

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
July 17, 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: City Administrator Jim Hurm and Administrative Services Director Tom Dankert.

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

Mayor Stiehm opened the meeting at 5:30 pm.

Item # 2: Economic development cooperation initiative (from July 16, 2007 work session).

City Administrator Jim Hurm walked Council through a PowerPoint presentation that reviewed potential partnerships with other economic development agencies in the community. Mr. Hurm noted he has met with several of the boards already and many seem very receptive to the concept and seem to be on board with it. The DCA would like to begin regular meetings with a council representative and representatives from the other agencies. The need for a "one-stop shop" is a common theme amongst many of the agencies. Mr. Hurm noted we need to start meeting with these agencies on a regular basis and move forward.

Mr. Hurm questioned who should be the city representative(s). Mr. Hurm pointed out Council Member Brian McAlister due to his experience with the Port Authority and DCA Board, Council Member Hecimovich with his experience with the Port Authority Board, and Council Member Martin and his workforce experience with his current employment. Council Member Hecimovich stated that maybe all three could be representing the city so that no one person is not straddled with this responsibility. No objections noted.

Council Member Hecimovich also stated that we need one website with one coordinated effort. Mr. Hurm noted Mankato has a great model on this. Council Member Martin noted he has discussed the issue with John Garry at the DCA, who also noted communication between the boards has to happen. Council Member Hecimovich stated the Hormel Institute and its cancer research facilities need to be able to tie into the effort for recruitment.

Council Member Dick Pacholl questioned why JOBZ does not work here in Austin like it has in Albert Lea and Owatonna. Mr. Hurm stated we are trying to do better, and we need to focus on the positives of the community. Council Member Dick Pacholl stated he has no objections with JOBZ or tax increment financing as some new businesses sometimes need this little bit of extra help to get things moving off the ground. Mayor Stiehm acknowledged that everybody believes we need something new here.

Council Member-at-Large Christopherson questioned who is in charge of this new entity, as we have heard this same sort of discussion for the last six years. Mayor Stiehm stated there will be territorial issues that come up along with some in-fighting. Council Member-at-Large Christopherson stated this will all come down to the money and who is getting it. Mayor Stiehm noted his support for one coordinator. Council Member Martin suggested that the city help create a “business plan”. Council Member-at-Large Christopherson questioned what happens if we create the “business plan” and have a deadline and the other organizations do not want to participate. Council Member Austin stated then this would be the end of their funding. Council Member-at-Large Christopherson noted his agreement with Council Member Austin’s statement.

After further discussion Mayor Stiehm noted the city should keep Council Members Martin, Hecimovich, and McAlister up-to-date on this effort as our liaisons. No objections noted.

Item # 1: 2008 budget discussion. Mr. Hurm noted the City is looking for some general direction in starting of the 2008 budget process, and this meeting tonight will be used by staff to set the 2008 budget parameters. Mr. Dankert discussed the cover memo outlining the proposed schedule for adopting a budget and tax levy for the 2008 year. Mr. Dankert noted the tax levy and proposed budget must be adopted by September 15, 2007 and the tax levy may not be increased after this date. The Council can increase the budget (by using other revenue sources) but the tax levy can only be reduced or left the same after September 15. Mr. Dankert noted the 2007 Goals as Council has established are part of the memo, and these should be reviewed in looking at the funding for the 2008 budget.

Mr. Dankert discussed the overall tax levy. Mr. Dankert noted the 2007 tax levy is \$3,232,500, and according to the Taxpayers League of Minnesota, we rank 99 out of 106 cities based on overall taxes, and 83 out of 106 for just city taxes. Mr. Dankert noted a 3% tax levy increase would equate to an additional \$100,000 of revenue for the city, so increases in the percentages do not necessarily equate to large dollar amounts of tax revenue. Mr. Hurm discussed a handout that detailed tax levy increases, broken out by estimated growth and inflation. Mr. Dankert estimated the growth for 2007 to be near the 4% level based on the large construction valuation (\$71 million) from 12/31/06. Mr. Dankert noted this is purely an estimate as there are no good reports out of the Assessor’s office on this data.

