

City of Winsted
 City Council Work Session
 Lewis Room
 Tuesday, August 21, 2012
 5:00 p.m.

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

Absent: Council Member Tom Ollig

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

I. Call to Order

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

II. 2013 General Fund Budget

Mr. Martens presented the proposed 2013 General Fund Budget.

| <h2 style="color: gold;">General Fund Summary</h2> | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| General Fund Expenditures | Budgeted 2011 | Actual 2011 | Budgeted 2012 | Budgeted 2013 |
| 41000 Mayor/Council | \$62,270 | \$54,425 | 56,965 | 56,111 |
| 41300 Administration | \$194,100 | \$173,064 | 213,075 | \$208,630 |
| 41500 Assessor | \$12,022 | \$12,023 | 12,100 | \$12,050 |
| 41600 Legal Council | \$22,000.00 | \$25,854.80 | 23,400 | \$22,000 |
| 41700 Engineering | \$15,000.00 | \$13,390.00 | 16,000 | \$12,000 |
| 41900 General Government | \$219,950.00 | \$234,516.39 | 355,893 | \$342,688 |
| 41910 Planning Commission | \$5,350.00 | \$7,076.13 | 11,280 | \$11,277 |
| 42000 Public Safety | \$333,875.00 | \$322,677.39 | 334,540 | \$341,181 |
| 42200 Fire Protection | \$97,500.00 | \$97,500.00 | 99,990 | \$99,990 |
| 42400 Building Inspection | \$20,000.00 | \$16,516.89 | 12,850 | \$21,250 |
| 43000 Public Works | \$321,355.00 | \$333,078.80 | 357,475 | \$347,602 |
| 43300 Street Improvement Project | | \$73,105.78 | | |
| 45200 Parks | \$43,200.00 | \$37,836.14 | 43,000 | \$43,600 |
| 45500 Libraries | \$9,800.00 | \$8,497.46 | 9,900 | \$9,700 |
| TOTAL Expenditures | \$1,356,422 | \$1,409,562 | \$1,546,467 | \$1,528,078 |
| General Fund Revenue | Budgeted 2011 | Actual 2011 | Budgeted 2012 | Budgeted 2013 |
| 41900 General Government | \$1,387,777 | \$1,403,029 | \$1,480,917 | \$1,475,113 |
| 42000 Public Safety | \$41,105 | \$42,809 | \$42,450 | \$43,150 |
| 43000 Public Works | \$4,500 | \$12,990 | \$15,000 | \$18,500 |
| 45200 Parks | \$5,200.00 | \$5,427.18 | \$5,500.00 | \$5,400 |
| TOTAL Revenue | \$1,438,582 | \$1,464,255 | \$1,543,867 | \$1,542,163 |
| NET | \$82,160 | \$54,693 | -\$2,600 | \$14,085 |

Mr. Martens stated that the year 2013 Draft General Fund Budget maintains the same Tax Levy as that of the year 2012 of \$744,379 and currently revenues exceed expenditures by \$14,085. Additionally, the Draft General Fund Budget does not include any salary increase for City Staff; however, it does maintain existing Health Insurance coverage.

Mr. Martens stated that the Draft General Fund Budget was presented at the August 7, 2012 City Council Work Session. The City Council directed staff to investigate how possible wage and benefit scenarios would affect the City Budget. Mr. Martens presented the wage and benefit scenarios along with the recently published Consumer Price Index report for the first half of the year 2012.

Mr. Martens presented the following table showing the current and future Debt Levy amounts if the City continues with the Pavement Improvement Plan:

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------|------------|------------------|------------------|----------------|-----------------|-----------------|
| Debt Levy | \$373,250 | \$326,250 | \$326,750 | \$378,250 | \$419,750 | \$420,250 |
| (+/-) 2012 | \$0 | -\$47,000 | -\$46,500 | \$5,000 | \$46,500 | \$47,000 |

Mr. Martens stated that there is a short term decrease in the Debt Levy funding requirements followed by an increase in the year 2015 and beyond.

Mr. Martens continued by stating that the goal of the City Council was to provide for some stability for the tax payers in Winsted and eliminate the waves of large tax increases in the future. One way to do this would be to increase the Tax Levy in the years of 2013 and 2014 by the same amount the Debt Levy decreases and allocate those funds to future pavement needs. This would help to stabilize the Property Tax Levy. Mr. Martens presented an example of this proposal:

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Tax Levy | \$744,379 | \$791,379 | \$790,879 | \$744,379 | \$744,379 | \$744,379 |
| Debt Levy | \$373,250 | \$326,250 | \$326,750 | \$378,250 | \$419,750 | \$420,250 |
| TOTAL LEVY | \$1,117,629 | \$1,117,629 | \$1,117,629 | \$1,122,629 | \$1,164,129 | \$1,164,629 |
| (+/-) 2012 | \$0 | \$0 | \$0 | +\$5,000 | +\$46,500 | +\$47,000 |

Mr. Martens stated that this proposed plan results in a freeze in the overall Property Tax Levy until the year 2015 when a small increase is needed. Additional funds set aside in the years of 2013 and 2014 could go towards the debt service in the years of 2016 and 2017 to lower the City's annual payments.

