

City of Winsted  
City Council Meeting  
Council Chambers  
Tuesday, December 15, 2015  
6:00 p.m.

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

Staff Present: Mr. Daniel Tienter, City Administrator  
Ms. Raquel Kirchoff, Administrative Assistant

1) **Mayor Stotko called the meeting to order at 6:00 p.m.**

a) **The Pledge of Allegiance was taken.**

2) **Consent Agenda**

Mayor Stotko read the Consent Agenda.

a) **Minutes – Downtown Vibrancy Commission Meeting – August 11, 2015**

Accepted the minutes of the August 11, 2015 Downtown Vibrancy Commission Meeting.

b) **Minutes – Planning Commission Meeting – October 12, 2015**

Accepted the minutes of the October 12, 2015 Planning Commission Meeting.

c) **Minutes – Planning Commission Meeting – November 9, 2015**

Accepted the minutes of the November 9, 2015 Planning Commission Meeting.

d) **4M Funds – Notification to Broker and Certification by Broker**

Authorized PMA Financial/Securities & 4M Fund to invest the City of Winsted's 4M Fund in those investments pursuant to Minnesota State Statutes for the year 2016.

e) **4M Funds – Notification to Broker and Certification by Broker**

Authorized RBC Wealth Management to invest the City of Winsted's 4M Fund in those investments pursuant to Minnesota State Statutes for the year 2016.

f) **Northland Securities, Incorporated – Notification to Broker and Certification by Broker**

Authorized Northland Securities, Incorporated to invest the City of Winsted's funds in those investments pursuant to Minnesota State Statutes for the year 2016.

g) **Northland Securities, Incorporated – Notification to Broker and Certification by Broker**

Authorized Northland Securities, Incorporated to invest the City of Winsted Economic Development Authority's (EDA) funds in those investments pursuant to Minnesota State Statutes for the year 2016.

**h) Resolution R-15-50 – Gambling Contribution – Holy Trinity**

Adopted Resolution R-15-50 accepting a contribution from gambling proceeds from the Church of the Holy Trinity in the amount of \$2,500 to be dedicated to the City's Park Fund.

**i) Lawn Service Quote – Mathews Lawn Service**

Approved a quote in the amount of \$17,999.00 per year, for years 2016, 2017, and 2018 from Mathews Lawn Service for the City's regular lawn care needs and authorized the City Administrator to execute an agreement with Mathews Lawn Service for this service.

**j) Resolution R-15-51 – 2016 Industrial Park Project**

Adopted Resolution R-15-51 providing for the commitment of funds to the 2016 Industrial Park Project.

**k) Security Bank & Trust Company – Pledged Securities**

Approved the Pledged Securities that Security Bank & Trust Company has purchased for the City of Winsted for the month of November, 2015.

**l) November, 2015 Building Permit Report**

Approved the November, 2015 Building Permit Report

**m) Claims**

Approved the claims list for December 15, 2015.

**n) Resolution R-15-52 – Minnesota Department of Natural Resources Local Trail Connections Grant**

Adopted Resolution R-15-52 to decline the Minnesota Department of Natural Resources Local Trail Connections Grant and rescind Resolution R-15-34 that previously accepted this grant.

**Council Member Quast motioned to adopt the Consent Agenda as presented. Council Member Fasching seconded the motion. Motion carried 5-0.**

**3) No Public Hearings.**

**4) No Old Business.**

**5) New Business**

**a) Year 2016 Levy – Resolution R-15-53**

Mr. Tienter stated that per Minnesota Statute § 275.065 all home rule and statutory cities must certify a Final Property Tax Levy to their respective County Auditor on or before December 28<sup>th</sup>. City staff recommend a Final Property Tax Levy (Levy) by adding the Final General Property Tax Levy (General Levy) to the Final Debt Service Levy. These levies are used to finance the operating, capital and debt expenditures of the City of Winsted (City), which supports the vision and goals of the City Council.

Mr. Tienter stated that on September 26, 2015, City staff recommended a Preliminary 2016 Property Tax Levy of \$1,162,649, an increase of 3.56% compared to the Final 2015 Property Tax Levy. After lengthy discussion, the Council certified a Preliminary 2016 Property Tax Levy of \$1,166,332, or 0.33% higher than the City staff recommendation. The Council certified this increase to offset any use of fund balance to support the recommended increase in elections expenditures for the 2016 Presidential Election.

