

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
January 17, 2006
City Hall Conference Room
6:45 p.m.

PRESENT: Mayor Rietz, Council Member-at-Large Christopherson (absent from 7:10 to 7:45 p.m.), Council Members Hecimovich, Dick Pacholl, Scott Pacholl, Baker, and McAlister

ABSENT: Council Member Nordin

STAFF PRESENT: Jim Hurm, Paul Philipp, Curt Rude, Craig Hoiium (6:55 p.m.), Rene Phan, and Tom Dankert

ALSO PRESENT: Kelly Jo Phan, Larry Moeykens, KAUS Radio, Austin Post Bulletin, and Austin Daily Herald

The Mayor called the work session to order at 6:47 pm.

Item #2 – Police Department request for leave of absence – Police Chief Paul Philipp discussed the requested leave of absence for officer Rene Phan. Chief Philipp noted Officer Phan has requested a one-year leave of absence from the Police Department to go over to Iraq as part of a security detail. Chief Philipp noted he would support this request, but only with the agreement that the city would replace Officer Phan while he is gone. Chief Philipp noted he has two or three guys that may be retiring by June of 2007, and at least one of them is a for sure retirement. This would require only two to three months of extra labor costs when Officer Phan comes back in 2007 from the leave of absence. Chief Philipp noted that if Officer Phan came back after six months, then whoever was hired to take his place would be terminated. The current hiring list is still active so we should be able to hire from the list. Council Member Hecimovich noted that there would be no benefits to officer Phan while he is on his leave of absence.

Officer Phan noted his decision to leave was not easy. Officer Phan stated his grandfather and father have all served, as well as other family members, and that this is something he absolutely had to do. Being away from his family and job for twelve months will not be easy, but he has investigated this thoroughly.

Former Police Officer Larry Moeykens noted he has been part of this detail, and that officer Phan will come back a better police officer after having this experience.

Council Member Dick Pacholl questioned if Officer Phan's canine unit would still be used by another officer. Chief Philipp noted that Officer Phan's canine unit is scheduled to be taken out of service in the Spring of 2006, as he is day to day these days. A new officer would be allowed to train a puppy to become the canine officer in Officer Phan's absence.

Council Member Baker questioned the leave of absence and the benefits. City Administrator Hurm noted COBRA benefits are required for the first 18 months. Mr. Moeykens noted the benefits for Officer Phan will be covered under the corporation that Officer Phan is actually working for, so Officer Phan should have no coverage at the city.

Council Member Hecimovich questioned if Officer Phan becomes disabled, is he allowed to come back to the city to work. Chief Philipp noted that if he gets injured and is not capable of performing his job at the Austin Police Department, then Officer Phan would not be allowed back. Officer Phan would then apply for early retirement from PERA and get disability benefits.

City Administrator Hurm stated that the Police Civil Service Commission also has to make an amendment to their rules, in that currently only a three month leave of absence is allowed. Chief Philipp noted this should not be a problem getting the civil service rules changed. Chief Philipp noted the city council will have to take official action on the leave of absence request after the Police Civil Service Commission approves of the change.

Motion by Council Member McAlister, seconded by Council Member Hecimovich to recommend to council the approval of the request of the leave of absence for one year for Officer Rene Phan. Carried 6-0. Item will be added to a future council agenda once the Police Civil Service Commission approves of the change in the civil service rules.

Item #3a – Close Out Tax Abatement Request by Double K Specialty – Mr. Hurm noted council should probably close out the tax abatement request that was once approved for Kyle Klaehn and Double K Specialty. Council may want to rescind the earlier approved tax abatement request so that it does not stay open indefinitely. Mr. Hurm noted he has not spoken with Mr. Klaehn (as he is on vacation), but Jerry Williams (Mr. Klaehn's partner) noted he was the one that should make the decision, and he is fine with the city canceling the tax abatement approval.

Motion by Council Member Dick Pacholl, seconded by Council Member Hecimovich, to recommend to council the close out of the tax abatement that had been approved for Double K Specialty. Carried 6-0. Item will be forwarded onto the next council agenda.

