

City of Winsted
City Council Work Session
Lewis Room
Tuesday, June 21, 2016
5:00 p.m.

Present: Mayor Steve Stotko
Council Member Bonita Quast
Council Member Tom Ollig
Council Member Patty Fitzgerald

Absent: Council Member George Schulenberg

Staff Present: Mr. Daniel Tienter, City Administrator
Ms. Raquel Kirchoff, Interim City Clerk-Treasurer
Mr. Dave Meyer, Public Works Department Maintenance Supervisor
Mr. Jake Saulsbury, City Engineer, Bolton and Menk, Incorporated

I. Call to Order

Mayor Stotko called the meeting to order at 5:00 p.m.

II. Emergency Safety Drills

Mr. Tienter stated that on October 19, 2015, the Winsted Police and Volunteer Fire Department with the assistance of the McLeod County Sheriff's Office and Ridgeview Medical Center conducted an "active shooter" drill at Winsted City Hall. Although the exercise, as designed, tested emergency response capabilities, it also raised security and safety concerns of other City of Winsted (City) operations, including, but not limited to other types of building security and safety drills. Mr. Tienter stated that he is not aware of any emergency drills conducted for City staff in the past.

Mr. Tienter stated that City staff plan to conduct drills on each of the aforementioned scenarios at least annually at the end of each quarter. The schedule for these drills is as follows:

- First Quarter – severe weather;
- Second Quarter – building fire;
- Third Quarter – bomb threat; and
- Fourth Quarter – violent individual(s).

In the coming weeks, City staff will add signage to each City facility and notify City staff of the pending drills.

Council Member Quast asked if the City will be installing safety glass for the front counter at City Hall. Mr. Tienter stated that City staff is working to acquire estimates for this product but have found that there is only one provider of this product in the State of Minnesota and they are in high demand.

III. Kingsley Budget Authority

Mr. Tienter stated that the Consent Agenda includes a motion to authorize the City Administrator to approve any individual expenditure or project change in an amount not to exceed \$10,000 and to limit cumulative project change and budget authority at \$50,000 for the Kingsley Street Area Improvement project, in order to improve project management capabilities and avoid unnecessary costs.

Mr. Tienter stated that during large projects like this, time sensitive decisions have to be made to avoid unnecessary and unanticipated costs; for example, in a recent project phasing discussion, the cost to delay watermain improvements would total approximately \$8,000 per day.

Mr. Tienter stated that currently the Purchasing Policy permits the City Administrator to approve individual, unbudgeted expenditures up to \$1,000 without Council approval. However, given the extraordinary costs of Kingsley Street, City staff considers this budget and purchasing authority insufficient to effectively and efficiency manage the project.

Council Member Quast asked if this would exist for the Kingsley Street Area Improvement project only. Mr. Tienter stated yes, however, City staff is preparing a Budget Compliance policy that would apply to all capital projects with language to authorize the City Administrator make changes of up to two or three percent or a certain amount of dollars. This policy will be reviewed by the City Council in the future.

IV. Lakefront Promenade Discussion

Mr. Tienter stated that memorandums were included in the City Council packet from three interested citizens regarding the state of the City Promenade. Mr. Tienter stated that City staff has reviewed the information.

Council Member Ollig stated that the City spent approximately \$500,000 to create the Promenade as a show piece based on what the citizens determined to be the City's biggest asset, Winsted Lake. Council Member Ollig stated that the Promenade is not what he hoped it would be and that he does not know if it is because the Public Works Department does not have the time or budget to maintain the Promenade.

Council Member Ollig stated that Mr. Dale and Mrs. Yvonne Maus and Mrs. Petie Littfin have created a plan and the City should determine what the cost to implement their plan would be and determine if the City is able to implement the plan.

Council Member Ollig suggested that maybe the City could provide a stipend for the Winsted Lake Association to maintain the flowers on the promenade. He continued by stating that the City has expected the businesses in the Promenade to better their buildings and yet the City is not maintaining or improving its Promenade.

Council Member Fitzgerald and Quast agreed with Council Member Ollig.

Mr. Tienter stated that the Promenade has been a significant portion of the Parks Master Plan that the Park Commission has been working to create. Mr. Tienter stated that there are some cost estimates developed for the Parks Master Plan and depending on what the City Council decides regarding the Campbell Field Improvements, there will be a better idea of the money available to execute the Plan. Mr. Tienter recommended that the memorandum from Mr. and Mrs. Maus and Mrs. Littfin be referred to the Park Commission to include more specifically in the Parks Master Plan development.

