

**MINUTES**  
**COUNCIL WORK SESSION**  
**August 18, 2003**  
**5:00 PM**

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

**ABSENT:** None

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

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

Mayor Rietz called the meeting to order at 5:00 p.m.

Mayor Rietz discussed the current issue of expansion for Hormel and their bid on buying the Human Services building at the corporate south facilities. Mayor Rietz noted there would be corporate jobs added to the area and the city should do anything it can to help the transaction occur.

Council Member-at-Large Goodnature noted there seems to be interest in the city to get this deal done. The best way for Austin to deal with state reductions of Local Government Aid (LGA) is to grow the tax base and add jobs. Our best options seem to be those which help local businesses grow. Corporate jobs are the types of jobs we all yearn for here in Austin. We should help move this project along. The County Commissioners are nervous about this deal with the impending state cuts to their budgets. We can purchase the 13.5 acres of land from the County, and if we add a flat \$100,000 grant to Mower County, the deal will be done according to Council Member-at-Large Goodnature. Mr. Dankert discussed the local economic impact of adding jobs within the community, the cost per acre of the 13.5 acres of land on I-90 versus the cost of the Cook site infrastructure. City Administrator Jim Hurm also noted the availability of 18,000 square feet for expansion for the corporate offices would certainly translate into additional jobs. This would be a partnership with the County and we would own prime land for development along I-90.

Council Member-at-Large Goodnature noted the impact of these dollars on the local economy would snowball. The Human Services employees may end up at Oak Park Mall, which would help the mall out. If Human Services ended up downtown it would also help the downtown area. If we want to grow our tax base this is a great opportunity. Local Government Aid will not be coming back any time soon.

Council Member Koch stated he agreed with the things that had been said, and that we should do what we can do get this project done. However, Council Member Koch noted his concerns, as follows:

1. It is sad to think the City has to step in for the County with \$100,000 to seize the opportunity for economic development.
2. It is sad to see the way the County Commissioners have acted on this.

3. The County's coffers have more money than ours does and they can certainly afford the additional \$100,000.
4. I am willing to do this deal, but it is unfortunate the County has done this to us.
5. If we also deplete our reserves for these sorts of actions, we may need the tax increases to help do deals like this.

Both Mayor Rietz and Council Member Christopherson noted the County government works differently as the County needs to look at how the townships and other cities within the County need funding. Also, Council Member Christopherson stated that the County has told them that over 80-90% of their expenses is state mandated.

Council Member Chamberlain noted the goal should be to partner with another level of government. The City should be involved in this issue. Council Member Nordin agreed, noting the County now needs our help.

Mr. Dankert discussed the funding options available to the council. The \$100,000 would have to be a flat grant out of the fund balance of the General Fund or an allocation out of the Building Fund. The \$335,000 land purchase could come from the General Fund balance, which would alter the five-year plan as our fund balance can only go so far. Mr. Dankert discussed the option of the Port Authority buying the land for the \$335,000 by selling a Note Receivable to the City of Austin. The Port Authority would receive the cash in exchange for the Note Receivable, and use the cash to buy the land. The Port Authority would then be in charge of selling the land. The City would get the Note Receivable and continue to collect the note payments, hence no change on fund balance.

After some discussion it was decided that the City Administrator would put together a resolution to forward to the County outlining the City's decision to give the \$100,000 grant to the County plus agree to buy the land for \$335,000. All council members agreed to the transaction. The Council decided to hold a special meeting on Monday, September 25, 2003 to approve the resolution.

Mr. Dankert then discussed the budget by discussing some of the highlights of the proposed budget and tax levy. Mr. Dankert reiterated that this budget was based on the direction given by council on August 5 of a 15% tax increase, plus capture the growth, plus the proposed street light utility fee of \$152,000.

Discussion ensued on the Street Light Utility fee proposal of \$152,000. After some discussion Council Members Jorgenson, Christopherson, Pacholl, Goodnature, and Chamberlain voted against adding the fee. Council Members Nordin and Koch voted in favor of the fee. Mr. Dankert noted the Street Light Utility fee of \$152,000 would be removed from the proposed budget.

Council Member-at-Large Goodnature noted the city should explore adopting ordinances for traffic violations so that the city can keep 100% of the fine revenues instead of keeping only a small portion of the fines.

Council also discussed the expenditures highlights outlined in the cover letter. After some discussion, it was decided to reduce Contingency, use some of the fund balance as outlined in the

five-year plan, remove some of the capital outlay, and look at a 12% tax increase. Mr. Dankert noted they would have reworked numbers at the August 25 council work session.

With no further items on the agenda, the meeting was adjourned at 9:10 p.m.

Respectfully submitted,

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Director of Administrative Services