

City of Winsted
City Council Work Session
Lewis Room
Tuesday, September 15, 2015
5:00 p.m.

Present: Deputy Mayor Bonnie Quast
Council Member Max Fasching
Council Member Tom Ollig
Council Member George Schulenberg

Absent: Mayor Steve Stotko

Staff Present: Mr. Daniel Tienter, City Administrator
Ms. Raquel Kirchoff, Administrative Assistant

I. Call to Order

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

II. Winsted Municipal Airport Update – Bolton and Menk, Incorporated

Mr. Ron Roetzel and Ms. Melissa Underwood, Bolton and Menk, Incorporated were present at the Work Session and provided an update regarding the Environmental Assessment for the paved runway at the Winsted Municipal Airport. Mr. Roetzel and Ms. Underwood stated that an update would also be provided at tonight's regular City Council meeting.

III. Year 2016 General Fund Budget and Preliminary Levy

Mr. Tienter distributed and reviewed the following memo regarding the proposed year 2016 General Fund Budget and Preliminary Levy.

Per Minnesota Statute § 275.065 all home rule and statutory cities must certify a Preliminary Property Tax Levy to their respective County Auditor on or before September 30. City staff recommends a Preliminary Property Tax Levy (Levy) by adding the Preliminary General Property Tax Levy (General Levy) to the Preliminary Debt Service Levy. These levies are used to finance the operating, capital and debt expenditures of the City of Winsted (City), which supports the actions and vision of the City Council.

In August, City staff initiated the year 2016 Budget process through a series of meetings with the Mayor, City Clerk, Treasurer, Police Chief and Public Works Maintenance Supervisor. During these discussions, City staff reviewed new budget requests, adjusted revenue and expenditure estimates, and reallocated resources to better meet the needs of the City. As a result of this process, City staff recommends a General Fund Budget of \$1,733,910 which is an increase of 6.26% compared to the year 2015 General Fund Budget.

The recommended year 2016 General Fund Budget is supported by a variety of revenue sources, including but not limited to: charges for service, fees, fines, general purpose aids, grants and property taxes. When accounting for each of these revenue sources, City staff recommends a Preliminary Year 2016 Levy of \$1,162,649, an increase of 3.56% compared to the year 2015 Levy, to support the recommended year 2016 General Fund Budget.

FINANCIAL/BUDGET:

Preliminary 2016 Property Tax Levies

According to Figure 1 below, when compared to the year 2015 General Fund Budget, the recommended year 2016 General Fund Budget increases expenditures by \$99,072 or 6.06% and increases revenues by \$54,990 or 3.28%. Given these increases and reallocation of resources within the current budget, the recommended year 2016 Budget will make use of approximately \$3,679 of General Fund Balance to support costs associated with the year 2016 Presidential

Election. Given the regular, but infrequent nature of these expenditures, City staff considers the recommended year 2016 Budget structurally balanced.

Figure 1: General Budget and Levy History and Detail						
	Final 2013	Final 2014	Final 2015	Preliminary 2016	Change 2015 v. 2016 (%)	Change 2015 v. 2016 (\$)
Expenditures	\$ 1,496,710	\$ 1,622,843	\$ 1,634,838	\$ 1,733,910	6.06%	\$ 99,072
Revenue	\$ 1,640,722	\$ 1,652,018	\$ 1,675,240	\$ 1,730,230	3.28%	\$ 54,990
Total	\$ 144,012	\$ 29,175	\$ 40,402	\$ (3,679)	-109.11%	\$ (44,082)
General	\$ 777,182	\$ 776,682	\$ 799,904	\$ 839,899	5.00%	\$ 39,995
Debt	\$ 326,250	\$ 326,750	\$ 322,750	\$ 322,750	0.00%	\$ -
Total	\$ 1,103,432	\$ 1,103,432	\$ 1,122,654	\$ 1,162,649	3.56%	\$ 39,995

Property Tax Levies Analysis

The recommended year 2016 Budget relies on various funding sources, most notably property taxes. Figure 2, which is provided below, provides both a history of the Levy beginning in year 2013 and 2016 estimates based upon information provided by the McLeod County Auditor. As previously mentioned the recommended 2016 Budget proposes to increase the Preliminary 2016 Levy by \$39,995 or 3.56%. It is important to note that this increase only adjusts the Preliminary 2016 General Levy and not the Preliminary 2016 Debt Service Levy, which will remain flat and consistent with the City's annual debt obligations.

Although City staff recommends an increase in the Preliminary 2016 Property Tax Levy, the estimated property taxes for a \$140,000 homestead will actually decrease. According to the McLeod County Auditor, the Net Tax Capacity of the City increased from \$1,262,652 to \$1,487,555, or \$224,903 or 17.81%. Since the increase in the Net Tax Capacity outpaces the recommended increase in the Preliminary 2016 Levy, the Net Property Tax Rate actually decreases, which in turn decreases the amount of property taxes paid by a given household. In total, City staff estimates property taxes for a \$140,000 homestead to decrease by \$128 or 12.10% compared to the 2015 Levy.

Figure 2: Property Tax History and Detail								
Year	Net Tax Capacity	Property Tax Levy	Net Tax Capacity Rate	Estimated Median Value Home	Net Tax Capacity	Net Property Tax	Net Property Tax Change (%)	Net Property Tax Change (\$)
2013	\$ 1,230,607	\$ 1,103,432	89.67%	\$ 140,000	\$ 1,186	\$ 1,063	n/a	n/a
2014	\$ 1,270,528	\$ 1,103,432	86.85%	\$ 140,000	\$ 1,186	\$ 1,030	-3.14%	\$ (33)
2015	\$ 1,262,652	\$ 1,122,654	88.91%	\$ 140,000	\$ 1,186	\$ 1,055	2.38%	\$ 24
Prelim. 2016	\$ 1,487,555	\$ 1,162,649	78.16%	\$ 140,000	\$ 1,186	\$ 927	-12.10%	\$ (128)
Change 2015 v. 2016	\$ 224,903	\$ 39,995	-11%	\$ -	\$ -	\$ (128)	-14%	\$ (152)

Mr. Tienter reviewed new budget requests greater than \$1,000 from the General Fund and stated that the three (3) largest requests include the addition of a Deputy City Clerk position, additional compensation to current employees based on a compensation study completed, and an increase to the engineering budget.

Mr. Tienter stated that the Preliminary Levy will be adopted at a Special Meeting of the City Council on Friday, September 25, 2015.

The City Council discussed the information provided for the 2016 General Fund Budget and Preliminary Levy and stated that the Preliminary Levy is a proposed budget. All requests presented do not have to be adopted in the final levy.

V. No Other.

VI. Adjourn

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

The meeting was adjourned at 5:55 p.m.

Bonita Quast

Bonita Quast
Deputy Mayor
City of Winsted

ATTEST:

Raquel Kirchoff

Raquel Kirchoff, CMC
Administrative Assistant
City of Winsted