

**MINUTES**  
**COMMON COUNCIL CHARTER MEETING**  
**OCTOBER 1, 2001**  
**5:30 P.M.**  
**COUNCIL CHAMBERS**

MEMBERS PRESENT: Mayor Rietz, Council Member-at-Large Chaffee, Council Members Goodnature, Jorgenson, Christopherson, Poppe, Nordin and Lang.

MEMBERS ABSENT: None.

OTHERS PRESENT: News media. Public. Keith Fabian. Steve Davis and Paul Johnson.

One item was added to the agenda: Bid opening and award for the downtown building demolition.

Moved by Council Member-at-Large Chaffee, seconded by Council Member Nordin, adopting the agenda as amended. Carried.

Moved by Council Member Jorgenson, seconded by Council Member Christopherson, approving the minutes of September 17, 2001. Carried.

Moved by Council Member-at-Large Chaffee, seconded by Council Member Nordin, approving the consent agenda as follows:

Licenses:

3.2 Beer On-sale: Great Dragon Buffet Chinese Restaurant, 229 N. Main St.

Cab driver: Amy Chamberlin, 1009 – 8<sup>th</sup> Avenue NE, AB Taxi.

Concrete: Brian E. Miller, 1309 8<sup>th</sup> Avenue SW

Claims:

a. Pre-list of bills.

Carried.

Keith Fabian spoke to Council regarding the Council's resolution, which it proposed to pass at its July 16, 2001 meeting. Mr. Fabian talked about the trails 'epidemic' and the means of government obtaining land through "tactics of misinformation, deceit, and surprise." Mr. Fabian said two rural landowners, David Morse and Kenneth O'Leary, stated their objections to the establishment of the City's proposed recreational trail. He said neither property owner had been informed nor had any chance to go before Council. Mr. Fabian said he is not against trails but said condemnation of property for "special interest" groups is wrong. Condemnation should be reserved for the building of roads, schools, and the like. Mr. Fabian presented governmental documents to support his claim. In 1983, he said

President Ronald Reagan signed legislation allowing abandoned railroads to be used for trails. Mr. Fabian said this document had no reference to condemnation or eminent domain. Mr. Fabian also referred to the Land Owners Bill of Rights.

The Council has received a report on issues involved with the County or City assessing for 2002. The Council was given options as follows:

- a. Motion to stay with the current agreement with the County for 2002 for an agreed upon cost OR
- b. Motion to terminate the November 3, 1970 agreement with Mower County effective January 1, 2002 AND
- c. Motion to establish a City Assessor office effective January 1, 2002 OR
- d. Motion to table to allow for further discussion with Mower County.

The Council received word from the County Board stating they were willing to reduce the 90-day notice requirement to give the City of Austin and Mower County more time to discuss the proposed cost of 2002 and other issues. City Administrator Patrick McGarvey recommended option D, tabling the matter to allow for further discussion with Mower County. Council Member-at-Large Chaffee agreed saying countywide assessing is the fairest route for everyone.

Moved by Council Member-at-Large Chaffee, seconded by Council Member Lang, to table the matter to allow for further discussion with Mower County and agreeing to waive the 90-day notice for termination in favor of a 45-day notice for termination. Carried.

City Administrator Pat McGarvey presented information concerning the City's self insured health insurance program from its inception in 1991 through the past year. During the first five years of the self insured program, the City managed to take in more revenue than costs during each of the first five years, resulting in a fund balance of approximately \$600,000 at the end of 1995. During the past five years, costs have exceeded revenues. In the past year, they greatly exceeded revenues leaving the self insured health insurance fund with a negative balance of \$60,000. In addition, utilization has been increasing, costs of medical services and medications have been increasing, and the demographics of the insured group is such that insurers avoid us or charge extensive rates to provide coverages. As a self insured entity, the City Council needs to analyze the results of its self insurance health fund each year and look ahead to the next year with outside expertise in an effort to establish the level of expected costs for a given year. This process has been ongoing since early summer of 2001, and the expected costs that Mayo Management Services, Inc. recommended is \$2,018,000 for the year 2002. In order to achieve revenues sufficient to pay that level of costs, the City's rates for the insureds in the current employee class, retired class prior to Medicare age, and Medicare supplement all need to be increased in order to achieve revenue sufficient to meet expected costs of \$2,018,000 in 2002. The City as a self insured company *must* purchase stop loss coverage to protect itself against catastrophic losses. For example, the City buys stop loss coverage through the third party administrator from an insurance company with individual stop loss at \$85,000 per year as well as an aggregate stop loss. These costs are part of the \$2,018,000 total expected costs for year 2002.

