

**MINUTES**  
**CITY COUNCIL CHARTER MEETING**  
**September 2, 2008**  
**5:30 P.M.**  
**Council Chambers**

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

**MEMBERS ABSENT:** None.

**STAFF PRESENT:** Jim Hurm, Jon Erichson, Craig Hoium, Tom Dankert, Jeanne Howatt, David Hoversten, Ann Hokanson, Kim Underwood, and Paul Philipp.

**OTHERS PRESENT:** Post Bulletin, Austin Daily Herald. Marian Clennon. Jerry Anfinson. Dan Kane.

Two additions were added to the Consent Agenda: Master Plumber: Hofmaster Plumbing, Owatonna; and Food-Temporary: Super Fresh Produce, September 20 at Riverland

The resolution approving the city administrator salary adjustment was removed from the agenda and will be placed another work session.

Moved by Council Member Hecimovich, seconded by Council Member Austin, approving the agenda as amended. Carried.

Moved by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, approving the minutes of August 21, 2008. Carried.

Moved by Council Member-at-Large Christopherson, seconded by Council Member Dick Pacholl, approving the consent agenda as follows:

Consent Agenda:

Licenses:

Food: Paul's Seafood & Grill, 501 W. Oakland Ave., Austin

Master Plumber: Jay G. Flink, Albert Lea, MN

Master Plumber: Christianson Plumbing & Heating, Albert Lea, MN

Temporary hard liquor: Austin Jaycees at Riverland for Refest, Sept. 20

Master Plumber: Hofmaster Plumbing, Owatonna

Food-Temporary: Super Fresh Produce, September 20 at Riverland

Claims:

- a. Pre-list of bills.
- b. Stacy Jensen, Osage, IA. This claim has been referred to the city attorney to protect the city's interest.
- c. Rich Bergstrom, Austin. This claim has been referred to the city attorney to protect the city's interest.
- d. Claims Management Resources/Qwest. This claim has been referred to the city attorney to protect the city's interest.

Bids were received on August 14, 2008 for extension of the Wildwood Trail Link. The trail will extend through the Wildwood Park area, run parallel to the Cedar River and connect to the Todd Park trail near its maintenance facility. The City is receiving a federal grant which will provide 80% of the costs; the City will provide the remaining 20%. The bid award should be made contingent on the federal grant which is forthcoming. Council Member-at-Large Christopherson questioned where the City's 20% would come from. Tom Dankert said the funds have been set aside for this year's budget in a capital improvement revolving fund.

Moved by Council Member Hecimovich, seconded by Council Member McAlister, adopting a resolution awarding the bid contingent on receiving the federal grant. 7-0. Carried.

The Hormel Foundation is looking to donate \$661,760 to the City of Austin for a renovation and expansion project for the Mower County Senior Center. The expansion project would help Association of Retarded Citizens (ARC) -Mower County find a home at the Senior Center, which is where it has jointly used space since being forced to move after the 2004 flood. The City owns the Senior Center, and it is under control of the Council. The property is leased to Mower County Seniors, who has the right to sublease but only with the approval of the City. Any alterations must have also have approval of the city. Jerry Anfinson, treasurer of the Hormel Foundation, spoke to Council. He said the Foundation is 100% behind this project. He answered some possible questions on the project.

1. What if the costs exceed the gift? After bids are taken and actual costs exceed the bid, the Foundation should be kept involved and if the situation is deemed critical, an increase in funding may be possible.
2. What if bids come in less? Anfinson said that in that case, he hopes ARC, the Senior Center, and the City would use the excess funding for further building improvements.
3. Will these funds for the expansion and renovation project affect annual requests? Anfinson said in no way would this affect future requests.
4. When would the funds be received? Anfinson said the Foundation would hand over the funds when the City needs them.
5. When would construction begin? He said this is the City's building, and the project would proceed according to the city's schedule. It is the Foundation's hope that the expansion project begin in Spring 2009 and renovation this winter.

Anfinson said he has met with ARC and Mower County Seniors, and they have assured him that the plan totally meets their needs.

