

**MINUTES OF THE COMMITTEE OF THE WHOLE MEETING
OF THE ZIMMERMAN CITY COUNCIL
MONDAY, NOVEMBER 14, 2016**

CALL TO ORDER

The Zimmerman City Council met as the Committee of the Whole in the Council Chambers at City Hall on Monday, November 14, 2016. The meeting was called to order at 7:00 p.m. by Mayor Dave Earenfight, followed by the Pledge of Allegiance.

ROLL CALL

Present: Mayor Earenfight, Council Members Mathison, Nathe, and Smith. Member Brisbin was absent. Also present was Clerk/Treasurer Tillmann. Public Works Director Johnson arrived at 7:20 p.m. due to a prior scheduled work commitment.

AGENDA APPROVAL

Smith/Nathe unanimous to approve the agenda with the addition of the following discussion item:

- **Consideration of Road Closure – 2017 Wild West Days Event Permit**

OPEN FORUM

Wendy Kowalski, 26412 Lake Avenue, requested to address the Council regarding the donation of land by Harold Gramstad. Kowalski advised that she was present at the October 3rd meeting when Gramstad addressed the Council, offering to donate a 5-acre parcel of land in the North Ridge Center development to the City. She continued that in most circumstances when an item or funds are donated, the City has complete control over what that item or funds are used for. She does not believe this is the case where land is concerned. She does not feel it is appropriate for Gramstad to propose a donation that would have contingencies attached, such as the type of building that would be constructed or a timeframe for development. That really doesn't make it a donation if the City will have to jump through hoops with Gramstad getting what he wants on his timeline. She continued that at face value it seems like a nice gesture, but could end up costing the City a lot of money in the long run for survey costs and constructing roads and installing utilities in order to make the parcel usable. She also questioned how much property tax revenue would be lost by making the parcel a publicly owned property, exempt from property taxes.

ORDER OF DISCUSSION

Gramstad Land Donation

Mayor Earenfight began the discussion by stating that the concerns identified by Ms. Kowalski are some of the same questions the Council has. Member Nathe stated that it might not be appropriate to remove the property from the tax rolls without having a better understanding of what it will cost the City to develop the parcel in question. Council agreed that the use would be limited to a City Hall, community center or public library in that location. It would not be a good location for a fire station. Council also has concerns with the two-year timeframe for development suggested by Gramstad, in relation to identified road improvements already anticipated. Consensus of the Council is that it would be difficult to change gears and throw another project into schedule when there is currently no plan for any type of municipal building. Members feel it would take more than two years to determine a use, plan a project and secure funding for any type of building. There was also a concern that if the two-year deadline was not met and the property reverted back to Gramstad, monies paid for planning and designing a project in that location would be wasted.

Council agreed by consensus to place this item on the December 5th meeting agenda for a decision, provided staff can find answers to the following questions:

What is the current taxable value on the 5-acre parcel Gramstad wishes to donate?

How much tax revenue would be lost if the City owned the property?

Who would pay for survey and other administrative costs (legal fees, recording, etc.) to facilitate the land split?

How much would it cost to construct roads and install utilities to the parcel?
How much involvement would The Bank of Elk River have in the process since they hold the mortgage on the property?
Is a two-year timeframe for development realistic or would Mr. Gramstad be open to a longer time frame for development.

2017 – 2021 Utility Rate Study

Council authorized the City's audit firm, Abdo Eick & Meyers (Abdo) to prepare a Rate Study of the City's water and sewer utilities. Abdo staff utilized information provided by the City to review and analyze the current operation expenses and revenues of the utilities. The resulting Study and recommendation is attached for your review.

Steve McDonald of Abdo presented the draft 2015 – 2021 Long Range Financial Plan at the October 17th meeting. The results of this Rate Study were reflected in the expense and revenue projections/expectations of that Financial Plan. The goal of the Rate Study is to ensure adequate revenues are being generated to meet the debt service and operational costs. Rate Study components not only include projections as to fund balances, but assumptions as to the amount of inflationary costs, rates of growth or new connections, debt service payments, SAC/WAC rates, and finally, suggested rates of increase for each year through 2021.

Abdo and city staff have tried to remain conservative in these projections to provide a reasonable long-term scenario and consistent rate structure. The Rate Study and Financial Plan assume a 3% annual cost increase for inflation, including wages, insurances, repairs, maintenance, and gas and electric utilities. Growth is projected at 30 SAC/WAC units per year. This is the same rate of growth used by Jim Casserly and city staff when calculating annual connection fees and revenue needed to meet debt service. As Council is aware, the City will have exceeded this 30-unit threshold the past 3 years.

Abdo recommends a 3% annual increase to the monthly base and usage charges each year 2017 – 2021. This recommendation, coupled with continued SAC/WAC fee collection, will ensure the City is capable of funding both capital and replacement costs, and debt service payments. Staff will request Council adopt the resolution at the November 21, 2016 meeting for implementation in January, 2017. Notice of the pending increases will be provided to the public/consumer via the City newsletter, notes on utility billing, and the City's web/cable television sites.

Consideration of Road Closure – 2017 Wild West Days Event Permit

Mayor Earenfight questioned how the road closure for Wild West Days could be configured to accommodate handicapped accessible parking. Council discussed several options, including only closing one traffic lane or potentially relocating the mercantile to the existing volleyball court or the Elk River Muffler and Brake property. Council also discussed where carnival vendors parked and if that parking area could accommodate parking for carnies. Tillmann suggested the Mercantile be relocated to the City Park and Ride lot in an attempt to keep Mercantile vendors on a hard surface like the Civic Club would prefer.

Discussion on the request for road closure will continue at the November 21 Council meeting. Patrol Captain Stangler and representatives of the Civic Club will be present.

MAYOR/COUNCIL ITEMS

- Winter Parking Restrictions in effect – November 1 – May 1
- Passing the Bread Food Distribution – November 19; 9 – 11 a.m., Sheriff's Department Public Safety Building
- Thanksgiving Holiday -- November 24 & 25, 2016 – City Offices closed

Before adjourning, Mayor Earenfight asked for a moment of silence in honor and support of US military personnel.

Mathison/Nathe unanimous to adjourn the meeting at 7:33 p.m.

Approved this 21st day of November, 2016.

s/s Kary Tillmann, City Clerk/Treasurer

Approved 11/21/2016