Mr. Martens stated that McLeod County has provided the City with an updated Tax Capacity report showing very favorable information. Although residential property values once again fell, the new construction in Winsted of approximately \$2,000,000; which includes Saint Mary's Care Center, Tetra Pak, Winsted Napa, etcetera; appears to have offset the decrease in residential values maintaining our Tax Capacity nearly steady. This means that if the City keeps the Property Tax Levy the same as the year 2012, the Tax Rate should stay very steady. Exact Tax Rate information will be available after the Preliminary Levy is set in September, 2012.

Mr. Martens presented a breakdown of the Tax Capacity by property type; which the year 2012 Tax Capacity data is used for the year 2013 tax collection:

| Land Use | 2011 Tax Capacity | 2012 Tax Capacity | (%) Change |
|--|-------------------|-------------------|------------|
| Agriculture | \$14,438 | \$18,846 | +31% |
| Apartments - four units or greater | \$61,826 | \$78,436 | +27%* |
| Residential | \$733,546 | \$671,257 | -8% |
| Commercial - includes airport hangers | \$216,989 | \$232,490 | +7% |
| Industrial | \$166,183 | \$197,291 | +19% |
| JobZ – ends in the year, 2015 | \$161,311 | \$123,747 | -23%** |

*The Apartment Tax Capacity increase is due to increased income values; which this is the only type of property that is valued based upon income. McLeod County completes regular apartment surveys.

**AZZ Galvanizing, Incorporated's participation in the JobZ Program ended July 31, 2012.

Mr. Martens stated that the next step in the process is to set the Preliminary Levy on September 4, 2012. After the Preliminary Levy is adopted the Levy can be reduced; however, it may not be increased. Mr. Martens asked for direction on the following items to be included in the Preliminary Budget and Levy:

1. City staff wages for the year, 2013.
2. City staff Health Insurance benefits for the year, 2013.

3. Any other budget adjustments.
4. The Tax Levy to use when setting the Preliminary Levy

Mr. Martens presented the electronic mail (e-mail) response that he received from Council Member Ollig regarding the direction he would like to see the City Council take in regards to employee wages and insurance benefits for the year 2013 Budget. Council Member Ollig stated in his e-mail that he would like the City Council to consider freezing wages for all employees in the year 2013 and lower the coverage of Health Insurance benefits to eighty-five percent (85%) for employees and seventy-five percent (75%) for dependents. Council Member Ollig continued by stating in his e-mail that this would result in a total savings of approximately \$20,245 and it would be well received by the general public; especially the industry and business owners.

The City Council discussed wages and insurance benefits for Winsted City staff.

Mr. Martens asked the City Council if they had any other adjustments that they would like implemented into the proposed year 2013 General Fund Budget. The City Council discussed and did not have any adjustments to the proposed year 2013 General Fund Budget.

The City Council discussed the proposed year 2013 Preliminary Levy. They directed Mr. Martens to prepare the year 2013 Preliminary Levy with a zero percent (0%) increase to the Tax Levy.

III. Other

a) McLeod County – Recycling Services

Mr. Martens stated that McLeod County submitted Request For Proposal (RFP) for Recycling Services for the entire County. He continued by stating that West Central Sanitation from Willmar, Minnesota presented the least expensive proposal.

b) Glenn Weibel – Winsted Municipal Airport Commission Resignation

Mr. Martens presented an electronic mail (e-mail) that he received from Mr. Glenn Weibel stating that if Mr. Joe Johnson has not submitted his resignation from the Winsted Municipal Airport Commission, he (Mr. Weibel) would like to withdraw his resignation from the Regular City Council meeting's Consent Agenda.

The City Council discussed Mr. Weibel's request.

Ms. Boelter stated that two (2) City Council members will need to make a motion and second the motion to remove Mr. Weibel's resignation from the Consent Agenda. After the items on the Consent Agenda are read and presented by Mayor Stotko, two (2) City Council members will need to make a motion and second the motion to approve the Consent Agenda.

IV. Adjourn

Council Member Mochinski motioned to adjourn the meeting. Council Member Schulenberg seconded the motion. Motion carried 4-0.

The meeting was adjourned at 5:50 p.m.

Steve Stotko

Steve Stotko
Mayor
City of Winsted

ATTEST:

Deborah R. Boelter

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