

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
MAY 22, 2007
City Hall Conference Room
5:30 p.m.

PRESENT: Mayor Stiehm, Council Member-at-Large Christopherson, Council Members McAlister, Hecimovich, Austin, Dick Pacholl, Scott Pacholl, and Martin.

ABSENT: None.

STAFF PRESENT: Craig Hoium, Jon Erichson (5:47), Jim Hurm, and Tom Dankert.

ALSO PRESENT: Darwin Viker, Austin Post Bulletin, and Austin Daily Herald.

Mayor Stiehm opened the meeting at 5:30 pm.

Item No. 1: Presentation of 12/31/06 audit report. Darwin Viker, auditor from LarsonAllen discussed the results of the 12/31/06 audit of the City of Austin. Mr. Viker noted the City of Austin is a complex audit in that we have many things going on, unlike other cities. Mr. Viker noted on page one that the auditors only examine evidence on a test basis, as there is too much going on to review every single transaction. The City has received a clean or unqualified opinion, for the financial statements dated 12/31/06. Mr. Viker noted the City has received the Certificate of Achievement for Excellence in Financial Reporting for 21 consecutive years, and there is no doubt these financial statements will earn the prestigious recognition again this year. Mr. Viker noted the Management's Discussion and Analysis is on pages 3 to 13 and gives a great synopsis as to what happened during the last twelve months.

Mr. Viker also discussed the "Net Assets" table on page 143. Mr. Viker noted this is good trend information to review as it shows how the net assets of the city have grown over the years. Mr. Dankert noted that in order to convert these net assets to cash, we would be required to sell the streets, utilities, treatment plant, and any other asset we have, so this is not readily available cash to spend.

On page 146 Mr. Viker noted the General Fund is where most of the day-to-day activity of the City of Austin occurs. The fund balance in the General Fund has consistently remained in the 50% range of expenditures over the last ten years. This is consistent with the State Auditor recommendations and with the recommendations LarsonAllen would like to see. Fund balance is needed to cover operational costs of the city until the second LGA payment is received in July. The first six months or so of the year the city does not get much operating revenue, so the December LGA check is what cash-flows operations.

After further discussion, motion by Council Member Hecimovich, seconded by Council Member McAlister, to recommend to Council the approval of December 31, 2006 audit report. Carried 7-0. Item will be added to the June 4 city council agenda.

Item No. 2: Actuarial study for GASB 45 liability. Mr. Dankert discussed a proposal from Hanf Actuarial to perform the study of our Other Post Employment Benefits (retiree health insurance) as required by the GASB (our accounting oversight board). Mr. Dankert noted he has received two quotes, and the low one is from Hanf Actuarial Inc. in the amount of \$5,200, and this would cover an actuarial review of our Sick Leave Fund also.

Mr. Dankert noted this is the study that showed Duluth had a liability in the amount of \$280 million. Austin does not have such a liability as we only have a few retired firefighters that were bought out in the early 1990's that we promised health care coverage for. Additionally we have a liability for the "Implicit Rate Subsidy" whereby Minnesota Statutes mandate that retirees are charged the same rate as active employees for health care coverage. Naturally, the older you are the higher the premiums should be (more susceptible to doctor visits), so a mandate by the state that we charge everybody the same would lead to a subsidy by active employees/city. This is the calculation that needs to be done for us.

Motion by Council Member Hecimovich, seconded by Council Member McAlister to recommend to Council the approval of the contract with Hanf Actuarial for a GASB 45 study. Carried 7-0. Item will be added to the June 4 council agenda.

Item #3: Wildwood Park flood buy-out status. Mr. Erichson discussed with council the status of the Wildwood Park flood buy-out project. Mr. Erichson noted that all but three of the residents have accepted the buy-out offer. One of the remaining three is definitely not going to take the buy-out, while the other two have not yet been heard from. Mr. Erichson stated the road and infrastructure will be removed on 1st Street from 1714 to 1816. If the two houses that we have not yet heard from stay, then we will leave the road in from 1700 to 1712 for their access. If these two homes do accept the flood buy-out offer, then we will remove the road in this area as well. Mr. Erichson noted 201 17th Avenue has decided to reject our offer, but his driveway accesses onto 17th Avenue which will remain.

