

City of Winsted  
City Council Work Session  
Lewis Room  
Tuesday, August 2, 2016  
4:30 p.m.

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

Staff Present: Mr. Daniel Tienter, City Administrator  
Ms. Raquel Kirchoff, City Clerk-Treasurer  
Mr. Brian Langenfeld, Winsted Volunteer Fire Department Chief

Also Present: Ms. Melissa Underwood, Bolton and Menk, Incorporated

## **I. Call to Order**

Mayor Stotko called the meeting to order at 4:30 p.m.

## **II. Winsted Municipal Airport – Environmental Assessment**

Ms. Melissa Underwood, Bolton and Menk, Incorporated, stated that the analysis has been completed for the draft Environmental Assessment for the Winsted Municipal Airport. Ms. Underwood continued by stating that once the Federal Aviation Association (FAA) has reviewed the draft document, the Environmental Assessment will be published for a 30-day public review period. After any comments received are addressed, the FAA will issue a Finding of No Significant Impact (FONSI) and the project will be complete. Once the final FONSI is received, the City Council will have the opportunity to decide whether to move forward with the proposed action of paving the runway, or to rehabilitate and keep the turf runway for the next 20 years. Ms. Underwood stated that the FONSI is active for three years and reviewable for five years.

Ms. Underwood stated that the City Council will consider allowing the draft Environmental Assessment to be sent to the FAA for review at tonight's City Council meeting. The City Council will be notified if any comments are received after the 30-day public comment period. Anticipated completion of this process is by October, 2016 because there are four pieces of the Environmental Assessment waiting separate coordination review periods as follow.

1. The Wildlife Hazard Site Assessment Visit is scheduled for the week of either August 8, 2016 or August 15, 2016. The results will be presented the following week and included in the Environmental Assessment.
2. The Minnesota Department of Natural Resources (MnDNR) is performing a Natural Heritage Information System (NHIS) data review for the proposed project to ensure no endangered species will be impacted by this project. MnDNR has until August 11, 2016 to make a determination. After introductory discussions with them, it is not anticipated there will be any issues with this project.
3. The Luce Line State Trail is waiting on the 30-day public notice to be completed for the Section 4(f) determination. The review time ends August 17, 2016 and the FAA will issue a final diminimus determination by August 26, 2016. At that point, all information will be submitted to the MnDNR Park Service to complete the Section 6(f) review. We are to package the Section 4(f) determination, appraisal work that has been completed only for the properties that will be converted from trail use to airport use, and the draft environmental assessment. The MnDNR Park Service will approve or not approve the revision of the boundary to the Section 6(f) resource (Luce Line Trail). This is a six week process.

4. Final field work was completed last week on the potential wetland impacts for the relocation of Cable Avenue. The final report is being sent to the Minnesota Board of Water and Soil Resources for final approval.

Ms. Underwood stated that regarding the realignment of Cable Avenue, Winsted Township chose the option that skirts around the runway protection zone. This information will be included in the draft Environmental Assessment, along with Winsted Township's stance on the realignment of Cable Avenue and the project which numbered in order of their preference as follows:

1. Winsted Township does not want the project to be completed.
2. Cable Avenue cannot be closed without a realignment.
3. Cable Avenue realignment alternative that skirts around the runway protection zone.

Council Member Ollig asked if Cable Avenue, the gas line, and the Winsted Co-op business could remain as they currently are if the City would decide to complete a turf runway rehabilitation rather than a paved runway. Ms. Underwood stated yes.

The City Council members discussed the benefits to the Winsted Municipal Airport and the City if the runway was paved versus remaining a turf runway.

Mr. Tienter stated that the grant paperwork was received for the Environmental Assessment and that the City will begin requesting reimbursement for Environmental Assessment fees soon.

### **III. Winsted Volunteer Fire Department – Fire Truck Purchase**

Mr. Tienter stated that Fire Chief Brian Langenfeld was present to review the purchase of a new fire rescue vehicle. Mr. Tienter stated that the Winsted Volunteer Fire Department Advisory Board (Fire Board) reviewed the proposed design and financing of the vehicle with a \$340,000 equipment certificate and an estimated \$250,000 cash payment from the Fire Equipment Fund and recommended both the purchase and financing.

Mr. Tienter stated that the City is procuring the vehicle through North Central Emergency (NCEM) vehicles and that Minnesota State law provides that the City can sole source equipment of this unique nature. Mr. Tienter stated that the City Council has authorized the City Administrator to execute an interlocal agreement with the Houston–Galveston Area Council (HGAC) CPV to procure the vehicle from Spartan Emergency Response Vehicles, which would ultimately build the vehicle designed by NCEM.

Mr. Langenfeld stated that the Truck Committee consisted of himself, Mr. Jon Davidson, Mr. Troy Scherping, Mr. Justin Hertzog, Mr. Todd Koch, and Mr. Ryan Chatterton.

