferred to the CIP. He continued by stating that this same amount or more will need to be budgeted in the year 2013 to prepare for future equipment purchases by the Public Works Department and/or Police Department.

iv. Debt

1. Mr. Martens stated that the City's debt is currently manageable but should not be increased in order to avoid a lower bond rating.
2. Mr. Martens stated that the \$29,250 annual payment ends in the year 2018. The next payments end in the year 2028 and they include two (2) annual payments of \$54,000 and \$162,750.

3. Mr. Martens recommended that the City Council increase the annual CIP allotment for equipment and street improvements to reduce future debt needs.

v. Pavement Management Plan

1. Mr. Martens stated that the City cannot afford to fully fund the current Pavement Management Plan (PMP).
 - a. Mr. Martens stated that without bonding and increasing the City's debt levy, the City will not have the funding needed to complete the PMP's improvement projects beginning in the year 2016 and beyond.
 - b. Mr. Martens stated that to avoid increasing the debt levy with the current PMP, the City would need to set aside \$265,000 cash annually.
 - c. Mr. Martens stated that the City cannot afford the current PMP so he would like to work with the City's engineer to amend the PMP to extend it to one (1) that the City can afford. Mr. Martens stated that the PMP could be updated by amending the current Plan's designation from completing two (2) projects every three (3) years to completing one (1) project every other year.

The City Council discussed having the City's engineer amend the current PMP and they directed Mr. Martens to obtain a quote from the City's engineer on how much it would cost to amend the Plan and present it at a future City Council Work Session.

- d. Mr. Martens recommended establishing a CIP for street improvements in the year 2013 budget and begin designating cash for the proposed projects.
2. 2013 Special Projects
 - a. Mr. Martens stated that an Industrial Park Feasibility Study would cost approximately \$20,000.

The City Council discussed and would like to budget to have an Industrial Park Feasibility Study completed in the year 2013.
 - b. Other
 1. Mayor Stotko stated that he would like to see some type of funding mechanism implemented into the year 2013 budget to assist downtown businesses with building improvements and/or some other type of assistance.
 2. Council Member Quast stated that she would like to see funding in the year 2013 budget for improvements and/or new equipment at the existing Skate Park.
 3. Mayor Stotko stated that he would like to see funding in the year 2013 budget for a permanent Hockey Rink located somewhere in the City of Winsted. Mr. Martens stated that one (1) of the goals of the Park Commission is to identify a location for a permanent Hockey Rink and install it.

III. Other

a) City Signage

Council Member Quast stated that the Winsted business that is constructing the new park signage would like to donate the same type of signage for the City's buildings. They would include the Winsted Volunteer Fire Department's sign, the Public Works Department Facility's sign and/or other City buildings.

IV. Adjourn

Council Member Quast motioned to adjourn the meeting. Council Member Mochinski seconded the motion. Motion carried 5-0.

The meeting was adjourned at 4:20 p.m.

Steve Stotko

Steve Stotko
Mayor
City of Winsted

ATTEST:

Deborah R. Boelter

Deborah R. Boelter, MCMC
City Clerk-Treasurer
City of Winsted