

Present: Mayor Steve Stotko
 Council Member George Schulenberg
 Council Member Patty Fitzgerald
 Council Member Tom Ollig
 Council Member Mike Henrich

Staff Present: Mr. Daniel Tienter, City Administrator
 Ms. Raquel Kirchoff, City Clerk-Treasurer
 Mr. Brian Langenfeld, Winsted Volunteer Fire Department Chief – Arrived at 3:05 p.m.

I. Call to Order

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

II. Recommended 2018 Budget

a.) Capital Improvement Plan (CIP)

Mr. Tienter stated that the Recommended 2018 – 2022 Capital Equipment and Improvement Plan (CEIP) considers the following:

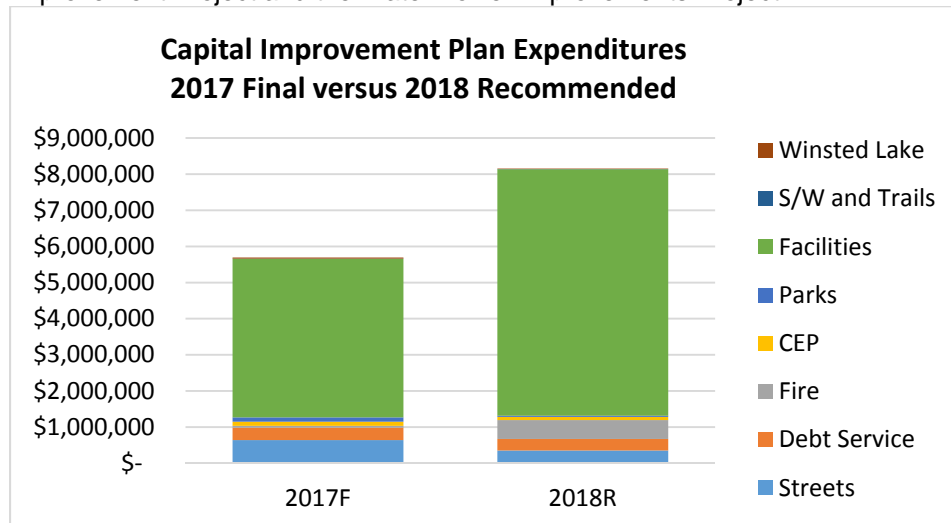
- Previous City Council actions (e.g. - 2011 Pavement Management Plan, Streets CIP Property Tax Strategy);
- Recommendations of City Commissions (e.g. - Park Commission);
- Cost assumptions based on best available project estimates;
- Annual increases in certain fees and revenues used to finance capital improvements (e.g., Park Improvement Fee);
- Reallocates existing General Fund revenues among various CEIP sections.

General Fund Budget Transfers, 2018	
Budget Area	From General Fund
Facilities	\$ 5,000
Parks	\$ 10,000
Streets	\$ 118,668
Trails	\$ 6,000
Winsted Lake	\$ -
Equipment	\$ 90,000
Total	\$ 229,668

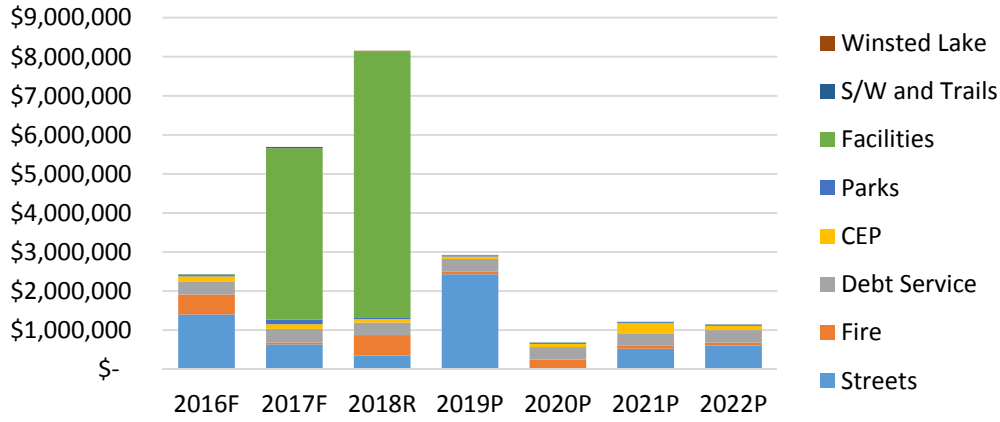
It does not include the following:

- Safe Routes to Schools Infrastructure Project(s);
- Winsted Municipal Airport Runway Improvement Project;
- Adjustment for inflation annually (i.e., based on 2018 recommended nominal amounts).

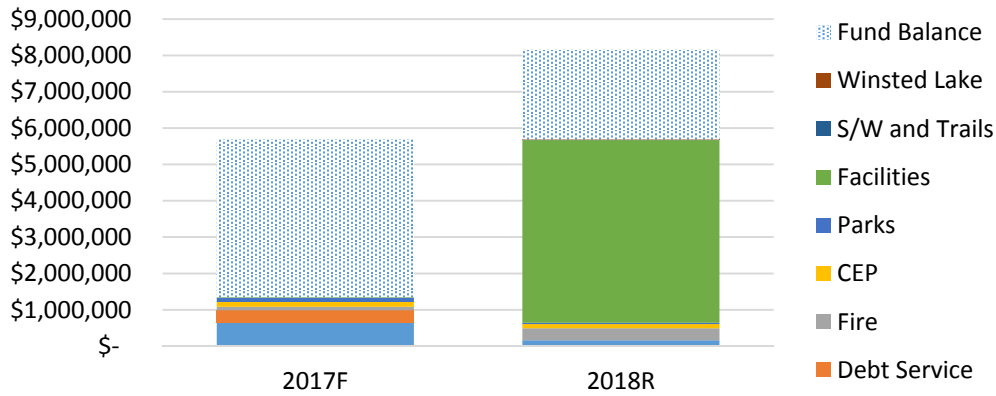
Mr. Tienter reviewed the following information related to the CIP. Mr. Tienter stated that the large green portion related to Facilities expenditures in the years 2017 and 2018 is due to the Waste Water Treatment Facility Improvement Project and the Water Tower Improvements Project.



