M I N U T E S
COMMITTEE-OF-THE-WHOLE WORK SESSION
June 16, 2008
City Hall Council Chambers
7:30 p.m.

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

ABSENT: None.

STAFF PRESENT: Public Works Director Jon Erichson, City Administrator Jim Hurm, and Administrative Services Director Tom Dankert.

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

Mayor Stiehm opened the meeting at 7:30 p.m. noting items #1 (Sign ordinance recommendation), #2 (Walk, Bike, carpool to Work Days request), and #6 (Closed session for City Administrator's evaluation – executive) would be removed from the agenda. Additionally, we will add an update on the flood. No objections noted.

Item No. 1: Flood update. Mr. Erichson gave some history to council on the flood reduction activities the city has undertaken since the floods of 1978. Many homes and businesses have been removed from the flooded areas, otherwise damage could have been a lot worse. However, Mr. Erichson noted that if you had water damage this year it is a bad thing. Mr. Erichson noted in 2006 the residents of Austin approved the L.O.S.T. (Local Option Sales Tax) and we have now been collecting sales tax for one-year. We have used some of these dollars to buy out homes and use as matching funds towards grant projects, specifically over by Packer Arena. Some of the other highlights include:

1. Creation of the Cedar River Watershed
2. 2008 legislative session allocated $2 million in RIM funds to reduce water coming into Austin from the north
3. Wildwood Park homes have been acquired (15 of 17) and no sewer backups occurred in the area this flood, unlike the 2004 flood
4. The railroad revitalization project moved Jim's Super Valu and the Eagles Club out, while the B & J Bar and Grill was relocated to downtown Austin
5. Some business turned down our offers, but we hire professional appraisers to negotiate the sales price and in a voluntary buyout offer, we cannot require anybody to accept those offers

Council Member Dick Pacholl questioned if Jerry's Other Place or Johnny's Main Event had any damage. Mr. Erichson stated they did not have much damage on north Main Street, but it was very close. We need $10 million to fortify the north main street area stated Mr. Erichson (half of which needs to come from a grant). The legislature allocated $30 million to the DNR for cities to compete over, but over $80 million of requests have come in for the funds. We are asking for

$5 million for the north main area, and we can bring our 50% L.O.S.T. as the match for those grants, unlike many other cities.

Council Member Hecimovich questioned how APC fared. Mr. Erichson stated they were fine, but they are concerned for the future. The facility was bermed on Thursday, but it was not needed in the end.

Council Member McAlister questioned the East Side Lake wall issue as flood waters made it around/through this structure and caused some damage. Mr. Erichson stated we have a meeting scheduled for later this week to see what went wrong in this area. We did try to increase the berm height as the water rose.

Mr. Erichson stated there are three different categories of aid from FEMA if we are declared a disaster area. The federal government pays for 75% of the eligible costs, the state pays for 15% (eventually), and the locals are responsible for the remaining 10%. Mr. Erichson stated we had plenty of areas with sewer back-ups and ground water infiltration (as the ground was saturated). Council Member-at-Large Christopherson questioned if we could require "clapper" valves in basements. Mr. Erichson stated we could research this, but at this point would not have an answer.

Item No. 5: Flood property acquisitions - Mr. Erichson noted we have an appraisal for $40,000 for the former KFC/Dakota Jo's restaurant on the east side of Austin. We intend on purchasing this property to remove it from the flood zone. Additionally, we have some homes in the Marcusen Park area that we may look at acquiring as these acquisitions could eliminate some infrastructure and it is contiguous property.

Council Member McAlister stated how can we better get the word out to the public to stay home? Mr. Erichson stated that during events our Emergency Management Coordinator Paul Philipp contacts the appropriate parties and media. We had to use flaggers this event to get trucks in and out of where they needed to be. We will revisit the closing of I-90 with MnDOT to have traffic detoured further around the Austin area.

