

**MINUTES OF THE SPECIAL MEETING  
OF THE ZIMMERMAN CITY COUNCIL  
MONDAY, OCTOBER 8, 2012**

**CALL TO ORDER**

The Committee of the Whole meeting of the Zimmerman City Council was called to order at 7:00 p.m. at City Hall by Mayor Dave Earenfight, followed by the Pledge of Allegiance.

**ROLL CALL**

Present: Mayor Earenfight, Council Members Brisbin, Kowalski, Laney and Mathison. Also present were Administrator Piasecki, Clerk/Treasurer Tillmann and Public Works Director Horvath.

**AGENDA APPROVAL**

**Brisbin/Laney unanimous to approve the agenda as presented.**

**OPEN FORUM**

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

**2013 GENERAL FUND BUDGET & LEVY**

Revenue and expenditure budgets summarized by Department were presented for review. Expenses are projected at \$1,976,593, with revenues projected to equal that number, in order to present a balanced budget to Council. This is an increase to the General Fund levy by \$86,236. Reducing the levy can be accomplished in several different ways, including reductions to expenditures, increases to other revenue streams or utilizing undesignated cash reserves.

Tillmann provided an overview of increases to proposed expenditures for 2013, including:

- 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), and Parks (\$9,050) Departments.
- An increase of \$6,950 to the Civic Building budget for the replacement of a portion of the roof.
- Capital Expenditures of \$55,000 for CH 45 south reconstruction to recoup monies already paid for the city's share of the project. The estimate for the reconstruction project came in higher than the original estimate of \$110,000 and the proposed budget reflects an attempt to recoup that overage.
- Administration proposed 1-step increase in salary/wages per the 2008 approved compensation plan.
- The Public Works Director is proposing a change in status from part-time to full-time for the Administrative Assistant, which will increase General Fund expenditures by approximately \$11,500.

Staff requested direction from Council on the following items, in order to refine the proposed budget for additional discussion at future meetings:

**CH 45 Reconstruction Expense**

Tillmann reiterated that the proposed budget reflects an attempt to recoup the overage of approximately \$55,000 for the CH 45 reconstruction project completed by Sherburne County in 2011. Originally, the intent was to levy for the project expense over 2 years, however, the estimate was much higher than anticipated. Council can choose to do nothing to recoup expended funds, or can levy to recoup what was spent from General Fund reserves. If Council decides to levy to recapture what the City has already paid out, we can levy the entire \$55,000 or split the \$55,000 across multiple years. Mayor Earenfight suggested it be split equally over the course of the next 2 years. Member Laney suggested that uncommitted funds be used to for half of the amount, since it was paid out of General Fund reserves to begin with. Member Brisbin questioned how Council would replenish reserve funds if they are used to cover this expense. Earenfight concurred that since reserve funds were used to pay for the project when payment was due to the County, we need to levy to "pay back" the reserve funds.

Council agreed by consensus to levy for half of the \$55,000 expense in 2013, thereby reducing the proposed levy by \$27,500. Discussion on how to recoup the balance will be discussed closer to the end of the year as financial reports are provided by staff.

Change in status for Administrative Assistant

PW Director Horvath has discussed his desire to see the Administrative Assistant position made full-time in 2013. Currently, the Administrative Assistant works in his office one day per week, and he would like to see that continue into next year. Mayor Earenfight questioned how much disruption there is to services provided at City Hall when the Administrative Assistant is working in the Public Works office. Tillmann responded that staff has been able to accommodate the public with very little interruption in services provided. Horvath's request for administrative support could be accommodated without increasing the position full-time. It will cost about \$17,600 to increase the position to full-time, with an \$11,500 impact to the General Fund.

Council agreed by consensus not to change the Administrative Assistant position to full-time, thereby reducing 2013 General Fund expenditures by approximately \$11,500.

City Contribution for Health Insurance

Employee health insurance coverage renewed on October 1. For several years, staff has desired to change the renewal to January 1, to coincide with the budget year. In order to accommodate a change in renewal date, staff requested the insurance agent solicit quotes from service providers for a January 1, 2013 renewal. Three quotes were received. Only one provides a savings in premium dollars. Tillmann distributed a comparison of current insurance costs and the proposal received from Blue Cross Blue Shield (BCBS). Currently, the City pays 100% of the monthly premium for single health care coverage and 85% of the premium for family coverage. City employees who "opt out" of health insurance coverage receive a cash stipend equal to \$6,500 annually.

The proposal received from BCBS reflects a savings of 20% compared to the current plan. If Council chooses to maintain an 85% percent contribution rate, the General Fund would see a savings of approximately \$5,369 just by switching service providers. Some members of Council have expressed an interest in reducing the City contribution amount. For comparison, staff provided a breakdown of BCBS coverage with a 65% City contribution rate, which would save \$10,600 in the General Fund. On average, other cities contribute 100% towards single coverage and approximately 65 – 70% towards family coverage.

Council requested additional information reflecting different levels of City contribution for discussion at the October 15 meeting.

2013 Employee Wages

The 2013 budget reflects a proposed one-step wage increase for eligible employees. In 2012, Administrative staff proposed a one-step increase for employee wages and Council chose to grant a cost-of-living adjustment instead. Step increases have not been granted since the compensation study was implemented in 2009. For this reason, the 2013 budget includes a proposed step increase for eligible employees as opposed to a COLA. The impact of a step increase on the General Fund would be \$11,561. If Council granted a 2% COLA, the General Fund impact would be \$9,500.

Member Laney is not favor of any wage increases for employees. Kowalski would be in favor of a wage increase if the city contribution to health insurance is reduced, or would consider not reducing the City contribution for health insurance in 2013 if no increases to employee wages were granted. Brisbin, Mathison and Mayor Earenfight are in favor of increasing wages, but requested details on the impacts to employees of each scenario.

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

Use of Undesignated General Fund Reserves

Undesignated reserves total \$272,849, with an additional \$750,000 committed for operating reserves. Even though these monies have always been available, Council has chosen not to tap into these funds, in case they were needed for unexpected emergencies.

Council agreed by consensus that undesignated reserves should only be used as a last resort. Member Laney is not in favor of using more than \$30,000, if Council chooses to use undesignated reserves.

Brief discussion was held regarding the granting of Longevity pay for 2012. Currently, there are 6 employees eligible for longevity, with a total payout of \$9,360.00. The impact on the General Fund is \$4,940, on the Water Fund is \$1,690 and the Sewer Fund is \$2,730.00. These amounts were included in the 2012 expenditure budget when it was approved last year. Staff will be seeking a decision on the longevity payout in November.

**MAYOR/COUNCIL ITEMS**

The Zimmerman Chamber of Commerce Candidate Forum is scheduled for October 23 at 6:30 p.m. at City Hall. The forum will be broadcast live and replayed on the Cable Access Channel multiple times prior to the Election.

Horvath reported that a resident in the Lake Fremont area will be submitting a petition in the near future requesting road improvements in the area.

Passing the Bread will hold a Food Distribution event on Saturday, October 27, 2012 from 8 – 10 a.m. at the Sherburne County Public Safety Building.

The Municipal General Election is November 6. Polls are open from 7 a.m. – 8 p.m. Residents living north of County Road 4 will vote at the Sheriff's Department Public Safety Building Residents living south of County Road 4 vote at Zimmerman Evangelical Free Church.

**Brisbin/Laney unanimous to adjourn the meeting at 8:38 p.m.**

Approved this 15th day of October, 2012.

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**Kary Tillmann, City Clerk/Treasurer**