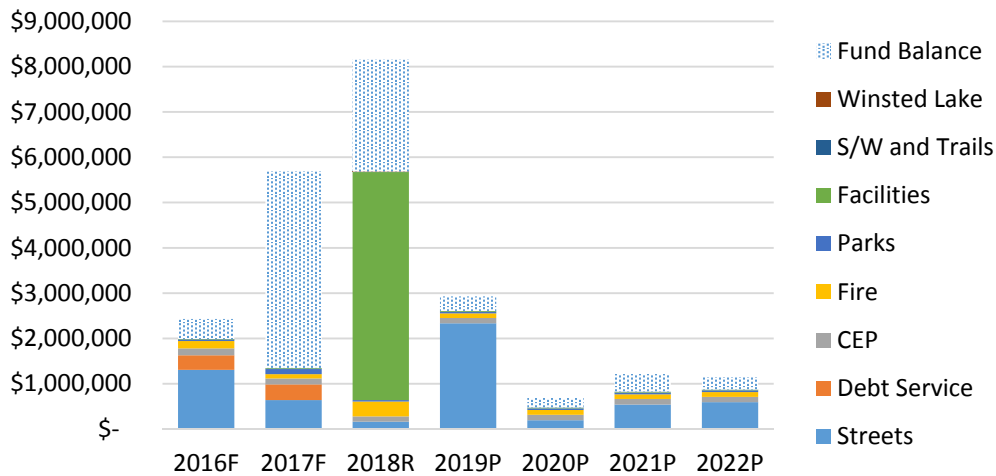
Capital Improvement Plan Expenditures, Five Year Projection

