

City of Winsted  
City Council Work Session  
Lewis Room  
October 18, 2011  
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. 2012 Budget Update**

**Property Tax Changes**

Martens stated that two major changes have occurred that will significantly change the tax structure of properties in the City of Winsted.

One change is that McLeod County has been updating the value of commercial and industrial properties due to the lack of updates for many years. Winsted and Lester Prairie were recently updated resulting in large increases in property values.

Another change is that the State Legislature changed the tax law by removing the Market Value Homestead Credit and implementing the Homestead Market Value Exclusion. This change reduced the taxable value of homestead properties (residential) resulting in a decreased tax capacity (-18%) and increased tax rate (22%).

Because of these changes, commercial and industrial property tax will increase and homestead residential property tax, for properties with a value of \$200,000 or less, will decrease.

Martens reviewed some tax examples of commercial and homestead properties. He then reviewed some possible options to move forward with, regarding the City's levy amount for 2012.

The City Council discussed the examples of tax scenarios that Martens provided and stated that the residents of Winsted need to be informed of the changes that will occur. Council Member Mochinski requested that graphs and charts be used to try to explain the changes.

Martens stated that it is a complex picture to show with the two changes happening simultaneously, creating a significant adjustment in property values and a shift in who will pay for what.

Martens stated that he would be visiting businesses during the week of October 24 – October 28, 2011 and he would bring examples to show them, plus give them the McLeod County Auditor's contact information for them to inquire about their specific tax amounts.

Council Member Mochinski asked if the Gospel Mission of India pays property tax. Martens stated that he would look into an answer and follow up with the City Council.

Mayor Stotko asked how many months that the City has on hand for operating income. Martens stated that there were seven (7) months. The City Council members listed all of the areas that needed funding like the pavement management plan and the wastewater treatment plant.

Council Member Ollig asked how Winsted compared to other cities and Martens replied that Winsted is better off than some. Ollig stated that this situation might be the driver to encourage communities to work together. Council Member Mochinski stated that communities need to share more than equipment, but services. Ollig asked about the possibility to provide services for other cities.

Mayor Stotko stated that at the Town Hall meeting, scheduled for Thursday, November 3, 2011, Representative Shimanski and Senator Newman should be publicly invited to attend the Truth and Taxation meeting for Winsted in December, 2011

The City Council discussed what options the City has to help businesses because of the new changes in property value for commercial and industrial properties.

### **Fire Service**

Martens presented information regarding charging for fire service.

Council Member Ollig asked if fire call charges were paid by insurance companies. Martens stated that he spoke with two different insurance agents. One stated that most insurance covers a fire call, without a deductible, up to \$500 per call. The other stated that the fire call would be covered, but the charge would have to go toward the deductible.

Martens presented examples of what other cities charge for fire service. Martens stated that the City of Winsted covers all fire service under the levy, so any fee collected reduces the levy. The City Council discussed the difficulties of determining what the charges would be in different scenarios.

Council Member Mochinski stated that he thinks the City should start to implement charges for fire service and as time goes on, the fees could be perfected.

Council Member Ollig stated that he agrees that the City needs to start looking at everything in order to increase revenues or decrease expenses; however, the immediate problem is 2012 and he is not sure that these charges will help for 2012. He stated that the levy will need to be increased for 2012 and the City Council should explore options to help reduce the tax effect for 2013 and beyond.

### **General Fund Summary**

Martens reviewed updated general fund budget information and stated that the budget revenue includes \$41,666 in franchise fees and \$15,750 in new administrative fees, totaling \$57,416 in additional revenue for 2012.

### **III. Winsted Library Update**

Martens stated that on October 5, 2011, Mayor Stotko and he met with representatives from Pioneerland Library System and Julie Guggemos of the Winsted Library Board to discuss the denied appeal to retain the head librarian for Winsted Library, and also met Mary Henke, the new librarian for Winsted Library. The denial results in short term higher personnel costs that will decrease over time, with no negative effects to hours or programming. Martens stated that \$7,100 was set aside for the appeal, and the City Council now needs to decide to either reinvest in the library or to remove that money from the library budget.

The City Council discussed and agreed that with the current 2012 budget situation, the money needs to be removed from the library budget and distributed to where it is more critically needed.

### **IV. Tax Exempt Bonds for Industry**

Council Member Ollig stated that in the past, the City was a bonding avenue for St. Mary's most recent project, producing a one (1) percent fee for the City of \$75,000. Ollig stated that he and Martens inquired with Mary Ippel, of Briggs and Morgan, if the City can be a bonding avenue for industries that want to expand and build or buy equipment. Ippel stated that the City can be.

There is criteria that has to be met, but if the industry meets it, the City can be their bonding avenue and charge the one (1) percent fee.

Council Member Mochinski asked if there was a minimum dollar amount that the industry would have to bond for. Ollig and Martens stated no. Mayor Stotko asked if there was a limit to how many times the City can be used as an agent. Martens stated that he will follow up with Ippel on this question.

Council Member Mochinski stated that the City needs more details on how the process would work and Martens stated that if a business was interested, a meeting would be set up with him, Ippel and the business.

Mayor Stotko stated that this provides another option to demonstrate that the City is willing to work with the industries.

**V. Council Acceptance of Commission Minutes**

Martens stated that he would like to have the minutes from the Planning Commission, Airport Commission and Park Commission to be included in the City Council packets, for acceptance, not approval, because there is discussion at these meetings that the City Council may not be aware of. He stated that there would be a delay in the time that the City Council receives the minutes because they will be approved by the separate commissions first.

The City Council approved of the idea and directed Martens to include the minutes from the commissions in the City Council packets.

**VI. Phosphorous Reduction Grant**

The City Council requested that this item be moved to the Regular City Council meeting on today's date, October 18, 2011, for discussion due to time restraints and the amount of information to discuss.

**VII. Other**

**a) Grass Lake Road Maintenance in Relation to Detachment of Property**

The City Council discussed the maintenance of Grass Lake Road and a possible agreement with Winsted Township to take over the maintenance of the road.

**b) City Administrator Employment Contract**

Martens stated that his six (6) month employment anniversary is on November 25, 2011.

The City Council requested that the proper review forms be administered to the City Council and City Staff for the review, and that the review be scheduled for November 15, 2011.

**c) Casey's General Store – Site Plan Review and Variance Request**

Martens stated that he received a phone call today with a request from Casey's General Store to change their site plan to make a slightly larger store. He asked that it be removed from the agenda tonight and revisited when they submitted a new plan.

**d) Airport Arrival/Departure (A/D) Building**

Council Member Schulenberg asked if it was known who the person was that removed the air conditioner out of the old A/D building. Martens stated no.

**VIII. Adjourn**

**Council Member Quast motioned to adjourn. Council Member Mochinski seconded. Motion carried 5-0.**

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

*Steve Stotko*

Steve Stotko  
Mayor  
City of Winsted

ATTEST:

*Raquel Kirchoff*

Raquel Kirchoff  
Administrative Assistant  
City of Winsted