

City of Winsted
City Council Special Work Session
Lewis Room
Thursday, May 28, 2015
12:00 p.m.

Present: Mayor Steve Stotko . *Temporary Acting City Administrator*
Council Member Bonita Quast
Council Member Tom Ollig
Council Member George Schulenberg
Council Member Max Fasching

Staff Present: Ms. Deborah R. Boelter, City Clerk-Treasurer
Mr. Shannon Sweeney, Finance Advisor

I. Call to Order

Mayor Stotko called the meeting to order at 12:00 p.m.

II. Wastewater Treatment Facility Improvement Project - Financing

The City of Winsted's Finance Advisor, Mr. Shannon Sweeney of David Drown Associates, presented a Preliminary Bond Schedule proposing financing options for the proposed Wastewater Treatment Facility (WWTF) Improvement Project. Mr. Sweeney also presented an analysis of the Sewer Fund detailing the proposed increase to sewer rates that will need to be implemented to fund the WWTF Improvement Project.

Mr. Sweeney stated that the Bond Schedule amortizes the principal over a period of twenty (20) years and phases in an average annual payment of approximately \$410,000 over the first three (3) years. This will provide an opportunity to implement annual rate increases as outlined in the Sewer Fund Financial Projection report.

Mr. Sweeney stated that both the Bond Schedule and the Sewer Fund Financial Projection report are preliminary for the purpose of initiating discussion on bond structure and sanitary sewer rates. He continued by stating that it is important for the City Council to understand where the sanitary sewer utility rate is in the year 2015, and where the rate will need to be in the year 2020. The Sewer Fund is projected to generate approximately \$558,000 in revenue in the year 2015. Based on the proposed new debt service, increased operating costs, and inflation, Mr. Sweeney stated that he projects that the City will need to generate approximately \$930,000 in sanitary sewer revenue by the year 2020 to achieve breakeven in cash.

Mr. Sweeney stated that he would like the City Council to discuss the following items which will impact the Sewer Fund projections and utility rates:

1. Use of the Sewer Fund's cash reserves to fund a portion of WWTF Improvement Project costs.
2. Longer or shorter repayment terms for debt.
3. Use of tax levy to fund a portion of debt service payments.

Mr. Sweeney continued by stating that an additional item that should likely be included in the City Council's discussion would be the adjustments in base charge versus flow charge. The Financial Projection increases both fees in a similar manner which may not be the best solution.

The City Council discussed using the Sewer Fund's cash reserves to fund a portion of the WWTF Improvement Project and they all agreed that they did not want to use any of the cash reserves.

The City Council discussed and directed Mr. Sweeney to proceed with the proposed Bond Schedule and the Sewer Fund Financial Projection as he presented.

III. Adjourn

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

The meeting was adjourned at 12:45 p.m.

Steve Stotko

Steve Stotko
Mayor and Temporary Acting City Administrator
City of Winsted

ATTEST:

Deborah R. Boelter

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