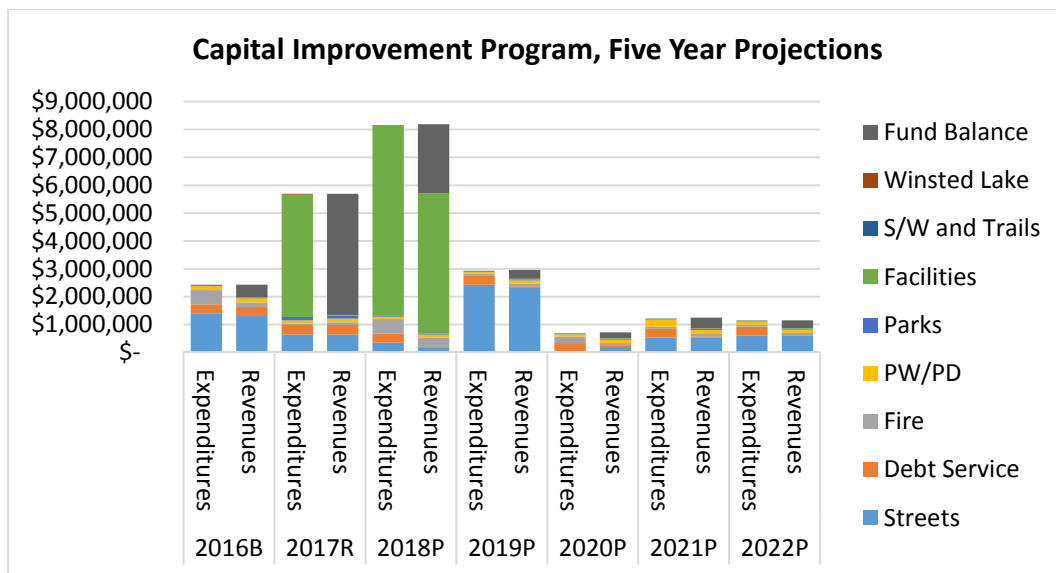


Capital Improvement Plan Revenue 2017 Final versus 2018 Recommended



Capital Improvement Plan Revenues, Five Year Projections





b.) Parks/Trails CIP

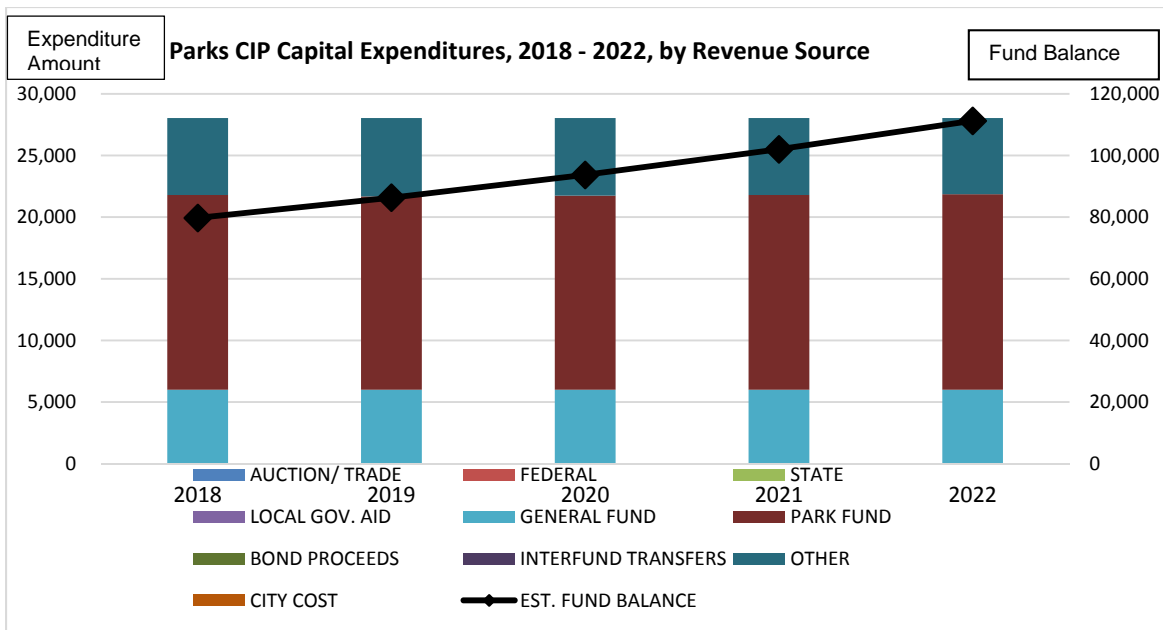
Mr. Tienter stated that the recommended 2018 – 2022 Parks CIP assumes the following:

- Consistent with the 2017 Park System Master Plan;
- Consistent with guidance and budget recommendation as provided by the Park Commission;
- Assumes a 5.00% increase in the Park Improvement Fee for 2018;
 - 2017 Final - \$1.58; 2018 Recommended - \$1.65
- Maintains repayment from the Winsted Baseball Association for the Denis M. Campbell Field Improvement Project and corresponding repayment to the General Fund at 1.00% interest.
- On August 14, 2017, the Park Commission recommended the following improvements to the Park System in 2018.

Recommended Park System Improvements, 2018			
Park Unit	Project Description	Amount	Source
General	Improve plantings throughout the park system	\$ 2,000	Public Works Ops.
Barrett	Improve Kitchen/Concession Facilities	\$ 5,000	Parks Ops., Imp.
Mill Reserve	Replace certain landscape timbers	\$ 7,500	Parks Ops./Parks CIP
Mill Reserve	Replace ground cover in playground area	\$ 10,000	Parks CIP
Northgate	Add seating areas	\$ 3,000	Parks Ops., Imp.
Southview	Install edging to keep ground cover off path	\$ 1,000	Parks Ops., Main.
	Subtotal	\$ 28,500	
	Contingency (10%)	\$ 2,850	
	Total	\$ 31,350	

- As outlined in the table, the funding for these activities will be supported by non-CIP sources; and
- Additionally, the Park Operations Budget contains funding to support the continued maintenance of these improvements (approximately \$2,700 annually).

Mr. Tienter reviewed the following information related to the Parks CIP.



Mr. Tienter stated that the Recommended 2018 – 2022 Sidewalk and Trails CIP assumes the following:

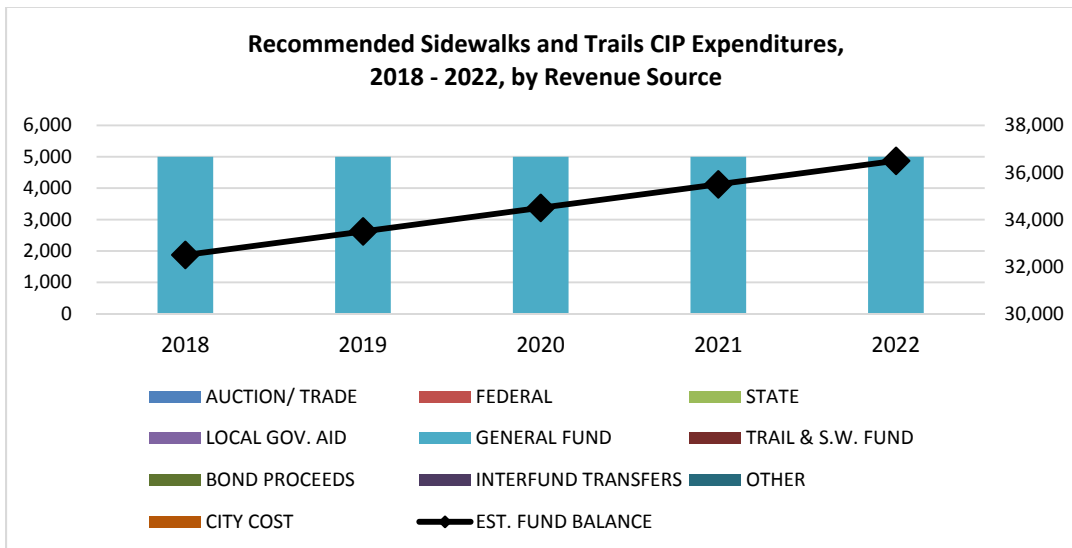
- No change in assumptions or funding sources (i.e., General Fund).

It does not include the following:

- Safe Routes to Schools Infrastructure Project(s).

Mr. Tienter stated that during the next budget cycle, the City Council should strongly consider combining the Sidewalks and Trails CIP with the Parks CIP.