Council Member Ollig stated that he supports the referral to the Park Commission as long as it will be high on their priority list because there has not been anything done with the state of the Promenade for a number of years.

Mayor Stotko stated that if money is spent to improve the Promenade, then the Public Works Department or other maintaining group or contractor need to understand and follow through with ongoing maintenance to upkeep it to the improved state.

Mr. Tienter stated that the City needs to understand the ongoing maintenance cost of any City asset.

Council Member Quast stated that the Park Commission can only do so much and that there are many projects competing for limited funds. Council Member Ollig stated that once costs are determined, it will be the City Council's decision for what to fund and how that funding will occur.

Mayor Stotko stated that a professional should look at the proposed improvements to ensure that they are viable for the area, and to determine directions to maintain any improvements that are completed.

Council Member Ollig stated that he would contact Mr. and Mrs. Maus and Mrs. Littfin and let them know that their concerns would be referred to the Park Commission as a priority and that the City Council's desire is to contact a professional organization to examine some options for the Promenade.

Mr. Meyer stated that the Public Works Department is able to and will complete some of the tasks included in the memorandum, like tree trimming but will need professional help on other items noted.

Mr. Meyer stated that he needs direction on the spraying for dandelions; and if they do not spray, dandelions will overtake the area. Council Member Ollig stated that the concern was that too much spraying occurs and at the wrong time of the season.

V. Kingsley Street Decorative Lighting

Mr. Tienter stated that in early March, 2016, the City Council discussed possible lighting upgrades along the planned multi-modal trail included in the Kingsley Street Area Improvements project and chose from options provided, Option 2- Cobra fixtures attached to aluminum or fiberglass poles.

Additionally, the Council also directed that City staff explore the possibility of using donated materials, specifically light poles, from Winsted area businesses. According to representatives from Xcel Energy (Xcel), Xcel would not install any donated materials on an Xcel owned and operated system. The City Council approved a lease option from Xcel at the May 17, 2016 City Council Meeting.

However, after further inquiries from interested residents, area businesses and City Council Members about the possibility of donated materials, the Mayor directed City staff to reexamine the lease option with Xcel or instead using materials from area businesses, specifically Millerbernd Manufacturing and C.R. Electric for the lighting system. Based on these discussions, City staff prepared the analysis outlined in Figure No. 1.

Figure No. 1: Kingsley Street Area Improvements, Decorative Lighting Cost Comparison, City Cost Only						
Cost Category	Xcel Energy		Millerbernd/C.R. Electric (1,2,3)	Difference with Millerbernd/C.R. Electric		
	Prepaid Option (1)	Leased Option (1)		Prepaid Option (1)	Leased Option (1)	
Lighting Pole and Fixture Cost	\$ -	\$ -	\$ 5,000	\$ (5,000)	\$ (5,000)	
Installation Cost	\$ 20,992	\$ 5,200	\$ 25,000	\$ (4,008)	\$ (19,800)	
Lighting Costs	\$ 11,052	\$ 32,700	\$ 6,451	\$ 4,601	\$ 26,249	
Energy Costs (4)	\$ -	\$ -	\$ 15,048	\$ (15,048)	\$ (15,048)	
Total	\$ 32,044	\$ 37,900	\$ 51,499	\$ (19,455)	\$ (13,599)	

Notes

- (1) Assumes 25 years of useful life.
- (2) Assumes Lighting Costs of \$3.58 per pole, per month for 25 years.
- (3) Assumes Energy Costs at \$13.93 per pole, per month for 25 years.
- (4) Assumes a 40% cost savings with conversion to L.E.D. lighting.

Council Member Ollig stated that the lighting in the downtown area has experienced problems because the wiring is direct buried rather than having conduit. The lighting system from area businesses would include the conduit installed so that if there was a problem with the wiring, it can be removed and replaced easier. The Xcel lighting system does not include conduit.

Mr. Tienter stated that based on the analysis, City staff estimate the cost of a lighting system owned and operated by the City at approximately \$13,599 more than the currently approved, Xcel lease option over the next 25 years.

Council Member Ollig stated that the Xcel pricing does not include the conduit which totals \$10,000 of the \$13,599 difference.

Mr. Tienter stated that if the City Council favors the lighting systems provided by Millerbernd Manufacturing and CR Electric, City staff will seek authorization for this at the July 5, 2016 City

Council Regular Meeting. Mr. Tienter stated that the previously approved lease option has not been executed with Xcel.

Council Member Ollig stated that he believes any business that the City can keep local within reasonable cost, it should. The company that would provide the lighting system is a large part of Winsted, providing approximately 350 jobs. The other City Council members agreed with Council Member Ollig.