Item number two revolves around staffing requests. Mr. Dankert noted he anticipates the Parks and Recreation Department will again request additional staff asked Council if they want to review these requests. Council Members Austin and Scott Pacholl, as well as Council Member-at-Large Christopherson noted they would be willing to listen to staffing requests.

The third area of review is the agency allocation process. Does Council want each agency to submit a funding request, or would you rather have them come in and discuss their programs and request for funding. After some discussion, it was noted to receive funding requests from the different organizations and to evaluate them at a future budget work session.

With regards to capital requests, Mr. Dankert noted approximately \$400,000 of the tax levy goes for capital requests in the General Fund. This pays for police cars, playground equipment, etc. for the community and is outside the scope of the Building Fund. The Building Fund receives approximately \$450,000 of interest earnings on an annual basis for building projects, such as the Library, Packer Arena, and Riverland College ball fields. If Council has some desires for more capital projects, an extra tax levy should be considered to fund them. Council Member

Hecimovich stated we may need to consider some options with the Police Department and costs if the Justice Center proposal moves forward. Mayor Stiehm noted he has been getting requests for more soccer fields.

Mr. Dankert and Mr. Hurm fielded questions from Council on many different items. After further discussion, Council Member Hecimovich questioned staff's direction regarding the tax levy. Mr. Dankert noted he always believes that we should be capturing the estimated growth within the community. This increased tax levy is, in theory, being paid for by those new homes and businesses that are new to the community. They are being provided a service for snow plowing, police, and park services, and should, in my opinion, help pay for such. Council Member Hecimovich questioned if a 3% increase in inflation for the tax levy (in addition to the growth of 4%) would be adequate. Mr. Dankert noted this would allow for some additional funding for the departments and maybe even help fund some of the potential staffing requests that may come forward.

After further discussion, motion was made by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, to attempt to form the 2008 budget around a total tax levy increase of 7% (4% growth plus 3% inflationary). Carried 7-0. Staff will use this as a guide for forming the 2008 budget.

Item # 2: Review of County jail/judicial center report. Mr. Hurm reviewed the memo dated July 2, 2007 from staff in regards to the KKE architectural study of the jail and justice center. Mr. Hurm noted the meeting is scheduled for 6:30 on Wednesday evening and we need to discuss who is going to ask what questions. Council Member Austin noted there appears to be many holes in the KKE presentation. Mayor Stiehm noted he wanted to discuss the Police Department and the "condo" concept. He believes if we are paying for our space, we should own it. Additionally, Mayor Stiehm noted a cap, or a ceiling, on costs should be discussed. Council Member Hecimovich noted a cap on the *city* costs needs to also be discussed.

Council Member Dick Pacholl stated they should pay for all of the infrastructure costs if we have to annex the property. Council Member Martin questioned if all of Council would be willing to annex the property. Council Member Dick Pacholl stated the County Attorney has reviewed the issue and states the jail does not have to be in the county seat. Mr. Hurm noted this is contrary to the opinion written by City Attorney David Hoversten that stated the facility has to be located within the city limits of the county seat.

Mr. Hurm questioned the joint dispatch costs and when would this arrangement end. If the statute says the County should be paying for this, we need to terminate the prior agreement and force Mower County to do such.

Council Member Martin reiterated his stance that Council alone has the power to annex this property into the city limits, we hold that power.

Council Member McAlister stated this will all come down to cost and the tax levy increase needed to fund the project. The transport costs will absolutely destroy Mower County if they have to add 17 new staff people (at the city's estimated cost of \$70,000 per person). If Mower County would have built this project downtown, urban renewal would have been accomplished, along with reduced or eliminated transport costs. If Mower County is not willing to change their position on downtown Austin, then it is useless to discuss the other issues.

Council Member Scott Pacholl stated the estimates need to include the infrastructure costs, and we have all agreed that this needs to be discussed.

Council Member Dick Pacholl stated he would like to see the jail and justice center all together in one project, wherever it may be.

After further discussion Mr. Hurm requested each council member highlight two or three items from the staff report and be prepared to discuss them with the Mower County Board.

There being no further business, motion by Council Member Hecimovich, seconded by Council Member Dick Pacholl, to adjourn the meeting. Motion passed unanimously. Meeting was adjourned at 7:07 pm.

Respectfully submitted,

Tom Dankert
Director of Administrative Services