

City of Winsted
City Council Work Session
Lewis Room
Tuesday, August 15, 2017
4:30 p.m.

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

Staff Present: Mr. Daniel Tienter, City Administrator
Ms. Raquel Kirchoff, City Clerk-Treasurer
Mr. Justin Heldt, Police Chief

I. Call to Order

Mayor Steve Stotko called the meeting to order at 4:30 p.m.

II. Winsted Police Department – Body Worn Cameras (BWC) Information

Mr. Daniel Tienter, City Administrator, stated that Mr. Justin Heldt, Police Chief, presented information related to body worn cameras at the August 1, 2017 City Council Work Session. Mr. Heldt was present to continue his presentation at this Work Session.

Mr. Heldt provided information related to body worn cameras regarding the following items:

- Provisions included in the contract with the body worn cameras vendor
- Penalties to the City if the body worn camera data is improperly released
- The State of Minnesota reviews how law enforcement agencies comply with requirements of the law.
- Proposing a plan for body worn cameras for the Winsted Police Department
- Public engagement regarding the policy for body worn cameras
- Adoption of a Body Worn Camera Policy
- Auditing requirements
- Data retention of video produced by body worn cameras
- The unpredictable costs surrounding data requests for video produced by the cameras, including attorney fees to review the information and officer time to redact video to maintain required data classification.

Mr. Heldt discussed the process of using body worn cameras with the City Council Members if the City purchases them. Topics discussed included the possibility of a mandate requiring that body worn cameras be used in the future, unknown amount of data requests that may be received related to body worn cameras, and how the data produced by the body worn cameras would be stored.

Mr. Heldt stated that a large amount of time could be needed for an officer to redact information for a data request that an agency the size of Winsted does not have on busy days. This may require hiring additional staff for the Police Department.

Mr. Heldt stated that no law enforcement agencies the size of Winsted currently use body worn cameras in the immediate area. The City of Hutchinson is the only city in McLeod County currently using body worn cameras and only since April, 2017. The City of Big Lake also uses body worn cameras. Problems they have encountered are related to server failures and the costly expense of having to retrieve data after these failures from back-ups.

Mr. Tienter stated that he would be in favor of storing data on the cloud to avoid situations like the City of Big Lake encountered.

Council Member Henrich stated that he served as the Winsted Police Chief and understands the lack of time officers have on busy days; therefore, he is concerned about the amount of time and expense it will take to complete data redaction for certain requests.

Mr. Tienter asked the City Council Members how they would like to proceed related to officer worn body cameras. He stated that if the City Council starts the process of public hearings and developing a policy for body worn cameras, it does not mean that they have to purchase the cameras. Council Member Ollig

stated that a public hearing sets an expectation so if the City Council starts the public hearing process, it should be ready to purchase the cameras.

The City Council Members requested that City staff contact the cities of Hutchinson and Big Lake to inquire about the number of data requests they have received related to body worn cameras and how much time these data requests have taken, and also to inquire about any other problems they have encountered from using body worn cameras.

III. Recommended 2018 General Fund Budget

Mr. Tienter stated that the City Council needs to set the 2018 Preliminary Levy by the end of September, 2017. Mr. Tienter reviewed the following slides related to the 2018 General Fund Budget.

2018 Budget Process

July	City staff prepare Preliminary 2018 Budget.
August 15	City Council Work Session to review Preliminary 2018 General Fund Budget.
September 5	Additional City Council Work Session to review Preliminary 2018 General Fund Budget, if needed.
September 19	City Council certifies Preliminary 2018 General and Debt Service Property Tax Levies.
October 3	Additional City Council Work Session to review Preliminary 2018 Budget, if needed.
October 17	Additional City Council Work Session to review Preliminary 2018 Budget, if needed.
Oct. 31 – Nov. 3	City Council Budget Hearings to review the Recommended 2018 Budget, including: Airport Funds, Cable Fund, Capital Funds, Fire Funds, General Fund, Sewer Fund, Water Fund.
November 7	Additional City Council Work Session to review Preliminary 2018 Budget, if needed.
November 21	Additional City Council Work Session to review Preliminary 2018 Budget, if needed.
December 5	Additional City Council Work Session to review Preliminary 2018 Budget, if needed. City Council conducts the 2018 Truth-in-Taxation Public Hearing.
December 19	City Council adopts Recommended 2018 Budget and certifies the Recommended 2018 General and Debt Service Property Tax Levies.

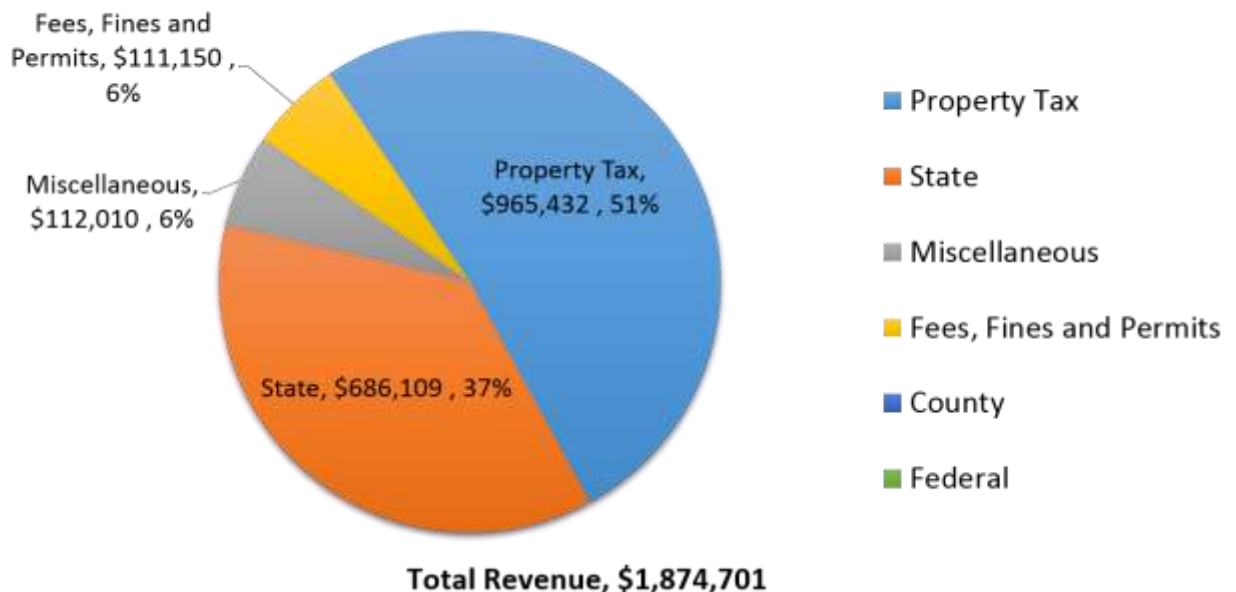
General Fund Budget Assumptions and Considerations