Item #3. Salary resolutions - City Attorney– Mr. Hurm discussed a proposed resolution outlining salary increases for the exempt staff that have not had increases. Mr. Hurm noted the recommendation on the City Attorney to be at 3% per year for 2008, 2009, and 2010. Additionally, the hourly rate that the Hoversten Law office charges is being requested to be increased from $95 per hour to $125 per hour for those activities that are outside the normal course of the contract. Mr. Dankert clarified that the current contract includes things like union negotiations and meetings as part of the retainer and not as added costs. Council Member Martin stated that we need to redo the agreement, as he has a problem with paying for health and life insurance for three attorneys. Council Member Martin stated they bring in good money besides what we pay them for. Council Member Martin reiterated that we need to redo the contract completely.

Council Member McAlister stated he had some of the same questions, and noted we may be dollars ahead if we hire our own attorney to do things. Mr. Hurm stated that Hoversten's office provides us with a pool of attorneys that specialize in many different things. Additionally, you

could look at ten different cities and they would all be doing something different when it comes to city attorneys.

Council Member Hecimovich questioned what Baudler Law office costs for prosecution services. Mr. Dankert noted it was roughly $185,000 per year, and that about $125,000 of this cost is recovered through the fine revenue we get from the court system.

Council Member Martin stated we should bid the attorney contracts out. Council Member McAlister stated the outside bidders will ask for the number of expected hours and multiply this times the rates they need to charge.

Council Member Hecimovich questioned staff if the City Attorney was meeting their needs. Mr. Dankert noted from his standpoint he appreciates the time and commitment that the Hoversten office has given us and that they complete things on a timely basis without any problems. Additionally, they drop other things when we call them to ensure our needs are met. Mr. Hurm agreed that their service is excellent.

Council Member Austin stated he wanted to go back to Council Member Martin's comment. If we contract with a firm we should pay them and not necessarily provide health insurance to all of those people. The contract may cost us more, but at least it would have more of an appearance that we are contracting with them.

After further discussion, motion by Council Member Austin, seconded by Council Member Hecimovich to recommend a 3% salary increase per year for the City Attorney effective January 1 of each year. Carried 7-0. Item will be added to the July 7 city council meeting. Mr. Hurm will meet with the city attorney on further changes to the employment contract including the hourly billable rate and the changes to the health and life insurance requirements.

Item #3. Salary resolutions - Director of Administrative Services– Mr. Hurm discussed a proposed resolution outlining salary increases for the Director of Administrative Services noting the Mayor and he have proposed a 4% increase each year for three years. Mr. Hurm stated Mr. Dankert consistently goes above and beyond the job to get things done, and he should be rewarded for such. Council Member Martin stated that he agrees that some individuals give 150% above and beyond what is required, but he is concerned with the message and backlash we are sending to the bargaining units when they only got 3%. Mr. Hurm stated he is not concerned with this as Mr. Dankert is outside of any bargaining unit and has an employment contract with the City of Austin. This allows us to compensate employees who are doing a great job. Mr. Hurm noted Mr. Dankert has a clause in his contract for excellent performance pay that is above and beyond his salary, but we have never acted on giving this.

Council Member Martin noted we should pat those employees on the back that go above and beyond, but we should give everybody the 3% and then give out the bonuses (exceptional performance pay) for the high performers. Council Member Austin noted his agreement, that Mr. Dankert should get the 3% increase like everybody else, and then give him the exceptional performance pay as is allowed by his contract with the City of Austin.

Council Member Hecimovich stated he could see the issue and could also support the 3% rate plus 1% for exceptional performance. Council Member Hecimovich stated he does a great job and is well deserving of it. Mayor Stiehm questioned if the 3% plus the exceptional performance pay is what the council wanted to do.

Council Member Scott Pacholl stated that would not be the fair thing to do as the tasks Mr. Dankert does are not just one-time tasks. We continually add additional duties to him and he goes above and beyond to get those jobs done. He will continue to do the increased tasks and should therefore continually get the increased rate. He does extra work every year and I support a 4% increase per year stated Council Member Scott Pacholl.

