

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION - BUDGET
September 8, 2025
Austin Public Library – Large Meeting Room

MEMBERS PRESENT: Mayor King. Council Members Rebecca Waller, Laura Helle, Oballa Oballa, Jason Baskin, Paul Fischer, Michael Postma, and Council Member-at-Large Jeff Austin

MEMBERS ABSENT:

STAFF PRESENT: City Administrator Craig Clark, Director of Administrative Services Tom Dankert, Public Works Director Steven Lang, Planning and Zoning Administrator Holly Wallace, Parks, Recreation and Forestry Director Jason Sehon, Nature Center Director Luke Reese, Library Administrative Assistant Sara Steinhoff, Chief David McKichan, Chief Jim McCoy, Human Resources Director Trish Wiechmann, and City Clerk Brianne Wolf

APPEARING IN PERSON: Austin Daily Herald and Community Members

Mayor King called the meeting to order at 5:30 p.m. He stated last year's tax levy was 11.9%. Prior to this meeting, the Council tasked the department heads with producing budgets that would reflect an 18%, 15%, and 12% tax increase to discuss at today's meeting. Currently, the tax levy is at 13.6% in an effort to get it down to 12%.

Director of Administrative Services Tom Dankert stated there are no additional new revenues on reduced expenditures elsewhere for the coming year. Any new or additional items would need to be paid out of the tax levy. Mr. Dankert stated negotiations with Mower County for the Law Enforcement Center are still ongoing. He reviewed the tax levies with Council.

Mayor King and Council Member Postma both requested Mr. Dankert start to review the 12% tax levy and begin to make budget reductions from this point moving forward.

Mr. Dankert proceeded to review items that could be eliminated from the tax levy. He discussed removing the Bandshell rain garden.

Council Member Helle asked if a matching grant for the Bandshell rain garden would be lost if they eliminated that project this year.

Mr. Dankert stated it would not. He then reviewed the request for funding for repairs to the sidewalk at Riverside Arena and removed the \$50,000 request. He stated it will eventually be requested again, as this is something that needs to be repaired.

He next reviewed the removal of the unmarked police vehicle.

Council Member Helle asked what the future cost may be for this vehicle if it were to be taken off the budget for this year.

Mr. Dankert stated it would be hard to estimate, but it could be \$5,000 to \$10,000 more if it were pushed off to future years to be purchased. He stated they would remove the East Side Lake improvement requests for \$15,000 and remove the warming house repairs for \$15,000.

Mr. Dankert stated they would reduce the request for ADA concrete surfaces \$10,000, and they would reduce pavilion upgrades \$10,000. They would also move the request for the Fire Station mezzanine exhaust for \$7,500 to the Building Fund.

Council Member-at-Large Austin is not in favor of pushing off all these expenses, as they will cost more in the future.

Council Member Fischer agrees. He stated he doesn't feel any of the items should be taken off.

Council Member Helle is in favor of having the police car wait for another year to be purchased.

Mayor King stated he would like the levy to be closer to 15%.

Council Member Baskin stated he is in favor of eliminating all of it.

Council Member Helle stated the most responsible way to spend a tax dollar is to stick to the schedule of replacing equipment, as it will cost more in the future to replace it.

Council Member Baskin stated Council needs to look at staff reductions. He stated five years ago, staffing was at 62% of the tax levy, and now it is 69%. The Council will face the same conversations every year.

Mayor King stated they are a lean city when it comes to employees, and the last thing he would like to do is become so lean that the City is unable to deliver services. He stated the City of Austin has taken on three annexations with over 260 properties. They are continuing to grow as a City and landmass, and capital costs. He is not in favor of cutting employees.

Council Member Baskin stated he would like to discuss staffing and have a conversation about it. He wants to consider a hiring freeze or maybe not replacing open positions when they become available for the following year. He asked for clarification from the Human Resources Director on how many positions were unfilled as of today within the City.

Human Resources Director Trish Wiechmann stated a Full Time Street Maintenance position, a Police Officer, and a Part Time CSO are open at this time.

Council Member Baskin stated department heads suggest what cuts they would make to staffing.

Council Member Helle stated in the prior discussion and requests they received from the department heads there were no requests to cut any positions.

Council Member Postma stated in an earlier proposal the Public Works department had suggested cutting a Street Maintenance position for an Engineering position. He would like to know if that cut was reflected in this budget.

