

**MINUTES OF THE COMMITTEE OF THE WHOLE MEETING
OF THE ZIMMERMAN CITY COUNCIL
MONDAY, AUGUST 11, 2014**

CALL TO ORDER

The Committee of the Whole Meeting held by the Zimmerman City Council was called to order at 7:02 p.m. at City Hall by Mayor Dave Earenfight, followed by the Pledge of Allegiance.

ROLL CALL

Present: Mayor Earenfight, Council Members Brisbin, Mathison and Michels. Member Merwin was excused absent. Also present were Administrator Piasecki, Clerk/Treasurer Tillmann and Public Works Director Horvath.

AGENDA APPROVAL

The agenda was approved by unanimous consensus as presented.

OPEN FORUM

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

ORDER OF DISCUSSION

2015 General Fund Budget and Levy

Tillmann provided an overview of the preliminary 2015 Budget and Levy for discussion. The August 4 Council meeting included a broad overview of the 2015 General Fund budget and levy, including presentation of the first draft of the General Fund budget for review. Council discussed minor changes to the budget process that have been enacted by the Legislature for this budget cycle.

2015 REVENUES

Revenues include general taxes, state aids, fees, lease revenues and special levies. Certified Local Government Aid (LGA) for 2014 equals \$475,147, which is an increase of \$29,566 over the 2014 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. Council has the same options to decrease the levy before final certification to Sherburne County in December, including reductions to expenses, increases in revenue, or the use of uncommitted cash reserves as a budget balancing tool instead of a levy increase.

The Sherburne County Assessor proposes increases to property values for 2014. Residential properties will increase by 14% after several years of decreases. Commercial property values will decrease by 2%. Overall, these changes will slightly increase our taxable market value. The City has lost over \$182,000,000 in assessed market value in the last 5 years. As a reminder, the decrease in value will result in an increase in the tax rate in order to collect the same tax dollar in 2014.

2015 EXPENSES

Tillmann noted that increased expenses can also be attributed to the following items:

- A scheduled increase to the Sheriff's Department contract
- Increases in membership dues, and property, liability and Worker's Compensation Insurance through the League of Minnesota Cities
- A mandated increase for employee health insurance premiums as suggested by our insurance agent. Staff has increased insurance premiums by 15% for those employees that participate in the health insurance plan.

- 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 2% COLA. 2014 was the first time in five years that step increases have been granted since the original salary schedule was adopted in 2009.
- Increased costs for equipment and software maintenance for Election equipment, which is reimbursed by Sherburne County.
- The addition of a new full-time Maintenance Technician, and the inclusion of two temporary Seasonal Laborers in the Public Works Department (one in the Park Department and one in Water and Sewer Departments)
- Limited overtime for Public Works employees. 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. This is causing 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, which would likely reduce the amount of accumulated compensatory time.

The City will have until September 30, 2014 to certify the preliminary budget and levy to Sherburne County. This change enacted by the 2014 Legislature allows the City more time than in previous years to review the proposed budget and levy before certification. Extensive discussion regarding the 2015 Preliminary Budget will take place the COW meeting on August 11.

Public Works Director Horvath addressed the following items:

Park Department

Maintenance of the Frisbee Golf Course takes approximately 2 – 3 hours every other day. Signage will have to be maintained. Anticipated expenses for the Frisbee Golf Course are approximately \$2,500. Horvath anticipates expenses related to the Zamboni to be about \$3,000, which would cover fuel, cutting edges and drag bars, and another \$7,000 for warming house expenses. All of these expenses have been included in the 2015 Park Department budget.

Street Department

- Deicing – Currently the City doesn't do deicing and Council should decide if they want to do it in the future. Anticipated cost to complete de-icing city-wide would be approximately \$38,000.
- Sidewalks throughout town are in need of repair. If we were to replace and re-install all the sidewalks in town, it would cost approximately \$40,000.
- Sand and salt – Sherburne County is considering charging for salt used on streets in winter. Currently, the budget for salt is \$5,000 but if the County begins charging, that could increase by \$20,000.
- Engineering – If Council chooses to begin a road project, the \$10,000 budgeted for Engineering wouldn't be adequate. Tillmann added that if the City undertakes a road project, related engineering expenses would be coded to the specific project fund, not the general Street Department budget.
- Vehicle Replacement – a number of vehicles in the fleet should be considered for replacement. Currently, staff included \$40,000 in Capital Expenditures in anticipation of changes to the fleet.

Mayor Earenfight declared a recess at 7:58 p.m. and reconvened the meeting at 8:02 p.m.

Member Michels suggested Council consider an increase to Mayor and Council salaries, which would go into effect in January 2015. Mayor/Council wages have not been increased since September 2000. Staff was directed to survey surrounding communities for salaries for Elected Officials.

There will be review of the budget at the next regular Council meetings (August 18 and September 8 and 15) before the preliminary budget and levy is accepted on September 15. Once the preliminary budget is approved, staff will work with Council to refine the budget prior to final certification in December, 2014.

Brisbin/Mathison unanimous to adjourn the meeting at 8:12 p.m.

Approved this 18th day of August, 2014.

s/s Kary Tillmann, City Clerk/Treasurer

Approved 08/18/2014