Mr. Tienter stated that during a Special City Council Work Session on December 8, 2015, the City Council reviewed the final Recommended 2016 Budget changes. These changes included the elimination of a position recommended by City staff, which ultimately reduced the property tax needs of the City. Mr. Tienter stated that as a result, the City Council directed the Property Tax Levy increase to

be reduced from 3.89% to 2.98%; a reduction of \$10,178 or 0.91%, for a total Final 2016 Property Tax Levy of \$1,156,154.

Mr. Tienter stated that the Recommended 2016 Budget proposes to increase the Final Levy by \$33,500 or 2.98% compared to the Final 2015 Levy.

Mr. Tienter reviewed information regarding changes in the levy from the year 2015 to the year 2016 and reviewed information regarding property tax history.

General Budget and Levy History and Detail						
	Final 2015	Preliminary 2016	Change 2015F v. 2016P (%)	Final Rec. 2016	Change 2015F v. 2016F (%)	Change 2015 v. 2016 (\$)
Expenditures	\$ 1,635,236	\$ 1,734,313	6.06%	\$ 1,691,646	3.45%	\$ 56,410
Revenue	\$ 1,675,240	\$ 1,730,630	3.31%	\$ 1,726,135	3.04%	\$ 50,895
Total	\$ 40,004	\$ (3,683)	-109.21%	\$ 34,489	-13.79%	\$ (5,515)
General	\$ 799,904	\$ 843,582	5.46%	\$ 833,404	4.19%	\$ 33,500
Debt	\$ 322,750	\$ 322,750	0.00%	\$ 322,750	0.00%	\$ -
Total	\$ 1,122,654	\$ 1,166,332	3.89%	\$ 1,156,154	2.98%	\$ 33,500

Property Tax History and Detail								
Year	Net Tax Capacity	Property Tax Levy	Net Tax Capacity Rate	Estimated Median Value Home	Gross Tax	Net Property Tax	Net Property Tax Change (%)	Net Property Tax Change (\$)
Final 2011	\$ 1,342,505	\$ 1,117,629	83.25%	\$ 140,000	\$ 1,186	\$ 987	n/a	n/a
Final 2012	\$ 1,244,925	\$ 1,117,629	89.77%	\$ 140,000	\$ 1,186	\$ 1,065	7.84%	\$ 77
Final 2013	\$ 1,230,607	\$ 1,103,432	89.67%	\$ 140,000	\$ 1,186	\$ 1,063	-0.12%	\$ (1)
Final 2014	\$ 1,270,528	\$ 1,103,432	86.85%	\$ 140,000	\$ 1,186	\$ 1,030	-3.14%	\$ (33)
Final 2015	\$ 1,262,652	\$ 1,122,654	88.91%	\$ 140,000	\$ 1,186	\$ 1,055	2.38%	\$ 24
Prelim. 2016	\$ 1,487,555	\$ 1,156,154	77.72%	\$ 140,000	\$ 1,186	\$ 922	-12.59%	\$ (133)
Change 2015 v. 2016	\$ 224,903	\$ 33,500	-11%	\$ -	\$ -	\$ (133)	-15%	\$ (157)

Council Member Ollig stated that the information that Mr. Tienter provided during the budget process was very helpful and thanked Mr. Tienter for his work.

**Council Member Ollig motioned to adopt Resolution R-15-53 certifying the Final 2016 Property Tax Levy of \$1,156,154. Council Member Schulenberg seconded the motion. Motion carried 4-1. Mayor Stotko opposed.**

Mayor Stotko explained that he opposed the motion because he supports a final levy with an increase of 3.89% as adopted in the 2016 Preliminary Levy, with the additional \$10,178 to be used toward future debt.

**b) Year 2016 Budget – Resolution R-15-54**

Mr. Tienter stated that annually, the City Council approves a budget that provides the City with the funds necessary to accomplish the vision and goals of the City Council.