Council Member Fitzgerald asked if there were any areas of concern with the relationship with Xcel if the City chose not to use the Xcel lighting system. Mr. Saulsbury stated there should not be.

Mr. Tienter stated that there would be a Consent Agenda item added to the July 5, 2016 City Council meeting agenda reflecting this direction.

Council Member Ollig asked if there should be brackets for flags added to the poles. The City Council Members were in favor of adding the brackets.

VI. Campbell Field Drainage Change Order

Mr. Tienter stated that a memo was provided to the City Council members describing the history of the Campbell Field Improvements project and a memo was also provided from Mr. Saulsbury, Bolton and Menk, Incorporated, explaining the costs of the Change Order for the drainage repair of the field. Mr. Tienter stated that discussion at this Work Session should regard the drainage repair. City staff is not seeking a decision on the larger improvement project as a whole.

Mr. Tienter stated that in 2014, the Baseball Association developed a series of improvements to Campbell Field, including, but not limited to: additional bleachers and shading; a bull pen; retaining walls; and a new third base dugout to replace the current, failing structure. In addition to generally improving the playing area, the improvements would also allow the Baseball Association to host larger tournaments.

In October, 2014, the Park Commission (Commission) reviewed and recommended to the City Council (Council) the abovementioned improvements to Campbell Field at a cost not to exceed \$136,500, which would be shared by the City of Winsted (City) (70%) and the Baseball Association (30%) through annual contributions of \$13,500 (for a total of \$94,500) and \$6,000 (for a total of \$42,000), respectively, for the next seven years. The Council approved this recommendation. Additionally, the Council further authorized architectural design by Oertel Architects, Ltd. (Oertel) and geotechnical review at a cost not to exceed \$14,800 and \$3,000, respectively. These additional costs were assumed by the City and supported by Park Fund Balance.

On August 6, 2015, Oertel provided a project scope, estimated budget and architectural design renderings. In total, they estimated the cost of the project at approximately \$204,180, which would be \$67,680 or 49.5 percent over budget. On June 3, 2015, Oertel met with City staff and representatives of the Baseball Association to review the architectural design, estimated project costs and water drainage concerns. As a result of that meeting, City staff directed Oertel Architects to review the project scope and reduce costs where possible and also initiated a review of the drainage problems of Campbell Field.

On December 16, 2015, the City Engineer provided recommendations regarding the drainage issues. The inspection of the current drainage system coupled with a topographical survey revealed an inadequate number of inlets, inconclusive pipe locations and negative pipe slopes, which limits overall drainage capacity. In order to improve the flooding situation, new storm sewer connections would need to be installed at an estimated cost of \$85,000. Additionally, negative slope problems in the Main Avenue West storm sewer, which services the park area, prevent any additional Campbell Field drainage from being installed to a 10-year design standard (approximately four inches of rain). After a brief review, any improvements to the Main Avenue West storm sewer would be cost-prohibitive given their location under the roadway. Simply put, the \$85,000 project would improve the situation, but not solve the problem.

Mr. Saulsbury stated that the proposed repair for the drainage is a two year design standard, which means that the field would continue to flood during heavier rains.

Mr. Saulsbury stated that the existing piping system is not able to be televised and is believed to be collapsed.

Mr. Tienter summarized alternatives that have been discussed that are not an obtainable solution to fix the drainage problem as follow:

- Route the drainage in a different direction, but elevations would not allow for this.
- Storm water lift station – cost prohibitive
- Storm water recapture system – cost prohibitive

Council Member Ollig asked how much the City would spend on the drainage repair that would help with the drainage problem. Mr. Tienter stated that pricing was obtained from the City's Kingsley Area Improvement Project contractor, R&R Excavating, for construction at approximately \$62,000, with total project cost at approximately \$85,000.

Mr. Tienter stated that on April 11, 2016, the Commission reviewed the Campbell Field Improvement Project and associated costs. Given the timing with regard to the ongoing Park System Master Plan development process, the Commission directed that City staff prepare a more refined financial analysis to better understand the impact of the Campbell Field Improvement Project with regard to the proposed Master Plan improvements.

Mr. Tienter stated that on June 14, 2016, the Commission reviewed the financial analysis prepared by City staff. Based on this information, interim discussion about extending the cost participation arrangement to 10 years, and the likelihood that any specific Campbell Field construction would not begin until the spring of 2017, the Commission recommended the Council approve only the aforementioned improvements to storm sewer under the quote obtained by City staff from R&R Excavating.