- Conservative revenue and expenditure assumptions:
 - 9.0% cost increase in employee benefits;
 - Single step salary increase for each employee and 1.00% Preliminary 2018 Compensation Plan increase;
 - Reallocation of current resources based on need and actuals history;
 - Budget adjusted to better reflect actual expenditures;
 - Limited adjustments to external revenues.
- Supports current compliment of Full–Time Equivalent (FTE) Employees.
- The Recommended 2018 General Fund Budget is structurally balanced.
- Continues the multi–year funding strategy to support the Street Capital Improvement Program (CIP) as adopted in the 2017 Budget.
 - Increases in Streets CIP funding supported by the Property Tax Levy.
- The Preliminary 2018 General Fund Budget does not include:
 - Approved property tax abatements beginning in 2017;
 - Economic Development Authority funding;
 - Any pending Fire Department Strategic Operations Plan recommendations.

Significant Preliminary 2018 Budget Changes

Department and Change	Expense	Other Revenue	Net City Cost
41000 Mayor and City Council			
Website Operations and Maintenance	\$ 1,000		\$ 1,000
41300 Administration			
Elections	\$ 1,800		\$ 1,800
41500 Assessor			
Professional Services	\$ 2,300		\$ 2,300
41900 General Government			
Computer Supplies and Contract	\$ (1,500)		\$ (1,500)
EDA Lease	\$ 3,140		\$ 3,140
CIP Transfer	\$ 13,834		\$ 13,834
Property Taxes		\$ 91,027	\$ (91,027)
Delinquent Property Taxes		\$ 7,000	\$ (7,000)
Building Permits		\$ 3,500	\$ (3,500)
State Grants and Aids		\$ 1,050	\$ (1,050)
Local Government Aid		\$ 10,643	\$ (10,643)
Insurance Reimbursement		\$ 2,500	\$ (2,500)
Transfer from Another Fund		\$ (5,000)	\$ 5,000
42000 Public Safety			
Body Camera Operations and Maintenance	\$ 2,000		\$ 2,000
Training Reimbursement		\$ 1,000	\$ (1,000)
MN POST Board Training Reimbursement		\$ 1,600	\$ (1,600)
County and State Fines		\$ 1,000	\$ (1,000)
42200 Fire Protection			
Professional Services	\$ 2,465	\$ -	\$ 2,465
42400 Building Inspection			
Professional Services	\$ 1,000		\$ 1,000
43000 Public Works			
Street Seal Coating	\$ (1,500)		\$ (1,500)
Storm Sewer Repairs and Maintenance	\$ 1,000		\$ 1,000
Sewer Jetting	\$ 15,000		\$ 15,000
45200 Parks			
Repairs and Maintenance	\$ 2,500		\$ 2,500
45500 Libraries			
Library Operations	\$ 1,000		\$ 1,000

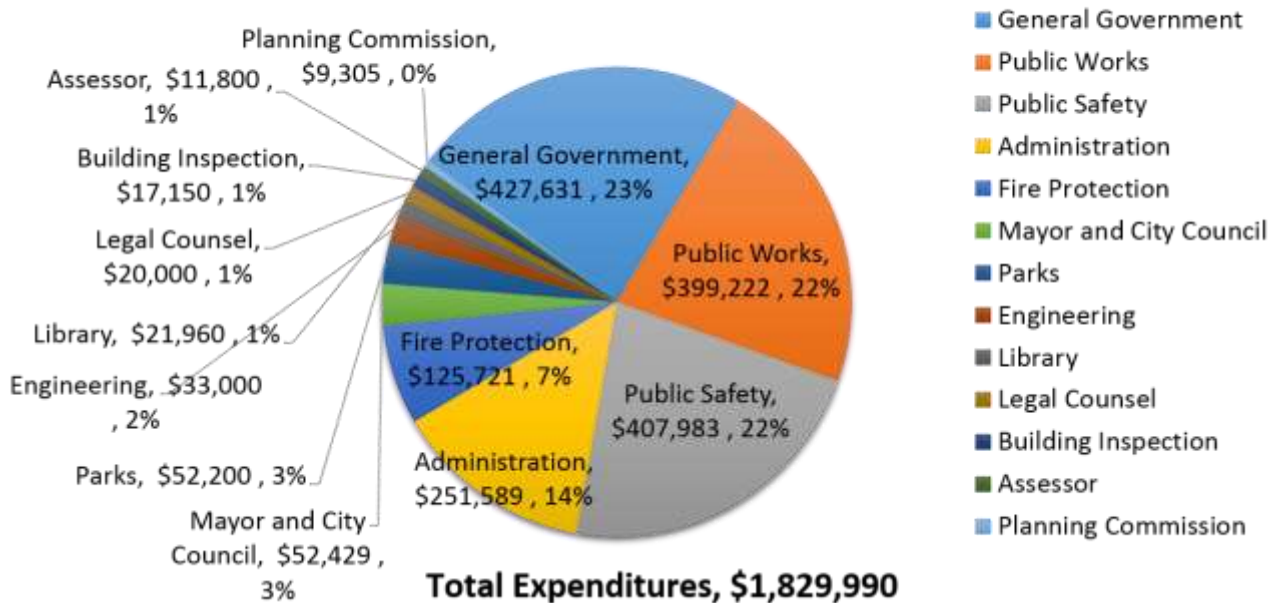
Preliminary 2018 General Fund Budget, Revenue



