



The City Council of the City of St. Charles welcomes you to its Regular Meeting of Tuesday, August 26, 2014 at 5:00 p.m. at 830 Whitewater Avenue, City Council Chambers, St. Charles, Minnesota.

ITEM	ACTION REQUESTED
1. Call to Order	
2. Pledge of Allegiance	
3. Approval of the Agenda	
4. Notices and Communications –	
5. Review of Financials	
6. Administrator Review	APPROVE
7. Public Hearing—Wellhead Protection—Part II	HOLD
8. 2015 Governmental Budget	DISCUSS
9. Closed Meeting-Consideration of strategy for labor negotiations Pursuant to Minn. Stat. 13D.03	HOLD

**UNSCHEDULED PUBLIC APPEARANCES:** Members of the audience may address any item not on the agenda. State Statute prohibits the City Council from discussing an item that is not on the agenda, but the City Council does listen to your concerns and has staff follow up on any questions you raise.

**ADJOURNMENT**

\*Attachment. Questions? Contact Nick Koverman at St. Charles City Hall at 932-3020 or by email at [nkoverman@stcharlesmn.org](mailto:nkoverman@stcharlesmn.org).



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MEMORANDUM for the CITY COUNCIL of St. Charles for  
Tuesday, August 26, 2014

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**6. Administrator Review.** Mayor Spitzer will provide a summary letter for Council approval.

**7. Public Hearing—Wellhead Protection—Part II.** Nate Anderson of WHKS will be present to discuss the update of Wellhead Protection Plan. A required public hearing has been noticed to take comment, however no comments were received prior to the meeting. Mr. Anderson will give an overview for the Council as well as next steps.

**8. 2015 Government Budget—**Enclosed is a memo with respect to the proposed 2015 Government Budget and proposed changes to the CIP plan in order to stay within the planned CIP expenditure. In addition, is a memo highlighting the health insurance changes and proposed recommendation.

**9. Closed Meeting-Consideration of strategy for labor negotiations.**



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## **Memorandum**

**To: Mayor and City Council**  
**From: Nick Koverman/Kristine Huinker**  
**Date: August 22, 2014**  
**Subject: 2015 Preliminary Budget Memo**

As was discussed during the August 14<sup>th</sup> meeting, the preliminary levy amount requested to be certified is a 2.65 percent increase. However, in order to achieve that figure, a reduction in expenditures in the Capital Improvement Plan is necessary to achieve the \$290,000 budget figure.

Currently the Elgin Sweeper will be 25 years old in 2015. This item was originally scheduled as a 15 year piece of equipment. Over time the life has been extended through pump repairs, motor rebuilds, etc. A similarly priced unit new is over \$260,000. However, in working with the vendors of Elgin, a unit was trialed as an option and staff feel it would perform the same functions. The price of the unit is approximately \$150,000. Again, the CIP structure does not support this type of expenditure. As an alternative, we have explored the idea of a 5-year lease payment. Preliminary terms were researched and a payment option at 2.69 percent would be \$32,557.05 per year.

This item has been delayed and over the next several years delaying this item may cause more difficulties in Capital Improvement Budgeting. This piece of equipment helps to minimize and/or reduce the amount of material sent into the storm sewer drains which then requires more time to clean.

Additionally, the city car currently has just over 80,000 miles. It has been relatively maintenance free and is relatively good shape. In order to start the budgeting under \$290,000, we recommend delaying this item for at least a year and then re-evaluate in 2015. This would provide a \$15,000 savings.



203 E. PARK AVENUE, LIBERTYVILLE, ILLINOIS 60048

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www.taxexemptleasing.com

August 13, 2014

VIA E-MAIL: [nkoverman@stcharlesmm.org](mailto:nkoverman@stcharlesmm.org)

Nick Koverman  
City Administrator  
City of St. Charles

Dear Nick:

I am pleased to provide the following quote for City of St. Charles for the financing of a new street sweeper. This quote is valid for 14 days and is subject to credit review and proper documentation.

