

City of Winsted
City Council Meeting
Council Chambers
Tuesday, June 16, 2015
6:00 p.m.

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

Staff Present: Mr. Clay Wilfahrt, City Administrator
Ms. Deborah R. Boelter, City Clerk-Treasurer
Mr. Justin Heldt, Winsted Police Department Chief
Mr. Tyler Bruns, Winsted Police Department Officer

1) Mayor Stotko called the meeting to order at 6:00 p.m.

a) The Pledge of Allegiance was taken.

2) Consent Agenda

Mayor Stotko read the Consent Agenda.

a) Ordinance O-15-05 – Industrial Park 40 Acre Land Annexation

Adopted Ordinance O-15-05 to annex property located in Winsted Township, McLeod County, Minnesota, pursuant to Minnesota Statutes 414.033, Subd. 2(1), permitting annexation by ordinance.

b) Winsted Police Department Officer Resignation – Mr. Christopher Hirsch

Accepted the resignation of Patrol Officer, Mr. Christopher Hirsch as a full-time Police Officer for the Winsted Police Department effective June 8, 2015.

c) Resolution R-15-23 – Hazard Mitigation Plan

Adopted Resolution R-15-23 to adopt the McLeod County, Minnesota All-Hazard Mitigation Plan.

d) Winsted Holding Activities that Unite People (WHAT UP) – Farm Animals

Approved the WHAT UP organization to have farm animals at Mill Reserve Park on Friday, June 19, 2015.

e) City Council Quorum – Thursday, July 9, 2015

Notified that there will be a quorum of the Winsted City Council in attendance at Winsted City Hall, 201 . 1st Street North, on Thursday, July 9, 2015, at 9:30 a.m. for City Administrator interviews.

f) Special City Council Meeting – Thursday, July 9, 2015

Scheduled a Special City Council meeting for Thursday, July 9, 2015, at 2:30 p.m. in the Council Chambers at City Hall to interview the finalists for the City Administrator position.

g) May, 2015 Pledged Securities

Approved the Pledged Securities that Security Bank and Trust Company has purchased for the City of Winsted for the month of May, 2015.

h) May, 2015 Building Permit Report

Approved the May, 2015 Building Permit Report.

i) Claims

Approved the Claims List for June 16, 2015.

Council Member Ollig motioned to adopt the Consent Agenda as presented. Council Member Quast seconded the motion. Motion carried 5-0.

3) No Public Hearings.

4) No Old Business.

5) New Business

a) Wastewater Treatment Facility Improvements – Bid Award

Mr. Jake Saulsbury stated bids were opened on Wednesday for the wastewater treatment facility improvements project. Four bids were received ranging from a low base bid of \$6,550,000.00 to a high base bid of \$7,167,000.00. Di-Mar Construction, Inc., of Excelsior, Minnesota, submitted the low bid. The low bid came in at approximately three percent below the engineer's estimate and 5.8 percent below the high bid.

The Alternate A bid item is for the construction of a new 8-inch forcemain line from Southview Park to the wastewater treatment facility. The existing forcemain in this location is near the end of its useful life and has suffered several breaks in recent years. It is recommended to award this section of the project with the larger project. The bid for Alternate A was \$71,005.55.

The Alternate B bid item is for the construction of a new water line to provide city water to the wastewater treatment facility site. The site is currently served by a well that is also near the end of its useful life. The well produces a low volume of untreated water that complicates the operations of the wastewater treatment facility. The new pretreatment facility will have equipment that requires additional water which will likely make the existing water source more of a nuisance. It is also recommended to award this section of the project with the larger wastewater treatment facility project.

The project also included an add/deduct item for an alternate instrumentation and control system supplier. The low bidder provided a deduct of \$30,000 to use In-Control, Inc., for the instrumentation and control supplier. It is recommended to accept the deduct and select In-Control, Inc., for the instrumentation and control system supplier.

