

MINUTES
COMMON COUNCIL WORKSESSION
FRIDAY, FEBRUARY 8, 2002
2:00 P.M.
RUBY RUPNER AUDITORIUM

MEMBERS PRESENT: Mayor Rietz, Council Member-at-Large Chaffee, Council Members Goodnature, Jorgenson, Christopherson, Poppe, Nordin, and Lang (4:00).

STAFF PRESENT: Patrick McGarvey, Tom Dankert, Jon Erichson (4:00 P.M.), Steve Lang (4:00 p.m.), Paul Philipp (5:15 p.m.), Jerry McCarthy (5:15 p.m.), Chris McArdle Rojo (6:00 p.m.), and Denny Maschka (6:00 p.m.).

OTHERS PRESENT: Austin Post Bulletin

Mayor Rietz welcomed all in attendance and thanked them all for being able to attend this weekends worksession.

Mayor Rietz noted she had talked with the Coalition of Minnesota Cities regarding the current legislative matters, noting that neither the House nor the Senate is including any reductions to the Local Government Aid (LGA) that cities currently receive.

Council Member Nordin noted as part of the goals for 2002, getting more effectiveness from the DCA should be a high priority. Council Member-at-Large Chaffee noted the Port Authority has been much of the driving force behind some of the commercial development within the city. The DCA is needed to market the different area's that we have that can be developed. This may include more contacts to the commercial industries outside of Austin. Also, Council Member-at-Large Chaffee noted the Austin community needs to be made aware of the development that has occurred within the community during the last few years.

Council Member Goodnature noted that developers should be strongly encouraged to use local contractors for their projects. City Administrator Patrick McGarvey noted the city has no authority to tell developers to use local entities for their building projects. Council Member Goodnature noted the city should encourage the use of local contractors for the projects that are being built for the city, at a minimum we should request proof that local contractors were given the opportunity to bid on the projects. Council Member Jorgenson noted that it seems when local contractors are bidding on our projects, they have not been the low bidders, and our contractors have been too high.

Mayor Rietz discussed more of the legislative matters. Smaller cities are reeling from Governor Ventura's Big Plan that was enacted for payable year 2002. Mayor Rietz noted she has met with Representative Abrams from Minnetonka regarding the importance of LGA to outstate Minnesota communities. Mayor Rietz reiterated that both the House and Senate plans do not include cuts to LGA. Mr. McGarvey noted Mr. Abrams wants to rewrite the LGA formula, in which case the City of Austin would probably receive less LGA in future years.

Mr. McGarvey also discussed the assessment issue that is being addressed at the state level. Townships are trying to write legislation to allow Townships the right to deny annexation into cities. This may not affect Austin, as we have a friendly annexation agreement with the Townships.

Council Member Poppe discussed the hiring freeze that has been recommended by the Finance/Personnel Committee. Mr. Dankert noted through some funding choices, and some projects being put on hold for a year or so, we still may need to eliminate five full time employees that were budgeted for 2002. If the Fire Department, Police Department, and the Central Garage do not have the open position filled (29th Police Officer, 10th Fire fighter, and Mechanic), then we may need to only eliminate two other positions through early retirement incentives or layoff's. Council Member Poppe noted she would like the city to honor the commitment for the tenth fire fighter and the 29th police officer. Additionally the part-time secretary at the fire station should also be hired. Council Member-at-Large Chaffee noted the hiring freeze was recommended to protect the current employees of the City of Austin. Hiring some people and letting others go may not look good. Council Member Poppe noted the city could use the interest off of the Fire PERA refund, as Mr. Dankert had discussed, to add the additional firefighter. Council Member Poppe noted if we give an incentive for people to leave, we will have plenty of takers. Mr. Dankert questioned if the council was willing to hire the police officer or fire fighter, for example, and cut another department if it had to be done. Council Member Poppe noted she would be willing to do this.

Council Member Christopherson noted the tenth fire fighter position is not a new position, it is the replacement of an existing position. Mr. Dankert also noted using reserves will be a part of the equation to solve any reductions in the LGA, as it will be almost half way through the year before we may know the final outcome. Mayor Rietz noted she did not like to use reserves, but we may have to this time to balance the budget. Mr. Dankert noted the city may need to permanently cut approximately \$400,000 out of the annual budget in order to be balanced in future years with the LGA reductions.

Council Member Goodnature noted the responsible thing would be to freeze all projects including the arena, not only hiring of employees. Mr. McGarvey noted bids would be on the agenda in April for approval for the new arena and the remodeling of the existing facility. These bids are good for sixty days.

