

MINUTES
COUNCIL WORK SESSION
June 16, 2003
7:00 PM

PRESENT: **Mayor Rietz, Council Member-at-Large Goodnature, Council Members Nordin, Jorgenson, Pacholl, Christopherson, Koch, and Chamberlain**

ABSENT: **None**

STAFF PRESENT: **Jim Hurm and Tom Dankert**

ALSO PRESENT: **Staff, Austin Daily Herald, and Austin Post Bulletin**

The Council and Mayor met to discuss and develop a list of goals based on the following:

- The community vision for the future.
- Established organizational values upon which to make decisions.
- Analysis of the community's strengths, weaknesses, opportunities and threats.

The Council and Mayor did this exercise to arrive at what they perceived as goals for the City of Austin for the next 18 months. Mr. Hurm noted he would summarize the lists and get them out to council in the near future.

Mr. Hurm then went through some history that forms the basis of a six point, five-year fiscal plan for the City of Austin. He presented charts showing the past history of Austin on the number of employees, street and trail growth, tax levies and state aid, expenditures of the General and Library funds, and sample tax statements over the last five years for four specific properties. Mr. Hurm noted our goal was to formalize a well thought out plan that would minimally affect Austin's quality of life, etc.

Mr. Dankert presented a five-year budget forecast based on wages increasing 2.5%, benefits increasing 15%, other operational costs increasing 1%, and capital costs increasing 25% (in funds supported by tax levies). Mr. Dankert noted the city would need a tax increase of over 30% in 2004 to cover these increases if no other revenues were increased or expenditures were decreased.

Mr. Hurm went through the six-point plan by discussing the following in brief detail:

1. Reduce expenditures and reduce workforce.
2. Work with Employees to reduce benefit costs.
3. Enhancement of Revenue.
4. Economic Development enhancements.
5. Increases in property taxes.
6. Use of fund balances in the short-term.

Council asked several questions, including what would the tax bill increase be if taxes were adjusted upwards by 10%? Mr. Dankert did a quick estimation noting that 26% of the taxes paid go towards the City of Austin. A \$100,000 home pays approximately \$865 of taxes, of which approximately \$225 comes to Austin. A 10% increase would amount to \$22.50 per year for the home valued at \$100,000. This does not include any increases for the county or school either.

Mr. Hurm noted we need to get started on the budget process and wanted to ensure that the council at this point in time would look at the items that are being discussed, including a tax increase. Council members noted that we could use these parameters to start our budgeting, but they would still like further discussion on the six points as outlined above.

The council adjourned the work session at 9:20 p.m.