

**MINUTES**  
**COUNCIL WORK SESSION**  
**August 25, 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 5:15 p.m.

Mr. Dankert discussed the changes that had been made to the budget based on the council's recommendation on August 18, 2003. The changes are as follows:

1. Street Light Utility fee of \$152,000 was removed.
2. Tax Levy was reduced from 15% to 12%, reducing taxes by \$ 67,000.
3. Contingency expenditures was lowered from \$279,044 to \$150,000
4. Reducing one of the tax supported departments by one position as that person will need to post into the vacant WWTP position, saving \$60,000.
5. Allocate the remaining reductions, approximately \$40,000 (should be \$30,000) amongst the departments.

Use of fund balance would remain at \$387,500 instead of the \$455,000 that was in the original 5-Year plan.

Council member-at-Large Goodnature noted we need to explore subcontracting out some of our tasks to reduce the cost to the taxpayers of the city of Austin. Mayor Rietz also commended the Library for stepping forward and reducing staff by 40.0 hours without hurting the library hours. Both Council Member-at-Large Goodnature and Council Member Koch commended staff on preparing a 5-Year plan and trying to stick to it. Any entity that tries to solve their problems in one year will be in trouble, financially.

Council Members Pacholl and Chamberlain requested staff prepare a sheet to answer some of the most frequent questions they have been receiving from the public. For example what is the tax increase on a \$50,000 and \$100,000 home. City Administrator Hurm noted he and other staff would prepare this document for council.

Mr. Dankert further noted that any material change in the arbitration with the department heads and the increase in health insurance costs could create problems for the budget both for 2004 and in the 5-year plan.

Mayor Rietz also noted in the 2004 budget she would like \$10,000 allocated out (Contingency) for the annual Coalition of Greater Minnesota Cities that will be held in Austin. No comments against this were noted.

Mr. Dankert noted the Truth in Taxation meeting will be scheduled for December 8 at 5:30 p.m. with a continuation hearing, if needed, on December 15 at 5:30 p.m.

Council Member Christopherson noted a 12% tax increase is still too high, when you add all of the additional fees we have. The Storm Water utility fee, building permit increases, taxes, etc are adding a lot to the homeowners bill. Discussion ensued on the tax increase, with Council Member Nordin requesting a 15% tax increase, as this would save one city position. Mayor Rietz noted this is not something the city chose, we were dealt this hand by the State of Minnesota. Council Member Jorgenson responded by noting we are hoping to use attrition to slim our workforce down in the next five years.

Mr. Hurm noted he has met with representatives of all eight bargaining units in order to create a management team to look at rising labor costs. More people thinking together could create more solutions for the city's rising costs.

Motion by Council Member Jorgenson, seconded by Council member Koch to recommend to council a 12% tax increase, plus the estimated growth of \$61,000. Carried 6-1 (Christopherson – Nay). Item is on the council agenda for September 2, 2003.

With no further items on the agenda, the meeting was adjourned at 6:04 p.m.

Respectfully submitted,

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Director of Administrative Services