General Fund Revenue, 2016 Final (F) – 2018 Proposed (P)

Department	2016 Budget	2017 Budget	Recommended Changes	Preliminary 2018 Budget	Adopted 2017 v. Preliminary 2018 (%)
41000 Mayor and City Council	\$ -	\$ -	\$ -	\$ -	#DIV/0!
41300 Administration	\$ -	\$ -	\$ -	\$ -	#DIV/0!
41500 Assessor	\$ -	\$ -	\$ -	\$ -	#DIV/0!
41600 Legal Counsel	\$ -	\$ -	\$ -	\$ -	#DIV/0!
41700 Engineering	\$ -	\$ -	\$ -	\$ -	#DIV/0!
41900 General Government	\$ 1,655,185	\$ 1,685,061	\$ 112,090	\$ 1,797,151	6.65%
41910 Planning Commission	\$ -	\$ -	\$ -	\$ -	#DIV/0!
42000 Public Safety	\$ 46,550	\$ 46,350	\$ 3,800	\$ 50,150	8.20%
42200 Fire Protection	\$ -	\$ -	\$ -	\$ -	#DIV/0!
42400 Building Inspection	\$ -	\$ -	\$ -	\$ -	#DIV/0!
43000 Public Works	\$ 19,000	\$ 20,000	\$ -	\$ 20,000	0.00%
45200 Parks	\$ 5,400	\$ 6,900	\$ 500	\$ 7,400	7.25%
45500 Libraries	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Revenue Total	\$ 1,726,135	\$ 1,758,311	\$ 116,390	\$ 1,874,701	6.62%

Preliminary 2018 General Fund Budget, Expenditures



General Fund Expenditures, 2016F – 2018P

Department	2016 Budget	2017 Budget	Recommended Changes	Preliminary 2018 Budget	Adopted 2017 v. Preliminary 2018 (%)
41000 Mayor and City Council	\$ 51,367	\$ 51,349	\$ 1,080	\$ 52,429	2.10%
41300 Administration	\$ 244,882	\$ 236,447	\$ 15,142	\$ 251,589	6.40%
41500 Assessor	\$ 12,050	\$ 9,500	\$ 2,300	\$ 11,800	24.21%
41600 Legal Counsel	\$ 18,000	\$ 20,000	\$ -	\$ 20,000	0.00%
41700 Engineering	\$ 33,000	\$ 33,000	\$ -	\$ 33,000	0.00%
41900 General Government	\$ 386,253	\$ 410,832	\$ 16,799	\$ 427,631	4.09%
41910 Planning Commission	\$ 8,755	\$ 9,280	\$ 25	\$ 9,305	0.27%
42000 Public Safety	\$ 374,258	\$ 392,224	\$ 15,759	\$ 407,983	4.02%
42200 Fire Protection	\$ 119,790	\$ 123,256	\$ 2,465	\$ 125,721	2.00%
42400 Building Inspection	\$ 15,650	\$ 16,150	\$ 1,000	\$ 17,150	6.19%
43000 Public Works	\$ 370,502	\$ 380,537	\$ 18,685	\$ 399,222	4.91%
45200 Parks	\$ 47,900	\$ 49,700	\$ 2,500	\$ 52,200	5.03%
45500 Libraries	\$ 20,160	\$ 20,960	\$ 1,000	\$ 21,960	4.77%
Expenditure Total	\$ 1,702,567	\$ 1,753,234	\$ 76,756	\$ 1,829,990	4.38%