Council Member Poppe noted the Fire PERA dollars are there to fund the fire fighter position. Mayor Rietz noted that these funds could be used to fund the existing nine fire fighters, so we would still be adding the cost of a tenth position to be reduced out of another department. Mr. McGarvey recommended the city postpone any large projects until we hear from the state as to our LGA amount. The state is expected to wrap this up fairly soon, so we should know before the arena bids are in.

Mr. McGarvey noted we could craft a media release that states all big ticket projects are on hold, as well as hiring of employees. If the council so decides to hire the additional police officer and fire fighter, and construct the arena, then cuts will have to come from other departments. The architect can still work on plans and specs for the arena, we just won't award the bids until the April meeting.

Mr. McGarvey briefly discussed the status of the 2001 goals noting everything that was a goal had either all or most of the goal completed in 2001. Mr. McGarvey noted one of the biggest accomplishments of the 2001 was the completion of the 5 Year Capital Improvement Plan that was adopted in December of 2001. This plan not only incorporates all of the projects, but also outlines where the funding will come from for all projects.

City Engineer Jon Erichson and Assistant City Engineer Steve Lang discussed the goals for 2002. Included in these goals were the construction of the projects identified in the 5 Year Capital Improvement Plan, reviewing the assessment policy, flood mitigation efforts, working on the storm water permit, and working on the infrastructure of the city.

Council Member Nordin questioned if there was a hangar plan for the airport. Mr. Erichson noted the city does have a layout plan for the hangars. The city council currently has control over the layout of the hangars as we own all of the land and lease the land out to the public.

Mayor Rietz questioned if the administration building was going to be remodeled. Mr. Erichson noted the existing administration building would be removed, and a new building would be added onto the former Hormel hangar.

Mr. Erichson also noted the construction of the Central Garage would be driven by the need for the space for the expansion of the industrial side of the Wastewater Treatment Plant that will be occurring in 2002.

Mr. Erichson discussed the assessment policy of the city, noting until 1999 we had no complaints. Then in 1999 65 people objected, with only 21 parcels remaining objected to. Mr. Erichson noted we could hold our assessment hearings up front when the project is discussed at the public hearing. This way, if people do not object within the thirty days of that hearing, they would be assessed the rates as approved at the original council meeting. If many people object to a specific project, the council will have to review the project to see if the project should be completed. However, Mr. Erichson noted if only a few people object, we should not stop a project. Mr. Erichson noted the public works committee will have a recommendation shortly.

Council Member Goodnature noted we needed to be fair to all of the citizens. Council Member Jorgenson noted, in her opinion, we have been fair to the public. 25% of the project is assessed to each side of the street, with the middle 50% being assessed to all of the citizens through the tax levy.

Jerry McCarthy, General Manager of the Austin Utilities, discussed the goals of the Austin Utilities for 2002. Among the goals were the following:

- Teaming up with Rochester and Owatonna for a marketing agreement.
- Keeping up to date on deregulation in Minnesota.
- Annexation of Dinsmor Acres.
- Review wind turbines for an alternate source of power.
- 18th Street utilities.
- Cook Farm infrastructure.

Mayor Rietz noted the wind has been taken out of the sails of people who favored deregulation since the California debacle. Mr. Dankert noted that if deregulation does occur, we need to have the contribution in lieu of taxes that the Austin Utilities makes, be required of anybody that sells utilities in the Austin area. Council Member Lang noted this should be a high priority.

Council Member Goodnature questioned if the Utilities were looking at charging their employees for health insurance. Mr. McCarthy noted the contracts expire on December 31, 2001 and health insurance contributions will be a big subject.

Mr. McCarthy noted the annexation of Dinsmor Acres creates a potential issue for the Austin Utilities. The Austin Utilities will not buy the service from Freeborn Mower Electric as it would take

over 40 years to have a payback on the system. We are looking at some joint agreement with Freeborn Mower Electric to service the area.

Mr. McCarthy noted some of the wires will be underground on the new 18th Street, but not all of the wires. Mr. McCarthy noted having the wires go underground the entire distance would add approximately \$330,000 to the project cost. Mr. McCarthy noted the County has said they have no money to pay for the underground wires.

Mr. McCarthy noted the tree trimmer position is not being reviewed for this year after a recent incident.

Police Chief Paul Philipp discussed his goals for 2002. Included in the goals for the Police Department are the following:

- Implementation of a comprehensive countywide emergency communication plan.
- Create a more effective response to the drug use in Austin.
- Prepare for a change in the direction of emergency management.

Chief Philipp questioned if the council would support the elimination of the DARE program within the school, noting that last time this was brought up he received plenty of heat. Council Member Jorgenson noted she would favor pursuing another program.

