

City of Winsted
City Council Work Session
Lewis Room
Tuesday, August 7, 2012
5:00 p.m.

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

Staff Present: Brad Martens, City Administrator
Raquel Kirchoff, Administrative Assistant

I. Call to Order

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

II. 2013 Budget

Mr. Martens presented a draft general budget for 2013, and stated that he feels the budget is thorough and is a great starting point for discussion. Within this draft budget, there is no increase in the property tax levy, the debt service levy will decrease by an estimated \$45,500, there is a wage increase for staff, and the existing insurance benefits are maintained. Both the wage and benefit information are awaiting City Council directive to change.

Mr. Martens reviewed the budget and explained the expenditure and revenue changes from the 2012 budget compared to this draft general budget for 2013.

One item noted by Mr. Martens was within the Public Works Expenditures Budget; McLeod County will be decreasing its funding for the Winsted Brush site by fifty percent (50%) in 2013 and intends to cease its funding in 2014.

Mr. Martens stated that there was no change in property tax or Local Government Aid (LGA) for 2013.

Council Member Ollig stated that although this draft budget is a good starting point, the City needs to cut more spending. He continued by stating that it has been his intention, as well as some of the other Council Members to try to obtain a three – five percent (3-5%) decrease in the tax levy in 2013 to help the Commercial and Industrial properties. He also stated that there is a perception that as managers of the City's money, we are not running the City as a business. He explained that businesses look at cutting wages, insurance benefits and other areas. Council Member Ollig stated that although this draft budget cuts in areas, he feels that it does not cut enough and does not answer a lot of questions.

Mr. Martens stated that he expected that response and did state that he is awaiting Council directive on cutting employee wages and benefits. Council Member Ollig stated that he needs dollar information on different percentages of insurance benefit cuts before a decision can be made. Council Member Quast agreed. Council Member Ollig stated that the City has been fortunate that it has not lost the amount of Local Government Aid (LGA) that was anticipated but that the City still needs to plan for that loss in the future and be ready for it.

Council Member Mochinski asked if there were any additional suggestions given from the Budget Task Force Committee Members besides cutting insurance benefits and freezing wages to save money. Council Member Ollig responded that they looked at the possibility of not hiring another part time officer when Chief Henrich retired and having a Police Department of one Chief and two full time officers. The on-call and part-time hours would be contracted with McLeod County. This would save approximately \$35,000.

Mr. Martens offered examples of how the City can try to cover areas in the budget where there are losses, including adding an administrative fee to the rental housing permit process to help cover City staff time, adding a fee to the water bill for the brush site, reducing the brush site hours, retaining the \$45,500 to help pay for the Street Project of 2014, or placing that \$45,500 into the Capital Improvement Plan fund to bring that where it needs to be.

Council Member Mochinski suggested that instead of adding the fee for the brush site to the water bills, a permit be re-established for the brush site, with a fee so that users of the brush site are the people paying for it. The City Council agreed with Council Member Mochinski's idea.

Mr. Martens stated that he needs direction from the City Council on what other areas within this draft 2013 budget that they want to see reduced. He stated that he had information with him at the Work Session to explain different percentage reductions to benefits and how much money that would save. The City Council directed Mr. Martens to send that information to them through email to include a wage freeze, and reductions in employee insurance and dependent insurance in increments of five percent (5%).

Council Member Ollig asked when the City had to present a budget to McLeod County. Mr. Martens replied that a Preliminary Levy will be presented on September 4, 2012 and once that is submitted, the City cannot go higher than that amount, but is able to go lower than that amount.

Council Member Ollig stated that the City needs to reduce spending to be able to save for the Pavement Management Plan and the bond payments for this plan.

Council Member Mochinski stated that the City Council should consider other areas where revenue can be raised through the perks that the City provides. Mr. Mochinski stated that he considers the brush site a perk and would like to know other areas where this can be explored. Mr. Martens stated that staff does think about ideas within their work plan and it is looked at on a quarterly basis.

Mayor Stotko stated that charging for fire calls should be re-visited. Council Member Ollig stated that the false alarm calls should be looked at but also stated that the Fire Department was not in favor of this.

Mr. Martens stated that the budget shown today shows a four percent (4%) decrease to the levy and requested that the City Council give him directive on what percentage decrease that they would like to see to the levy.

Council Member Ollig stated that Mr. Martens had stated that it would actually be a 2% percent decrease after the tax rate affected the budget.

