

**MINUTES
COUNCIL WORK SESSION
OCTOBER 20, 2003
7:55 PM**

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

ABSENT: None

STAFF PRESENT: Jon Erichson, Jim Hurm, and Tom Dankert

ALSO PRESENT: Bruce Henricks (and his wife), Jeff Dahn (AB Taxi), Austin Daily Herald, and Austin Post Bulletin

Mayor Rietz called the meeting to order at 7:55 p.m.

Items #3 (Parking fine increase), #4 (Committee-of-the-Whole process), #5 (website tour), and #7 grant applications were tabled for a future meeting.

Item #1 - Bruce Henricks from Mower County Human Services discussed the status of the Mower County transit system. Dave Hillier of the Mower County Board of Commissioners and Craig Oscarson have met with city staff, Mayor Rietz, and Council Member-at-Large Goodnature to discuss the future of the system. The County is willing to help with the system, but does not want to fund it alone anymore. Additionally there is a federal grant of \$500,000 plus a local match of \$100,000 to build a new facility for the transit system.

Mr. Henricks stated that no bids to take over operations of the transit system were received by the deadline for the 2004 season. One party did not see the proposal until it was too late. The County board may seek another try at getting bids for the system. Mayor Rietz questioned if the County Board was committed to the new facility. Mr. Henricks stated they were, but a proposal on sites for the new facility is needed by October 23 in order to keep the project moving. Council Member Koch questioned why they let the grant sit for so long? Mr. Henricks stated that the viability of the system is in question. If the building is built, and subsequently our transit system ceases to exist, we need to pay back a portion of the grant. Mr. Henricks stated currently the system is not cost effective and ridership is decreasing.

Council Member-at-Large Goodnature questioned if a public entity wanted to run the system, would they be required to bid. Mr. Henricks stated they would not. Council Member-at-Large Goodnature noted the Austin HRA should run this system.

Council Member Nordin questioned if there were any possibilities of obtaining an extension for the grant. Mr. Henricks stated the federal government would like to see some movement by us. On October 1, 2004 the federal grant expires.

Council Member Koch questioned what response the County had regarding a partnership with the City. Mr. Henricks stated he hadn't heard directly from the board, but Mr. Oscarson was

pleased with the overture that we are willing to work together on this. Mr. Hurm explained that this will require a financial commitment by both parties.

Council Member Chamberlain stated the County should purchase both the body shop and the brick building from USEM's and use the body shop for bus storage and the brick building for the dispatch center. Council Member-at-Large Goodnature agreed, noting that this then becomes a solid public purpose to buy the facility. Council Member Koch agreed.

City Engineer Jon Erichson noted the parcel may be too small for this facility, and if the transit system does go away it may not make sense, long-term, to have the storage facility in downtown Austin.

Council Member Pacholl stated he would like to get more information on the issue, but at this point is still receptive towards the idea.

Council Member Christopherson stated we are biting off more than we can chew and we should stay out of this.

With no further discussion staff will continue to work on the issue with Mr. Henricks.

Item #6 – Mr. Hurm discussed the letter he received late Friday from Craig Oscarson at Mower County regarding the potential to have the Mower County Attorney do prosecution services for the city of Austin. The estimated cost in year one (2004) would be from \$134,540 to \$181,209 depending upon where the new employees would fit into the pay system. The City would continue to keep all of the fine money. Each year the rate would go up based upon the COLA and step increases for the new employees. Mr. Hurm did note that he talked with Larry Maus at the Baudler Law office and Mr. Maus has verbally agreed to another two-year contract at the same price.

Mr. Dankert discussed the total estimated cost based upon the proposal from Mower County. Mr. Dankert did note that the city switched in the first place not over money but over service. The current situation is working well for city staff, but Mr. Dankert did note that staff seems to also be happy with the new County Attorney Patrick Flannagan. Mr. Dankert noted this may be one of those decisions where money is not the issue, service is. Mr. Hurm agreed, but further noted we are being challenged to cut costs, and this could potentially be one way to save \$45,000 or so.