Mr. Saulsbury recommended that the low bid be awarded to Di-Mar Construction, Inc., in the amount of \$6,820,056.45, which includes both alternates and the \$30,000 deduct for instrumentation and control system supplier.

The award of this project is required to occur prior to June 30, 2015, so the project can be certified by the Minnesota Pollution Control Agency (MPCA) and allow the City to be eligible for the approximate \$2 million Point Source Implementation Grant. The final grant amount will be determined by the MPCA once the project is certified. The project is expected to be largely completed by the fall of 2016, with final work being undertaken in the spring of 2017.

Mayor Stotko asked when the project is expected to commence and end.

Mr. Saulsbury stated if the bid is approved tonight, work could possibly start as early as August and it is anticipated work will be completed by next fall, with some minor punch list items needing to be taken care of in the spring of 2017.

Mayor Stotko asked whether there would be any disruption to service.

Mr. Saulsbury indicated there would not be.

Council Member Fasching motioned to recommend that the City of Winsted accept the bid from Di-Mar Construction, Incorporated in the amount of \$6,820,056.45 (\$6,550,000.00 base bid plus \$229,050.90 for Alternate A plus \$71,005.55 for Alternate B and a \$30,000.00 Deduct for Instrumentation and Control System Supplier) for the Wastewater Treatment Facility Improvements Project. Council Member Schulenberg seconded the motion. Motion carried 5-0.

b) Year 2014 Audit Report

Mr. Paul Harvego presented the City of Winsted's Year 2014 Audit Report. Mr. Harvego stated this year's audit was similar to past years audits of the City's financial reports and is intended to provide the City with information about the appropriate accounting policies. There were no transactions entered into by the City during the year for which there was a lack of authoritative guidance or consensus and all significant transactions have been recognized in the financial statements in the proper period.

The Statement of Net Position that was provided to the City includes all assets and liabilities using the accrual basis of accounting. The Statement of Activities includes all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the City's net position and changes in them. These two reports are divided into two kinds of activities. The first is governmental activities, which includes most of the City's basic services, including general government, public safety, public works, culture and recreation, airport, and economic development. Property taxes and state and federal grants finance the majority of these activities. The second type of activity is business-type activities and includes fees the City charges to its customers to help it cover all or most of the cost of certain services it provides.

Mr. Harvego reviewed the assets, liabilities, and long-term debt of the City. The assets of the City exceeded liabilities by approximately \$12 million. Of this amount, \$3.8 million may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies. As compared to 2013, the City's total net position decreased by \$90,811. Mr. Harvego stated in 2014, the City's capital assets did not change very much and stayed fairly consistent from 2013. Overall the City's assets are in good financial position, with 14 months of reserves.

Mr. Harvego stated the City's government funds reported combined ending fund balances of \$3,032,868, which is a decrease of \$2,714,656. The General Fund has \$1,006,688 available for spending at the City's discretion. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,006,688 or 67 percent of total General Fund expenditures of \$1,494,917. This represents a \$68,860 change from 2013. Mr. Harvego stated the City is also in a very good position overall on its General Fund balance.

The City's Special Revenue Fund decreased by \$52,859. A majority of the decrease was due to the decrease in revenues due to closing one fund along with the transfers to other funds for future capital purchases.

The Debt Service Fund balance decreased by \$2,914,902. The main reason for the decrease was due to interest and fiscal charges associated with closing the G.O. CIP Bonds, Series 2007A fund.

Mr. Harvego stated based on today's bonding, the City is looking at a 20-year payback, which means there will be additional principal of \$300,000, and with interest added, the payment will be approximately \$420,000. As a result, the City will need to cover \$420,000 over a period of 20 years, which means that in order to order the current debt as well as future debt obligations, the City is likely looking at rate increases that are double what the City is currently paying. Mr. Harvego stated the City is probably looking at rate increases ranging from 15 to 20 percent each year over that period of time. In addition, once the new wastewater treatment plant is in place, the City will be looking at increased maintenance costs of approximately \$60,000.

