

City of Winsted
City Council Work Session
Lewis Room
Wednesday, November 6, 2013
5:00 p.m.

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

Staff Present: Mr. Clay Wilfahrt, City Administrator
Ms. Deborah R. Boelter, City Clerk-Treasurer

I. Call to Order

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

II. Littfin Lift Station Generator

Mr. Wilfahrt stated that in June of the year 2013, a major storm event overwhelmed several of the City of Winsted's lift stations. As a result of the storm event, the City began exploring the possibility of purchasing generators for several of the lift stations to help maintain functionality during major storms.

Mr. Wilfahrt stated that at the September 17, 2013 City Council Work Session, the City Council discussed purchasing generators and showed an interest in purchasing a generator for the Littfin Lift Station. After the September 17, 2013 meeting, staff requested that Bolton and Menk, Incorporated solicit quotes for the project. Bolton and Menk, Incorporated received four (4) quotes by the October 31, 2013 deadline. Only one (1) of the contractors submitted a bid for the Littfin Lift Station Generator project to be completed prior to the spring of the year 2014.

Mr., Wilfahrt stated that Bolton and Menk, Incorporated also identified some minor design modifications that they would like to include in the project. The modifications include changes to the alarm controls, temporary power and motorized dampers. Mr. Wilfahrt stated that as a result of this information, Bolton and Menk, Incorporated is recommending that the City waits to conduct the Littfin Lift Station Generator project until the modifications can be made and quotes for the revised project can be submitted.

Mr. Jake Saulsbury, City Engineer from Bolton and Menk, Incorporated was in attendance at the meeting.

Mr. Wilfahrt referenced Mr. Saulsbury's memo regarding the Littfin Lift Station Generator project bid award.

The City Council discussed and directed Mr. Wilfahrt and Mr. Saulsbury to obtain bids to complete the Littfin Lift Station Generator project in the spring of 2014.

III. Wastewater Treatment Facility Improvements

Mr. Wilfahrt stated that the Minnesota Pollution Control Agency (MPCA) recently reduced the allowable amount of phosphorus that can be discharged into a standing body of water from a wastewater treatment facility. Since the City of Winsted's Wastewater Treatment Facility (WWTF) discharges into South Lake, the Facility will need to meet the new standards by the year 2023.

Mr. Wilfahrt stated that in September, 2013, the City was awarded a \$1.08 million Point Source Implementation Grant for the phosphorus reduction project. Bolton and Menk, Incorporated has

estimated that the City's cost for the WWTF Improvement project would be approximately \$3.2 million to \$3.8 million in addition to the grant.

Mr. Wilfahrt distributed a document showing the *Breakout of Estimated Costs for Equipment Repair and/or Upgrade and Phosphorus Improvements*.

Mr. Wilfahrt stated that if the City would bond for the WWTF improvements, this would result in an annual debt service of approximately \$221,100 to \$262,556 or a monthly increase of \$21 to \$25 per month, per sewer connection customer. This increase could be phased in over two (2) or three (3) years to minimize impact. An average water and sewer bill is approximately \$75 per month.

Mr. Wilfahrt stated that Mr. Shannon Sweeney, of David Drown Associates, will be conducting a rate study to determine the impact the WWTF Improvement project will have on sewer rates and how to best distribute the costs among the City's water and sewer customers.

Mr. Wilfahrt referenced Mr. Sweeney's letter regarding the proposed WWTF Improvement project. He continued by stating that Mr. Sweeney determined that the project could be considered because the grant is not guaranteed to be available in the future, the project would have an immediate positive environmental impact, and that inflation rates in construction costs could rise in the future. However, Mr. Sweeney also noted several reasons to wait to complete the WWTF Improvement project:

1. The City has ten (10) years until the project is mandated and rates would not have to be increased as drastically to accommodate for the expense ten (10) years from now.
2. Growth in the community over the next ten (10) years could help distribute the cost among more water and sewer customers, and that other opportunities exist to help fund the project such as Public Facility Authority (PFA) loans and Rural Development Grants which have not been explored.
3. Phosphorus regulations could change between now and the year 2023 which would make the improvements obsolete.

