

City of Winsted
City Council Meeting
Council Chambers
Tuesday, December 20, 2016
6:00 p.m.

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

Absent: Council Member Patty Fitzgerald

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

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 – City Council Work Session – November 1, 2016

Approved the minutes of the City Council Work Session on November 1, 2016.

b) Minutes – City Council Regular Meeting – November 1, 2016

Approved the minutes of the City Council Regular Meeting on November 1, 2016.

c) 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 2017.

d) 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 2017.

e) 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 2017.

f) 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 2017.

g) Resolution R-16-54 – Donation – Security Bank and Trust Company

Adopted Resolution R-16-54 accepting a donation from Security Bank and Trust company to be dedicated toward the purchase and installation of a water fountain for Winsted Lake.

h) Resolution R-16-55 – Gambling Contribution – Holy Trinity

Adopted Resolution R-16-55 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) Vacation Carryover Authorization

Authorized the City Administrator to approve the carryover of accrued vacation leave for individual City employees exceeding forty (40) hours of vacation leave as of December 31, 2016.

j) Position Description – Assistant to the City Administrator

Approved the Assistant to the City Administrator Job Description.

k) Training Proposal – Winsted Police Department

Authorized the City Administrator to accept a proposal from Medics Training, Incorporated to provide Emergency Medical Technician (EMT) refresher training for the Winsted Police Department.

l) Dance Permits

Approved Dance Permits for the Blue Note Ballroom, 320 – 3rd Street South, for Sunday, January 15, 2017 and Friday, April 7, 2017.

m) Resignation – Planning Commission

Accepted the resignation of Mr. Michael Henrich as a member of the Planning Commission, effective January 2, 2017.

n) Resignation – Part-Time Police Officer

Accepted the resignation by Mr. Michael Henrich from employment as a Part-Time Police Officer, effective January 2, 2017.

o) 2017 Compensation Plan

Adopted the Recommended 2017 Compensation Plan.

p) Salary Step Increases

Authorized the City Administrator to approve a salary step increase for individual employees, effective January 1, 2017, contingent upon a successful performance review for the year ending December 31, 2016.

q) 2016 Audit

Authorized the Mayor to execute an agreement with Conway, Deuth and Schmiesing, PLLP to conduct an audit of the City of Winsted's financial statements for the year ending December 31, 2016 for an approximate cost of \$29,250.

r) 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, 2016.

s) November, 2016 Building Permit Report

Approved the November, 2016 Building Permit Report.

t) Claims

Approved the claims list for December 20, 2016.

u) Wireless Transfer Hardware and Software Purchase for the Winsted Police Department

Authorized the Chief of Police to purchase automatic, wireless download hardware and software from Digital Ally using forfeiture funds in an amount not to exceed \$2,205.

Council Member Schulenberg motioned to adopt the Consent Agenda as presented. Council Member Quast seconded the motion. Council Member Ollig abstained from voting on Item g. of the Consent Agenda, Resolution R-16-54 – Donation – Security Bank and Trust Company. Motion carried 4-0.

3) No Public Hearings

4) No Old Business

5) New Business

a) 2017 Levy – Resolution R-16-56

Mr. Tienter reviewed the timeline of the 2017 Budget Process.

Mr. Tienter reviewed the following information regarding the recommended 2017 Budget.

General Fund Budget 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;
 - Limited adjustments to external revenues.
- Supports current compliment of Full–Time Equivalent (FTE) Employees.
 - Includes budget assumptions for the current vacant position.
- The Recommended 2017 General Fund Budget is structurally balanced.
- The Recommended 2017 General Fund Budget does not include:
 - Approved property tax abatements beginning in 2017;
 - No change in Local Government Aid (LGA); and
 - No renewal of the Small Cities Assistance Program.

Mr. Tienter presented charts regarding the Recommended 2017 General Fund Budget, Revenue and Recommended 2017 General Fund Budget, Expenditures.

Mr. Tienter reviewed the following information and displayed charts regarding the Five Year Budget Model.

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	

Mr. Tienter reviewed the following information and displayed charts regarding the Capital Equipment and Improvement Plans.