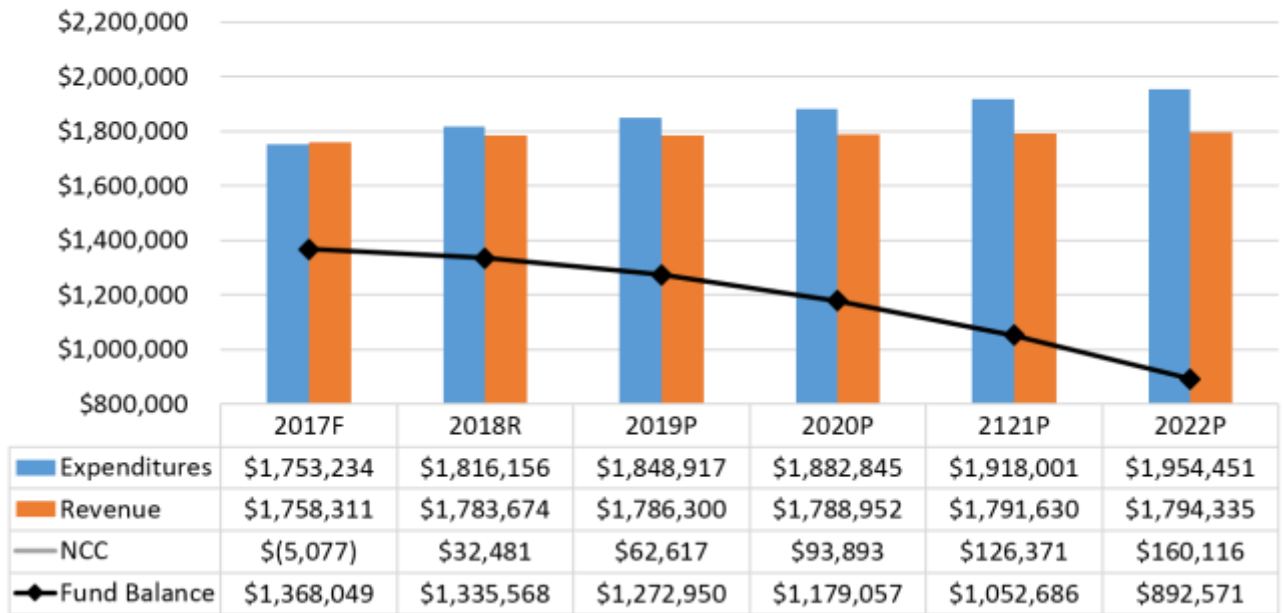
Five Year Budget Model

- Allows the City Council to better understand 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:

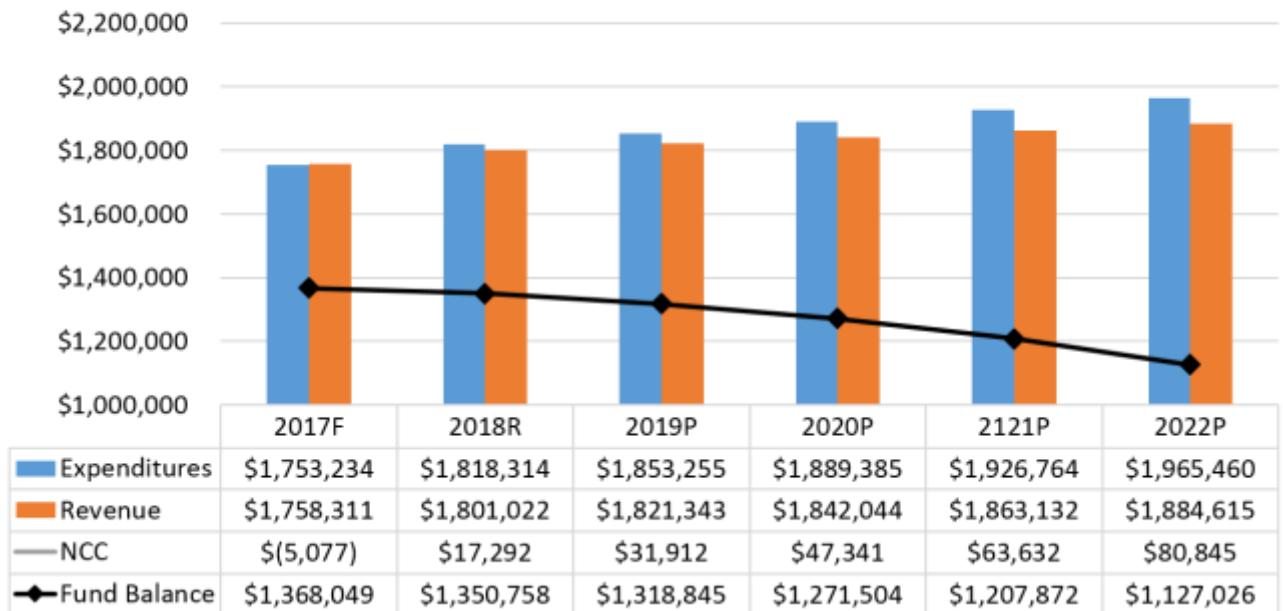
Preliminary 2018 Budget Projection Assumptions, Selected

Revenues	Expenditures
1.00% Fees, Fines and Permit Revenue	1.00% Materials and Supplies
2.00% Fire Department Per Unit Fee	3.00% Employee Wages
2.00% General Property Tax Levy	9.00% Employee Benefits

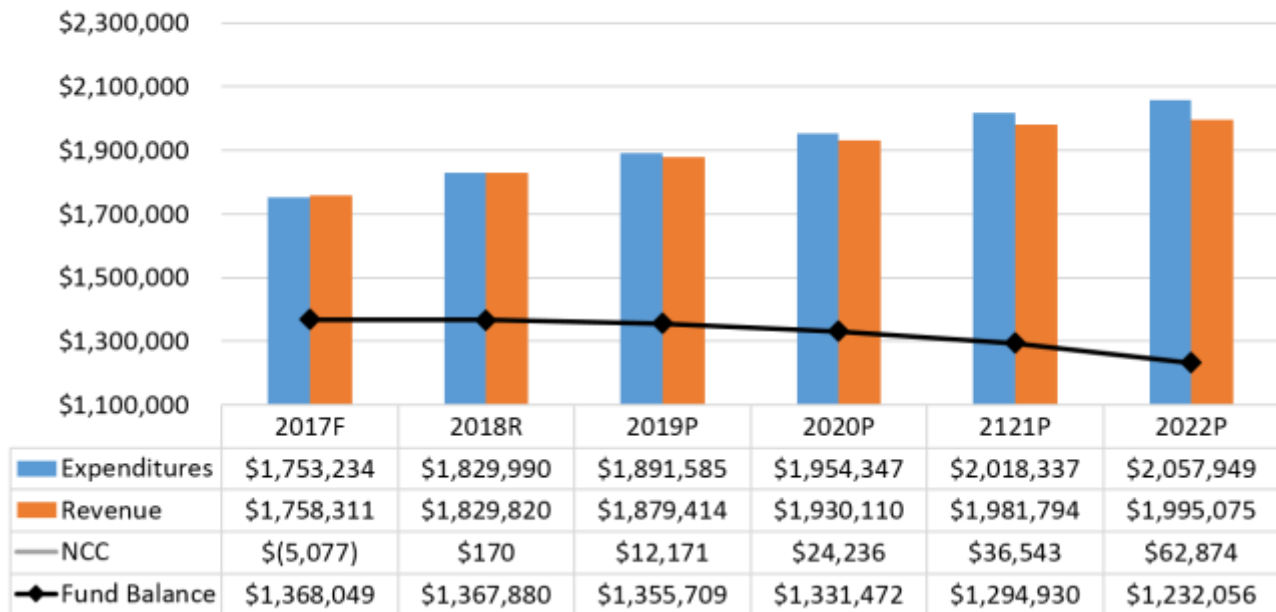
General Fund Budget Projections, No Annual Adjustments