Mr. Tienter stated that Figure No. 1 outlines the recommended modification to the cost sharing arrangement. The City's revised cost participation would total \$157,932, or 67.1% more than the initial cost contribution. In addition to the storm sewer project, the revised total also includes \$22,932 of additional design and engineering costs associated with the continued effort to reduce the overall cost of the entire project.

Cost Participant	Initial Cost Participation (7 yrs.)	Revised Cost Participation (10 yrs.)	Additional Design and Engineering	Total Revised Cost Participation (\$)	Total Revised Cost Participation (%)
City of Winsted	\$ 94,500	\$ 135,000	\$ 22,932	\$ 157,932	72%
Winsted Baseball Association	\$ 42,000	\$ 60,000	\$ -	\$ 60,000	28%
Total	\$ 136,500	\$ 195,000	\$ 22,932	\$ 217,932	100%

Mr. Tienter stated that in total, City staff now estimate the cost of the project at \$265,762, or 94.7% more than the initial project budget.

Mr. Tienter stated that Figure No. 2 demonstrates that despite the increase in the cost sharing arrangement, a large portion of the project, approximately \$47,830, remains unfunded. Based on the guidance provided during the 2016 City Council Goal Setting Retreat, the Baseball Association or a third party (e.g., grants) would be responsible for these costs.

Project Element	Estimated Expenditures			Estimated Revenue				
	Budget	Actual	Difference	City Contribution	WBA Contribution	Total, Funded Cost	Unfunded Cost	Total Required Revenue
Geotechnical Review	\$ 3,000	\$ 3,473	\$ 473	\$ 3,473	\$ -	\$ 3,473	\$ -	\$ 3,473
Architectural Design	\$ 14,800	\$ 14,800	\$ -	\$ 14,800	\$ -	\$ 14,800	\$ -	\$ 14,800
Additional Engineering	\$ -	\$ 4,659	\$ 4,659	\$ 4,659	\$ -	\$ 4,659	\$ -	\$ 4,659
Additional Drainage Improvements	\$ 85,000	\$ 80,000	\$ (5,000)	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ 80,000
Campbell Field Improvements	\$ 136,500	\$ 162,830	\$ 26,330	\$ 55,000	\$ 60,000	\$ 115,000	\$ 47,830	\$ 162,830
Total	\$ 239,300	\$ 265,762	\$ 26,462	\$ 157,932	\$ 60,000	\$ 217,932	\$ 47,830	\$ 265,762

Mr. Tienter stated that the 2015 Audited Financial Statements (Audit) revealed that the General Fund Balance is \$804,503. Under guidelines from various agencies and organizations, such as the Office of the State Auditor and Governmental Accounting Standards Board (GASB), a municipality ought to maintain about six months of General Fund expenditures in reserve for unexpected or emergency situations. The City has a monthly expenditure average of \$117,626. As such, the City must maintain approximately \$705,754 to meet the reserve standard.

Mr. Tienter stated that Figure No. 3 explains what would occur if the City moves forward under the current cost assumptions. The current Park Fund Balance is approximately \$63,273. The City would be required to transfer funds from the General Fund to support those costs that exceed existing Park Fund Balance. As a result of the interfund transfer, the total cash position of the General Fund Balance would be approximately \$42,938 below the abovementioned reserve level.

Figure No. 3: General, Park Fund Cash Flow Analysis				
Year	Expenditures	Revenue (2)	Park Fund Balance	General Fund Balance (3)
2015 Audit	\$ 9,457	\$ 20,648	\$ 63,273	\$ 804,503
2016 Projected (1)	\$ 95,000	\$ 33,250	\$ 1,523	\$ 804,503
2017 Projected (1)	\$ 177,830	\$ 34,620	\$ (141,687)	\$ 662,816

Notes

- (1) Assume an additional \$5,000 for deferred maintenance and \$10,000 for other improvements.
- (2) Assumes 5.0% increase in both Park Improvement Fee receipts and general fund transfer.
- (3) Assumes no change in total General Fund cash position from other sources.

Mayor Stotko asked if the City dips below the recommended reserve, would this affect its bond rating. Mr. Tienter stated that it could. The City Council Members stated that they did not want this to happen.

Mr. Saulsbury stated that the drainage repair is a change order to the Kingsley Street Area Improvement project and is time sensitive. If the City Council chooses to fix the drainage problem to a two year design standard, that decision will need to be made at the next City Council meeting to take advantage of the current quote from R&R Excavating.

Mayor Stotko stated that he is not in favor of a two year design standard repair. If the City is going to spend that amount of money, it should be done right.

