

MINUTES
CITY COUNCIL CHARTER MEETING
May 3, 2004
5:30 P.M.
Council Chambers

MEMBERS PRESENT: Mayor Rietz. Council Members Koch, Jorgenson, Pacholl, Christopherson, Nordin, and Chamberlain.

MEMBERS ABSENT: Council Member-at-Large Goodnature.

OTHERS PRESENT: Post Bulletin and Austin Daily Herald. James Fisher. Dave Crandall. Jeff Baker. Public.

Moved by Council Member Jorgenson, seconded by Council Member Nordin, approving the agenda. Carried.

Moved by Council Member Nordin, seconded by Council Member Pacholl, approving the minutes of the April 19, 2004 council meetings. Carried.

Assistant City Engineer Steven Lang and Troy Tigner, project manager, received a paving award from MnDOT for the 2002 Oakland Avenue West project.

Moved by Council Member Jorgenson, seconded by Council Member Koch, approving the consent agenda as follows:

Licenses:

Concrete Contractor: Hound Concrete, 810 Hickory Lane, Mantorville, MN
Concrete: Universal Concrete, 3715 1st Place NW, Rochester, MN
Excavation: Herrick Irrigation, 1309 3rd Avenue SW, Austin
Exempt Gambling (bingo): American Legion Post 91 Ladies Auxiliary @ Mower County Fairgrounds, August 10-15
Food: Subway, 1401 4th Street NW, Austin
Subway, 910 W. Oakland Avenue, Austin
Sign: Universal Signs, 1033 Thomas Avenue, St. Paul, MN
Kennel: Double KK Unlimited, Inc., 700 17th Avenue NW, Austin

Claims:

- a. Pre-list of bills.
- b. George Moore, 1002 9th Street NW. This claim has been referred to the city attorney to protect the city's interest.
- c. Donald Stilwell, Sr. This claim has been referred to the city attorney to protect the city's interest.

Carried.

James Fisher, 1408 2nd Street NW and owner of Trader's Bar & Grill, requested Council address the matter of allowing bars to stay open to 2:00 a.m. for the sale of on-sale liquor. Mayor Rietz said Council will discuss this at an upcoming work session and will invite Mr. Fisher and other bar owners to that meeting.

Moved by Council Member Pacholl, seconded by Council Member Christopherson, to put the aforementioned matter in Matters in Hand. Carried.

Council received a report of bids for supply of oil for 2004 street maintenance. One bid was received. Public Works Director Jon Erichson recommended the bid go to Koch.

Koch Materials, St. Paul, Minn.	\$59,149.20
---------------------------------	-------------

Moved by Council Member Jorgenson, seconded by Council Member Christopherson, adopting a resolution awarding the bid to Koch Materials. 6-0. Carried.

Council received a report of bids for bituminous surfacing material. The bid includes a distance component; there is a formula used for determining the bid plus the mileage. Public Works Director Jon Erichson recommended the bid be awarded to Ulland Bros. Bids are as follows:

Ulland Bros.	\$29.36/ton
Shamrock	\$34.75/ton
Crane Creek Const.	\$34.39/ton
Rochester Sand & Gravel	\$35.76/ton

Moved by Council Member Christopherson, seconded by Council Member Nordin, adopting a resolution awarding the bid to Ulland Bros. 6-0. Carried.

Council received a report of bids for on-site infrastructure for the Cook Farm project. This is one of three bids for the entire project. Bids were taken April 23. An alternate bid includes additional placement of sanitary sewer. Mr. Erichson recommended the bid be awarded to Sorenson Bros. Bids are as follows:

	<u>Base Bid</u>	<u>Alternate #1</u>
Sorenson Bros.	\$ 907,339.05	\$ 36,920.00
Freeborn Const.	\$ 973,025.50	\$ 41,284.00
Hodgeman Drainage	\$1,029,856.15	\$ 36,738.00
Engineer's Estimate	\$ 1,197,860.00	\$ 51,790.00

Moved by Council Member Pacholl, seconded by Council Member Jorgenson, awarding the bid to Sorenson Bros. 6-0. Carried.