Mr. Tienter stated that in August, 2015 City staff initiated the 2016 Budget process through a series of meetings with the Mayor, City Clerk, Treasurer, Police Chief and Public Works Maintenance Supervisor. During these discussions, City staff reviewed new budget requests, adjusted revenue and expenditure estimates, and reallocated resources to better meet the needs of the City. This process created the Recommended 2016 Budget, which was then provided for City Council review and comment.

Mr. Tienter stated that between the September 15, 2015 City Council Work Session and the December 8, 2015 Special City Council Work Session, the City Council reviewed various portions of the budget, such as the General Fund Budget (operating budget), Airport Fund Budget, Sewer Fund Budget, Water Fund Budget, Fire Department Operations Budget and various sections of the Capital Equipment and

Improvement Plan (CEIP). As a result of this process, the Recommended 2016 Budget totals \$5,259,965 in expenditures and \$5,141,588 in revenues, an increase of 63.70% and 51.09%, respectively, compared to the Adopted 2015 Budget.

Mr. Tienter stated that the considerable increase for the Recommended 2016 Budget includes budget authority for the Kingsley Street Area Improvement Project, which is estimated at a cost of \$1,402,430, and planned capital equipment expenditures for the Winsted Volunteer Fire Department, which are estimated at a cost of \$510,000.

**Council Member Ollig motioned to adopt Resolution R-15-54 approving the Year 2016 Budget. Council Member Quast seconded the motion. Motion carried 5-0.**

**c) 2016 Compensation Plan**

Mr. Tienter stated that On September 30, 2014, at the request of the City Administrator, the City received a proposal from Flaherty and Hood, P.A., to conduct a Job Classification and Compensation Study (Study). On December 16, 2014, as a part of the 2015 General Fund Budget, the Council approved funding for the Study.

Mr. Tienter stated that a Job Classification and Compensation Study allows the City to determine appropriate compensation for regular, full-time employees while controlling for a variety of considerations; including, but not limited to: external market competition and rates; internal pay equity as required by the Minnesota Pay Equity Act (Minn. Statute 471.991) (PEA); and job specific requirements and responsibilities. The resulting job classification and compensation plans address each of these issues.

Mr. Tienter stated that the Study uses a variety of methods to determine appropriate job classification and compensation. First, City staff completed lengthy questionnaires designed to analyze job duties and responsibilities. From these questionnaires, Flaherty and Hood staff then revised each job description to better reflect current duties. Using this updated information, Flaherty and Hood staff evaluated each position with regard to skill, effort (complexity), responsibility and work conditions, producing a job evaluation rating, which provided an understanding of internal pay equity.

Mr. Tienter stated that after completing this internal process, Flaherty and Hood staff then conducted a market survey designed to collect and evaluate compensation data from external market entities (i.e., area municipalities). In total, the market survey polled twelve (12) cities. Based on this data, the Study calculates an Annual Market Mean Wage for each position.

Mr. Tienter stated that Flaherty and Hood staff used the external market data and the internal job evaluation ratings to calculate the Recommended 2016 Compensation Plan. The recommended base pay system meets all tests with regard to the PEA and provides the City with a market competitive compensation plan, which is critical for recruiting and retaining a strong workforce.

Mr. Tienter stated that during the December 1, 2015 City Council Work Session, the City Council endorsed the general recommendations of the Study and also recommended all compensation changes; including a step increase to occur on January 1, 2016, with modification to the Employee Reference Manual to be considered at a future City Council Regular Meeting.

Mr. Tienter stated that the Recommended 2016 Compensation Plan provides total compensation increases of \$21,529. Additionally, any change in compensation also changes the amount expended by the City for programs funded as a function of wage (i.e., Federal Insurance Contributions Act (FICA or Social Security)), increasing such contributions made by the City by \$3,375. In total, the recommended change in compensation costs the City approximately \$24,903. This amount is \$2,150 less than what was estimated for the increase.