Capital Budget Assumptions and Considerations

- The Recommended 2017 – 2021 Capital Equipment and Improvement Plan (CEIP) considers the following:
 - Previous City Council actions (e.g., 2011 Pavement Management Plan);
 - Recommendations of City Commissions (e.g., Fire Board);

- Reallocates existing General Fund revenues among various CEIP sections;
 - Cost assumptions based on best available project estimates; and
 - Annual increases in certain fees and revenues used to finance capital improvements.
- The Recommended 2017 – 2021 CEIP does not include the following:
- Water Tower Recoating Project; and
 - Winsted Municipal Airport Improvement Project.

Mr. Tienter reviewed the following information and displayed charts regarding the Water Fund and Sewer Fund Budgets.

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); and
 - Initiation of the Water Tower Recoating project in 2018 Proposed.

Sewer Fund Assumptions and Considerations

- The Revised, Recommended 2017 Sewer Budget assumes the following:
- 12.25% increase in sewer minimum and sewer rate fees beginning in 2017 Recommended and continuing until 2021 Proposed;
 - Previously estimated at 11.25%;
 - Increase due to an increase in net interest rate at the time of the October 18, 2016 bond sale (Final – 2.4415% v. Project – 2.1951%)
 - 0.50% increase in total units;
 - 1.20% increase in total Sewer Sales;
 - Debt Service for the Wastewater Treatment Facility Improvements beginning in 2018.

Mr. Tienter reviewed the following information and displayed charts regarding the Fire Department Budget.

Winsted Volunteer Fire Department Five Year Budget Projections

- Allows the Fire Board and the City Council to better understand both the general condition of the Fire Department budget, but also to examine the long-term 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
0.30% Unit Count	2.00% CIP Transfer
1.00% Other Revenue	
2.00% Fire Department Per Unit Fee	

Mr. Tienter displayed charts regarding the Recommended 2017 Budget.

Mr. Tienter reviewed the following information and displayed charts regarding the Recommended 2017 Property Tax Levy.

General Budget and Levy History and Detail							
	Final 2016	Prelim. 2017	Change 2016F v. 2017P (%)	Change 2016F v. 2017P (\$)	Final 2017	Change 2016F v. 2017F (%)	Change 2016F v. 2017F (\$)
Expenditures	\$ 1,702,567	\$ 1,773,833	4.19%	\$ 71,266	\$ 1,753,234	2.98%	\$ 50,667
Revenue	\$ 1,726,135	\$ 1,786,814	3.52%	\$ 60,679	\$ 1,758,311	1.86%	\$ 32,176
Total (NCC)	\$ (23,568)	\$ (12,981)	-44.92%	\$ 10,587	\$ (5,077)	-78.46%	\$ 18,491
General Levy	\$ 833,404	\$ 896,408	7.56%	\$ 63,004	\$ 867,405	4.08%	\$ 34,001
Debt Levy	\$ 322,750	\$ 346,450	7.34%	\$ 23,700	\$ 346,450	7.34%	\$ 23,700
Total	\$ 1,156,154	\$1,242,858	7.50%	\$ 86,704	\$ 1,213,855	4.99%	\$ 57,701

- The Recommended 2017 General Property Tax Levy would increase 4.08% and the Recommended 2017 Debt Service Levy would increase 7.34% resulting in a Recommended 2017 Property Tax Levy increase of 4.99%.
- The Recommended 2017 Budget decreases \$20,599 (-1.16%) and \$28,502 (-1.60%) in expenditures and revenues, respectively from the Preliminary 2017 Budget.
- The Recommended 2017 Property Tax Levy decreases 2.33% from the Recommended Preliminary 2017 Property Tax Levy.
- Debt Service Levy, Five Year Projection

Year	Debt Issue	Debt Service Levy				
		2017R	2018P	2019P	2020P	2021P
2008	Equipment Certificate	\$ 29,250	\$ -	\$ -	\$ -	\$ -
2008	City Hall (1)	\$ 36,400	\$ 36,400	\$ 36,400	\$ 36,400	\$ 36,400
2012	Westgate Project	\$ 48,000	\$ 48,500	\$ 49,000	\$ 49,500	\$ 50,000
2012	Refunding	\$ 210,100	\$ 206,000	\$ 206,000	\$ 206,000	\$ 206,000
2016	Kingsley Street (1)	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000
Total		\$ 349,750	\$ 316,900	\$ 317,400	\$ 317,900	\$ 318,400
Additional Debt Service Estimate (2)			\$ 32,000	\$ 70,000	\$ 70,000	\$ 87,000
Total Debt Service Estimate			\$ 348,900	\$ 387,400	\$ 387,900	\$ 405,400

- Notes (1) Estimated pending the sale of bonds.
(2) Assummes 2017 - 2021 Streets CIP Bond Issues at 2.00% for 15 years.

