

**MINUTES  
REGULAR WASECA CITY COUNCIL MEETING  
TUESDAY, DECEMBER 20, 2011**

**CALL TO ORDER/ROLL CALL**

1 The regular Waseca City Council meeting was called to order by Mayor Roy Srp at 7:00 p.m.

Councilmembers present:

Mayor Roy Srp	Allan Rose
John Clemons	Cindy Coy
Larry Johnson	Mark Christiansen
Les Tlougan	

Staff present:

Crystal Prentice, City Manager  
Nathan Reinhardt, Finance Director  
Mary Buenzow, Records Secretary

**MOMENT OF SILENT PRAYER/PLEDGE OF ALLEGIANCE**

2 A moment of silent prayer was observed. The Pledge of Allegiance to the Flag was recited.

**APPROVAL OF AGENDA**

3 It was moved by Coy, seconded by Rose, to approve the agenda as presented; the motion carried 7-0.

**VISITORS, REQUESTS AND COMMUNICATIONS**

4 **Blain Nelson**

**Blain Nelson, Rice Lake Drive**, expressed his concerns regarding the City's rental housing ordinance, stating he would like to see fines issued to tenants rather than landlords, when they cause disturbances or police calls. Mr. Nelson stated he would like the Council to revisit this ordinance and make it tougher on the tenants.

The City Manager commented it would behoove landlords to have specific language included in their leases.

Councilmember Tlougan inquired whether the police notify the landlord right away when there is a disturbance, or do they just issue the fine. The City Manager stated the City has a Crime-Free Multi-Housing ordinance, but it depends on circumstances and the policy is not always specific to some situations.

Mr. Nelson questioned how to put more teeth into the ordinance.

Councilmember Clemons commented there are some things we cannot change. The City gives the license to the owner to operate a rental and from that point it is up to them. Councilmember Clemons did not feel the City can put teeth into what a tenant will do and this needs to be something between the landlord and the tenant. He added the police do not always know if the

property is a rental unit or not and it takes some time to go through all the information. The only thing that is clear is the agreement between the city or the landlord. Councilmember Clemons stated he felt a landlord should hold the tenant responsible for everything that goes on at a rental property. He thanked Mr. Nelson for bringing this issue to the Council's attention.

Councilmember Coy questioned whether the City's ordinance mirrors state statutes. The City Manager replied she will review the ordinance.

Mayor Srp suggested Mr. Nelson to review his tenant agreement. Mr. Nelson stated he is interested in who should be fined when the police write a ticket, and he will look at revising his lease agreement.

Councilmember Tlougan commented it doesn't hurt for the City to review our ordinance.

Mayor Srp thanked Mr. Nelson for coming this evening and wished him a Merry Christmas.

**Mayor Srp asked if there was anyone else in the audience, not on the agenda, who wished to address the Council at this time.** There were no comments.

### **PUBLIC HEARINGS**

5 None

### **ROUTINE BUSINESS**

6a **Resolution No. 11-65** – Adopting Fund Balance Policy

The Finance Director explained in August 2007, The Office of the State Auditor issued a Statement of Position on Fund Balances which provided recommendations on fund balance policies to be adopted by local governments. This statement of position is based on generally accepted accounting principles (GAAP).

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement establishes new categories for reporting fund balance and revises the definitions for governmental fund types. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

The City Council discussed the impacts of GASB 54 and the proposed City of Waseca Fund Balance Policy for Governmental Funds at the October 18, 2011 work session. Staff recommends the approval of Resolution 11-65, Adopting the City of Waseca Fund Balance Policy – Governmental Funds.

It was moved by Tlougan, seconded by Coy, to adopt Resolution No. 11-65, A RESOLUTION OF THE WASECA CITY COUNCIL ADOPTING A FUND BALANCE POLICY FOR GOVERNMENTAL FUNDS; the motion carried 7-0.

6b **Resolution No. 11-66** – Committing Specific Revenue Sources

The Finance Director stated the Governmental Accounting Standards Board (GASB) has issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB No. 54 defines special revenue funds as funds that are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital project.