The City also took quotes from three third party administrators for their services in 2002 and at this time is recommending Council award the agreement to Mayo Management Services, Inc. beginning January 1, 2002.

Council Member Lang stated that raising the premium on some of the insurers by as much as 94% was just too much. He indicated that in past decades, employees had settled for what he felt were lower wage settlements in lieu of receiving reduced cost health insurance benefits. He also said that the City may need to prioritize its spending and possibly eliminate some programs such as the city flower baskets so that the money can be used for matters such as health insurance.

Council Member Chaffee stated that this is a very difficult issue and that the City Council needs to take a look at the overall financial picture of the City and determine its policy in regard to providing health insurance. He further stated he didn't believe there was any choice but to increase the rates substantially so that the City can be prepared to meet the expected costs in 2002.

Moved by Council Member-at-Large Chaffee, seconded by Council Member Jorgenson, adopting a resolution establishing the two health plans called Plan A and Plan B for 2002, for the City's health insurance, setting forth the qualifications for the insureds to be covered by either plan, and adopting the rates for the year 2002 effective January 1, 2002 for each plan. 6-1. Carried. Council Member Lang voted nay.

Moved by Council Member-at-Large Chaffee, seconded by Council Member Jorgenson, approving Mayo Management Services, Inc. as its third party administrator. Carried.

Council Member Goodnature asked Council Member Lang if his option was to lay off public employees. Council Member Lang said no, he is for hiring more employees. The City should set its priorities being people first, projects second. Council Member Goodnature said with the present rates, the City is carrying a huge deficit. The only alternative, he sees, is laying off "major amounts of public employees." He added there are no good choices. Council Member Nordin agreed that this is a very difficult decision. She said the City's health insurance five years ago was better. Now, looking at the dollars and cents, it "doesn't work out." Council Member Lang asked if any employees are receiving free insurance. Administrative Services Director Tom Dankert replied that current single employees are receiving health insurance at no cost; family coverage is currently \$25 per month. Also, approximately twelve retired firefighters are receiving free health insurance via state law, and one retired animal control officer is also receiving free health insurance until next year due to the elimination of the position.

City Administrator Patrick McGarvey presented a resolution approving the sale of property in Block 19, downtown Austin to Steve Davis. TIF #10 bond sale via the Hormel property on North Main Street has created funding for the sale of property in downtown Austin, especially Block 19 (Use's main garage, Spanky's bar, the Austin

Cab Co., the B&E Café, and the two-story building owned by Steve Davis.). Terms of the sale are as follows:

1. City buys the Davis two-story building for \$60,000 and then demolishes it, clears the footings out and refills with granular material suitable for building and/or parking.
2. City sells approximately 3,555 square feet of land to Davis at \$3.00 per sq. ft. (\$10,665.00) on a ten-year payment schedule at 6 percent interest.
3. City pays relocation of \$10,650 and \$1,500 for site planning he provided for this area of Block 19 at the southwest corner of the block.
4. Davis pays City \$500.00 for gravel under the 3,555 s.f.
5. Once the city contractor finishes the removal and backfill of the southwest corner buildings, including the Davis two-story, Davis will commence construction on his new one-story addition on the west side of his existing one-story pizza restaurant.
6. In 2002 the City will need to complete the public green area at the southwest corner of this block where the former Spanky's bar building now sits.

Council Member-at-Large Chaffee commended Steve Davis for his improvements which will help in the clean-up of downtown, which was the intent of the TIF #10. Council Member Christopherson asked if the City would still own the corner. Mr. McGarvey replied the City would own it, and it will be green space. Mr. McGarvey also said that relocation costs must be paid under federal and state laws.

Moved by Council Member-at-Large Chaffee, seconded by Council Member Jorgenson, adopting a resolution approving the sale of property in Block 19, downtown Austin to Steve Davis. 7-0. Carried.