Council Member Dick Pacholl questioned the funding for the project. It was clarified that \$569,500 would be for the expansion and \$92,260 would go for the renovation to the existing building.

Mower County Seniors is obligated into a sublease to ARC – Mower County, which the City will need to approve. Janitorial services will no longer be billed to the City. Instead, those bills would essentially be paid by the \$700 rental fee from ARC. The 2009 budget for the Senior Center includes \$35,000 from the City, \$35,000 from Mower County, and an additional \$10,000 for the sublease. All parties have reviewed the lease and are in agreement.

Council Member Scott Pacholl asked how long the lease lasts. Mr. Hoversten stated the lease is ongoing until it is terminated by both parties.

Council Member McAlister questioned that there is no expectation on behalf of the County to increase their contribution. Tom Dankert confirmed this. McAlister noted that approving this lease is the right thing to do, but he has concerns of ongoing expenses, especially utility costs. “I’d like to be more comfortable that that’s ok to do”. Dankert said the City could certainly approach the County to increase its amount to the Senior Center. For 2009, we have asked the County to increase from \$30,000, up to \$35,000. This addition will mean an increased cost to us, Dankert said, due to increased space, and he can’t guarantee that the costs won’t go up. However, there is some advantage to the joint spaces the two entities will share: the kitchen, dining, and handicapped bathrooms.

Mayor Stiehm said the City does recognize the need for the Senior Center. Jerry Anfinson said there will be rather extensive upgrading to the facility.

Moved by Council Member Hecimovich, seconded by Council Member Dick Pacholl, approving the amendment to the lease agreement. 6-1. Council Member Martin voted nay.

Council discussed at a 5:00 work session two options for the proposed budget and tax levy. The Committee-of-the-Whole recommended Option B, which includes an added amount for an additional engineer. The resolution sets the date for the public hearing for December 2, 2008 at 5:30 with a continuation hearing if needed on December 10, 2008 at 5:30 pm. Tom Dankert reminded Council that after September 15, the tax levy amount cannot be increased (except for special circumstances), but it may be reduced. He noted that the budget may go up or down.

Moved by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, adopting a resolution approving the budget and tax levy for 2009. 5-2. Carried. Council Member Scott Pacholl and John Martin voted nay.

Moved by Council Member Dick Pacholl, seconded by Council Member Hecimovich, adopting a resolution approving the HRA budget and tax levy for fiscal year ending 9-30-09. 6-1. Carried. Council Member Martin voted nay.

Council is requested to approve a joint resolution with the HRA outlaying the payment reimbursement plan to the HRA for funds they used on the soil and debris clean up required by the MPCA. The City will reimburse the HRA each year beginning in 2009 from TIF District No. 9 until the total of \$139,788 has been transferred.

Moved by Council Member Hecimovich, seconded by Council Member Dick Pacholl, adopting a resolution approving the joint resolution. 6-1. Carried. Council Member Martin voted nay.

The City Council was presented an ordinance at the August 21, 2008, which was its first reading. The ordinance is from the Human Rights Commission and requests a change of wording so that the Commission may opt to elect two co-chairs rather than a chair and vice chair. The ordinance did not pass at the first reading. This is second reading for the ordinance.

Dan Kane spoke to Council. Kane objected to the proposed wording saying it would weaken and dilute the City of Austin's Human Rights Commission and "is not in perfect lockstep with the State of Minnesota". The Commission added the words "to contribute" in front of "in securing all citizens equal opportunities", he said

It was clarified that the wording change for this ordinance is only for the option of electing two co-chairs, and it is underlined in the draft ordinance.

Moved by Council Member Hecimovich, seconded by Council Member Martin, for the city attorney to prepare the ordinance. Carried.

Moved by Council Member Hecimovich, seconded by Council Member Martin, for adoption and publication of the ordinance. 7-0. Carried.