Mr. Tienter reviewed the following information regarding the recommended Sidewalks and Trails CIP.



c.) Facilities CIP/Winsted Lake CIP

Mr. Tienter stated that the Recommended 2018 Facilities CIP assumes the following:

- Approximately \$10,000 in interest earnings to support ongoing CIP activities and projects;
- Approximately \$800,000 in low-interest financing from the Public Facilities Authority to support the Water Tower Rehabilitation Project; and
- Approximately \$1,789,865 of unspent bond proceeds to support;
 - Wastewater Treatment Facility Improvement Project (~\$917,813)
 - Sanitary Sewer Lift Station Improvements (~\$872,052).
- Approximately \$1,000 in 2018 for Winsted Library related equipment, and \$1,000 through 2022;

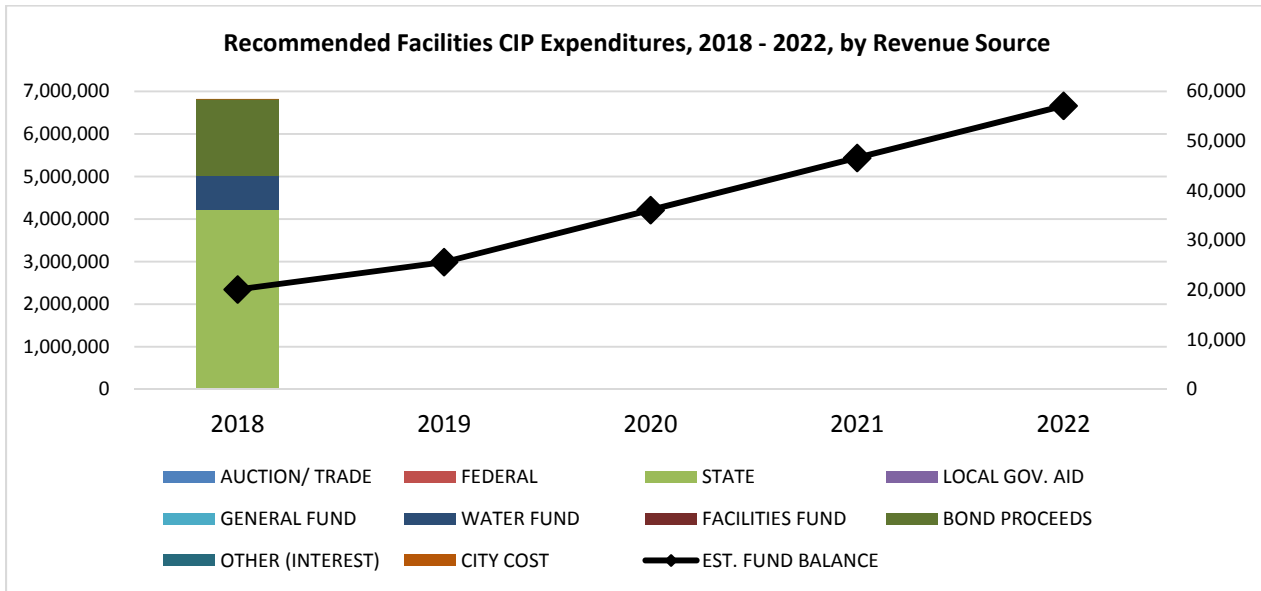
- Monies only available on a “per request” basis, and must be approved by the City Council through the regular budget process;
- Approximately \$15,000 for a Water Supply Plan as required by the Minnesota Department of Natural Resources;
- May result in “Conservation Rates” for the sale of water.

It does not include:

- Any major renovations or changes to City facilities.

Mr. Tienter reviewed information related to the Facilities CIP as follows.

PAGE NO.	PROJECT DESCRIPTION	BUDGETED COST	REVENUE SUMMARY				CITY COST
			STATE	GENERAL FUND	WATER FUND	BOND PROCEEDS	
2018 Section							
	Facilities Improvement Set-Aside	3,500	0	3,500	0	0	0
	Water Supply Plan	15,000	0	0	0	0	15,000
	Public Library Equipment Set Aside	1,000	0	1,000	0	0	0
	Wastewater Treatment Facility Improvements	5,132,666	4,214,853	0	0	917,813	0
	Sanitary Sewer Lift Station Improvements	872,052	0	0	0	872,052	0
	Water Tower Rehabilitation Project	800,000	0	0	800,000	0	0
		6,824,218	4,214,853	4,500	800,000	1,789,865	15,000



Mr. Tienter stated that the Recommended 2018-2022 Winsted Lake CIP assumes the following:

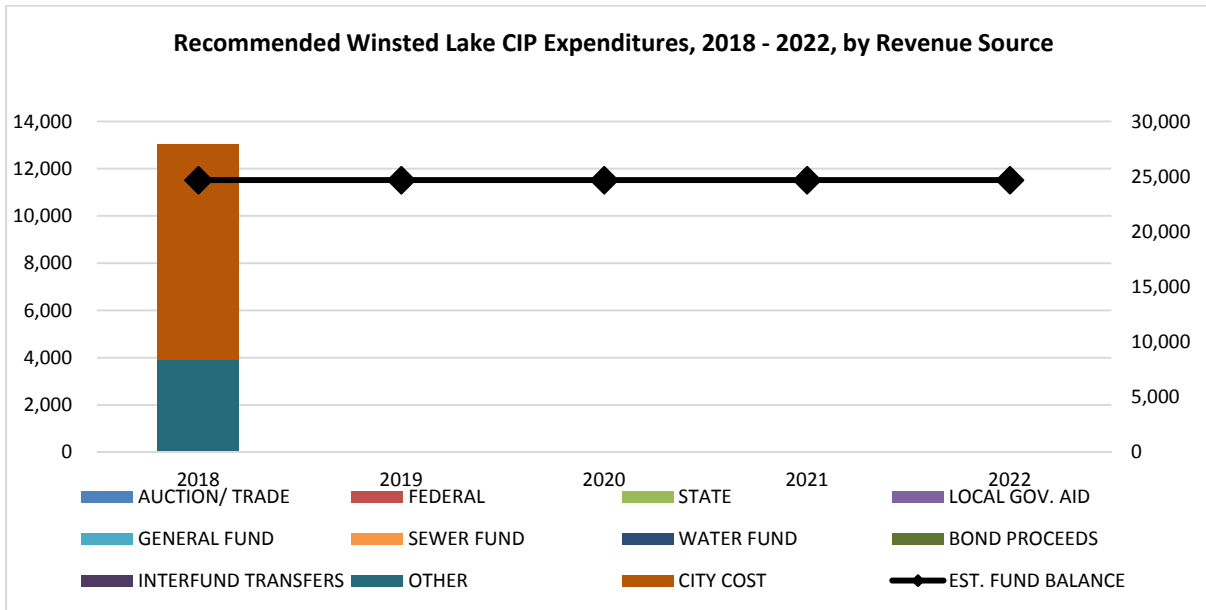
- No change in assumptions or funding sources (i.e., General Fund)
- Approximately \$13,000 to support Water Quality Feasibility Summaries, as discussed at the October 3, 2017 Work Session;
 - Anticipates about \$3,900, 30% of the project cost, from the Winsted Lake Watershed Association.

It does not include:

- Winsted Lake Shoreline Improvement(s).

Mr. Tienter reviewed information related to the Winsted Lake CIP as follows.

PAGE NO.	PROJECT DESCRIPTION	BUDGETED COST	REVENUE SUMMARY					CITY COST
			GENERAL FUND	BOND PROCEEDS	INTERFUND TRANSFERS	OTHER		
2018 Section								
	Water Quality Improvements	13,000	0	0	0	3,900	9,100	
		13,000	0	0	0	3,900	9,100	



d.) Streets CIP

Mr. Tienter stated that the Recommended 2018-2022 Streets CIP assumes the following:

- Continuation of the Streets CIP Property Tax Transfer Strategy

Recommended Fee Changes Replaced with Property Tax Levy, Estimated						
Fee or Property Tax Assumption	2016B	2017F	2018R	2019P	2020P	2021P
Fire Protection Fee	\$ -	\$ 30,443	\$ 62,103	\$ 95,017	\$ 129,223	\$ 131,808
Storm Water Utility Fee	\$ -	\$ 11,880	\$ 11,999	\$ 12,119	\$ 12,240	\$ 12,362
Total	\$ -	\$ 42,323	\$ 74,102	\$ 107,136	\$ 141,463	\$ 144,170
General Property Tax Levy Replacement						
General Property Tax Levy	\$ 799,904	\$ 833,404	\$ 867,238	\$ 913,417	\$ 960,520	\$ 1,008,564
Project Levy Adjustment	4.19%	0.60%	2.00%	2.00%	2.00%	2.00%
Subtotal	\$ 833,404	\$ 838,404	\$ 884,583	\$ 931,686	\$ 979,730	\$ 1,028,735
Fire Protection Fee Replacment	\$ -	\$ 26,362	\$ 26,362	\$ 26,362	\$ 26,362	\$ 26,362
Storm Water Utility Fee Replacement	\$ -	\$ 2,472	\$ 2,472	\$ 2,472.48	\$ 2,472	\$ 2,472
Subtotal	\$ -	\$ 28,834	\$ 28,834	\$ 28,834	\$ 28,834	\$ 28,834
Total	\$ 833,404	\$ 867,238	\$ 913,417	\$ 960,520	\$ 1,008,564	\$ 1,057,569
Percent Change	4.19%	4.06%	5.32%	5.16%	5.00%	4.86%