At the recommendation of our independent auditors, staff has prepared a resolution that will commit proceeds from specific revenue sources for specified purposes within individual special revenue funds. The funds will remain committed for these purposes unless changed by Council resolution. Staff recommends the approval of Resolution 11-66, Committing Specific Revenue Sources for Specified Purposes in Special Revenue Funds.

It was moved by Rose, seconded by Tlougan, to adopt Resolution No. 11-66, A RESOLUTION OF THE WASECA CITY COUNCIL COMMITTING REVENUES RELATED TO GASB 54; the motion carried 7-0.

6c **Police Separation Special Revenue Fund**

The Finance Director stated a program was developed in 1992 to provide a separation allowance for members of the City Volunteer Police Reserves. This program allows for a one-time payment to the separating volunteer, based on years of service. The program is currently accounted for as a special revenue fund that is being funded entirely by a General fund transfer.

The Governmental Accounting Standards Board's Statement No. 54 defines special revenue funds as funds that are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund and transfers from other funds alone do not meet the definition of a specific revenue source.

Under this definition the fund no longer can be considered a special revenue fund and should be closed to the General fund. The remaining fund balance may be assigned within the General fund for Police Separation. The current balance of the Police Separation special revenue fund (\$9,039) will be transferred to the General fund.

Staff recommends closing the Police Separation special revenue fund and transferring the remaining balance to the General fund and assigning the fund balance for the purpose of Police Reserve Separation.

It was moved by Clemons, seconded by Coy, to concur with staff recommendation and close the Police Separation special revenue fund and transfer the remaining balance to the General Fund and assign the fund balance for the purpose of Police Reserve Separation; the motion carried 7-0.

6d **Reclassify Equipment Replacement Fund**

The Finance Director stated the Equipment Replacement fund was established to account for long-term capital equipment replacement needs. The City Council established this fund in 2008 as an internal service fund. Staff has established a ten-year capital replacement schedule that identifies the equipment needs of the City and ensures safe equipment for staff.

An internal service fund by definition is a fund that is used to account for the financing of goods and services provided by one department to other departments of the City. These services are provided on a cost reimbursement basis. The current Equipment Replacement fund is being funded by an annual transfer from the General fund and not being charged to individual departments.

The Equipment Replacement fund would be more appropriately classified as a capital project fund. The current remaining balances of the fund would be reclassified as a capital project fund and the fund would continue to operate in the same manner.

The current balance of the Equipment Replacement fund would now be considered a capital project fund. Staff recommends reclassifying the Equipment Replacement fund from an internal service fund to a capital project fund.

It was moved by Clemons, seconded by Christiansen, to concur with staff recommendation and reclassify the Equipment Replacement Fund from an internal service fund to a capital project fund; the motion carried 7-0.

6e **Tort Liability Limits**

The Finance Director explained the City of Waseca must annually determine if they wish to waive the statutory tort limits that an individual would be able to recover from the City in the event a single occurrence would result in an insurance claim that would exceed the \$500,000 limit. This decision will define the limits that an individual will be able to recover in the event that the City is found negligent. It provides a greater level of flexibility in determining the amount of coverage when dealing with a citizen in the event of a catastrophic loss or personal injury situation.

If the City does not waive the limits, an individual is limited to \$500,000 from January 1, 2012 to December 31, 2012 on any claim in which injury is sustained, and the City is found negligent. If the City waives the limits, an individual could recover up to \$1,500,000 for a single occurrence on a claim. According to the League of Minnesota Cities, approximately 50% of the cities waive the limits. The 2012 Budget includes funding for insurance premiums. If the council decides to waive the limits, it would cost the City an additional \$9,711.

Staff is recommending Council not waive the liability limits for the 2012 premium year since waiving the liability limits would increase our premium and the amount the City would have to pay out in the event of a lawsuit.

It was moved by Clemons, seconded by Rose, to concur with staff recommendation and not waive the liability limits for the 2012 premium year; the motion carried 7-0.

6f **2012 Taxi License renewals**

The Council was presented with the list of Taxicab License renewals for 2012. Licensees are required to submit application forms, annual fee and insurance information to be eligible for renewal. The Police Department conducted background checks on the applicants and drivers and a report of their findings is included.