Equipment Cost (Approximate):		\$150,000.00	\$150,000.00	\$150,000.00	\$150,000.00
Down Payment:		\$0.00	\$0.00	\$30,000.00	\$30,000.00
Financed Amount:		\$150,000.00	\$150,000.00	\$120,000.00	\$120,000.00
Payment Frequency:		Semi-Annual	Annual	Semi-Annual	Annual
Term:	in arrears	5-years	5-years	5-years	5-years
Rate*:		2.79%	2.79%	2.79%	2.79%
# of Payments		Ten (10)	Five (5)	Ten (10)	Five (5)
Payment*:		\$16,174.78	\$32,557.05	\$12,939.83	\$26,045.64
Factor^:		.10783	.21705	.10783	.21705

Equipment Cost (Approximate):		\$150,000.00	\$150,000.00	\$150,000.00	\$150,000.00
Down Payment:		\$0.00	\$0.00	\$30,000.00	\$30,000.00
Financed Amount:		\$150,000.00	\$150,000.00	\$120,000.00	\$120,000.00
Payment Frequency:		Semi-Annual	Annual	Semi-Annual	Annual
Term:	in arrears	7-years	7-years	7-years	7-years
Rate*:		3.29%	3.29%	3.29%	3.29%
# of Payments		Fourteen (14)	Seven (7)	Fourteen (14)	Seven (7)
Payment*:		\$12,082.85	\$24,339.78	\$9,666.28	\$19,471.82
Factor^:		.08055	.16227	.08055	.16227

\* Rate and payment assumes that the Customer is a tax-exempt entity and the purchase of the equipment falls within the type of equipment allowed as tax-exempt under the I.R.S. Code. In the event this purchase is not exempt, the rate and payments will be adjusted accordingly. Further, it is assumed that the transaction will be "bank-qualified" and that the customer will not issue more than \$10 million in tax-exempt leases or bonds in the current calendar year.

^ Factor is based on quoted rates. If the equipment cost changes or a down payment is made, the new payment amount can be calculated by multiplying the new financed amount by the rate factor.

Note: If the equipment will require a "build-out period", the financed amount will be placed into an escrow account at lease signing and funds disbursed as instructed by the customer.

I have attached an application that must be completed in order to proceed with the credit process. In addition, we will need copies of the City's last 2-years of audited financial statements and a copy of the current interim financial statement. Also, we need dealer and equipment information. Once these items are gathered, please fax the information to 847-247-0772 or e-mail to [curts@taxexemptleasing.com](mailto:curts@taxexemptleasing.com).

I appreciate this opportunity and look forward to proceeding. Please let me know if I can answer any questions. I can be reached at 847-247-0771.

Kind Regards,

Curt Schroeder  
Account Executive



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## **Memorandum**

**To:** City Council and Mayor  
**From:** Nick Koverman, City Administrator  
**Date:** August 22, 2014  
**Subject:** Health Insurance

In 2013 the Affordable Care Act took effect and the City elected to renew early in order to take advantage of substantial savings as well as provide more time for a larger national debate surrounding the ability of health companies to retain various current policies.

Unfortunately, no change was ever present legislatively which now requires the City to change its policy. According to Bill Singer, the City's health insurance agent, the current HSA policy coverage of \$2,500 (single)/\$5,000 (family) is not an approved plan within the Affordable Care Act legislation.

Currently the policy includes 9 single premiums and 10 family premiums (38 total participants). In reviewing our options with staff, Singer highlighted the options of decreasing the HSA deductible amount to \$2,000/\$4,000 or increasing it to \$3,000/\$6,000. Numbers showed that lowering the deductible would result in a 18 percent increase, while increasing to a \$3,000/\$6,000 deductible plan would only result in a 6 percent increase. This plan change is required as a result of the Affordable Care Act and staff feels that it is the most effective option to increase to a \$3,000/\$6,000 deductible plan.

In addition, in order to maintain the percentage support of the HSA contribution the correlating increase would be \$420 (single) and \$620 (family).

Combined with the premium change, the overall result would be a proposed 8 percent increase.

Health Partners also offers a Pharmacy + plan that would be an additional \$200/month total which provides medications for hypertension, smoking cessation, diabetes, depression, alcohol dependency, antipsychotic, asthmas & COPD, and cholesterol as part of the plan.

All of the above assumptions have been taken into account and the overall levy would remain at 2.65 percent.