

**MINUTES OF THE COMMITTEE OF THE WHOLE MEETING
OF THE ZIMMERMAN CITY COUNCIL
MONDAY, AUGUST 10, 2015**

CALL TO ORDER

The Committee of the Whole Meeting held by the Zimmerman City Council was called to order at 7:01 p.m. at City Hall by Mayor Dave Earenfight, followed by the Pledge of Allegiance.

ROLL CALL

Present: Mayor Earenfight, Council Members Merwin, Mathison and Nathe. Member Brisbin was absent. Also present were Administrator Piasecki, Clerk/Treasurer Tillmann and Public Works Operations Coordinator Koehler.

AGENDA APPROVAL

Mathison/Nathe unanimous to approve the agenda as presented.

OPEN FORUM

There was no one present to address the Council during Open Forum.

ORDER OF DISCUSSION

2016 General Fund Budget and Levy

Clerk/Treasurer Tillmann started the budget presentation with a broad overview of the preliminary 2016 Budget and Levy. The 2016 General Fund budget was drafted using the 2016 Budget Guide provided by the League of Minnesota Cities. Tillman reminded Council that they would only be reviewing the General Fund budget at this time. Water and Sewer Fund budgets would be presented after the General the preliminary budget and levy were certified in mid-September. Tillmann and Administrator Piasecki reviewed the budget in further detail with Council, referencing the detailed staff memo and budget spreadsheets that were included in the Council packet.

2016 REVENUES

The 2016 preliminary revenue budget totals \$2,255,438, a proposed increase of \$128,050 over the 2015 revenue budget. Revenues include general taxes, state aids, fees, charges for services, permit fees, lease revenues and special levies. Certified Local Government Aid (LGA) for 2016 equals \$483,882, which is an increase of \$8,735 over the 2015 amount. Existing special levies total \$68,999 for Debt Service, (2nd Street East Reconstruction and the CH 45 Reconstruction Project), and \$37,163 for Capital Expenditures, which can be used for future road improvements and large equipment purchases.

The preliminary tax levy of \$1,188,293 is a proposed increase of \$65,915 over what was levied in 2015. Council has the same options to decrease the levy before final certification, including reductions to expenses, increases in revenues, or the use of uncommitted cash reserves as a budget balancing tool, instead of a levy increase.

Piasecki added that the Sherburne County Assessor will increase 2015 property market values for taxes payable in 2016. Residential properties will increase by 7.8%, following an increase in 2014 after several years of decreases. However, commercial property values will decrease by 2%. Overall, these changes are expected to increase the taxable market value by approximately \$20,800,000. Despite the increase, the City still has lost over \$182,000,000 in assessed market value in the last 6 years.

2016 EXPENSES

Staff has presented a balanced budget for the first review by Council. Proposed expenses are projected to match proposed revenues at \$2,255,438, an increase in expenditures of \$119,350 over the 2015 budget. Tillmann noted that increased expenses can be attributed to the following items:

- An increase in membership dues through the League of Minnesota Cities, which is reflected in the Council budget (41110).
- Projected increases to Law Enforcement and Fire Protection, with a combined increase of approximately \$27,000 to the Public Safety budget (42000).
- Increases totaling \$61,250 in the Streets (43100) and Parks Departments (45000). PW Operations Coordinator Koehler explained that staff is looking at replacing the John Deere tractor in the Park Department because it continues to need much repair in the off season. Instead of replacing it with a like model, which would cost approximately \$60,000, staff has budgeted for a smaller, zero-turn lawn mower at a cost of about \$20,000. The Street Department also includes additional costs to complete centerline striping on all City streets in 2016, which hasn't been done in many years.
- A 10% increase for employee health insurance premiums, as suggested by our agent. Staff has increased insurance premiums by 10% for those employees that participate in the health insurance plan, with no increases for employees who elect the benefit stipend. Renewal information will not be available from the City's agent until after October 1, 2015.
- Administration suggested 1-step wage increase and a Cost of Living Adjustment (COLA) for employees. Calculated into the budget is a 3% step increase for employees eligible for a step and a 1% COLA for all employees, based on the current Consumer Price Index (CPI). As a reminder, step increases were awarded in 2014 and 2015, after employee wages had been frozen since the salary schedule was adopted in 2009.
- Limited overtime for Public Works employees in the Streets Department (43100). Several years ago as a cost-saving measure, Council acted to only allow the payout of overtime to Public Works employees for plant checks at the Waste Water Treatment Plant (Fund 602). This has caused Public Works employees to have too much vacation and comp time accumulated and not as much opportunity to use all accumulated time. Staff has built in funds to cover up to 40 hours of overtime per Public Works employee during the winter snow plowing season, which would likely reduce the amount of accumulated compensatory time.
- Expenses related to the administration of both Primary and General Elections (41410) in 2016. This is a significant increase over 2015, as the only expenses in the current year were to cover the annual service agreement for election equipment.

Again this year, the city will have until September 30th to certify the preliminary budget and levy to Sherburne County. Council will have ample opportunity to review the budget in great detail during upcoming meetings. Pending the outcome of discussion at the COW meeting, revisions will be made to the budget as directed by Council. There will be review of the budget at the next three regular Council meetings scheduled for August 17 and September 14 and 21. Council also has the option of adding a budget workshop in August for further review of the budget if needed, and could schedule a Special Meeting in September if the preliminary budget and levy is not accepted at the September 21st meeting.

Once the preliminary budget and levy are adopted, staff will work to review and amend the budget based on direction provided by Council. The preliminary budget and levy numbers will be provided to the Sherburne County Auditor/Treasurer's Office once certified in September. Between November 11 and November 24, the County Auditor will send the notice of proposed property taxes to each taxpayer in the county. While the City is no longer required to hold a Truth in Taxation hearing, we must hold a Public Comment Meeting, which historically has been held at the first Regular Council meeting in December, with adoption of the final budget and levy held at the second Regular meeting in December. The final budget and levy cannot be adopted until after November 25, and Council must adopt the final 2015 budget and certify the final tax levy to Sherburne County by December 28, 2015.

Staff will continue to provide information as it becomes available. Administrator Piasecki also invited members to contact staff should questions related to the preliminary budget and levy arises between Council meetings.

Civic Building Renovations

Brief discussion was held regarding potential renovations to the Civic Building at the City Park, including upgrading or including a kitchen work area, improving the acoustics, re-siding the building and perhaps adding a porch area on the North side of the building. Staff will discuss possible renovations with the Building Inspector ensure compliance with current building codes. No action taken.

COMMUNICATION & MISCELLANEOUS BUSINESS

Piasecki reported that Engineer Kevin Bittner will attend the Council meeting on Monday, August 17 to discuss Feasibility Study for the Fremont Drive Relocation project. No action taken.

Nathe/Mathison unanimous to adjourn the meeting at 7:42 p.m.

Approved this 17th day of August, 2015.

s/s Kary Tillmann, City Clerk/Treasurer

Approved 08/17/2015