The Capital Projects Fund balance increased by \$321,965 and is mainly due to an increase in revenues and transfers into the Capital and Equipment and Fire Equipment Funds to help provide funding for capital outlay.

At the end of 2014, the City of Winsted had \$25,005,391 invested in a broad range of capital assets. During 2014, the City purchased a lift station generator and continued the upgrade to the wastewater treatment facility. At the end of 2014, the City of Winsted had \$6,974,938 in long-term debt.

Mr. Harvego noted the City did create an Industrial Park Fund mainly to keep track of where the dollars will be going. The Industrial Park Fund balance is approximately \$478,000. The Capital Equipment fund balance is approximately \$509,000. The Fire Equipment Fund balance is approximately \$632,000. In addition, the Revolving Loan Fund has \$134,000, the Airport Fund has \$5,600, and the Cable Fund has a deficit of approximately \$7,400, which was a result of the purchase of some new equipment. Mr. Harvego noted the fees the City charges will help to cover that deficit.

The City has five general obligation bonds and they all meet the debt covenant requirements and the future levy provisions are enough to cover those debt payments.

Mr. Harvego stated the majority of the City's funds are in good shape but there are some issues with the water and sewer fund.

Mr. Harvego stated during the audit, nothing came to their attention that caused them to believe that the City failed to comply with appropriate accounting standards outside of the minor items that were reported on last year. The City is following all necessary accounting practices and no difficulties were encountered during the audit.

Mr. Harvego noted a new accounting standard, GASB 68, revises and establishes new financial reporting requirements for governments that provide pension benefits to its

employees and retirees. The implementation of this statement will lead to significant financial accounting and reporting changes for the City's pension expense and related liability. The statement will require the City to recognize, as a liability on its government-wide and proprietary fund financial statements, its long-term obligation for pension benefits including those from the City's fire Relief Association and the Public Employees Retirement Association of Minnesota defined benefit pension plans. This standard went into effect for fiscal years beginning after June 15, 2014.

Mr. Harvego recommended the City begin the process of evaluating the impact of implementation of this standard, including discussions with the City's Fire Relief Association, to determine whether an actuarial valuation will need to be completed. It will be to the City's benefit to begin this process now.

Mr. Harvego commented the City's administrative staff is doing a good job with managing the City's money.

The City Council had no questions for Mr. Harvego.

Council Member Quast motioned to approve the Year 2014 Audit Report as presented. Council Member Fasching seconded the motion. Motion carried 5-0.

6) Organization Report

a) Winsted Summer Festival

Mayor Stotko reported on the following on behalf of the Winsted Summer Festival: The Summer Festival is a City of Winsted event organized by a committee of six individuals who meet monthly to plan the festival. The committee members are Dale Maus, Rose Heimerl, Steve Fiecki, Pam Fiecke, Gary Rathmanner and Monica Hertzog.

The festival is a major supporter for the Winsted Ambassador Program. We work closely with the Ambassador Committee supporting them financially and maintaining the City of Winsted's Ambassador Float.

This year the festival will be held Friday, Saturday, and Sunday, August 7 - 9. Friday activities are operated by the Winsted Chamber of Commerce. Saturday and Sunday activities are operated by the Festival Committee.

Food and beverage are supplied by contracted vendors. All other activities are handled by individual volunteers. There are subcommittees which handle the fun run, volleyball, kickball, bean bag, car show, children's games, and children's program.

Volunteers and financial sponsors are essential to the ongoing success of the festival. Volunteer support from individuals and organizations has been good. However, the committee would like to see more organizations become involved and to have a few more individuals join the committee.

Financial supporters have been wonderful. The committee is blessed to have such great support.

Please check the committee's website for complete festival details. You can find a link on the City's website or search "Winsted Summer Festival."

7) Open Forum

None.

8) Announcements

a) Winsted Police Department – Winstock Country Music Festival

Council Member Ollig complimented the Winsted Police Department for their positive and effective work during the Winstock Country Music Festival.

9) Adjournment

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

The meeting was adjourned at 6:50 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