At the council work session of August 18, 2008, Council reviewed the proposed budget for 2009. Also, as part of that budget review, Council recommended purchasing several items in the 2008 operating budget with the Contingency line item funds. Council is therefore requested to approve a budget adjustment reducing the Capital Outlay Fund by \$57,043 and adding the same amount to the Contingency line item. Six items for the Police Department and new doors for Riverside Arena are included with this action.

Moved by Council Member Hecimovich, seconded by Council Member McAlister, adopting a resolution approving Budget Adjustment No. 4. 7-0. Carried.

Moved by Council Member-at-Large Christopherson, seconded by Council Member Austin, granting the Planning and Zoning Department the power to contract for the removal of junk and/or illegally stored vehicles at 710 8<sup>th</sup> Street NE, Schied property. Carried.

Moved by Council Member Austin, seconded by Council Member Dick Pacholl, granting the Planning and Zoning Department the power to contract for the removal of junk and/or illegally stored vehicles at 409 2<sup>nd</sup> Street SW, Janning property. Carried.

Moved by Council Member Dick Pacholl, seconded by Council Member-at-Large Christopherson, granting the Planning and Zoning Department the power to contract for the removal of junk and/or illegally stored vehicles at 705 10<sup>th</sup> Avenue SW, Baldus property. Carried.

Craig Hoium is requesting Council classify a property located at 710 8<sup>th</sup> Street NE, owned by Barbara Schied as hazardous. A fire occurred here, and the owners vacated. Since then walls have collapsed and foundations are now substandard. Mr. Hoium said staff may fence around the property.

Moved by Council Member Dick Pacholl, seconded by Council Member-at-Large Christopherson, adopting a resolution declaring a structure as hazardous at 710 8<sup>th</sup> Street NE. 7-0. Carried.

Jon Erichson requested Council approve a proposal for topographical and boundary survey work associated with the North Main flood control – 4<sup>th</sup> Avenue NE to I-90. The work would be completed as funds become available. The proposal from Jones, Haugh & Smith would be paid 50% from the Local Option Sales Tax and 50% from the Minnesota DNR mitigation funds.

Moved by Council Member-at-Large Christopherson, seconded by Council Member Austin, adopting a resolution approving the proposal for survey work for the North Main Flood Mitigation. 7-0. Carried.

Erichson presented another proposal for the North Main project, which is for geotechnical work. The majority of this work is for soil borings – to determine if flood walls should be built or if acquisitions should take place. Much of the area is adjacent to Austin Packaging Company. Again, 50% of the cost will be paid from the Local Option Sales Tax and 50% from the Minnesota mitigation funds.

Council Member Scott Pacholl confirmed with Erichson that this had nothing to do with the geothermal borings of the County.

Moved by Council Member Dick Pacholl, seconded by Council Member-at-Large Christopherson, adopting a resolution approving the proposal for geotechnical work associated with the North Main Flood Mitigation Project. 7-0. Carried.

The City Council and Planning Commission have previously approved zoning for the removal of gravel at the location east of the Roosevelt Bridge. Ulland Bros. has given their proposal for the project. The following is proposed.

1. Ullands would be responsible for the removal and replacement of the overburden. The finished grades would continue to have the grade sloping from north to south.
2. Ullands would be responsible for erosion control. These items would include the following:
  - a. Silt fence along south edge of excavation
  - b. Seed any overburden stockpiles that are left in place to meet MPCA guidelines.

3. Seed all disturbed areas upon completion of granular material removal.
4. Abide by all conditions of the approved Conditional Use Permit.
5. Will not pay for material

There are also 16 conditions placed upon the Conditional Use Permit. The Conditional Use Permit for the area southwest of Ellis scheduled to end in 2008 is not complete, and Ulland's may ask for an extension. Fencing was completed at that site. Also, the Oakland Avenue project is on schedule. The bridges will be completely removed by next week.

Jon Erichson said if Council approves this proposal, they would take the soil from there.

Council Member-at-Large Christopherson questioned that we are moving one pit and replacing it with another. Erichson said that studies show that this doesn't have much impact.

Moved by Council Member Hecimovich, seconded by Council Member McAlister, adopting a resolution approving the proposal from Ulland's. 7-0. Carried.