**Council Member Quast motioned to adopt the Recommended 2016 Compensation Plan and authorize a single pay step increase for each individual employee from a pay step nearest but not less than their current wage as of December 31, 2015 as provided in the Recommended 2016 Compensation Plan, and freeze the wage of any employee outside of the Recommended 2016 Compensation Plan at a single step higher than their current wage as of December 31, 2015 as provided by the 2015 Compensation Plan until such wages are within a future, adopted**

**Compensation Plan, effective January 1, 2016. Council Member Schulenberg seconded the motion. Motion carried 4-1. Mayor Stotko abstained from voting.**

**d) City Council Resignation – Resolution R-15-55**

Mr. Tienter stated that Council Member Fasching notified the City Administrator, the Mayor and members of the City Council of his intent to resign from the City Council effective at 11:59 p.m. on December 15, 2015.

Council Member Fasching stated that he and his family decided that he would resign from the City Council to spend more time with his family.

Council Member Fasching thanked the City Council for their excellent tutilage of how local government operates.

Council Member Ollig stated that the City Council reluctantly accepts Council Member Fasching's resignation and thanked Council Member Fasching for his thoughtful service to the City of Winsted.

Council Member Quast stated that Council Member Fasching was a great team member and brought a different perspective to the City Council. She continued by stating that she would miss Council Member Fasching.

Council Member Schulenberg stated that Council Member Fasching brings a different attitude to the City Council that he admires and appreciates.

Mayor Stotko thanked Council Member Fasching for being a concerned citizen and for taking the action to become a City Council member to have a voice. Mayor Stotko stated that Council Member Fasching brought a different view to the City Council and that he appreciated his younger age.

Mr. Glenn Weibel, 540 1st Street North, thanked Council Member Fasching for challenging the addition of a Deputy Clerk position to the City, and for suggesting a part time position in its place. Mr. Weibel thanked Council Member Fasching for his challenge to the Salary Study.

Mr. Weibel stated that in the past, the City's website had pictures of the Council Members which have been removed. Presently, the website lists the Council Members names, with direction to contact the City to contact a City Council member. Mr. Weibel requested that pictures of the City Council members be re-posted on the City's website.

**Council Member Quast regrettably motioned to adopt Resolution R-15-55 accepting the resignation of Mr. Max Fasching from the City Council. Council Member Ollig seconded the motion. Motion carried 4-1. Council Member Fasching abstained from voting.**

**6) Organization Reports**

**a) St. Mary's Care Center**

Ms. Terry Rieck, St. Mary's Care Center Administrator, 551 . 4<sup>th</sup> Street North, Winsted, Minnesota provided information regarding St. Mary's Center to include:

- The facility has sixty-five (65) beds, ten (10) of which are for rehabilitation. The facility services many bariatric patients.
- The first floor of the facility consists of twenty-four (24) memory care beds.
- St. Mary's employs approximately 170 associates.
- St. Mary's has a payroll totaling \$3.5 million.
- The organization depends on the Foundation for equipment needs

Council Member Ollig asked Ms. Rieck what the staffing challenges were. Ms. Rick replied that staffing is the challenge, especially in the nursing department. Ms. Rieck stated that currently there are nine (9) openings for Certified Nursing Aides and three (3) openings for nurses.

Council Member Schulenberg stated that he is on the Board for the St. Mary's facility and thanked Ms. Rieck for her work and professionalism.

Mayor Stotko stated that Winsted is very fortunate to have St. Mary's in the city.

Council Member Ollig asked if there were any incentives for hiring staff. Ms. Rieck stated that during the month of December, 2015 there is a \$1,000 bonus for Certified Nurse Aides hired, and a \$2,000 bonus for nurses hired. Ms. Rieck continued by stating that once the recently passed Nursing Home Reform bill is in effect, there may be better retention of employees because there may be better wages for nursing staff.

Council Member Ollig stated that St. Mary's Care Center consistently receives Quality of Care awards and the City is very proud of that achievement.

**7) No Open Forum.**

**8) Announcements**

Council Member Schulenberg thanked Mrs. Sarah Fasching for her support to Council Member Fasching while he served as a Council Member.

**9) Adjournment**

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

The meeting was adjourned at 6:28 p.m.

*Steve Stotko*

Steve Stotko  
Mayor  
City of Winsted

ATTEST:

*Raquel Kirchoff*

Raquel Kirchoff, CMC  
Administrative Assistant  
City of Winsted