Mr. Wilfahrt referenced a letter that he received from Bolton and Menk, Incorporated in response to the items discussed in Mr. Sweeney's letter. He continued by stating that the letter indicates that only \$1.08 million of the City's share of the costs is related to the phosphorus improvements. This means that only \$1.08 million of the total project cost can be postponed until the year 2023. The City would still have to incur \$2.2 to \$2.6 million in improvement costs regardless of the phosphorus improvements. Mr. Wilfahrt stated that he has requested that Mr. Saulsbury provide the City with a more detailed schedule of expected expenses; but in summary, the costs are for repairs to preliminary screening, clarifiers, ultraviolet disinfection system, sludge pumps, oxidation ditches, electrical controls, decommissioning of the sludge ponds, and a generator.

Mr. Wilfahrt stated that Bolton and Menk, Incorporated also indicated that waiting jeopardizes chances of receiving another Point Source grant in the future, and potentially jeopardizes the opportunity for the City to have the option of discharging to Crane Creek.

Mr. Wilfahrt stated that after receiving the aforementioned letter from Bolton and Menk, Incorporated, he discussed the letter with Mr. Sweeney and he indicated that he does not hold a strong position one way or another in regards to how the City should proceed with the WWTF Improvement project.

Mr., Wilfahrt stated that the project would be funded partially through contributions from the City's Sewer Fund reserves which currently has a balance of \$923,000 and the rest would be financed through revenue bonds. Mr. Wilfahrt stated that he discussed the bond proposal with the City's auditor and she indicated that if the City would issue revenue bonds for the WWTF Improvement project, it would not limit the City's ability to bond for future projects; because, the City is able to increase sewer rates to pay for the annual principal and interest bond payments. In order to meet the timeline to be awarded the Point Source grant, the City Council will need to make a decision to move forward with the planning of the WWTF Improvement project at their November 19, 2013 City Council meeting.

Mr. Phil Robinson and Mr. Greg Stang, both from People Service, Incorporated, were in attendance at the meeting.

The City Council discussed and directed Mr. Saulsbury to provide them with two (2) options to consider at their November 19, 2013 Regular City Council meeting to repair and improve the WWTF. One (1) option would be to undertake recommended repairs that need to occur in the next one (1) to three (3) years. The second (2nd) option would also include the aforementioned repairs, plus expenses to comply with new phosphorus discharge regulations set by the MPCA.

IV. Copier Lease

Mr. Wilfahrt stated that the City currently leases a Toshiba e-studio 2830C copier coordinated through Minnesota Copy Systems, Incorporated. The copier processes most of staff's printing including meeting packets, utility bill reminder notices, utility receipts, police reports, and other day-to-day information. The Toshiba 2830C copies at thirty (30) copies per minute (cpm).

Mr. Wilfahrt stated that currently the City pays \$377.63 per month for the lease agreement. Staff has been very pleased with the performance of the copier and the customer service provided by Minnesota Copy Systems, Incorporated. After recently reviewing the lease agreement, staff realized that the copier is making an average of 4,331 copies per month, and the City is paying for 9,000 per month in our lease. Because of this, and the existing five (5) year lease ending soon, staff would like to restructure the lease agreement.

Mr. Wilfahrt stated that to renew the Toshiba 2830C for a period of twenty-four (24) months, the City would pay \$278 for the machine and an estimated \$56.96 in costs of operation for a total of \$334.96. The City can also opt for a new machine; either the Toshiba e-studio 3055c or the e-studio 3555c. The 3055c copies at a rate of thirty (30) cpm and costs \$189.80 per month for the machine and \$92.72 per month in operation. The 3555c copies at a rate of thirty-five (35) cpm and costs \$199.65 per month and \$92.72 per month in operation.