Mayor Stiehm stated he has spoken with every council member and they agree that if there is somebody that we should go out of the way on, it is this position. He should be rewarded for an excellent job.

After further discussion, motion by Council Member Hecimovich, seconded by Council Member Scott Pacholl to recommend a 4% salary increase per year for the Director of Administrative Services effective January 1 of each year. Carried 4-3 (Council Member-at-large Christopherson, Council Members Martin and Austin – Nay). Item will be added to the July 7 city council meeting.

Item #3. Salary resolutions - Human Resource Director – Mr. Hurm discussed a proposed resolution outlining salary increases for the Human Resources Director noting the Mayor and he have proposed a 3% increase each year for three years, plus a one-time increase of $3,000 in 2008 and 2009, and another $1,500 in 2010. Mr. Hurm outlined the pay equity study that has just been completed, and needs to be done for 2009 and noted Ms. Wiechmann does a great job.

Council Member Martin questioned how Ms. Wiechmann got the job of Human Resources Director in the first place. Council Member McAlister recalled an application process when Kim (Duncomb) left us to go to the Austin Utilities. Mr. Dankert noted Trish was first hired as the Assistant City Clerk/Human Resources Director and then ended up moving full-time into the Human Resources Director job. Council Member Martin stated he did not believe this was a fair playing field for her to get the position in the first place. Council Member Martin stated if we were to go out and hire an HR Director, we would require a college education. Council Member Hecimovich agreed that we would have them come in with this education. However, we have somebody in the job right now and we cannot change the educational requirement.

Council Member-at-Large Christopherson stated her increase in the prior years was tied to her going back to school to get the additional education. Council Member-at-Large Christopherson stated he could not remember if a college education was the requirement or Human Resource related classes and seminars. Council Member Hecimovich stated it was intended to be some sort of continuing education, but not necessarily a college degree. Council Member Dick Pacholl stated we helped her get the additional education.

Mayor Stiehm questioned council's direction. Council Member Hecimovich stated she has met our requirements, and you cannot fight the comparable worth studies. Mayor Stiehm noted we have a good reason for the bargaining units on this position as she is underpaid according to the

recent study. Mr. Hurm stated if we bring her up as proposed, she will still be underpaid according to the comp worth study. Council Member McAlister stated she has no degree, but we should bring her up to give her some career enhancing opportunities.

After further discussion, motion by Council Member McAlister, seconded by Council Member Hecimovich to recommend the salary increase as proposed above effective January 1 of each year. Carried 6-1. (Council Member Martin – Nay). Item will be added to the July 7 city council meeting.

Mayor Stiehm stated the two positions we went above and beyond for can be easily justified to all of the bargaining units. Council Member Martin stated we may be fighting with the unions as we had a chance to even everybody out at 3%.

Item #3. Salary resolutions - Police Chief – Mr. Hurm discussed a proposed resolution outlining salary increases for the Police Chief noting the Mayor and he have proposed a 4% increase for 2008, and a 3% increase for 2009 and 2010. Mr. Hurm noted Chief Philipp showed a lot of integrity with the Police Captain situation this year, and he has assumed some of the additional captain duties in the interim.

Council Member Hecimovich stated 3% per year plus a bonus should be considered as he is providing supervision for the captain's position. Council Member McAlister stated he has questioned the Police Department on this, and noted that certain projects have been assigned to some of the lieutenants. Council Member Hecimovich stated he is generally against bonuses.

Council Member Scott Pacholl stated this is an extraordinary situation and we should consider some exceptional performance pay for Chief Phillip's efforts as he is performing well with this.