A public hearing was held regarding amendments to the Job Opportunity Business Zone (JOBZ) criteria. City Administrator Jim Hurm said there are three basic changes requested to the criteria. The first amendment involves benefits. Required health insured (80% employer premium payment for individual coverage or for family coverage; employer minimum payment for 80% of office visits, emergency care, surgery and prescriptions; a maximum yearly deduction of \$1000 and maternity coverage would be changed to "health benefits that are mutually agreed to by the

benefiting business and the City of Austin.” The second amendment involves the “living wage”, which would change from 115% of the poverty level for a family of four to 110% of the poverty level for a family of four. This change was recommended by the Minnesota Department of Employment and Economic Development. Council, in the Council-of-the-Whole work session has agreed to another change, which is the elimination of Section D, “The City of Austin shall have an overall goal that 75% of new jobs created under this policy will be held by City of Austin residents. It is expected that all qualified businesses or recipients shall have a quantified target for the number of residents to be hired.”

Council Member Pacholl said that concerning the second issue, living wage, he would like to see a “guaranteed price” in the subsidy policy, rather than the concept of “we’ll work with them as they come.” Mr. Pacholl also noted that he would like to see a \$500,000 investment guarantee.

Mayor Rietz questioned Community Development Director Craig Hoium on the process for obtaining a JOBZ parcel.

Mr. Hoium said Council Member Pacholl is probably referring to Owatonna’s criteria, which requires a minimum capital investment of \$500,000 in order to qualify for JOBZ benefits. He thought that for this area, many applicants would be smaller businesses here in Austin and that minimum capital investment would be prohibitive. He cited one example, an insurance company building in the Burbank Addition, whose total project is just \$250,000.

Council Member Pacholl noted that there is nothing in the state guidelines for health insurance. He feels there should be some type of assistance, some kind of fringe benefit. City Administrator Jim Hurm said the benefits would be mutually agreed to by the business and the city. This gives flexibility and allows for negotiations down the road. Council Member Pacholl said negotiations still need to have a starting point, a parameter, whether it \$1.00 or whatever.

Council Member Nordin said putting something else down might be a stumbling block for some, and the city needs to compete. If we do have something more exact down, than down the line we may wish we didn’t have it.

Council Member Jorgenson agreed with Council Member Nordin, saying that this wording “opens the door for an interested party.”

Council Member Chamberlain read a prepared statement (attached), citing his reasons for voting in favor of these changes to the criteria.

Dave Crandall spoke on behalf of the DCA Board in favor of the suggested amendments to the criteria, noting that the City of Austin needs to compete. “We want to be included in the party.”

Council Member Nordin noted she had attended a meeting of the DCA Board and came away with knowing that we are a cut above the average with a Fortune 500 here in town; however, there are concerns. We do have to be competitive. Accepting these criteria tonight does not mean we don’t have to take what a company offers. This allows us to compromise.

Council Member Pacholl stated he is not against progress. Voting ‘no’ is his way of trying to help his constituents and not lose tax dollars on a project that may fall through.

Jeff Baker, president of the Chamber of Commerce, stated his support of the changes to the criteria, saying that the Chamber wants to get people interested in Austin and we need to set low barriers to do so. The business community, the Chamber of Commerce, and the City of Austin need to join together to welcome businesses.

Moved by Council Member Jorgenson, seconded by Council Member Koch, adopting the resolution amending the business subsidy policy for JOBZ site developments. 4-2. Carried. Council Member Pacholl and Christopherson voted nay.

Council Member Chamberlain asked for clarification on the amendment pertaining to wage requirement. City Administrator Jim Hurm stated that if job creation is not part of the goal, the wage requirement could be set at zero.