Item #1 – Mr. Hurm discussed the proposal for a 1% loan to Jim's Super Value to help get the project financing completed. Mr. Hurm noted the funds would come from the \$240,000 of Revolving Loan Funds the city has been receiving over the years from projects like McFarland Truck Lines, APC, and CRC. Mr. Hurm noted the proposal is to loan the \$200,000 at 1% interest to be paid back over a ten year period. Mr. Hurm further noted this qualifies under our Business Subsidy Criteria as it relates to blighted areas and job retainment.

Council Member Dick Pacholl noted two floods have wiped Mr. Baldus out over the years, this would be a good loan to help him out.

Mr. Hurm noted if this loan were to be made, there would not be many funds left over in the Revolving Loan Fund to help any others out. But, Mr. Hurm noted council does not have to do

this for everybody. This new grocery store will be a cornerstone to get the entire development going, which would help justify giving this loan out.

Community Development Director Craig Hoium stated that the Eagles, and possibly others will be in for the same loan. Mr. Dankert reiterated that there will not be another \$200,000 available for anybody else if council approves this, unless council wants to transfer some General Fund dollars into the program.

Council Member Baker stated it made sense for the city to put together a loan package for this deal. But, this offer should be similar to others that will receive loans. Mr. Hurm noted that just because we fund one loan, does not mandate that all loans be funded.

Mr. Hoium also noted that DEED has approved the project for this abandoned railroad site.

Council Member McAlister stated that the city will be at the bottom end of the food chain if the store does not succeed. Council Member McAlister stated he will be voting against this proposal, but that he would like to see Jim's Super Value succeed. The east side of town needs this development, but our loan funds would be pretty much depleted if we do this. As far as others go, the public would not support loaning money to a bar, and the Eagles Club is a private club that not everybody can use, unless they are paying members. The grocery store at least serves the need of the entire general public, but at a 1% loan rate?

Mr. Dankert noted some of the history regarding the Revolving Loan Fund. Mr. Dankert noted most of the funds came from the State of Minnesota (DTED and DEED) to re-loan into the community. The funds were not intended for the city to invest and buy police cars with. Council Member McAlister stated this was a compelling point. Council Member Scott Pacholl agreed, noting that this money is here specifically for this purpose, to loan out. Council Member Hecimovich and Mayor Rietz stated the east side needs some help, and this would do it.

Motion by Council Member Hecimovich, seconded by Council Member Dick Pacholl to have staff move forward the \$200,000 loan request at 1% to Jim's Super Value, and for staff to draft the appropriate agreements. Before the vote was taken, Council Member McAlister stated he would vote to move the request forward, but he may not approve the request at the council level. Mr. Hoium questioned if all others would be treated the same. Mayor Rietz noted each request would be reviewed on its own merits. Council Member Baker stated we are setting a precedent here but he would vote for it here, but that he may not approve it at the council level.

Mayor Rietz stated that if council is not going to support the request at the council level, vote no now and save staff the time and cost of working out the details of the agreements. Council Member McAlister stated he disagreed that we are setting a precedent here, and that each business is different and should be viewed as such.

The vote was taken on the original motion and passed 5-0. Council Member-at-Large Christopherson stated he was abstaining from the vote since he was gone for most of the discussion. Staff will work with Mr. Baldus to bring an agreement to council for review.

Item #3b – Flood Work Session – Mayor Rietz noted on January 23, 2006 council will have a work session regarding the proposed flood mitigation planning at 5:30.

Item #3c – Set Public Hearing for dangerous dog issue – Mayor Rietz questioned if council would object to setting a public hearing at 7:00 on January 23, 2006 to hear an appeal from an order directing destruction of a dangerous dog. No objections were noted.

There being no further business, Council Member Hecimovich moved to adjourn the work session, seconded by Council Member Dick Pacholl. Motion passed and the meeting was adjourned at 7:47 pm.

Respectfully submitted,

Tom Dankert
Director of Administrative Services