Mr. Langenfeld presented information regarding the vehicle as follows:

- The Truck Committee has been working on the purchase of a new truck for approximately nine months.
- The Committee has looked at many trucks during this project.
- The Committee would like to have the purchase of a new truck approved as soon as possible because it will take approximately 12 months to complete and receive the truck, and the price of the truck may increase over time.
- Some specifics of the truck include:
  - 1,750 gallons per minute (GPM); 750 gallon water tank
  - Five (5) person enclosed cab design
  - Enclosed cab operation and pump controls
  - Will have back-up camera and back-up beeper and sensors for more safety on fire grounds
  - Full body storage compartments
  - Designed with firefighter safety and labor savings in mind
  - Will satisfy the Winsted Volunteer Fire Department and future growth and adapt to technology advancements.
  - Will have a remote control deck gun.

- There will be a 28 inch front bumper where crosslays will be stored.
  - All controls will be electric for easier operations and more storage for equipment.
  - All warranty work on the vehicle will be completed within a few miles of Winsted.
  - Equipment cost for operation will not exceed \$25,000 for hoses, nozzles, etcetera.
- The International Organization for Standardization (ISO) rating is used to determine insurance rates for a community based on Fire Department equipment and the proposed new and improved equipment has potential insurance savings.
  - The National Fire Protection Association (NFPA) standard states that a first out engine shall be no older than 15 years; therefore, the new truck is long past needed.
  - Generally, performance of a first out engine is critical to ensure life safety and successful fire suppression.
  - Cost is approximately \$560,335.
  - Storing the fire hose will be safer. Fire Fighters will not have to climb on the truck to store the hose away after use.
  - The truck will have easier operations and the panel can be customized to Firefighters likings.
  - The electric panel will allow two cabinets on each side of the panel for more storage.

Mr. Tienter stated that the purchase of the new vehicle will appear as a New Business item on the August 16, 2016 City Council Meeting Agenda. Mr. Tienter continued by stating that the plan moving forward is to maintain an equipment certificate for the Winsted Volunteer Fire Department to allow the City to replace fire vehicles.

#### **IV. 2017 General Fund Budget Discussion**

Mr. Tienter reviewed information regarding the 2017 General Fund Budget as follows.

##### **2017 Budget Process**

- July, 2016 - City staff prepare Proposed 2017 Budget.
- August 2, 2016 - City Council Work Session to review Recommended 2017 General Fund Budget and Preliminary General Fund and Debt Service Property Tax Levy.
- August 16, 2016 - City Council Work Session to review Recommended 2017 – 2021 Capital Equipment and Improvement Plans.
- September 6, 2016 - Additional City Council Work Session to review Recommended 2017 General Fund Budget, if needed.
- September 20, 2016 - City Council certifies Preliminary 2017 General Fund and Debt Service Property Tax Levy.
- October 4, 2016 - City Council Work Session to review Recommended 2017 Airport, Cable, Sewer and Water Budgets.
- October 18, 2016 and November 1, 2016 - Additional City Council Work Session to review Recommended 2017 Budget, if needed.
- November 15, 2016 - City Council Work Session to review Recommended 2017 General Fund Budget, prior to Truth-in-Taxation Public Hearing.
- December 6, 2016 - City Council conducts Truth-in-Taxation Public Hearing
- December 20 - City Council adopts Recommended 2017 Budget and certifies the Recommended 2017 General Fund and Debt Service Property Tax Levies.

##### **General Fund Budget Assumptions and Considerations**

- Conservative revenue and expenditure assumptions:
  - 8% cost increase in employee benefits;
  - Single step salary increase for each employee and 0.8% Recommended 2017 Compensation Plan increase;
  - Reallocation of current resources based on need and actuals history;
    - Budget adjusted to better reflect actual expenditures;
    - Limited adjustments to external revenues.
- Supports current compliment of Full-Time Equivalent(FTE) Employees
  - Includes budget assumptions for the Utility Billing and Payroll Clerk vacant position

- The Recommended 2017 General Fund Budget is structurally balanced.
- The Recommended 2017 General Fund Budget does not include:
  - Approved property tax abatements beginning in 2017;
  - An increase in Local Government Aid (LGA).

**General Fund Budget Discussion**

- Significant Recommended 2017 Budget Changes
  - Mr. Tienter reviewed the recommended operating budget changes over \$1,000
- Fire Department Per Unit Fee Reallocation
  - For each of the next four years, return 25% of the Fire Department per Unit Fee to the unit owners.
  - Reallocate all realized revenue to the Street Capital Improvement Plan (CIP) to offset projected capital budget shortfalls.
  - Raises approximately \$448,593 of additional revenue by the end of 2021.
- Establish a Storm Water Utility Fee
  - Common practice to support maintenance and repair of storm sewer systems.
  - Reallocate all realized revenue to the Street CIP to offset projected capital budget shortfalls.
  - Raises approximately \$60,600 of additional revenue by the end of 2021.
    - When combined with the Fire Department per Unit Fee reallocation, these approaches raise approximately \$509,193 by the end of 2021.