Mr. Dankert stated it was not.

Council Member Baskin discussed eliminating a Police Officer position.

Mr. Dankert stated the City is currently budgeting for 36 positions. If they push capital expenses into future years through the tax levy and hire now, the city will face added costs next year. With inflation and union contracts likely increasing the budget by about a million, there will be no new funding until July, meaning the city needs a 50% fund balance to cover the bills during the first half of the year. Maintaining this requires an additional \$500,000 by year-end. When 100% of the budget is allocated, it helps ensure cash flow. However, the risk of not properly funding upfront can lead to situations like hiring mid-year without tax levies to cover the costs.

Council Member Baskin stated the City is currently taxing for 36 officers but only providing 31 to 33 annually. If they can't fill a position, they need to reduce authorized officer positions temporarily and reassess next year.

Mr. Dankert stated if Council decides to cut, they can factor that into the budget. However, any decision to reduce staff should be revisited with assurance to add it to next year's budget since costs aren't expected to decrease.

Chief McKichan stated when comparing the City's police department to others of a similar size, the City of Austin's is smaller. He stated 36 is a number he believes they need to be able to function and provide proper services. He will already be losing a staff member due to the need for an IT person following the ransomware attack at the County this past spring/summer.

Council Member Postma stated he does not want to change the authorization levels, but he does not want this on the levy.

Council Member Baskin asked what the levy would be if they were to remove the Street Maintenance position and a Police Officer.

Mr. Dankert stated it would be at 10.29%

Council Member Baskin stated he would like to see a 7% tax levy as this would be where the average taxpayer wouldn't see an impact.

Mr. Dankert proceeded to review the tax levy changes and examine the revenue sources. He stated Parks, Recreation, & Forestry will increase their rental fees and Building & Zoning will increase their permit fees for 2026. He stated the Fire Department would implement a Fire Incident fee for calls pertaining to house or garage fires. The Fire Department would also begin charging private entities for Fire Extinguisher Training.

Council was in agreement with the changes Mr. Dankert discussed.

Mr. Lang stated Building & Zoning would increase the rental housing registration fees. They would increase residential building permit fees by 25% and double zoning, sign, and vacant property fees. They have not increased permit fees since 2004.

Council Member Postma requested fines for mowing and grass removal be increased as the City is spending a lot of money on this nuisance.

Council Member Baskin is in favor of this as well and would like to see fines increase and for Mr. Schon to re-evaluate the ordinance in the future. He also suggested in the future, the City may want to look at owning a municipal cannabis retailer to help create revenue. He would also like to know if the City can charge Mayo for the EMT services the fire department is performing.

Chief McCoy stated they are not able to charge insurance providers for the services provided. He stated it is hard to find EMTs, so he is in favor of having the ambulance services available in Austin.

Council Member Baskin questioned whether using Artificial Intelligence would be beneficial in reducing staff time.

Mr. Dankert stated all Greater Minnesosta cities are in the same situation. They have a revenue problem, and they are functioning off LGA and taxes. He stated the local option sales tax is set to expire in 2027.

Council Member Baskin asked if a new sales tax could be created.

Mr. Dankert stated operating dollars would not be eligible for this under current legislation.

Council Member Oballa stated he is not in favor of a 10.29% tax levy.

Council Member Postma stated he does not favor the 10.29% tax levy, but he is ok with it.

Council Member Baskin asked what else the Council can do to get the levy to 7%. If they were to cut two more positions, would that assist in lowering it enough.

Council Member Helle stated she is comfortable with the 10.29% tax levy.

Moved By Council Member Helle, seconded by Council Member Postma to move forward the 10.29% tax levy to the September 15, 2025 Council meeting for approval. Carried 5-2. (Oballa, Baskin voting Nay.) This will be added to the September 15, 2025 Council meeting.

Mark Harber, City Concrete, requested the Council review the Central Garage budget.

Mayor King stated they had previously done this at the August 11th budget discussion meeting, and they would not be going over it again. The budget was available to review online. He took no other comments and told all in attendance to reach out to Council members by phone or email with their concerns and comments.

Moved by Council Member Fischer, seconded by Council Member Postma, to adjourn the meeting at 6:52 p.m. Carried.

Respectfully Submitted,

Brianne D. Wolf, City Clerk