The User's property currently housing the Austin Medical Center is located in the two-block area of Central Business District earmarked for the jail/justice building. The agreement before the Council is to aid in their relocation into the Cook Farm Industrial Park. Craig Hoium referred to a conceptual map of the property at the Cook Farm and the plan for a 10,000-square-foot structure to house medical records and furniture. Along with the purchase agreement, the Medical Center would also have the first right of refusal on the property to the north. The appraised value of the property is \$450,000. The negotiated offer for the acquisition and relocation of the property is as follows:

- Purchase price \$300,000
- AMC would obtain ownership of an approximately 2-acre site for future construction of AMC warehouse facility. The land value with infrastructure costs is approximately \$45,000 per acre. This would also include an option on an additional 2.19 acres located to the north of the development site.
- Relocation costs – up to \$26,400

Craig Hoium said the City would like to pursue grants if available for the infrastructure, and this would be possible as AMC won't immediately develop. The property would first need to have ownership changed from the Port Authority to the City at the Cook Farm. The Port has reviewed this project and has agreed to transfer to the City at no cost, subject to final approval of city for transaction. Article 7 of the Agreement outlines various responsibilities.

Council discussed the costs and negotiated offer. Mr. Hoium clarified that the \$450,000 appraisal does not include relocation. Total investment of the city is considerably less than the appraised amount. The \$416,400 of acquisition and relocation costs does not include approximately \$40,000 of utilities costs. David Hoversten clarified that the purchase price, had it been according to the appraised value, plus relocation costs would have paid \$476,000; the City is saving the difference.

Council Member-at-Large Christopherson asked if this business would qualify under the grant that was originally applied for when the Cook Farm was acquired. The City applied for an infrastructure grant, Erichson said, of \$300,000 or so and the stipulation was that it would not be used for retail or an associated office space. This applies for the AMC and CRC project as well. Erichson noted that there have been ongoing discussions to get approval for CRC as an acceptable use, and it was just obtained. Also, Utilities has rebates for the type of load, and the City will try to get those applied to gas and electric. So the costs for infrastructure could be driven down from \$40,000.

Council Member Martin questioned that there was a prior person in command at Austin Medical Center that was going to give the property to the City. Jim Hurm said he was not aware of anything official. David Hoversten stated that the Medical Center is separate from the Foundation. This property is owned by the Foundation and has its own separate board of directors. There may or may not have been misunderstanding.

Council Member McAlister confirmed with Craig Hoium that the relocation costs were similar to other businesses.

Jon Erichson said the property at the Cook Farm is not selling quickly. This has the potential to get a business out there, which is one of the City's goals, and it is not cash out of our pocket.

Moved by Council Member Hecimovich, seconded by Council Member McAlister, adopting a resolution approving the Sale Agreement for the Austin Medical Center Property (East 27.8 of Lot 3; Lots 4, 5, 6, 7 and 8; and the East 8.8 feet of Lot 9, all in Block 19, Original Village (now City) of Austin, Mower County, Minnesota). 7-0. Carried.

#### REPORTS:

Council Member Austin noted that the bylaws of Human Rights Commission should be consistent with the ordinance.

Council Member reminded everyone that Friday is Forget-Me-Not Day in support of American veterans.

Council Member-at-Large Christopherson reminded everyone to vote on Primary Election Day.

Council Members McAlister, Hecimovich and Dick Pacholl volunteered to serve on the Canvassing Board on September 11.

Following the next regularly scheduled council meeting, there will be a presentation in connection with the one-year anniversary of Austin becoming a cool city. The work session will be moved to Tuesday, September 16.

Jim Hurm announced that the City received a check from the Hormel Foundation today in the amount of \$27,500 for a new mower.

The City also received a letter from Larry Rasch president of the Fair Board, thanking the City for cooperation with the County Fair.

Moved by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, adjourning the meeting to September 15, 2008.

Adjourned: 6:52 pm

Approved: September 15, 2008

Mayor: \_\_\_\_\_

City Recorder: \_\_\_\_\_