

**MINUTES OF THE COMMITTEE OF THE WHOLE MEETING  
OF THE ZIMMERMAN CITY COUNCIL  
MONDAY, DECEMBER 9, 2013**

**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, and Clough. Member Mathison was excused absent. Also present were Administrator Piasecki, Clerk/Treasurer Tillmann and Public Works Director Horvath.

**AGENDA APPROVAL**

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

**OPEN FORUM**

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

**ORDER OF DISCUSSION**

**2014 Employee Health Insurance**

KC Foster, Integrity Insurance Group, was present to explain the 2014 insurance plans under consideration by the City Council. Currently, the City is covered by Blue Cross Blue Shield (BCBS) for employee health insurance. Our current coverage will be cancelled effective December 31, 2013 because it does not meet the requirements of the Affordable Care Act and Council must decide on an alternate plan. BCBS has provided two different plan offerings and HealthPartners has provided one. Administrative staff recommends the BCBS 300/30/20/w/d plan, which is a 5.6% increase over current rates. Foster had previously recommended the HealthPartners plan because the premium cost is a 4.5% reduction of the current premium, however, the City cannot meet the application deadline, so that plan will no longer be considered.

Foster detailed the differences between the two plans and fielded questions from Council relating to deductibles, out of pocket maximums and in-network providers. Administrative staff recommends BCBS Option B, which is a 5.6% increase over current premium rates. Option A is a 16.5% increase. Council agreed by consensus to adjust the 2014 Expenditure Budget to reflect a preference for Option B.

**2014 General Fund Budget and Levy Review**

Council reviewed the 2014 General Fund Revenue and Expenditure Budgets at the November 18 meeting and engaged in extensive discussion about the proposed budget. No changes have been made to the budget since the Public Comment Meeting on December 2. However based on Council discussion with KC Foster, expenditures budgets will be amended to reflect a preference for BCBS Insurance Option 5, which is a 5.6% increase over current premium rates.

The final budget and levy must be adopted on December 16 for certification to Sherburne County by the State imposed deadline.

**Commitment of Fund Balances**

Tillmann provided a spreadsheet detailing current commitments of fund balance for the General Fund, as well as cash balances for the City's EDA, Project and Enterprise Funds, and a detailed spreadsheet identifying the amount and value of compensated absences for all City employees.

In year's past, the City Auditor has recommended Council consider designating or committing a portion of the General Fund balance to cover compensated absences, currently valued at approximately \$210,000. About \$115,000 of the total amount is allocated to the General Fund. Currently, staff knows of two retirements of long-term City employees in the next two years, which will include significant "cash out" of accumulated sick and vacation hours. Therefore, it is prudent at this time to consider the Auditor's recommendation and designate a portion of our reserves for compensated absences.

Staff recommends \$100,000 be identified for this purpose and can be accomplished by reducing Uncommitted Reserves by \$100,000 or by reducing Operating Reserves and Uncommitted Reserves by \$50,000 each. Future commitments can also be made to bolster this reserve to cover the entire value of General Fund compensated absences for future retirements. Council's preference was to reduce both Uncommitted Reserves and Operating Reserves.

The City also has two project funds that show deficit balances. The County Road 4 Improvement project was completed in 2012 and shows a deficit balance of \$7,640.17. The majority of that project was paid by monetary transfers from TIF Districts 1, 2 & 7. At the start of the project, staff also identified Water and Sewer Funds as potential funding sources, however, those funds were not charged for any of the project, even though there was significant expense related to Water. Staff recommends the remaining \$7,640.17 be charged back to the Water Fund to cover those expenses.

The City has also carried a deficit balance of \$52,766.50 in Fund 450 – 2<sup>nd</sup> Avenue North Project for about 8 years. The City Auditor has recommended in several past year audits that Staff determine a way to eliminate that deficit balance. It is possible to use funds from Fund 504 – General Special Assessments to eliminate the deficit in Fund 450.

Council directed staff to prepare appropriate documentation for consideration and approval at the December 16 meeting, based on staff's recommendations.

#### Council Vacancy

Councilmember Laney resigned his Council seat on December 2, 2013 due to his pending re-location outside of City limits. Laney's term expires on December 31, 2014. Because there is less than 2 years remaining of the term, a Special Election is not required and Council may appoint someone to fill the balance of the term. Staff is looking for direction on how Council would like to fill the position and a timeline for an appointment.

Staff provided a sample notice advertising the vacancy and sample applications/questionnaires from other cities, which could be modified to suit the City's needs. Council agreed by consensus to advertise the vacancy and accept applications until December 31, 2013, with the intent to appoint a new Council member by the January 27, 2014 meeting.

#### Announcements and Events

- December 21 – Passing the Bread Food Distribution – 8 – 10 a.m. at the Public Safety Building. Volunteers are needed on Friday morning to help unload items into the building.
- December 24 – City Offices will close at Noon for the Christmas Eve Holiday
- December 25 – City Office will be closed for the Christmas Holiday.

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

**Brisbin/Clough unanimous to adjourn the meeting at 7:32 p.m.**

Approved this 16th day of December, 2013.

s/s Kary Tillmann, City Clerk/Treasurer