Moved by Council Member-at-Large Chaffee, seconded by Council Member Nordin, adopting a resolution approving subdivision waiver for Steve Davis/City of Austin property at 209 2<sup>nd</sup> Avenue NE. 7-0. Carried.

Plans and specifications have been completed for the proposed WWTP Industrial Plant expansion. City Engineer asked Council to authorize the proposed bidding of the project. Bids should be awarded by mid November with construction in 2002.

Moved by Council Member Christopherson, seconded by Council Member Jorgenson, authorizing the bidding process to begin. Carried.

City Engineer Jon Erichson presented resolutions to declare costs on street projects and ordering the preparation of the proposed assessments. Notices will be sent out to affected property owners, information meetings will be held probably in the last week in October, and the public hearings on the assessments will take place November 5.

Moved by Council Member Christopherson, seconded by Council Member Nordin, adopting a resolution declaring costs to be assessed and ordering preparation of proposed assessment, Project 1-A-01: Street Improvement on 16<sup>th</sup> Street SE (Oakland Avenue to 4<sup>th</sup> Avenue SE), 3<sup>rd</sup> Avenue SE (16<sup>th</sup> Street to 20<sup>th</sup> SE) and 18<sup>th</sup> Street SE (3<sup>rd</sup> Avenue to 4<sup>th</sup> Avenue SE). 7-0. Carried.

Moved by Council Member Christopherson, seconded by Council Member Nordin, adopting a resolution declaring costs to be assessed and ordering preparation of proposed assessment, Project 2-A-01: 1<sup>st</sup> Street NE (Oakland Avenue to 1<sup>st</sup> Avenue NE) and 1<sup>st</sup> Avenue NE (1<sup>st</sup> Street to 4<sup>th</sup> Street NE). 7-0. Carried.

Moved by Council Member Christopherson, seconded by Council Member Nordin, adopting a resolution Resolution declaring costs to be assessed and ordering preparation of proposed assessment, Project 3-A-01: Austin Acres, (22<sup>nd</sup> Street SW – 18<sup>th</sup> Avenue, 20<sup>th</sup> Street, and 18<sup>th</sup> Street SW). 7-0. Carried.

Moved by Council Member Christopherson, seconded by Council Member Nordin, adopting a resolution declaring costs to be assessed and ordering preparation of proposed assessment, Project 3-C-01, Sidewalk Replacement Downtown. 7-0. Carried.

Moved by Council Member Christopherson, seconded by Council Member Nordin, adopting a resolution declaring costs to be assessed and ordering preparation of proposed assessment, Project 5-C-99, Street Lighting on 1<sup>st</sup> Street NW (4<sup>th</sup> Avenue to 5<sup>th</sup> Place NW), 4<sup>th</sup> Avenue NE (9<sup>th</sup> Street to 10<sup>th</sup> Street NE) and 10<sup>th</sup> Street NE (2<sup>nd</sup> Avenue NE to 4<sup>th</sup> Avenue NE). 7-0. Carried.

Moved by Council Member Christopherson, seconded by Council Member Nordin, adopting a resolution setting a hearing for Monday, November 5, 2001 at 5:30 for proposed assessments:

Projects 1-A-01, 2-A-01, 3-A-01, 3-C-01, 5-C-99, 1987 Sanitary Sewer, 1987 Water, 1989 Sewer, 1989 Water, 1990 Sewer, 1990 Water, 1991 Sewer, 1991 Water, 1995 Sewer, 1995 Water, 1996 Sewer, 1996 Water, 1999 Sewer, 1999 Water, and Snow Removal

7-0. Carried.

Moved by Council Member Christopherson, seconded by Council Member Nordin, adopting a resolution approving the closing of the 300 and 400 blocks of North Main Street on Saturday, October 6, 9:00 am – 4:00 pm for a rummage sale, requested by the Downtown Austin Association. Carried.

City Engineer Jon Erichson presented a resolution approving the MnDOT Agreement for Airport Maintenance and Operation. This 2001-2003 agreement provides for certain

maintenance. Costs have increased approximately 15%. The new airport would be covered in the next agreement.

Moved by Council Member Goodnature, seconded by Council Member Nordin, adopting a resolution approving the MnDOT Agreement. 7-0. Carried.