Council Member Ollig stated that the City's main goal is to have some kind of impact on helping what the Commercial and Industrial properties pay in City taxes.

Council Member Quast requested to know what 85% coverage on the employee and 75% coverage on the family members would save, and also what a wage freeze would save the City for one year.

Mr. Martens stated that he would send the insurance information to the City Council in 5% increments down to 50% for both employee and dependent.

IV. Complaint – Glenn Weibel

Mr. Martens stated that a complaint from Mr. Glenn Weibel will be heard at the Council Meeting tonight. He continued by stating that Mayor Stotko had received additional information from Mr. Weibel this afternoon. Mr. Martens explained that the complaint stemmed from Mr. Weibel feeling that Mr. Johnson was operating his business after his contract hours. Mr. Martens stated that he did speak with Mr. Johnson who verbally confirmed that this happened. Mr. Martens stated that the only option for violations in the contract is to do nothing or terminate the contract.

Council Member Mochinski stated that the City never anticipated these types of issues would arise and did not plan for how to handle them. Mayor Stotko stated that Mr. Johnson, as the business owner, had a responsibility to plan for this too.

Mayor Stotko stated that the information that was received today should not be acted upon at the meeting tonight, but only the first complaint received.

Mr. Martens stated that the contract with Mr. Johnson ends on December 31, 2012. He continued by stating that he was part of a committee with Council Member Mochinski, Mr. Kevin Kubasch and Mr. Johnson that met to discuss a new contract when the current contract expires and it was left to Mr. Johnson to reply and propose a new contract. If a new contract is proposed, it will be significantly different.

Mr. Martens explained that in the Council Report for the City Council meeting he noted that it is a violation to the contract; however, is this violation worth the termination of a business in Winsted.

Council Member Ollig stated that at a minimum, it needs to be explained that the City knows that there are violations and if there are more, termination of the contract will be considered.

Mayor Stotko stated that the contract has been violated and if the City is not going to follow the contract, why does it exist. Council Member Mochinski agreed.

Mr. Martens stated that the Federal Aviation Administration (FAA) allows for skydiving jumps until sunset; however, the City's contract states that no skydiving activities are to occur thirty (30) minutes prior to sunset. Council Member Mochinski stated that this was a recommendation from the Airport Commission when the contract was created.

Council Member Mochinski asked Mr. Martens to find out what percentage of the 5% of time that Public Works spends at the Airport is related to Mr. Johnson, to build this expense into the new contract with Mr. Johnson.

V. Other

a) Removal of House – 171 McLeod Avenue West

Mr. Martens stated that originally the bids for removal of the house at 171 McLeod Avenue West were going to be considered at the August 7, 2012 City Council meeting; however, Mr. Eggert advised the City to wait because the banks and the insurance companies for the property are becoming somewhat involved. Mr. Martens continued by stating that the Kubasch family has talked with him and are upset about the bidding process for the removal of the house. They stated that the process was not fair or legal. Mr. Martens explained to the City Council that the process is legal and fair; City Attorney Fran Eggert is handling the process. Council Member Mochinski asked how many bids were received. Mr. Martens replied three (3) bids were received from Litzau Excavating, Henning Excavating and Kubasch Excavating.

b) Water and Sewer – Main Avenue West

Council Member Quast stated that she was approached regarding running water and sewer down Main Avenue West. Mr. Martens stated that Mr. Chris Schultz from Herald Journal Publishing stated that he would send a letter to the City with a formal request and the City could consider it when it is received.

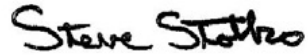
c) Luce Line Trail Meeting – Friday, August 10, 2012

Mayor Stotko stated that when City staff attends any meetings regarding the Luce Line Trail, they should be very clear about the City of Winsted's intentions regarding the paving of the Luce Line Trail. Mayor Stotko continued by stating that if the City will be contributing money toward the paving of the trail, there needs to be a trail head in Winsted and that the pavement should start from the Carver County, Minnesota and McLeod County, Minnesota line and continue west to Hutchinson, Minnesota. Mr. Martens stated that he was uncertain on what the regulations were regarding if the area referenced could be paved.

VI. Adjourn

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

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



Steve Stotko
Mayor
City of Winsted

ATTEST:



Raquel Kirchoff, MCMC
Administrative Assistant
City of Winsted