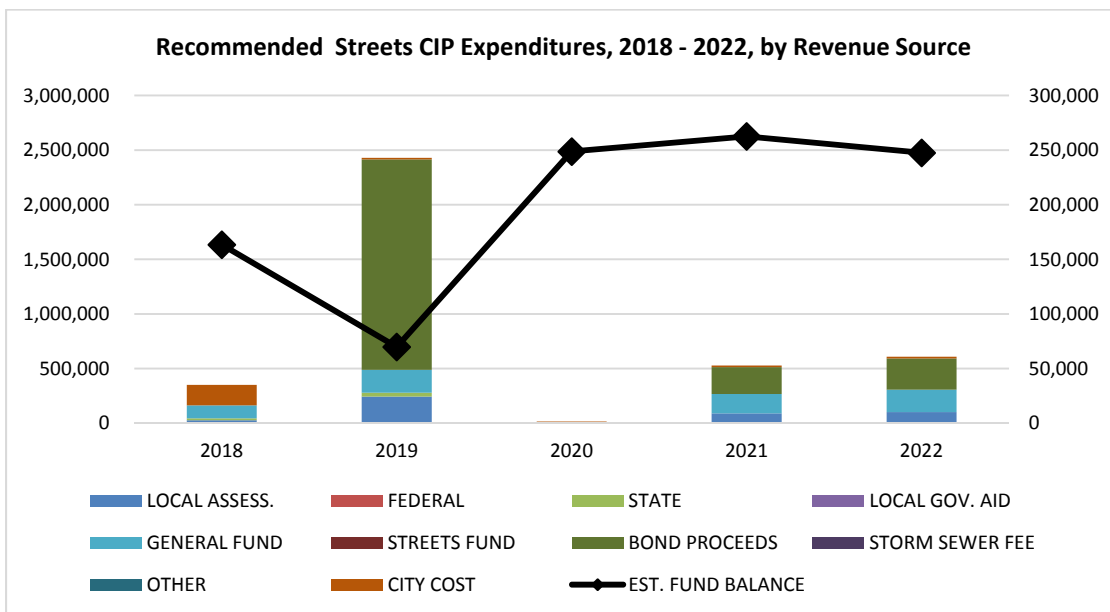
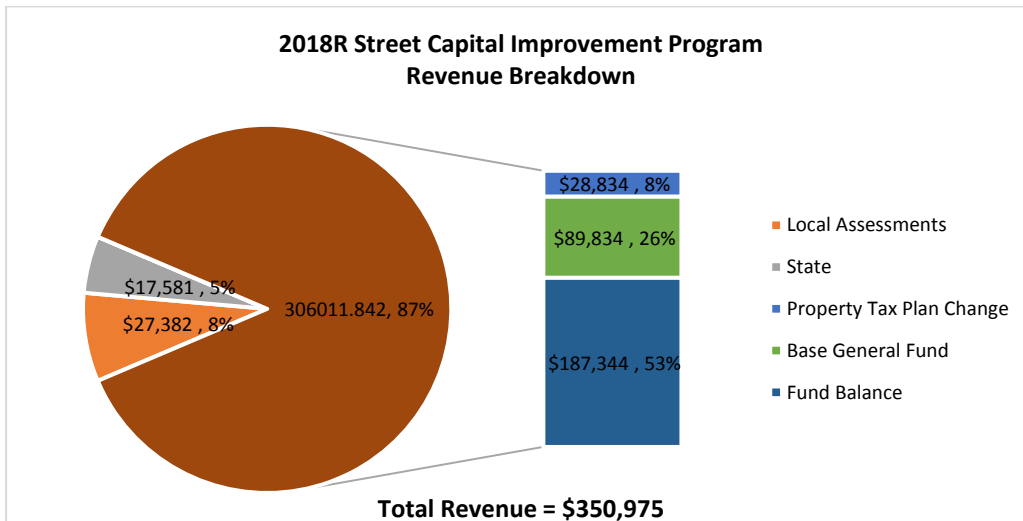
- Mill and overlay project(s) for Pheasant Run, Hunter Circle and Harvest Circle;
- Additional funding for deferred maintenance on Storm Sewers; and;
- Industrial Boulevard Reclamation Project.

It does not include:

- Any bond proceeds or debt issuance to support projects recommended for 2018; or
- Any funding or support for a County Road No. 116 Project

Mr. Tienter reviewed information related to the Streets CIP as follows.

PAGE NO.	PROJECT DESCRIPTION	PROJECT LOCATION	BUDGETED COST	REVENUE SUMMARY				
				LOCAL ASSESS.	STATE	GENERAL FUND	BOND PROCEEDS	CITY COST
2018 Section								
	Bituminous Overlay	Pheasant Run, Hunter Circle, Harvest Circle	140,780	0	17,581	118,668	0	4,531
	Deferred Maintenance, Storm Sewers	Citywide	15,000	0	0	0	0	15,000
	Industrial Boulevard Reclamation	Industrial Boulevard	195,195	27,382	0	0	0	167,813
			350,975	27,382	17,581	118,668	0	187,344



e.) Fire Department/Fire CIP

Mr. Tienter provided a Fire Department Strategic Operations Plan update as follows:

- On January 3, 2017, the City Council approved a Strategic Operations Plan (Plan) for the Winsted Volunteer Fire Department (Fire Department) with a cost not to exceed \$6,500.
 - To date, the Fire Department has experienced several delays in this process due to the availability of the consultant.
- Pending the results of this Plan, City staff have not conducted the annual Fire Department Advisory Board (Fire Board) meeting.
 - Pending approval of the Fire Board and City Council, the Recommended 2018 Budget includes the following placeholders:
 - Increase in Wages and Salaries of approximately \$28,850 to support a Paid, On-Call Compensation Program (Program);
 - Increase in the "Per Unit" rate of \$18.00, 14.86% to support this Program.

The City Council Members discussed the Recommended 2018 Fire Department Operations Fund assumptions that follow.

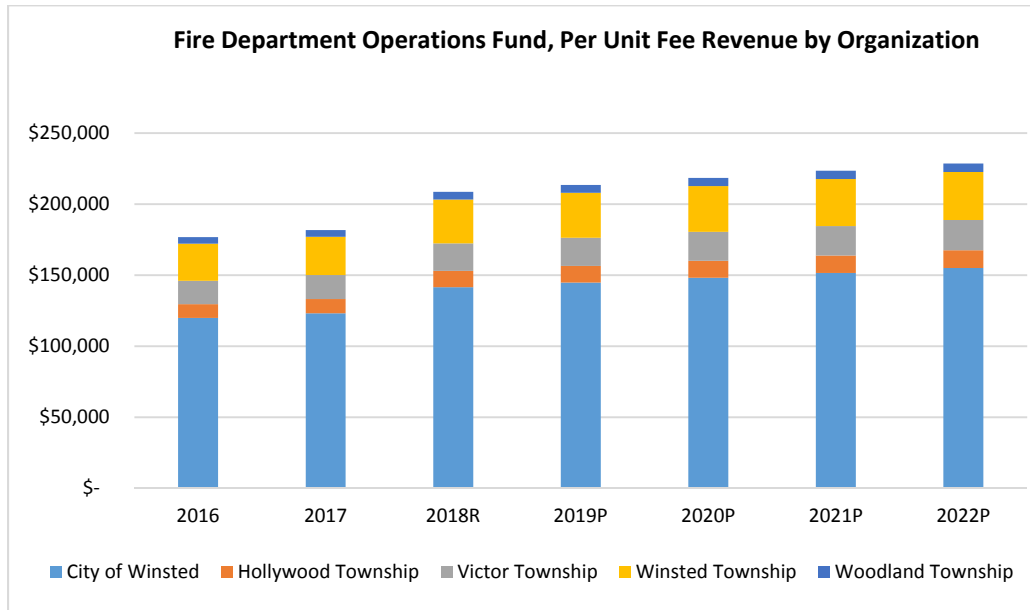
- 0.30% increase in eligible units (same growth projection as the Water and Sewer Funds; and
- Placeholder for a paid, on – call compensation system (~\$26,800).
- The Recommended 2018 Fire Department Operations Budget does not include:
 - Additional revenue from auto or home insurance claims; or
 - Modifications to the fee–for–service system.