Mr. Tienter stated it is cost prohibitive to fix the drainage under Main Avenue.

Council Member Fitzgerald asked if the unfunded portion of the project cost would be eligible for grants. Mr. Tienter responded likely not.

Mayor Stotko motioned that the Work Session be recessed until after the Regular City Council meeting. Council Member Fitzgerald seconded the motion. Motion carried 4-0.

The Work Session was recessed at 5:59 p.m.

The Work Session reconvened at 6:57 p.m.

Mr. Tienter stated that the City received a quote as a change order to the Kingsley Street Area Improvement project, and this quote from R&R Excavating is approximately \$5,000 less than the engineer's estimate for the repair.

Mr. Tienter stated that the Baseball Association does not want to proceed with the entire improvement project unless they can mitigate the water drainage issue.

Council Member Ollig asked how the drainage repair would be funded. Mr. Tienter stated that it could be funded through Park Fund Balance (current balance \$63,273 plus added \$33,000 in revenue) and referred Council Members to Figure No. 3.

Council Member Fitzgerald stated that if the City used Park Fund Balance to pay for the repair, then the other park projects would have no funds. Mr. Tienter stated that the Park Fund does support all park expenditures. The City Council could discuss how to finance the Parks System Master Plan.

Mr. Tienter stated that at the end of the 10 year planning window for the Parks System Master Plan and the Campbell Field project, the City will be short approximately \$1.5 Million dollars. Most plans do not proceed, however, without outside grant funding sources.

Mr. Tienter stated that the approximate \$85,000 repair for drainage would help the problem but would not fix it, and the Main Avenue Street Improvements project is not scheduled to occur for many years according to the City's Pavement Management Plan. The Campbell Field drainage problem could be completely fixed when the Main Avenue Street Improvements project is completed.

Council Member Ollig stated that with the current proposed repair, the field will drain quicker. Mr. Tienter stated yes, but that the proposed repair would not fix flooding issues.

Mr. Tienter stated that Council Member Schulenberg stated he was uncomfortable with the proposed additional cost sharing toward the project from City.

The City Council Members stated that they were not in favor of moving forward with the quote from R&R Excavating to complete work to repair the drainage system.

Mr. Tienter stated that both the City and the Baseball Association are not in favor of moving forward with the Campbell Field Improvements project until the drainage issue is resolved either through this project, repairing the drainage with the Main Avenue Street Improvement project in the future, or through the construction of a new field.

Mr. Tienter stated that the City Council is reaffirming its decision from the 2016 City Council Goal Setting session that under the current project scenario, the City does not want to exceed \$94,500.00. The City Council members agreed with that statement.

Mr. Tienter stated that this would be discussed with the Park Commission at its next meeting and that he would notify Mr. Chris Schultz, of the Winsted Baseball Association, of the Council's decision.

Mayor Stotko stated that the Park Commission should explore a new ball field within the Parks System Master Plan.

Mr. Tienter stated that to date, the City has spent approximately \$23,000 for the geotechnical report, the architectural design, and the additional engineering preparing for the drainage project toward Campbell Field. Mr. Tienter stressed that the City has explored many options and has met with the Baseball Association numerous times to try to find a solution.

VII. Other

a) Utility Billing and Payroll Clerk Position

Mr. Tienter stated that Ms. Raquel Kirchoff has been appointed to the City Clerk Treasurer position and that Ms. Amanda Zeidler has been appointed to the Deputy City Clerk position.

Mr. Tienter continued by stating that the Utility Billing and Payroll Clerk position will not be immediately backfilled so that Ms. Kirchoff and Ms. Zeidler may have some time their new positions.

b) Wastewater Treatment Facility

Mr. Tienter stated that Mr. Seth Peterson and Mr. Jake Saulsbury, Bolton and Menk, Incorporated will be present at the July 19, 2016 City Council Work Session to discuss options to address deferred maintenance needs at the Wastewater Treatment Facility.

c) 135 1st Street North - Dumpster

Mr. Tienter stated that the Police Chief Heldt has authorized a dumpster to be near the building at 135 1st Street North during the weekend of June 23-June 27, 2016.

VII. Adjourn

Council Member Quast motioned to adjourn the meeting. Council Member Ollig seconded the motion. Motion carried 4-0.

The meeting was adjourned at 7:19 p.m.

Steve Stotko

Steve Stotko
Mayor
City of Winsted

ATTEST:

Raquel Kirchoff

Raquel Kirchoff, CMC
Interim City Clerk-Treasurer
City of Winsted