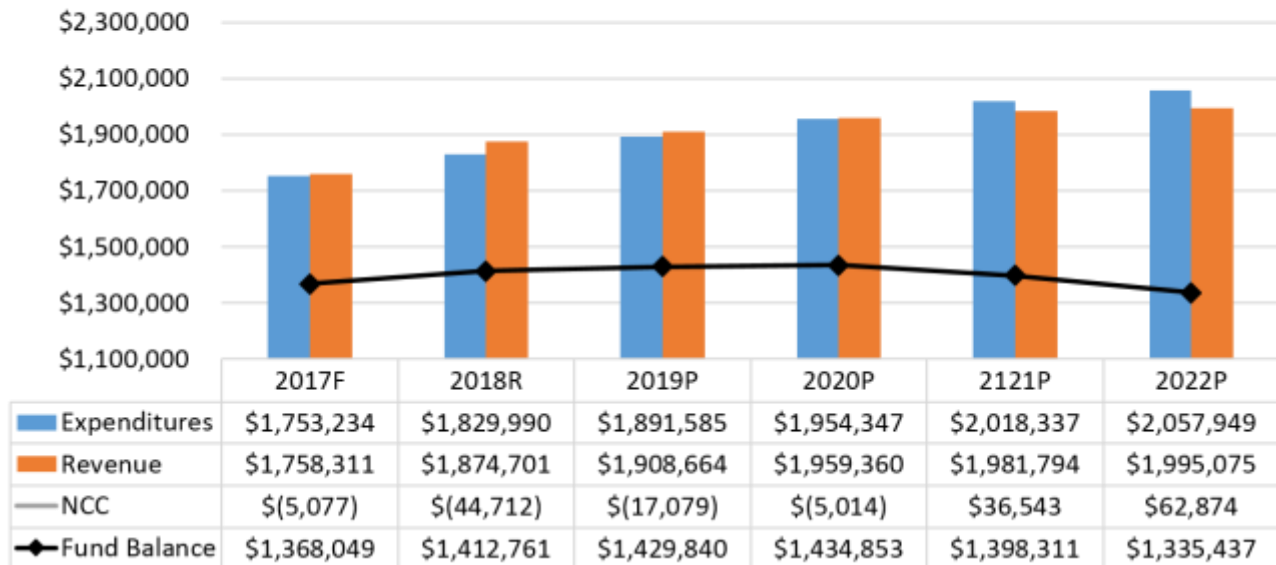
General Fund Budget Projections, 2.0% Annual Increase



General Fund Budget Projections, 5.32% (Streets CIP Strategy)



General Fund Budget Projections, Streets CIP Strategy and Debt Service Levy Retention



Mr. Tienter stated that at the end of 2017 there will be an expiring equipment certificate of \$29,250. The City Council could choose to retain that money for other projects with no difference to property tax payers because this equipment certificate payment has been levied for as part of the debt service levy. The slide above is based on retaining this money.

Preliminary 2018 Property Tax Levy

- Per State law, the City Council must certify a Preliminary Property Tax Levy on or before September 30 of each year.
- The Final Property Tax Levy may be lower than the Preliminary Property Tax Levy, but cannot exceed it.
- The City's property tax levy is comprised of two parts: General Levy + Debt Levy = Property Tax Levy

Property Tax Trends and Other Considerations

- Market values continue to increase throughout Minnesota in all property categories.
 - Property tax rates continue to decline as a result.
- In 2017, certified property tax levies for cities increased 5.5% compared to the previous year with an average property tax levy increase of 3.9%.
 - City staff expect this upward trend to continue.
- Local Government Aid (LGA) increased \$15,000,000 resulting in an increase for the City of approximately \$10,643.
 - Additionally, the State granted additional aid for municipal streets (\$17,581) and police officer training (~\$900 per officer).
 - Any additional aid from the State of Minnesota (State) does not supplant any adopted or preliminary property tax levy authority.

Preliminary 2018 Debt Service Levy Detail

Debt Service Levy						
Year	Debt Issue	2018R	2019P	2020P	2021P	2021P
2008	Equipment Certificate	\$ -	\$ -	\$ -	\$ -	\$ -
2008	City Hall	\$ 38,600	\$ 38,400	\$ 37,700	\$ 37,100	\$ 36,500
2012	Westgate Project	\$ 48,500	\$ 49,000	\$ 49,500	\$ 50,000	\$ 50,500
2012	Refunding	\$ 206,000	\$ 206,000	\$ 206,000	\$ 206,000	\$ 206,000
2016	Kingsley Street	\$ 26,900	\$ 26,400	\$ 25,900	\$ 25,300	\$ 24,800
Total		\$ 320,000	\$ 319,800	\$ 319,100	\$ 318,400	\$ 317,800

- The City also issued debt for the following projects:
 - Wastewater Treatment Facility Improvement Project (2016B); and
 - Fire Rescue Truck (2017A).
- The debt issues are financed by other City funds that are not supported by the Debt Service Levy.