Chief Philipp noted that Emergency Management Coordinator Bob Nelson is retiring at the end of 2002, so the County and City will each take part of the job.

Library Director Chris McArdle Rojo discussed the power point presentation that the Library is showing to school children. Ms. Rojo noted the expansion of the role of the Community Service Librarian is a top priority of the Library for 2002.

Community Development Director Craig Hoium discussed the results of the 2001 goals, noting the development of the Blazing Star Trail is well underway. Industrial development has resulted in a few areas that could be used. The Bud Johnson property by the airport is available if needed, along with the Cook Farm site property that is being developed by the City. Also, the railroad property may have the Salvation Army looking at a site to construct a new facility on. Mr. Brophy noted he is on the Salvation Army Board, and noted some on the Board do not like the idea of building on the railroad property. Mr. Hoium noted the city currently has a moratorium on adult oriented business, plus the web page for our community development is done.

New goals for 2002 for Mr. Hoium include continued work on the Blazing Star Trail, marketing of the Burbank Addition and Silver Bullet, and help the HRA with the administration of the flood buyout program.

Park and Rec Director Denny Maschka discussed the goals for his department for 2002, noting the following:

- Continue working on the Riverland Ball Diamond complex.
- Completion of Veterans Pavilion.
- Find 20 acres of land for six more soccer fields.
- Purchase 63 acres north of the Nature Center for expansion (to be completed by the Friends of the Nature Center).
- Plant Oak Savanna and build a log cabin.

Council Member-at-Large Chaffee noted the Street Department helped trim trees the last few weeks. Mr. Maschka noted that was correct, but proper supervision was needed to adequately trim the trees.

Council Member Nordin questioned the status of the Crews Salvage Yard. Mr. Hoium noted Crews now wants to sell vehicles, but Mr. Hoium noted he will not authorize this until the demolished cars are at a height that cannot be seen over their fence.

Several areas were discussed for future soccer fields, none of which provided the needed twenty acres.

Meeting was adjourned at 7:55 p.m. until Saturday morning.

MINUTES
COMMON COUNCIL WORKSESSION
SATURDAY, FEBRUARY 9, 2002
8:00 A.M.
RUBY RUPNER AUDITORIUM

MEMBERS PRESENT: Council Member-at-Large Chaffee, Council Members Goodnature, Jorgenson, Christopherson, Poppe, Nordin, and Lang (9:56 P.M.).

MEMBERS ABSENT: Mayor Rietz (sick).

STAFF PRESENT: Patrick McGarvey, Craig Hoium, Jon Erichson, George Brophy, and Tom Dankert

Mr. Dankert discussed the goals for the Finance Department for the 2002 year. Included in the goals for 2002 were the following:

- Achieve a rate of return on the city's investments that meet or exceed the rate of return for the ten year treasury note. Mr. Dankert noted the \$8.5 million of short-term cash that is to be used for the Wastewater Treatment Plant, Arena, and Central Garage are invested at under 2% rate of return. Since these projects were supposed to be completed in prior years, the above goal would exclude these investments.
- Complete the annual audit within budget, and successfully prepare the Comprehensive Annual Financial Report (CAFR) for the December 31, 2001 year.
- Complete the budget process as has been done in the prior three years. The end product, if council desired, would be the extensive Truth In Taxation meeting that is held.
- Complete the bidding process for life and disability insurance.
- Prepare and plan for any changes in the state's funding of our programs.
- Complete contract negotiations.
- Archive the 1992 timesheets and the 2001 accounts payable backup onto CD ROM's.
- All other area's as assigned.

Mr. McGarvey discussed the Paramount Theatre request. Mr. McGarvey questioned if the council wanted to move the Park and Rec offices, write the \$50,000 check, or what was desired. Council

Member Goodnature requested these items be frozen until the state situation is resolved, similar to the staffing issue that was addressed earlier in the worksession.

Mr. McGarvey discussed the goals for administration for 2002. Included in the goals are the following:

- Settle the remaining four labor contracts. One is settled and signed, three are settled and will be on the agenda for the Tuesday February 19 agenda.
- Update the Pay Plan.
- Prepare and analyze the short and long-term ramifications of changes in the LGA state aid.
- Work further on the Blazing Star Trail.
- Get infrastructure to the Cook Farm site.
- Have a random phone survey completed with forty to fifty questions asked of the citizens to see what is on their minds.
- Request a grant with Kermit Mahan at the Austin HRA to demolish the Silver Bullet building and fix up the older buildings behind this former bar.
- Fix the water infiltration problem at the lower level of city hall.
- Install new kiosks and planters downtown Austin.