Final 2017 Property Tax Levy

\$867,405 (General Levy) + \$346,450 (Debt Levy) = \$1,213,855 (Property Tax Levy)

Property Tax Capacity and Levy History, Net Tax Capacity Adjusted

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 2011	\$ 1,342,505	\$ 1,117,629	83.25%	\$ 127,500	\$ 874	n/a	n/a
Final 2012	\$ 1,244,925	\$ 1,117,629	89.77%	\$ 118,233	\$ 852	-2.54%	\$ (22)
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
Rec. 2017	\$ 1,655,606	\$ 1,213,855	73.32%	\$ 157,236	\$ 1,007	8.65%	\$ 80
Change							
2016 v. 2017	\$ 198,296	\$ 57,701	-6.02%	\$ 18,833	\$ 80	0.83%	\$ 13

- The Final 2017 Property Tax Levy responds to cost pressures, but:
 - Remains below the trend line of inflation;
 - Remains competitive with surrounding communities;

- Responds to inaction at the Minnesota State Legislature (e.g., LGA, Small Cities Assistance Account); and
 - Provide for predictable and stable property tax levy change in the future.
- The Final Property Tax Levy may be certified at a lower amount than the Preliminary Property Tax Levy, but not greater than it.

Total Recommended 2017 Changes

Tax or Fee	2016	2017	Change (\$)	Change (%)	Notes
Private Responsibility					
Property Tax Levy	\$ 927.10	\$ 1,007.29	\$ 80.19	8.65%	(1)
Water Minimum	\$ 71.88	\$ 73.32	\$ 1.44	2.00%	
Water Rate	\$ 237.60	\$ 242.35	\$ 4.75	2.00%	(2)
Sewer Minimum	\$ 96.36	\$ 108.16	\$ 11.80	12.25%	
Sewer Rate	\$ 730.80	\$ 820.32	\$ 89.52	12.25%	(2)
Park Improvement Fee	\$ 18.00	\$ 18.90	\$ 0.90	5.00%	
<i>Subtotal</i>	<i>\$ 2,081.74</i>	<i>\$ 2,270.35</i>	<i>\$ 188.61</i>	<i>9.06%</i>	
Public Responsibility					
"Per Unit" Fire Protection Fee	\$ 121.00	\$ 124.00	\$ 3.00	2.48%	
Total	\$ 2,202.74	\$ 2,394.35	\$ 191.61	8.70%	

(1) Assumes a 13.61% increase in valuation on a median-valued homestead.

(2) Assumes monthly usage of 6,000 gallons.

Council Member Ollig motioned to adopt Resolution R-16-56 certifying the Final 2017 General Property Tax Levy of \$867,405 and a Final 2017 Debt Service Levy of \$346,450 for a total Final Property Tax Levy of \$1,213,855. Council Member Schulenberg seconded the motion. Motion carried 4-0.

Council Member Quast motioned to adopt Resolution R-16-57 approving the Year 2017 Budget for the City of Winsted. Council Member Schulenberg seconded the motion. Motion carried 4-0.

6) Department Report

a) St. Mary's Care Center

Ms. Terry Rieck, St. Mary's Care Center Administrator, provided information regarding the history St. Mary's and information about the services provided by St. Mary's.

Ms. Rieck stated that St. Mary's Care Center received the Gold Award in 2013 from the American Healthcare Association for the quality of care that the Center provides.

The City Council Members thanked Ms. Rieck and stated that Winsted is very fortunate to have St. Mary's in the city.

Council Member Ollig stated that Ms. Rieck is leaving St. Mary's and thanked her for her service.

7) No Open Forum

8) Announcements

Mayor Stotko stated that this meeting is the last meeting for Council Member Quast as a City Council Member.

The City Council Members thanked Council Member Quast for her service and support.

Mr. Tienter stated that Council Member Quast will be recognized following the City Council Meeting on January 17, 2017.

9) Adjournment

Council Member Quast motioned to adjourn the meeting. Council Member Schulenberg seconded the motion. Motion carried 4-0.

The meeting was adjourned at 6:35 p.m.

Steve Stotko

Steve Stotko
Mayor
City of Winsted

ATTEST:

Raquel Kirchoff

Raquel Kirchoff, CMC
City Clerk-Treasurer
City of Winsted