Mr. Tienter reviewed information related to the Fire Department Operations Fund as follows.

Recommended 2018 Budget Projection Assumptions, Selected	
Revenues	Expenditures
0.00% Local Government Aid	1.00% Materials and Supplies
1.00% Other Revenue	3.00% CIP Transfer
2.00% Fire Department Per Unit Fee	

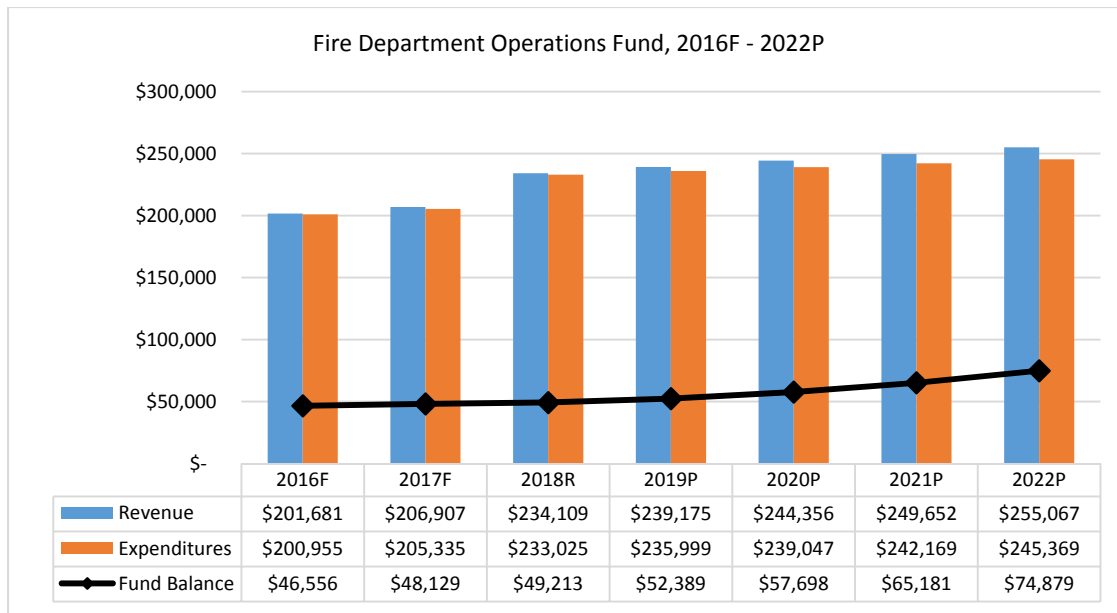
Organization	2016	2017	2018R	2019P	2020P	2021P	2022P
City of Winsted	991	994	997	1000	1003	1006	1009
Hollywood Township	80	80	80	81	81	81	81
Victor Township	136	136	137	137	138	138	138
Winsted Township	216	217	217	218	219	219	220
Woodland Township	38	38	38	38	38	39	39
Total	1461	1465	1470	1474	1479	1483	1487

	2016	2017	2018R	2019P	2020P	2021P	2022P	Change, 2017 v. 2018 (\$)
Per Unit Cost	\$ 121.00	\$ 124.00	\$ 142.00	\$ 144.84	\$ 147.74	\$ 150.69	\$ 153.71	\$ 18.00
City of Winsted	\$ 119,911	\$ 123,253	\$ 141,568	\$ 144,832	\$ 148,172	\$ 151,589	\$ 155,084	\$ 18,315
Hollywood Township	\$ 9,680	\$ 9,950	\$ 11,428	\$ 11,692	\$ 11,961	\$ 12,237	\$ 12,519	\$ 1,479
Victor Township	\$ 16,456	\$ 16,915	\$ 19,428	\$ 19,876	\$ 20,334	\$ 20,803	\$ 21,283	\$ 2,513
Winsted Township	\$ 26,136	\$ 26,864	\$ 30,856	\$ 31,568	\$ 32,296	\$ 33,041	\$ 33,802	\$ 3,992
Woodland Township	\$ 4,598	\$ 4,726	\$ 5,428	\$ 5,554	\$ 5,682	\$ 5,813	\$ 5,947	\$ 702
Total	\$ 176,781	\$ 181,707	\$ 208,709	\$ 213,521	\$ 218,445	\$ 223,483	\$ 228,636	\$ 27,001
Percent Change	0.27%	2.79%	14.86%	2.31%	2.31%	2.31%	2.31%	