Council Member Goodnature questioned where the funding for the Cook Farm infrastructure would come from. Mr. Dankert noted the airport levy of \$125,000 would end in 2002 for the expansion of our municipal airport. Council Member Goodnature questioned Hormel's commitment to the airport expansion. Mr. McGarvey noted there is no formal written agreement, but Hormel has committed up to \$1 million of costs to the airport expansion once the city has expended the \$1.1 million. Council Member Goodnature questioned why the FAA would fund this project. Mr. Erichson noted our airport rates very high due to several factors, including arrivals and departures, and the types of airplanes that are taking off. Hormel's three jets (arrivals and departures) helped secure funding for this project.

Council Member Goodnature noted the city should be more aggressive in using Hormel's money. Mr. McGarvey discussed the Casey's corporate headquarters that was moved to Ankeny Iowa. When Casey's moved, the city received funding to build a new airport. The airport was needed by Casey's to do their business, and Ankeny was more than willing to accommodate them. To attract and keep large companies that employ several hundred employees with high paying jobs (that pay high property taxes) we need to have the facilities to accommodate them. Mr. Erichson added that he was unaware of any city that has a private partnership like we enjoy here in Austin between the city and Hormel. Council Member-at-Large Chaffee agreed, noting we are on the right track here.

Council Member Goodnature noted Hormel should not run the airport, the airport should be run like a business. The city should not get in the way of the management of the airport by the current Fixed Base Operator (FBO). Mr. Erichson noted the city does not pay the costs of the FBO, only the utilities and some other operating costs of the facility. Mr. Erichson noted through negotiations, the FBO makes approximately \$40,000 - \$50,000 per year pumping gas for Hormel. Additionally, the FBO gets to keep the revenue from renting out the city owned hangar. Originally, the deal with Hormel was the FBO would receive nothing – this was a compromise that Hormel agreed to. Mr. Erichson noted the city wants the current FBO to be successful, and we want to be fair to all parties.

Development Corporation of Austin (DCA) Executive Director George Brophy discussed the accomplishments for the DCA that occurred in 2001. Among the accomplishments were working with the APEX Austin Committee for a new downtown transportation hub at the USEM's new car

showroom, providing \$350,000 of working capital to C.R.C. Inc., and looking at a similar loan to Austin Packaging Company for a new pizza line that would add 50 new jobs.

As far as goals for 2002 for the DCA, the following would be at the top of the list:

- Economic Development may need to be reviewed within the city. The DCA could play a major role in shifting some of the duties of economic development from the City Administrator to free up this time for other matters. Fewer department heads involved may accommodate easier coordination of economic development as it would redistribute responsibilities.
- Establishing infrastructure at the Cook Farm site is priority of the city as well as the DCA. Establishing a marketing plan of the Cook Farm is a high priority of the DCA.
- Entrepreneur support of the city and DCA for business expansion.

Council Member-at-Large Chaffee questioned if money was still deposited with the lady in Texas? Mr. McGarvey noted the city has \$7,500 deposited with Elizabeth Morris who works for Fortune 500 firms in relocation or expansions. We need to approach Ms. Morris as she is ready to earn that \$7,500 if we can tell her what we want.

After much discussion, the council brainstormed as to what their goals for the 2002 year should be. Several points were discussed, amongst them Cook Farm infrastructure, staffing and budget needs, and construction of city projects.

The following items were decided as the three goals of the City of 2002, including the subgoals under each major goal:

1. Support Economic Development:

- Phase one infrastructure into the former Cook Farm city property along the east side of Highway 218 in 2002. Infrastructure includes Sanitary Sewer, Water, and 27th Avenue N.W.
- Prepare and implement a marketing plan for Austin.
- Enhance coordination/communication between all local entities involved in economic development.
- Support historic preservation.
- Further enhancement of commercial business districts.

2. Evaluate Government Services:

- Set priorities and balance with available funding.

3. Support and Build Community Infrastructure:

- 18th Avenue N.W. – quality completion.
- N.E. Emergency railroad line crossing.
- Upgrade of the Wastewater Treatment Plant.
- Remodel of Riverside Arena and construction of new practice arena.
- Build the new central maintenance garage.
- Enhance recreation facilities
- Watershed management and flood buyout of affected houses.
- Continue the safety improvement and runway extension at the airport.

Lunch was served to Council, city staff present, plus Craig Oscarson, Gary Ellingson, and Dick Cummings from Mower County, and Dan Fields from the Austin Daily Herald.

Meeting adjourned at 12:40 p.m.

Respectfully submitted,

Director of Administrative Services