Mr. Tienter reviewed graphs and charts with the City Council Members related to the following subjects.

- Recommended 2017 General Fund Revenues: Total Revenue - \$1,797,385
- General Fund Revenue – 2014-2017
- Recommended 2017 General Fund Expenditures: Total Expenditures - \$1,784,856
- General Fund Expenditures – 2014-2017

**Five Year Budget Model**

- Allows the City Council to better understand both the general condition of the City’s budget, but also to examine the impact of particular decisions on the financial position of the City.
- The model makes a variety of assumptions, including, but not limited to:

<b>Recommended 2017 Budget Assumptions, Selected</b>	
<b>Revenues</b>	<b>Expenditures</b>
0.00% Local Government Aid	1.00% Materials and Supplies
1.00% Fees, Fines and Permit Revenue	3.00% Employee Wages
2.00% Fire Department Per Unit Fee	8.00% Employee Benefits
2.00% General Property Tax Levy	

Mr. Tienter reviewed four graphs related to different General Fund Budget Projections

- General Fund Budget Projections, No Annual Adjustment
- General Fund Budget Projections, 2017 Recommended Adjustment Only
- General Fund Budget Projections, 2.00% Annual Adjustment
- General Fund Budget Projections. 3.10% Annual Adjustment

**Preliminary 2017 Property Tax Levy**

- Per State law, the City Council must certify a Preliminary Property Tax Levy on or before September 30 of each year.
- The Final Property Tax Levy may be lower than the Preliminary Property Tax Levy, but cannot exceed it.
- The City’s property tax levy is comprised of two parts: General Levy + Debt Levy = Property Tax Levy.

**Property Tax Trends and Other Considerations**

- Market values continue to increase throughout Minnesota in all property categories.
  - Property tax rates continue to decline as a result.

- In 2016, certified property tax levies increased 4.53% compared to the previous year with an average property tax levy increase of 4.26%.
  - City staff expect this upward trend to continue.
- Local Government Aid (LGA) remains flat due to impasse between the Minnesota State Legislature and Governor on the tax bill.

**Preliminary 2017 Debt Service Levy Detail**

- \$349,750

**General Fund Budget and Property Tax Levy History**

- For 2017, the Recommended, Preliminary 2017 General Property Tax Levy would increase 3.75% and the Recommended, Preliminary 2017 Debt Service Levy would increase 8.37% resulting in a total Recommended, Preliminary 2017 Property Tax Levy increase of 5.04%.

**Preliminary 2017 Property Tax Levy**

- \$864,657 (General Levy) + \$349,750 (Debt Levy) = \$1,214,407 (Property Tax Levy)

Mr. Tienter reviewed four graphs related to different Annual Property Tax Levy Versus Inflation Scenarios

- Property Tax Levy v. Annual Inflation, No Annual Adjustment
- Property Tax Levy v. Annual Inflation, 2017 Adjustment Only
- Property Tax Levy v. Annual Inflation, 2.00% Annual Adjustment
- Property Tax Levy v. Annual Inflation, 3.10% Annual Adjustment

**Preliminary 2017 Property Tax Levy Discussion**

- The Preliminary 2017 Property Tax Levy responds to cost pressures, but:
  - Remains below the trend line of inflation;
  - Remains competitive with surrounding communities; and
  - Provide for predictable and stable property tax levy change in the future.
- The Preliminary 2017 Property Tax Levy also provides the City Council will maximum flexibility regarding future budget decisions.
  - The Final Property Tax Levy may be certified at a lower amount than the Preliminary Property Tax Levy, but not greater than it.

Council Member Ollig requested the line by line General Fund revenue and expense budget.

**V. Purchase or Sale of Real or Personal Property**

Mayor Stotko requested that this item be delayed until the August 16, 2016 City Council Work Session due to lack of time at tonight's City Council Work Session.

**VI. Other**

**a. Closed Portion - City Council Meeting, August 2, 2016**

Mr. Tienter stated that the closed portion of tonight's City Council Meeting would be held in the Lewis Room.

**b. Amended Agenda - City Council Meeting, August 2, 2016**

Mr. Tienter stated that the agenda for the City Council meeting included one language amendment to the motion regarding the Winsted Municipal Airport Environmental Assessment.

**c. Vacancy – Winsted Volunteer Fire Department – First Assistant Chief**

Mr. Tienter stated that the Winsted Volunteer Fire Department Officers would prefer to promote the existing officers up one position to fill the vacancy of the First Assistant Chief position. This would vacate the Captain 3 position. The City Council Members asked that a motion be placed onto the City Council agenda for tonight's meeting to accomplish this.

**VII. Adjourn**

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

The meeting was adjourned at 6:01 p.m.

*Steve Stotko*

---

Steve Stotko  
Mayor  
City of Winsted

ATTEST:

*Raquel Kirchoff*

---

Raquel Kirchoff, CMC  
City Clerk-Treasurer  
City of Winsted