Mr. Wilfahrt stated that staff also obtained a quote from Metro Sales, Incorporated who recommended a Ricoh Aficio MP c3503. The Ricoh copies at thirty-five (35) cpm and would cost \$202.93 per month. Staff has worked with similar Ricoh machines in the past and has experienced reliability issues.

Mr. Wilfahrt stated that the City has \$4,500 budgeted for the copier and recommends proceeding with the Toshiba 3555c at a cost of 292.37 per month, or \$3,508.44 per year.

Mr. Wilfahrt stated that the approval for the new copier lease for the Toshiba 3555c is on the Consent Agenda at the Regular City Council meeting. He continued by stating that the sooner the City enters into the new copier lease agreement, the sooner there will be a savings to the City.

The City Council discussed and were in agreement that the City should enter into the new copier lease.

V. Health Insurance Renewal – Year 2014

Mr. Wilfahrt stated the City's Health Insurance Policy is up for renewal and recently staff met with Ms. Jennifer Sherman of Flagship Insurance Services to discuss available options. Ms. Sherman presented three (3) options to staff.

Mr. Wilfahrt stated that currently the City offers a Health Savings Account (HSA) insurance plan through Medica with a \$2,000 deductible for single coverage and \$4,000 deductible for family coverage. The City covers one hundred percent (100%) of single coverage and seventy percent (70%) of family coverage on all employees, with the exception of the City Administrator who is under contract.

Mr. Wilfahrt stated that staff has evaluated the current insurance plan against benefits paid by other cities and determined that it is in line with what is being offered by them. In the year

2012, staff conducted a survey of other Minnesota cities similar in size to Winsted. All of the cities contribute to employees' health insurance; some contribute a flat dollar amount, but most contribute percentages of premiums. Of the eleven (11) communities that contribute percentages, ten (10) contribute one hundred percent (100%) of single coverage, and one (1) contributes ninety percent (90%). Of those eleven (11) communities, eight (8) contribute fifty percent (50%) or more of family coverage with five (5) contributing seventy percent (70%) or more. Mr. Wilfahrt stated that the current cost of the City's health insurance plan is \$78,824.28 with the City's share being \$65,575.78. Flagship Insurance Services provided quotes for three (3) options for the City to consider to renew Health Insurance coverage for its employees in the year 2014.

1. The first (1st) option would be to renew the Medica contract as it currently stands. The cost of renewing that policy is \$102,636.36 annually. The City's share of this cost is \$85,385.56. This is an increase for the City of \$19,809.78 annually.
2. The second (2nd) option is to switch to Health Partners and offer a similar HSA policy with a \$2,000/\$4,000 deductible for single and family coverage respectively. Staff has researched this option and determined that there are very few differences between the two (2) policies. One (1) major difference worth noting is that the Health Partners plan significantly increases the maximum out of pocket for out of network expenses from \$5,000/\$9,900 for individual/family to \$11,000/\$22,000. The total cost of this plan is \$81,675.12 annually. The City's share of this cost is \$68,992.10 or a \$3,416.32 annual additional cost to the City.

The first two (2) options assume that the City renews the Health Insurance Policy on December 1, 2013 prior to the enactment of the Affordable Care Act (ACA).

3. The final option assumes that the City renews on January 1, 2014 following the implementation of the ACA. The same Medica Policy outlined in option one (1) was selected, and the total annual cost would be \$130,450.81. The cost for the City would be \$108,525.04 or an increase of \$42,949.26 annually for the City.

Mr. Wilfahrt stated that given the options at hand, staff is strongly in favor of the second (2nd) option as it retains coverage very similar to what is being provided at a cost savings to the City compared to staying with the current Medica Policy. The City has \$102,100 budgeted for employer paid insurance expenses which include Health, Dental, Life and Disability insurance benefits. Although staff has not received final quotes on the renewals of the other insurance benefits; based on initial estimates, staff anticipates that there will be enough in the budget to cover the cost of providing the Health Partners insurance as presented.

