

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

I. Call to Order

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

II. Recommended 2017 General Fund Budget

Mr. Tienter reviewed the 2017 Budget Process and timeline.

Mr. Tienter displayed and reviewed the following slides pertaining to the Recommended 2017 Airport, Cable, Water and Sewer Budgets.

City’s 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:

Recommended 2017 Budget Assumptions, Selected	
Revenues	Expenditures
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	

Recommended 2017 Budget General Assumptions and Considerations

- Conservative revenue and expenditure assumptions:
 - Reallocation of current resources based on need and actuals history;
 - Budget adjusted to better reflect actual expenditures; and
 - Limited adjustments to external revenues.
- Supports current compliment of Full–Time Equivalent (FTE) Employees.
 - Includes budget assumptions for the current vacant position.

Airport Operations Fund Assumptions and Considerations

- The Recommended 2017 Airport Operations Fund Budget assumes the following:
 - No change in land lease rates; and
 - Decrease in operating transfer from the Airport Improvement Fund.

Airport Operations Fund Budget



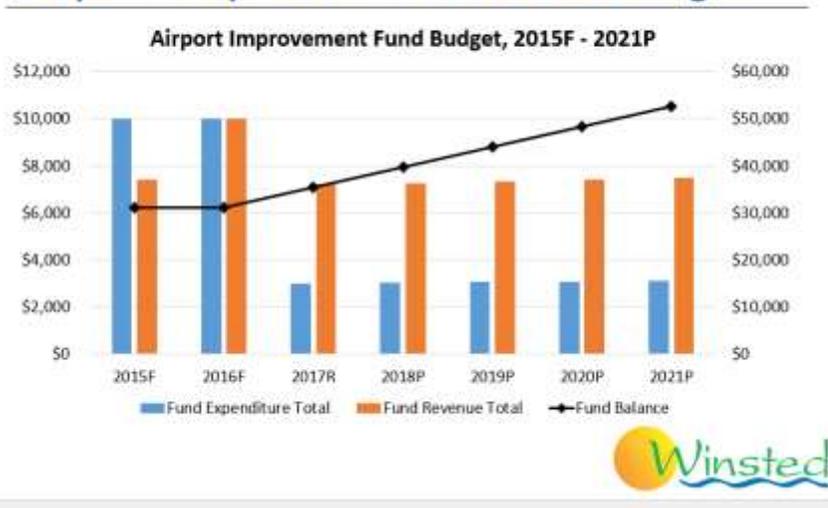
Mr. Tienter stated that according to five year projections, Airport operation expenditures will outpace revenues in the year 2019, as displayed in the graph above.

Mr. Tienter stated that the largest line items in revenues and expenditures for the Airport Operations Budget are the purchase of fuel and the sale of fuel that offset each other. Mr. Tienter continued by stating that the other primary funding source is the hangar land lease fees. Mr. Tienter stated that the \$0.18 lease rate has not changed in at least 15 years. He continued by stating that the City Council may need to consider an increase to this rate in the future.

Airport Improvement Fund Assumptions and Considerations

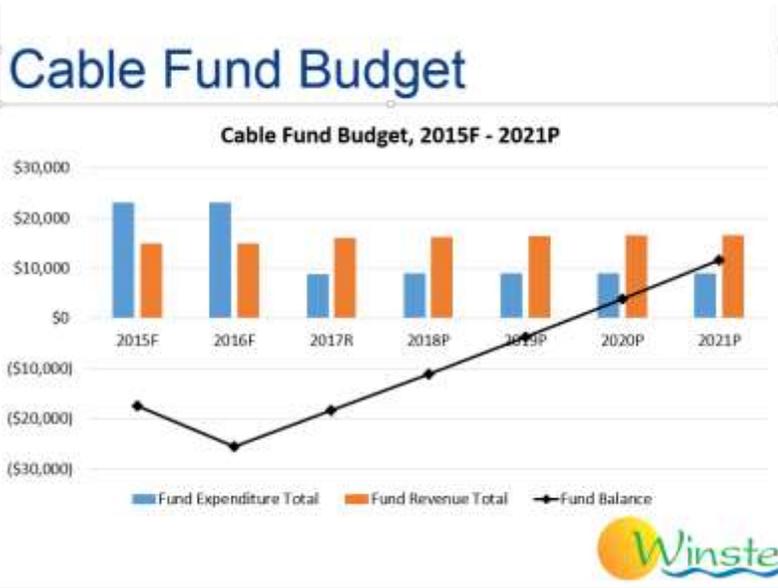
- The Recommended 2017 Airport Improvement Fund Budget assumes the following:
 - No change in the Airport Improvement Fee, currently at \$200;
 - No additional budget authority for a possible Airport Improvement Project at this time because the City Council has not made a decision regarding what will occur at the Airport. When the Environmental Assessment process is completed for the Winsted Municipal Airport, the City Council will consider the options for an Airport Improvement Project and financial information regarding the project will be provided; and
 - Decrease in the budgeted operating transfer.

