

**MINUTES OF THE COMMITTEE OF THE WHOLE MEETING
OF THE ZIMMERMAN CITY COUNCIL
MONDAY, AUGUST 13, 2012**

CALL TO ORDER

The Committee of the Whole meeting of 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 Kowalski and Mathison. Members Brisbin and Laney were absent. Also present were Administrator Piasecki, Clerk/Treasurer Tillmann and Public Works Director Horvath.

AGENDA APPROVAL

Mathison/Kowalski unanimous to approve the agenda as presented.

OPEN FORUM

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

ORDER OF DISCUSSION

2013 Preliminary Budget Review

Tillmann presented preliminary revenue and expenditure budgets summarized by department. Total preliminary revenues and expenditures are projected at \$1,964,393. In order to present a balanced budget, preliminary Revenue is also projected at \$1,964,393, which includes a levy increase of \$74,036 or 5.8% from 2012 levels. Council has several options to decrease the proposed levy amount, including reductions to expenses, increases in revenues, or the use of undesignated cash reserves as a budget balancing tool, instead of a levy increase.

Proposed expenses are \$33,980 over the approved 2012 budget. Increased expenses are due in part to a \$26,480 increase to the Law Enforcement contract due to an increase in annual salaries, benefits and replacement of a squad car, an increase in Streets (\$12,100), Parks (\$9,050) and Civic Building (\$6,950) Departments, and an increase in the Building Inspection Department due to increases in annual support for computer programs. Also included in the expenditure budget are costs related to CH 45 Reconstruction which were initially approved in 2011. Council approved this expenditure with the thought that the City would levy the cost over a 2 year period. The estimate for the CH 45 reconstruction came in higher than the original estimate of \$110,000, so Council may wish to levy for an additional year. The proposed levy includes \$55,000 in an attempt to recoup that overage; however, Council could approve the use of uncommitted reserve funds instead of levying for the funds. Kowalski believes that it is improper for Council to levy to recoup this expense. Administration has also proposed a 1-step increase in salary/wages for all eligible employees per the 2008 approved compensation plan.

Revenues include general taxes, state aids, fees, lease revenues and special levies. Existing special levies total \$106,163 for Debt Service, (2001 Improvement Project, 2nd Street East Reconstruction and the CH 45 Reconstruction Project). Levy limits have been removed for 2013, and the Market Value Homestead Credit was eliminated in 2011, giving residents homestead exclusion instead. This new exclusion for homes means that the tax base will be reduced and the tax rate will have to rise in order to obtain the same property tax levy. According to the League of Minnesota Cities, this system shifts taxes among properties in the community, especially to commercial, industrial, apartment and other properties that don't receive the benefit of homestead market value exclusion.

In addition to elimination of MVHC, the Sherburne County Assessor proposes an additional 15% valuation decrease for 2013 on residential properties, and a 2.4% decrease to commercial properties, which totals approximately \$37,115,700. Piasecki reiterated that the City has lost over \$145,000,000 in assessed market value in the last 4 years. The decrease in value will result in an increase in the tax rate in order to collect the same tax dollar in 2013.

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 two regular Council meetings (August 20 and September 10) before the preliminary budget and levy is accepted on September 10. Preliminary numbers must be certified to Sherburne County no later than September 15, 2012.

Extensive discussion was held regarding the identification of departments in the summary spreadsheets. Kowalski feels that the Water, Sewer and Fire Departments should be identified separately in the summary documentation and others should be omitted, such as Wild West Days, the Civic Building and Debt Service. Tillmann advised that the department headings and identified as such for accounting purposes to provide greater detail to Council. The Fire Department contract expense is included in the Public Safety Budget, along with the Law Enforcement contract. Mayor Earenficht commented that Council had previously asked for greater detail in regards to income and expenses and Tillmann was providing what was asked of her. He prefers the level of detail given in the documentation and sees no reason to change. In regards to the Water and Sewer Departments not being included, Council was advised that those are not part of the General Fund and are considered separately by Council.

Public Works Director Horvath addressed the following items:

Civic Building – The west roof needs to be redone with the cost estimated at \$7,000. The project will be labor intensive and is estimated to cost approximately \$7,000. Kowalski requested written documentation regarding the potential repair be provided to the Council for review.

Administrative Assistant Change in Status- Horvath suggests that the part-time Administrative Assistant should be made into a full-time position. He utilizes this position in his office one day a week and would like to continue to have this position work in his office one day a week. He feels that in order to do that, the position needs to be made full-time. He has calculated the cost to the General Fund to be \$7,000 although Clerk/Treasurer Tillmann has calculated the expense to the General Fund to be at least \$9,000. He has already discussed the increase in hours with the current incumbent and she has agreed to the change in status, even though it has not been approved by the City Council. Horvath stated he has created a job description for the clerical work being done in his office. Kowalski requested that documentation be provided to the Council for review.

Vehicle replacement – A rotation of vehicle replacement should be implemented. A listing of City vehicles and equipment, their ages, mileage or hours of operation were included in the agenda packet. Horvath requested Council consider the purchase of new vehicles soon. Kowalski requested Horvath prepare a list of vehicles and equipment to be considered in a replacement rotation. Horvath will prepare and submit for future budget discussions.

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

Approved this 20th day of August, 2012.

Kary Tillmann, City Clerk/Treasurer