Mayor Rietz noted she would like to stay with the Baudler Law firm for the consistency and great service we have been receiving. Council Members Christopherson and Pacholl agreed. Council Member Jorgenson stated we are in tough financial times, and \$45,000 or so is a lot of money.

Council Member Chamberlain stated that if we have great service, why change. Mr. Hurm responded that we may get the same level of great service from the new County Attorney and then save the cash.

Council Member-at-Large Goodnature noted we got into this arrangement because we were frustrated with how things were going under the old County Attorney. Mr. Flanagan needs more time to get used to his current system and then maybe we should look at this again.

Council Member Pacholl stated we should hire a retired judge and go back to municipal court system. Council Member Koch stated he was okay with the current situation.

Mr. Hurm noted he would add this item to the next council agenda.

Item #2 – Mr. Dankert discussed the proposed health insurance rates for 2004. By union contract the city needs to set the rates for the next year. Our third party administrator, Mayo Management Services, Inc. has emailed us the proposed rates based on the current health of our plan participants. Mr. Dankert noted we usually get an update in December, but that is too late for our union contracts so we stick with the rate they give us now. For 2004, the costs are outlined below for each plan:

For Plan A:

PLAN A				
	2003	2004	2004	2004
	<u>Current</u>	<u>Expected</u>	<u>Maximum</u>	<u>Recommended</u>
Single – Active	\$ 417.00	\$ 446.00	\$ 547.00	\$ 500.00
Family – Active	\$ 1,084.00	\$ 1,160.00	\$ 1,420.00	\$ 1,300.00
Single Retired < 65	\$ 417.00	\$ 446.00	\$ 547.00	\$ 500.00
Family Retired < 65	\$ 1,084.00	\$ 1,160.00	\$ 1,420.00	\$ 1,300.00
Single Retired > 65	\$ 334.00	\$ 357.00	\$ 437.00	\$ 401.00
Family Retired >65	\$ 668.00	\$ 714.00	\$ 874.00	\$ 802.00

For Plan B:

PLAN B				
	2003	2004	2004	2004
	<u>Current</u>	<u>Expected</u>	<u>Maximum</u>	<u>Recommended</u>
Single – Active	\$ 354.00	\$ 379.00	\$ 464.00	\$ 425.00
Family – Active	\$ 921.00	\$ 986.00	\$ 1,207.00	\$ 1,104.00
Single Retired < 65	\$ 354.00	\$ 379.00	\$ 464.00	\$ 425.00
Family Retired < 65	\$ 921.00	\$ 986.00	\$ 1,207.00	\$ 1,104.00
Single Retired > 65	\$ 284.00	\$ 303.00	\$ 372.00	\$ 341.00
Family Retired >65	\$ 568.00	\$ 606.00	\$ 744.00	\$ 682.00

The 2004 expected rate is based on paying the expected claims of our population. The 2004 maximum funding column is what we need to fund if we want to make sure all of our liability is covered. The Austin Utilities funds their plan to the maximum level. We, in the past few years, have finally got ours up to the expected level. For 2004, we have recommended funding the insurance at what was in our budget, or roughly 12% above the expected level. The city, at the

end of 2002, had only \$1,840 of fund balance even though we should have roughly three to six months of claims in the fund balance. This is why we are recommending the higher rate. Mr. Dankert informed all present that the retirees, except for a few retired firefighters, pay the full cost of the premium as the council adopts.

Motion by Council Member Koch, seconded by Council Member Christopherson to recommend to full council the increase in rates for health insurance for 2004 to the recommended levels indicated above. Carried 7-0.

Motion by Council Member Nordin, seconded by Council Member Jorgenson to adjourn the meeting at 8:52 p.m. Carried 7-0.

Respectfully submitted,

Director of Administrative Services