General Fund Budget and Property Tax Levy History

General Budget and Levy History and Detail						
	Final 2015	Final 2016	Final 2017	Pre. 2018	Change 2017F v. 2018P (%)	Change 2015F v. 2016F (\$)
Expenditures	\$ 1,662,903	\$ 1,702,567	\$ 1,753,234	\$ 1,829,990	4.38%	\$ 76,756
Revenue	\$ 1,672,737	\$ 1,726,135	\$ 1,758,311	\$ 1,874,701	6.62%	\$ 116,390
Total (NCC)	\$ (9,834)	\$ (23,568)	\$ (5,077)	\$ (44,712)	780.64%	\$ (39,634)
General Levy	\$ 799,904	\$ 833,404	\$ 867,405	\$ 958,432	10.49%	\$ 91,027
Debt Levy	\$ 322,750	\$ 322,750	\$ 346,450	\$ 320,000	-7.63%	\$ (26,450)
Total	\$ 1,122,654	\$ 1,156,154	\$ 1,213,855	\$ 1,278,432	5.32%	\$ 64,577

- For 2018, the Preliminary 2018 General Property Tax Levy would increase 10.49% and the Preliminary 2018 Debt Service Levy would decrease 7.63% resulting in a total Preliminary 2018 Property Tax Levy increase of 5.32%.
- This Preliminary Property Tax Levy allows the City Council maximum flexibility in advance of the 2018 Budget Hearings scheduled for later this year.

Preliminary 2018 Property Tax Levy

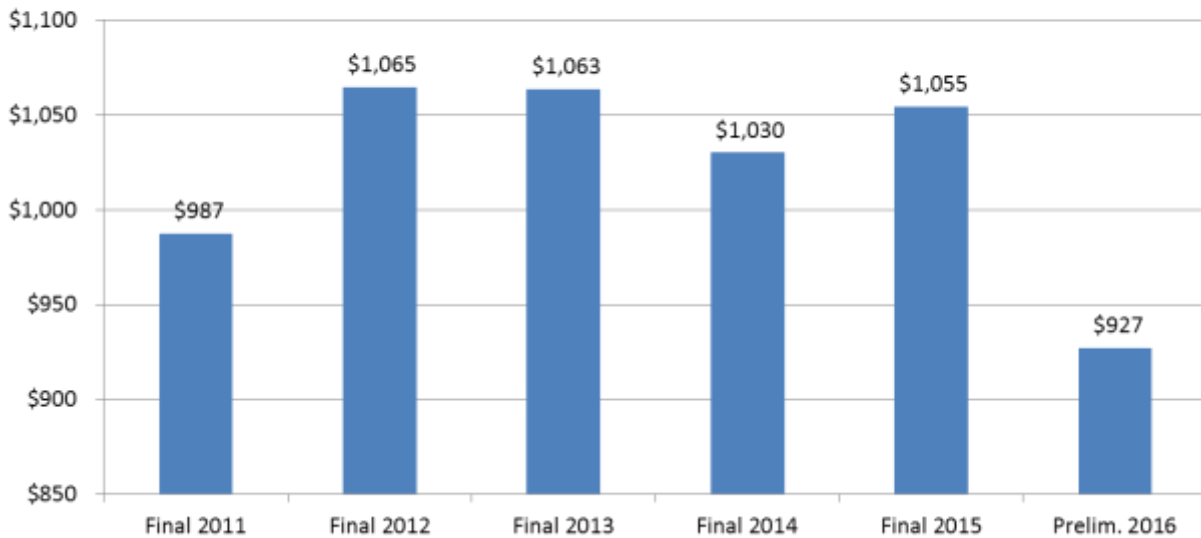
958,432 (General Levy) + \$320,000 (Debt Levy) = \$1,278,432 (Property Tax Levy)

Property Tax History and Detail							
Year	Net Tax Capacity	Property Tax Levy	Net Tax Capacity Rate	Estimated Median Value Home	Net Property Tax	Net Property Tax Change (%)	Net Property Tax Change (\$)
Final 2013	\$ 1,230,607	\$ 1,103,432	89.67%	\$ 116,873	\$ 837	-1.68%	\$ (14)
Final 2014	\$ 1,270,528	\$ 1,103,432	86.85%	\$ 120,664	\$ 847	1.14%	\$ 10
Final 2015	\$ 1,262,652	\$ 1,122,654	88.91%	\$ 119,916	\$ 860	1.52%	\$ 13
Final 2016	\$ 1,457,310	\$ 1,156,154	79.33%	\$ 138,403	\$ 927	7.82%	\$ 67
Final 2017	\$ 1,655,606	\$ 1,213,855	73.32%	\$ 157,236	\$ 1,007	8.65%	\$ 80
Pre. 2018	\$ 1,719,703	\$ 1,278,432	74.34%	\$ 163,323	\$ 1,071	6.29%	\$ 63
Change							
2017 v. 2018	\$ 64,097	\$ 64,577	1.02%	\$ 6,087	\$ 63	-2.36%	\$ (17)

- Assuming a 3.87% increase in valuation, the median valued residential homestead (~\$163,323) would pay approximately \$63.00 more per year or about \$5.28 per month.
- Under the Preliminary 2018 Budget, the Net Tax Capacity (NTC) rate would increase by 1.02% resulting in the second lowest NTC Rate in the past nine years.