Along with the amendments to the JOBZ criteria, the Council-of-the-Whole has recommended changes to the Business Subsidy Criteria, specifically regarding the wage rates. The proposed changes are as follows:

A. Job Creation and Wage Requirements shall be amended as follows:

Where the public purpose of a project is the creation of additional jobs in the City, such jobs shall pay a wage of at least the rate of 110% of the current poverty level for a family of four (currently \$9.75/hour, \$10.07/hour as of July 2004). A minimum of one (1) fulltime equivalent or two (2) part-time jobs shall be created. Where the public purpose of a project is the retention of jobs, the job loss must be specific and demonstrable, a minimum of one (1) fulltime equivalent or two (2) part-time jobs shall be retained.

Moved by Council Member Jorgenson, seconded by Council Member Koch, adopting a resolution amending the criteria for awarding business subsidies. 4-2. Carried. Council Member Pacholl and Christopherson voted nay.

Austin, Owatonna, Albert Lea, Medford and possibly Faribault, would like to jointly purchase a Scotty Fire Safety Education Trailer. The 8-year-old trailer would cost \$10,000; our share would be up to \$2500 to come from the regular Fire Department budget.

Moved by Council Member Christopherson, seconded by Council Member Chamberlain, adopting a resolution approving the joint purchase not to exceed \$2500. 6-0. Carried.

The City of Austin passed the *Authorized Uses of Fire Department Vehicles and Procedures for a Requested Use to be Approved* policy in late 2002. City Administrator Jim Hurm said an addition needs to be inserted into this policy allowing for the city departments to exchange services. The requested wording is as follows:

Authorized Uses

1. Emergency response apparatus shall only be used for official Fire Department business, which includes:

Add: j. *in cooperation with other city departments that may infrequently need assistance to provide service efficiently.*

The following three motions concern gambling premises permit renewals. All have complied with city regulations.

Moved by Council Member Pacholl, seconded by Council Member Jorgenson, adopting a resolution approving gambling premises permit renewal for Queen of Angels Church at Cunningham Hall, 912 1st Avenue NE, Austin. 6-0. Carried.

Moved by Council Member Jorgenson, seconded by Council Member Koch, adopting a resolution approving gambling premises permit renewal for Mower County for the Handicapped at Danny's Place, 613 10th Drive SE, Austin. 6-0. Carried.

Moved by Council Member Jorgenson, seconded by Council Member Nordin, adopting a resolution approving gambling premises permit renewal for Mower County for the Handicapped at Hiawatha Bar, 433 10th Street NE, Austin. 6-0. Carried.

Moved by Council Member Nordin, seconded by Council Member Pacholl, adopting a resolution approving gambling premises permit renewal for American Legion Post 105 – Lyle at Traders Bar & Grill, 119 3rd Avenue NE, Austin. 6-0. Carried.

The City of Austin and Mower County have worked on obtaining infrastructure to Bellman's Addition and 10th Drive SE. Several options have been researched and considered. Option 3 has been decided, which includes the orderly annexation of property from Austin Township. The City will provide sewer and water and assess only those parcels that apply for annexation. Parcels which do not annex will be deferred up to 10 years with interest or until such time that they require service. Assessments have been calculated with the bid received. A public informational meeting will be held at 5:30 pm on Monday, May 10 at the courthouse. A public hearing will be held after that.

Council Member Koch questioned whether a potential justice center was factored in with discussions of the infrastructure. Public Works Director Jon Erichson said three options were provided. Option B – extending sanitary sewer on 10th Drive west to the railroad tracks -- was \$200,000 higher than Option A. In light of that, Option A was decided upon; however, Mr. Erichson said that does not prevent the option of providing additional infrastructure in the future. He said it was not fair to assess those property owners more than what was required.

Council Member Nordin questioned if the Ellis ditch will drain into this area. Mr. Erichson said water will drain in that area in peak times, as it did in the 1950s.

Council Member Jorgenson questioned why the bid received was higher than the engineer's estimate. Mr. Erichson said the bid was 20-25% higher, and that was probably due to a couple of factors. It will be a very difficult job as indicated by soil borings. Also, it was found that the ground water is very high, which probably scared off some bidders.

Moved by Council Member Jorgenson, seconded by Council Member Nordin, approving the assessment policy to provide infrastructure on 10th Drive SE. Carried.