Airport Improvement Fund Budget



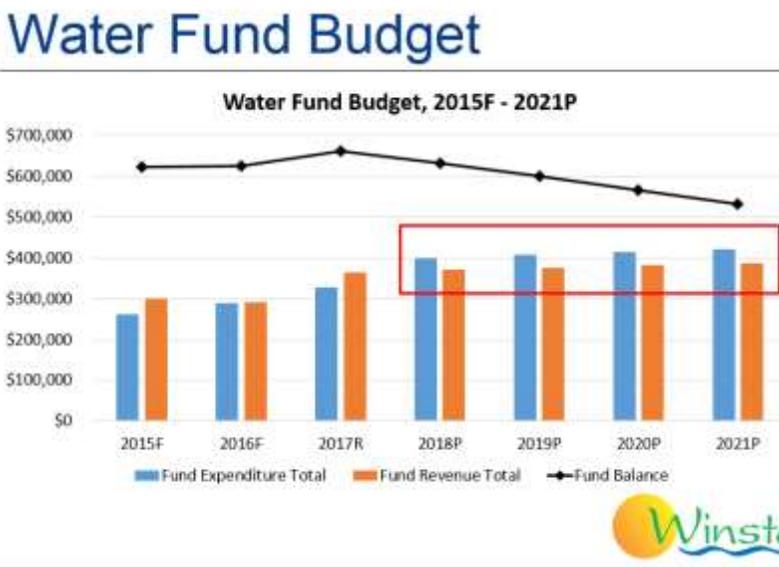
Cable Fund Assumptions and Considerations

- The Recommended 2017 Cable Budget assumes the following:
 - Reallocation of existing budget authority for information technology expenditures from the General Fund (\$6,100); and
 - A positive budget variance designed to restore a fund balance surplus.



Water Fund Assumptions and Considerations

- The Recommended 2017 Water Budget assumes the following:
 - 2.00% increase in water minimum and water rate fees;
 - 0.50% increase in total units;
 - 3.84% increase in annual Water Sales (up from an estimated 3,816,000 decrease in 2016 Projected (P)); and
 - Initiation of the Water Tower Recoating project in 2018P.



Mr. Tienter stated that according to five year projections, Water Fund expenditures will outpace revenues as displayed in the graph above due to the Water Tower Recoating Project; and in the future, the City Council may need to consider additional fees or use of Fund Balance along with financing for the Water Fund.

Sewer Fund Assumptions and Considerations

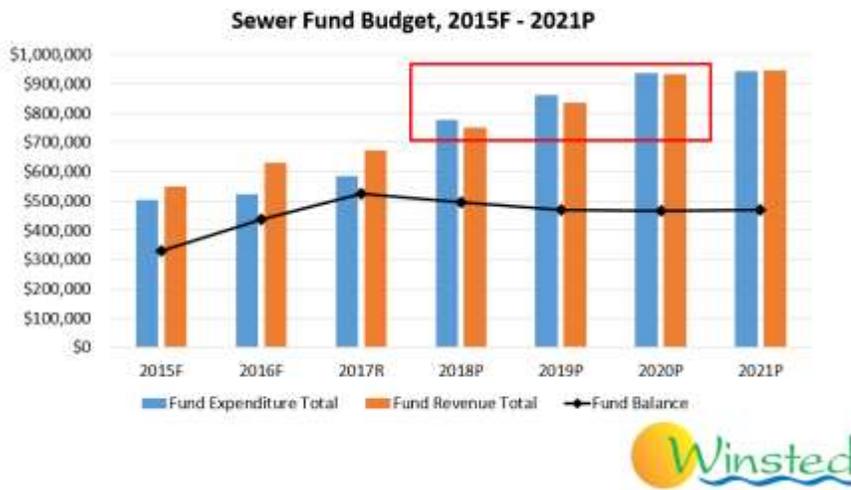
Mr. Tienter stated that the City Council will consider the issuance of bonds for \$4,865,000 at tonight's City Council meeting for the Waste Water Treatment Facility Improvement project. Mr. Tienter stated that the payment to repay these bonds will be \$315,000 per year. He continued by stating that phased increase bond payments will occur in the first three years of the bond payment, to bring the payment to the full \$315,000 in the fourth year and beyond.

The Recommended 2017 Sewer Budget assumes the following:

- 11.25% increase in sewer minimum and sewer rate fees beginning in 2017 Recommended (R) and continuing until 2021P. This rate may change due to the slight increase in the interest rate of the bonds that are considered for approval;
- 0.50% increase in total units;
- 1.20% increase in total Sewer Sales;

Debt Service for the Wastewater Treatment Facility Improvements beginning in 2018.

Sewer Fund Budget



III. Other

a.) Parks System Master Plan

Mr. Tienter provided an update regarding the Parks System Master Plan and stated that once the Plan is complete, an Open House will likely occur for public comment.

b.) Tax Forfeited Properties

Mr. Tienter stated that the City is aware of some tax forfeited properties within the city and is exploring the properties with McLeod County.

c.) City Solar Garden Subscription

Mr. Tienter stated that City staff is exploring solar garden subscription for the City that the City Council may consider in the future.

d.) Bomb Threat Drill

Mr. Tienter stated that City staff reviewed a bomb threat drill, as part of a series of safety drills that the staff will complete annually.

e.) Special City Council Budget Work Session

Mr. Tienter stated that there will be a Special City Council Budget Work Session on Monday, October 24, 2016 at 12:00 noon.

IV. Adjourn

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

The meeting was adjourned at 5:57 p.m.

Steve Stotko

Steve Stotko
Mayor
City of Winsted

ATTEST:

Raquel Kirchoff

Raquel Kirchoff, CMC
City Clerk-Treasurer
City of Winsted