Estimated Property Taxes Payable

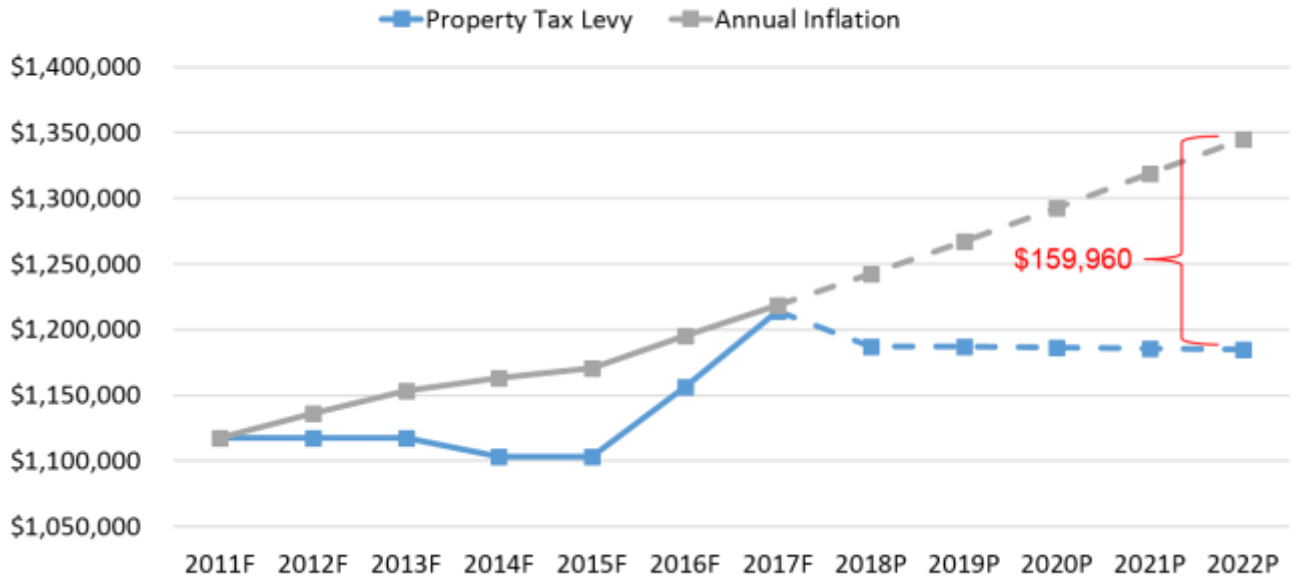
City of Winsted Property Taxes Assuming a \$140,000 Homestead



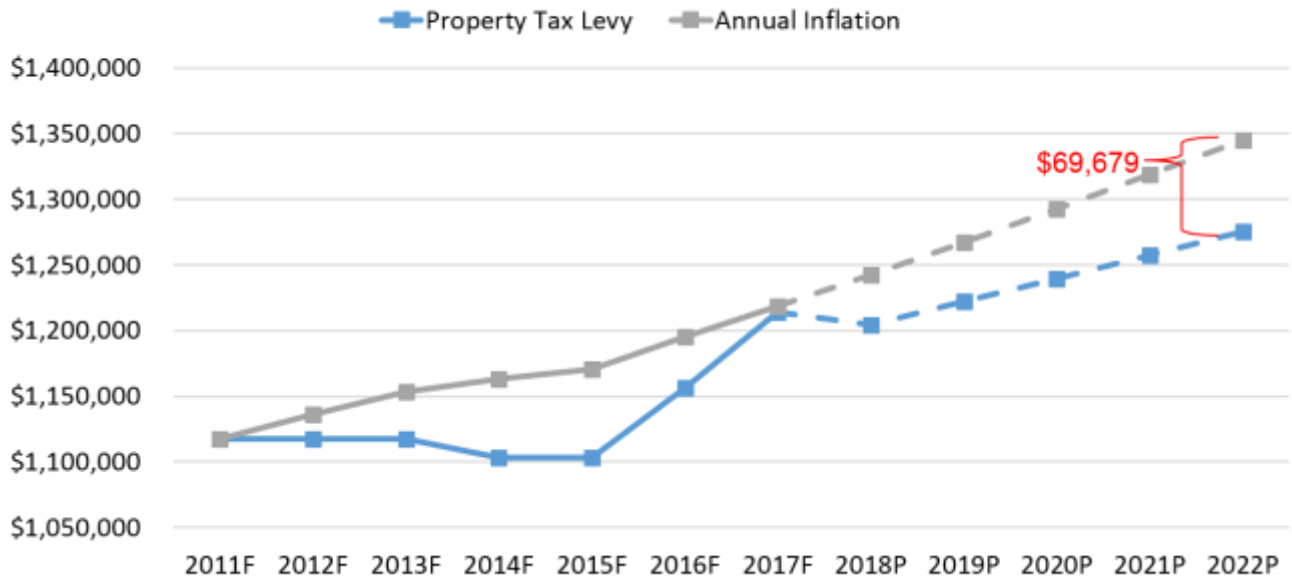
Area Preliminary 2016 Property Tax Levy Changes

Political Subdivision	2016 Preliminary Property Tax Change
Waverly	0.00%
Silver Lake	0.45%
Glencoe	1.54%
Hutchinson	2.40%
McLeod County	2.73%
Howard Lake	3.10%
Winsted	3.56%
Area Average	3.76%
Montrose	4.93%
Delano	5.70%
Lester Prairie	7.00%
Brownnton	10.00%