Council Member Martin stated he did not see any difference with this issue and the increase for the Director of Administrative Services. Council Member McAlister stated the biggest difference is that we have already approved the increase for the Director of Administrative Services. Council Member Scott Pacholl stated the Chief is doing extra work for us right now because of the Police Captain vacancy. Mayor Stiehm agreed noting Chief Philipp has shown great integrity throughout this whole process. Council Member Martin stated the Police Chief deserves a huge increase, it is the rest of the officers that I have issues with.

After further discussion, motion by Council Member Hecimovich, seconded by Council Member McAlister to recommend the salary increase at 3% per year plus a stipend effective January 1 of each year. Failed 4-3. (Council Member-at-Large Christopherson, Council Members Dick Pacholl, Scott Pacholl, and Martin – Nay).

Motion by Council Member McAlister, seconded by Council Member-at-Large Christopherson to recommend the salary increase at 3% per year effective January 1 of each year. Carried 7-0. Item will be added to the July 7 city council meeting.

Item #3. Salary resolutions - MIS Administrator – Mr. Hurm discussed a proposed resolution outlining salary increases for the MIS Administrator noting he has already received a 3% increase per year. However the position was re-evaluated and the points/duties have increased

considerably. Another adjustment is also justified, and is proposed at a one-time additional 2% increase effective January 1, 2008.

After further discussion, motion by Council Member-at-large Christopherson, seconded by Council Member Austin to recommend no change in the salary for the MIS Administrator. Carried 7-0. Nothing needed for the council agenda as the original 3% increase was already approved.

Item #3. Car Allowance/Uniform Allowance increases – Mr. Hurm discussed a proposed resolution outlining changes in the automobile allowance (from $300 per month to $400 per month) for the Director of Administrative Services and an increase in the uniform allowance for the Police Chief (from $600 in 2007 to $700 in 2008 and $750 in 2009) that would match those allowances in similar contracts (AFSCME and LELS/Police Supervisors) and would be effective January 1 of each year.

Motion by Council Member-at-Large Christopherson, seconded by Council Member Austin to recommend the car allowance increase to $400 per month effective January 1 of each year. Carried 7-0. Item will be added to the July 7 city council meeting.

Motion by Council Member Hecimovich, seconded by Council Member Austin to recommend the uniform allowance increase to $700 per year for 2008 and $750 per year for 2009 effective January 1 of each year. Carried 7-0. Item will be added to the July 7 city council meeting.

Item #4. Preliminary Budget Discussion – Mr. Dankert briefly discussed an outline for the 2009 budget process noting his intentions to follow those procedures we have done in the past, unless there are objections. Mr. Dankert noted some important deadlines, such as a proposed tax levy and budget needing to be approved by council by September 15. No increases in the tax levy can occur after that date, with limited exceptions.

Council Member Hecimovich questioned the growth in our tax base, and if we would be able to capture this growth within the levy limits. Mr. Dankert noted the growth would increase our revenue base (LGA plus tax levy), so in essence we will be able to capture this within the levy limits. However, preliminary calculations indicate that unless council wants to do something massively different, we should have no problem getting under the levy limit as established by the State of Minnesota.

Council Member McAlister stated he would discourage staffing increase requests and he would like the bigger agencies that we fund come in and discuss their needs for 2009.

Council Member-at-large Christopherson stated he would like to hear the staffing requests, but departments need to find a funding source to pay for staffing increases. As far as agencies go, Council Member-at-large Christopherson stated he does not need to hear their requests again.

Council Member Scott Pacholl suggested pushing the new tanker truck out one year on the Capital Improvement Plan, thereby saving $50,000 in interest. This could be used to reduce the Fund 73 transfer for equipment and could help in the overall budget balancing.

After further discussion, no objections were noted by following the same budgeting process as has been done in the past.

There being no further business, motion by Council Member Hecimovich, seconded by Council Member McAlister, to adjourn the meeting. Motion passed unanimously. Meeting was adjourned at 9:30 pm.

Respectfully submitted,

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Tom Dankert
Director of Administrative Services