Council Member Hecimovich questioned what happens if they do not take the buy-out offer. Mr. Erichson stated that this is a voluntary buy-out. We provide them the opportunity to leave, but it is up to the homeowner as to whether they want to accept it or not. This may be the only opportunity these people get to have the city buy their homes and to move to drier ground.

Mayor Stiehm questioned if the current owner of 201 decides to leave eventually, then would they get a new offer or could they sell the house. Mr. Erichson noted that once the flood money is gone, we will have no revenue source to pay for further acquisitions. There may not ever be another offer for this property.

No action required as this was for informational purposes only.

Item #4: Electronic Signage. Community Development Director Craig Hoiium discussed the status of our current sign ordinance and what is going on in the state these days. Several lawsuits over electronic signage have been brought around the metro area. Mr. Hoiium noted the League of Minnesota Cities is currently studying the issue and is expected to reveal the results of the study soon. Additionally, some lawsuits are in progress between sign companies and cities over the usage of electronic signs.

Mr. Hoium showed council a fifteen minute DVD on the different types of electronic signage.

Mr. Hoium noted our current sign ordinance has many prohibitions against the electronic signage. If we want changes to this ordinance, we would need to specify what Council would like to see for allowable signs. Mr. Hoium noted he would recommend at this point leaving the ordinance as is and wait to see what the League study and the lawsuits bring forward.

Council Member McAlister stated the Austin Main Street, Inc. (downtown revitalization committee) should also review this to see how it could impact downtown Austin.

No action needed as this is for informational purposes only.

Item #5: Lot consolidation. Mr. Hoium noted Chapter 13 in our code addresses the platting within Austin. Mr. Hoium is proposing some changes to the ordinance that would eliminate the need to have up to three public hearings on the issue. Mr. Hoium stated there is a real need for this change in Austin. Mr. Hoium noted the proposed language that is included in the back-up would be incorporated into the current ordinance.

Mr. Hoium stated no action is needed now, but this will go to the Planning Commission in June, and then to the city council shortly thereafter.

Item #6: Administrators Report. Mr. Hurm stated the Mower County Senior Citizens Center recently held their “Senior Summit” and that Mr. Hurm attended part of the seminar.

Additionally, at the June 4 council meeting, KSMQ would like to have a reception after the council meeting for the City of Austin programming that was recently completed. We are proposing to have work sessions after council meetings in the future unless the agendas are long.

On June 5, however, there will be a tour of the public facilities with Jon Erichson. Council Member-at-Large Christopherson requested the Park and Recreation Board be invited along to showcase their facilities also. Mr. Hurm noted he would check with Mr. Maschka on this also.

Other Business. Council Member Martin questioned the expansion of APC noting he thought the DNR had not approved it. Council Member Austin stated the first expansion, he thought, was denied by the DNR but the expansion APC is doing now is a different one that the DNR was not involved in. Mr. Hurm noted he would check on this and get back to council.

Council Member Martin also questioned the revenues and cost of the drug dogs. Council Member Martin noted we have a big drug problem here in Austin and we have some big drug dealers around town, but we only arrest small time dealers while others get off with little or no jail time. Mr. Hurm noted he would work with the Police Department on the issue. Mayor Stiehm and Mr. Dankert noted that most, if not all, of the drug seizure revenues go to the Southeast Minnesota Drug Task Force and do not come to the city. Mayor Stiehm noted the fourth detective that was added a few years ago is doing a great job on drug-related crime.

There being no further business, motion by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, to adjourn the meeting. Motion passed unanimously. Meeting was adjourned at 7:05 pm.

Respectfully submitted,

Tom Dankert
Director of Administrative Services