The Records Secretary commented that Mr. & Mrs. Stevens, owners of Flying Time Taxi, have just added another vehicle and driver to their business, and are present in the audience to answer any questions.

It was moved by Johnson, seconded by Srp, to approve the 2012 Taxicab License renewals as presented;

**DISCUSSION**

Councilmember Coy inquired as to how the City knows if one of the businesses adds a new driver. The Records Secretary responded at this point staff is notified through the renewal process. Staff is currently reviewing the ordinance and that issue will be addressed in the process.

VOTE ON THE MOTION

The motion carried 7-0.

6g **Set 2012 City Council meeting dates**

Included in the Council material was a list of dates for the 2012 regular City Council meetings. Foreseen conflicts are noted, i.e. precinct caucus night, Night to Unite, and Election Day.

It was moved by Tlougan, seconded by Christiansen, to approve the 2012 City Council meeting dates as presented; the motion carried 7-0.

UNFINISHED BUSINESS

7 None

NEW BUSINESS

8a **Airport Operation Agreement**

The current contract between the City of Waseca and Stensrud Aviation expires on December 31, 2011. Mr. Stensrud has requested no annual increase from the 2011 contract. After meeting with Mr. Stensrud to discuss the terms of the contract, staff recommends (with Mr. Stensrud's concurrence) entering into an Operation Agreement in 2012 with no increase over three-years.

The \$24,000 has been budgeted in 2012 for this service. The Airport has a positive fund balance, and receives no funding from the general fund.

Staff recommends City Council authorization to allow the City Manager to enter into a three-year contract with Stensrud Aviation for the period January 1, 2012 through December 31, 2014 as presented.

It was moved by Coy, seconded by Rose, to approve the Airport Operation Agreement with Stensrud Aviation as presented;

DISCUSSION

Councilmember Clemons commended Mr. Stensrud and Stensrud Aviation for understanding the City's budget and what we have been going through for the past several years, and he has not asked for anything more, which is appreciated.

VOTE ON THE MOTION

The motion carried 7-0.

**Maynard Stensrud** thanked City staff and the Council for their support and stated his 21 years here have been great. He wished everyone a Merry Christmas.

**CONSENT AGENDA**

- 9 It was moved by Tlougan, seconded by Rose, to approve the Consent Agenda as presented; the motion carried 7-0 and included the following actions:
- a. Minutes - Regular City Council meeting – December 6, 2011 – were accepted and placed on file.
  - b. Payroll & expenditures – December 2011 – was authorized for payment.

**CITY MANAGER’S REPORT**

- 10 The City Manager stated she has begun meeting with the four unions to discuss the 2012 contracts. She met with IBEW and plans to meet with Public Works and Fire, and Police in the near future.

The City Manager wished everyone a Merry Christmas and stated the City will end the year financially well, and overall 2011 has been a good year.

Mayor Srp thanked the City Manager for all of her hard work in making 2011 a “smooth ride”.

**ANNOUNCEMENTS**

- 11 **The Council made the following announcements:**

Councilmember Tlougan commented the Planning Commission has been discussing home occupations, and whether every home occupation has to meet a certain standard. This issue will be brought to an upcoming Council meeting. Councilmember Tlougan wished everyone a Merry Christmas.

Councilmember Rose wished everyone a Merry Christmas.

Councilmember Clemons commented he has been asked by residents if the City is saving a lot of money on snowplowing this year. The City Manager stated the mild weather has been very good, as the City was out of our snowplowing budget in February.

Councilmember Johnson commented that candy canes were invented to keep children quiet in church. He wished everyone a Merry Christmas.

Mayor Srp wished everyone a Merry Christmas and a Happy New Year and stated Waseca is a fine community in which to live. He stated the Christmas train was here and people came out in droves to support this event, which benefited the Neighborhood Service Center/Food Shelf.

**ADJOURNMENT**

- 12 There being no further business to be brought before the Council, it was moved by Tlougan, seconded by Clemons, to adjourn the meeting at 7:48 p.m.; the motion carried 7-0.

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R. D. SRP  
MAYOR

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MARY BUENZOW  
RECORDS SECRETARY