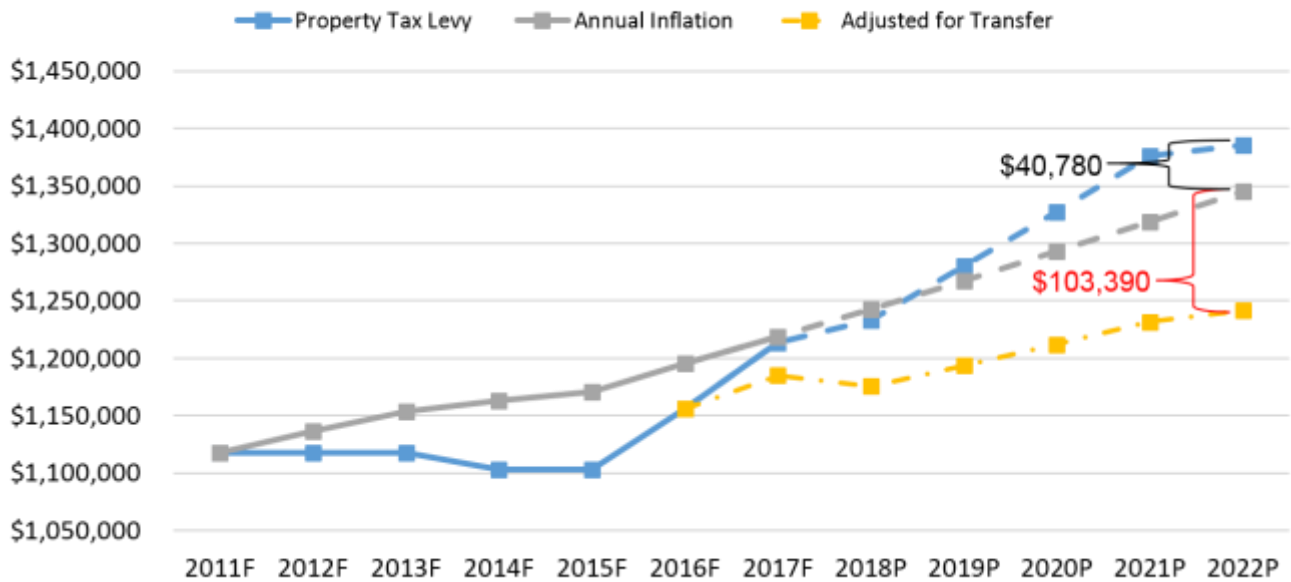
Property Tax Levy v. Annual Inflation, No Levy Change



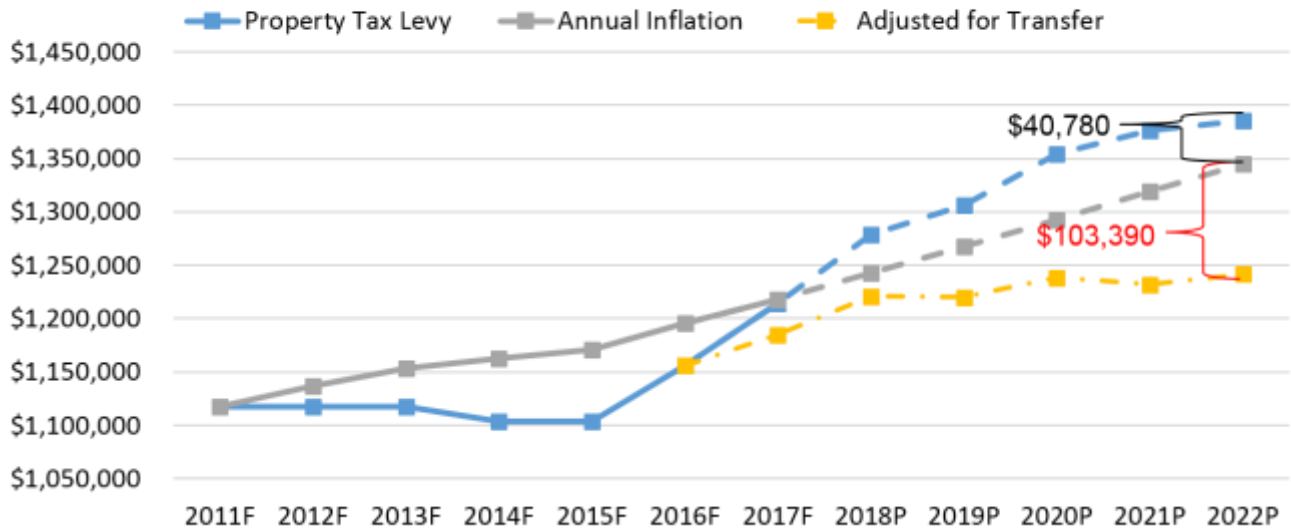
Property Tax Levy v. Annual Inflation, 2.00% Levy Increase



Property Tax Levy v. Annual Inflation, Streets CIP Strategy



Property Tax Levy v. Annual Inflation, Streets CIP Strategy and Debt Service Levy Retention



- The Preliminary 2018 Property Tax Levy responds to cost pressures, but:
 - Remains below the trend line of inflation for non–Streets CIP expenses;
 - Remains competitive with surrounding communities;
 - Provides for predictable and stable property tax levy change in the future; and
 - Continues the Streets CIP funding strategy.
- The Preliminary 2018 Property Tax Levy also provides the City Council with maximum flexibility regarding future budget decisions.
 - The Final Property Tax Levy may be certified at a lower amount than the Preliminary Property Tax Levy, but not greater than it.

Mr. Tienter stated that assuming the City Council has no objections to this approach, a 5.32% increase will be set for the Preliminary Levy to be approved at the September 19, 2017 Regular City Council Meeting.

IV. Adjourn

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

The meeting was adjourned at 6:00 p.m.



Steve Stotko
Mayor
City of Winsted

ATTEST:



Raquel Kirchoff, CMC
City Clerk - Treasurer
City of Winsted