Mr. Wilfahrt stated that the approval for option two (2), to switch to Health Partners health insurance coverage is on the Consent Agenda at tonight's Regular City Council meeting because there are several documents that need to be submitted to Ms. Sherman to ensure that the City meets the enrollment deadline of December 1, 2013.

The City Council discussed and were in agreement that the City should move their health insurance coverage to Health Partners with a renewal deadline of December 1, 2013.

VI. Winsted Police Department – Interview Room Recording Equipment

Mr. Wilfahrt stated that the Winsted Police Department staff has an interview room equipped with sound and video equipment. The room is used for interviews necessary in the day-to-day operations of the Police Department. Other agencies such as Social Services also utilize the room.

Mr. Wilfahrt stated that the current equipment presents challenges to the Police Department. In order to get the sound and video information, Officers must burn the files to a compact disc (CD). The process is complicated, and only one (1) officer has the technical expertise to complete the task. It takes this Officer ninety (90) minutes to transfer the data to a CD. The current process is inefficient and can cause delays in sharing vital information.

Mr. Wilfahrt stated that to further complicate the matter, the audio portion of the equipment has recently quit working. In order to continue to provide an interview room, the City will need to

upgrade some equipment. Winsted Police Department Chief, Mr. Mike Henrich, has researched solutions to the problem, and after discussing the issue with the McLeod County Sheriff's Office, the Sheriff's Office recommended using Technical Solutions of Madison Lake, Minnesota.

Mr. Wilfahrt stated that Technical Solutions recommends that the City purchase a new digital video recorder (DVR), microphone and software. The current camera and wiring is functional and will remain in place. Technical Solutions can set up the equipment to record with minimal effort.

Mr. Wilfahrt stated that the Winsted Police Department staff anticipates that this will reduce the amount of time taken to record a video to five (5) minutes. The process will also be much less technical, and all Police Department staff will be able to be trained on how to transfer the video and data files to CDs.

Mr. Wilfahrt stated that the cost of the aforementioned equipment would be \$2,391.96 and would be paid from the Forfeiture Fund which has a balance of \$11,189.77. After this purchase, the Forfeiture Fund would have a balance of \$8,797.81. The Forfeiture Fund is used for operating expenses for law enforcement.

Mr. Wilfahrt presented the quote for the Interview Room recording equipment. He continued by stating that approval for the aforementioned recording equipment will be presented at the November 19, 2013 Regular City Council meeting.

The City Council discussed and were in agreement that the quote should be presented for approval at the November 19, 2013 Regular City Council meeting.

VII. Other

a) Winsted Brush Site – Hours of Operation

Council Member Fasching stated that he has received several requests asking that the Winsted Brush Site remain open on Monday and Wednesday evenings and Saturday mornings.

Mr. Wilfahrt stated that he was also contacted by several people requesting that the Winsted Brush Site be open on Mondays until the Site closes on November 23, 2013 for the winter, 2013 and 2014 months. He continued by stating that he has scheduled the Brush Site Monitor, Mr. Jerome Thiemann to open on Mondays until November 23, 2013.

b) Vollmer Room Rental Policy

Mr. Wilfahrt stated that he is currently reviewing the Vollmer Room Rental Policy with the City Attorney, Mr. Fran Eggert. He continued by stating that he will be presenting some issues that may exist with the current Policy at a future City Council Work Session.

c) Hotel Developer

Mr. Wilfahrt stated that he is currently working with a Hotel Developer to obtain quotes to complete a Feasibility Study to determine the need for a Hotel in the City of Winsted. He continued by stating that he will be presenting quotes to complete a Feasibility Study at a future City Council Work Session.

VIII. Adjourn

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

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