With the inability of Council Member Goodnature to further serve on the HRA and Port Authority Mayor Rietz has recommended the appointments to replace these positions. The Mayor recommends Council Member Pacholl to the HRA and Council Member Jorgenson to the Port Authority.

Moved by Council Member Koch, seconded by Council Member Chamberlain, approving the appointments. Carried.

Public Works Director Jon Erichson has received a proposal for mosquito control for 2004. The proposal is for a maximum of four applications at the same cost as in 2003. The proposal works well, he said, as it is on a per-application basis which allows flexibility. Approximate application times will be mid June, July 1, the third week in July and the week prior to the county fair. This has been budgeted.

Moved by Council Member Nordin, seconded by Council Member Jorgenson, authorizing mosquito control for 2004. Carried.

Moved by Council Member Jorgenson, seconded by Council Member Pacholl, setting a public hearing for May 17 with the Board of Adjustments and Appeals for a 3-foot variance from City Code governing the minimum sideyard setback of 5-feet in an R-1 Single Family Residence District, petitioned by Edward and Linda Vilt, 1008 16th Street SW. Carried.

Moved by Council Member Nordin, seconded by Council Member Jorgenson, setting a public hearing for May 17 with the Board of Adjustments and Appeals for a 3-foot variance from City Code governing the minimum front yard setback of 25 feet in an R-1 Single Family Residence District, petitioned by Dan Titus, 715 8th Avenue SE. Carried.

Moved by Council Member Pacholl, seconded by Council Member Christopherson, setting a public hearing for May 17 for a preliminary plat review of property to be known as *The Meadows Addition*, petitioned by David Hillier. Carried.

Moved by Council Member Pacholl, seconded by Council Member Jorgenson, setting a public hearing for May 17 for a preliminary plat review of property to be known as *Keenan Acres 2nd Addition*, petitioned by Bigelow Enterprises. Carried.

Moved by Council Member Jorgenson, seconded by Council Member Koch, setting a public hearing for May 17 for a preliminary plat review of property to be known as *Sunny's Run 2nd Addition*, petitioned by Lance Pogones. Carried.

Moved by Council Member Jorgenson, seconded by Council Member Koch, setting a public hearing for May 17 for final plat approval of ***Fox Pointe Addition***. Carried.

Moved by Council Member Pacholl, seconded by Council Member Jorgenson, adopting a resolution setting a public hearing for rezoning of Cottage Homestead Development to a Planned Development District. 6-0. Carried.

REPORTS:

City Administrator Jim Hurm has met with Police Chief Paul Philipp, Fire Chief Dan Wilson and Fire Commander Ted Gilbertson on the autolaunch issue. The Police Department will be conducting a survey which will have the police officers report when they are called out on an accident involving bodily injury. The results of the report will be given in August.

The sesquicentennial planning is underway with co-chairs for each month and over 100 suggestions for the year.

The County is working on an All Hazard Mitigation Plan. City Administrator Jim Hurm said the city we will help from the city standpoint.

City Engineer Jon Erichson said the annual sidewalk maintenance project in the southwest quadrant of Austin is nearing completion and will probably be finished by the end of next week. Also, the airport taxiway project is beginning.

Council Member Pacholl noted he would like to see discussion on the sale of liquor outside of structures at the same time as the 2:00 am bar closing is discussed.

Council Member Nordin said the used book sale will be held May 7 – 8.

Council Member Koch noted his approval of the vote to change the JOBZ criteria; however Council has not been fractured on economic development. He would like to see Council move toward more of a consensus on this matter. As for adding benefits, he said that that could add about \$6/hr to the hourly wage.

Council Member Christopherson said he disagreed one hundred percent with Council Member Koch, noting that the cost will be far exceeded in social services due to the low wage.

Moved by Council Member Jorgenson, seconded by Council Member Koch, adjourning the meeting to May 17 15, 2004.

Adjourned: 6:36 p.m.

Approved: May 17, 2004

Mayor: _____

City Recorder: _____