Mower County Transit has requested the following regarding its new bus system:

1. Bus signs would be installed jointly by Mower County and City of Austin personnel. Maintenance costs would be the responsibility of MCT.
2. Bus shelter picture attached.
3. Parking from the alley in the mid block between 3<sup>rd</sup> and 4<sup>th</sup> Avenue to 4<sup>th</sup> Avenue NE on the east side would be limited to bus parking between the hours of 7:00 a.m. and 5:00 p.m.

The bus system is going to a bus route system and has identified those routes. Bus shelters will be placed every eight blocks. Five to six locations have been chosen for bus shelters; other locations will be evaluated. Council Member Goodnature asked City Engineer how this is usually funded. Mr. Erichson said the City would pay for the installation of the signs and the yellow strip-painting near bus shelters. Council Member Goodnature requested that Item #3 be tabled for further study. Mr. Erichson offered to have the requested street parking location be monitored for usage. He will also request comments from the Chamber of Commerce.

Moved by Council Member Christopherson, seconded by Council Member Nordin, approving Items 1 and 2 of the MCT requests and tabling Item #3 until October 15. Carried.

Moved by Council Member Poppe, seconded by Council Member Nordin, to approve setting a public hearing for Monday, October 15, 2001 petitioned by Doran C. and Darcy E. Schroeder, 811-12<sup>th</sup> Avenue SW, for a 6-foot variance from City Code governing front yard setbacks for the construction of a roof over an existing deck. Carried.

Moved by Council Member Lang, seconded by Council Member Christopherson, adopting a resolution to set a public hearing for Monday, October 15, 2001 petitioned by Robert and Sheila Helmers, for property they own at 1501 and 1503 – 8<sup>th</sup> Avenue NW from an “R-2” Multi-Family Residence District to a “B-2” Community Business District. 6-1. Council Member Goodnature voted nay.

Council Member Nordin noted that this item was “beat senseless.” Council Member-at-Large Chaffee asked City Attorney David Hoversten is this action was normal, being that this is the third time on the same request. Mr. Hoversten said while this is not normal, absent something in the Charter disallowing this action, it is acceptable. Mr. Hoversten said he has recommended that the Ordinance Committee introduce an ordinance setting timelines for these types of requests eliminating duplication in the hearing process.

Mayor Rietz asked Mr. Hoversten what if the Council voted this resolution down. Mr. Hoversten said the Council would be in violation of State Statute.

The City of Austin received bids on October 1 for the demolition of the B&E Café, the Cab Garage, Spanky's and the west building of Steve's Pizza. Bid results are as follows:

Contractor	Amount
David Spinler Construction	\$49,680.00
Wallace Bustad	\$59,130.00

The low bid received was from David Spinler Construction, who is the recommended bid.

Council Member Christopherson, seconded by Council Member Nordin, adopting a resolution awarding the bid. 7-0. Carried.

REPORTS:

A Finance Committee was set for Monday, October 15 at 3:30 to discuss one item – the 5-year Capital Plan.

The Council Park and Rec Committee will *not* meet Wednesday, October 3.

Council Member Christopherson asked regarding street lights in Oakland Park. City Engineer Jon Erichson said lights have been identified 4 lights out and one which is missing a head. These will be replaced.

The Fire Strategic Planning Committee will meet Wednesday, October 10 at 4:30.

The HRA monthly meeting, normally scheduled for October 10, will meet this month on October 24, 2001.

Council Member Poppe handed out a Fire Department Values Audit to council members which is to be handed in to Administration by October 5.

The Regional LMC meeting will be held in Harmony on Monday, October 29. Council members are invited.

The City Employees Breakfast will be held Wednesday, October 31 at the Senior Citizens Center. All council members are invited.

AAUW will hold a used book sale on Saturday, October 6, 9:00 – 4:00. Also, the library is sponsoring Teen Read Week October 13-20 with various activities planned.

A meeting for the Council to hear the report on the 2<sup>nd</sup> sheet of ice proposal from Bonestroo was set for Wednesday, October 10 at 6:00.

Moved by Council Member Jorgenson, seconded by Council Member Nordin, to adjourn the meeting to Monday, October 15, 2001.

Adjourned: 7:14 p.m.

Approved: October 15, 2001

Mayor: \_\_\_\_\_

City Recorder: \_\_\_\_\_