Operations Budget Summary

	2016F	2017F	Recommended Changes	2018R	2019P	2020P	2021P	2022P
Revenue	\$ 201,681	\$ 206,907	\$ 27,201	\$ 234,109	\$ 239,175	\$ 244,356	\$ 249,652	\$ 255,067
Expenditures	\$ 200,955	\$ 205,335	\$ 27,690	\$ 233,025	\$ 235,999	\$ 239,047	\$ 242,169	\$ 245,369
Variance	\$ (726)	\$ (1,573)	\$ 489	\$ (1,084)	\$ (3,176)	\$ (5,309)	\$ (7,483)	\$ (9,698)
Charge for Service	\$ 176,781	\$ 181,707	\$ 27,001	\$ 208,709	\$ 213,521	\$ 218,445	\$ 223,483	\$ 228,636
Unit Count	1,461	1,465	4	1,470	1,474	1,479	1,483	1,487
Per Unit Fee	\$ 121.00	\$ 124.00	\$ 18.00	\$ 142.00	\$ 144.84	\$ 147.74	\$ 150.69	\$ 153.71



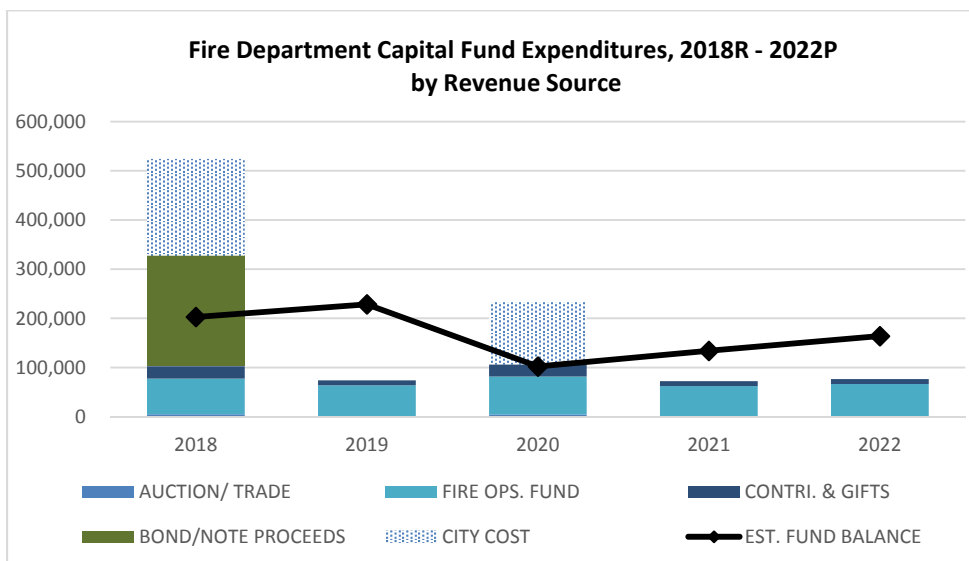
Mr. Tienter stated that based on the Unit Counts and Recommended 2018 Fire Department Operations Budget, the City will support approximately 67.8% of Fire Department expenditures. He continued by stating that no other political subdivision provides more than 15% of Fire Department Operations revenue.

Mr. Tienter stated that the Recommended Fire Department Capital Equipment Improvement Plan (CEIP) assumes the following:

- Continues the planned 3.00% increase in the Fire Department Operations transfer to support equipment replacement
- Contains cost assumptions based on recommendations from Fire Department staff and the best available project estimates.

Mr. Tienter reviewed information related to the Fire Department CEIP as follows.

SHEET NO.	PROJECT DESCRIPTION	BUDGETED COST	REVENUE SUMMARY					CITY COST	TOTAL LIFE PROJECT COST
			AUCTION/TRADE	FIRE OPS. FUND	CONTRI. & GIFTS	BOND/NOTE PROCEEDS			
2018 Section									
Proj 1	Replace Aerial Engine, Class A (Used)	500,000	5,000	53,344	25,000	225,000	191,656	500,000	
Proj 2	Furniture Replacement	5,000	0	0	0	0	5,000	5,000	
Proj 5	Debt Service	9,090	0	9,090	0	0	0	677,906	
Proj 6	Fire Department Equipment Set-Aside	10,000	0	10,000	0	0	0	50,000	
		524,090	5,000	72,435	25,000	225,000	196,656		



Mr. Tienter stated that the City anticipates issuing another Equipment Certificate for the purchase of a new Ladder Truck. City staff are currently in negotiations with the City of Eagan, MN to purchase their 2002 100' Ladder Truck for approximately \$330,000, which is a net savings of \$170,000. If negotiations are successful, the City may not need to issue additional debt. If the City needed to issue additional debt, it would follow an estimated amortization schedule that follows.

AMORTIZATION SCHEDULE NO. 2, ESTIMATED					
	PRINCIPAL VALUE				225,000
	PERIOD (YEARS)				10
	ESTIMATED RATE				2.50%
	ESTIMATED ANNUAL PAYMENT				25,708
	BEG. BALANCE	ANNUAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	END BALANCE
2018	0	0	0	0	0
2019	225,000	25,708	5,625	20,083	204,917
2020	225,000	25,708	5,625	20,083	204,917
2021	204,917	25,708	5,123	20,585	184,331
2022	184,331	25,708	4,608	21,100	163,232
TOTAL		102,833	20,981	81,852	

III. Adjourn

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

The meeting was adjourned at 4:15 p.m.

Steve Stotko

Steve Stotko
 Mayor
 City of Winsted

ATTEST:

Raquel Kirchoff

Raquel Kirchoff, CMC
 City Clerk-Treasurer
 City of Winsted