

M I N U T E S
COMMITTEE-OF-THE-WHOLE WORK SESSION
February 17, 2009
City Hall Council Chambers and Conference Room
8:05 p.m.

PRESENT: Mayor Stiehm, Council Member-at-Large Anderson, Council Members McAlister, Austin, King, Martin, Clennon, and Pacholl.

ABSENT: None.

STAFF PRESENT: Public Works Director Jon Erichson, Community Development Director Craig Hoium, Assistant City Attorney Craig Byram, 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 8:05 p.m.

Item No. 1: Update on negotiations with Steve's Pizza – closed meeting.

See tape of closed meeting.

Item No. 2: Update on the I-90 box culvert project. Mr. Erichson gave an update on MnDOT's box culvert along I-90. MnDOT has access to more funds for the area so the project has been expanded to include a design-to-build project design. MnDOT is willing to accelerate the project if we want, but that may require us to waive some noise ordinances to allow for evening construction. This is for informational purposes only, as the project scope has changed a little bit from when we first reviewed the project.

Council Member-at-Large Anderson questioned what the time frame would be. Mr. Erichson stated the project will still be done this summer. The stimulus package funding wants the projects to start by July 1, 2009. Council Member-at-Large Anderson questioned what the bridge would look like. Mr. Erichson stated he did not know what the aesthetics would be on the project, but he didn't believe it would be anything out of the normal.

Council Member McAlister questioned if the size of the box culverts would be a big issue by Turtle Creek. Mr. Erichson stated they are not a limiting factor.

Item No. 3: Amend Investment Policy. Mr. Dankert updated Council on some proposed changes to the current Investment Policy. The policy was originally adopted in 1993 and has had few amendments. However, one of our brokers would like us to amend the language in the policy to further clarify that investments in municipal (city, county, school, and state) entities are allowed by our policy. (They are currently allowed by state statute.) Mr. Dankert outlined other proposed changes, including the elimination of the actual FDIC coverage, since the federal depository insurance can be changed on an ongoing basis. We will just limit the policy to include certificates of deposit that are FDIC-insured. No objections noted.

Motion by Council Member King, seconded by Council Member Martin to recommend to council the amendment of our Investment Policy. Carried 7-0. Item will be added to the next council agenda.

Item No. 4: Options to call library bonds. Mr. Dankert discussed an option to call the outstanding bonds that were issued back in 1995 to help finance a portion of the Library project. Mr. Dankert noted they have reviewed the possibility of refunding (refinancing) the debt to save about \$13,000 per year over the remaining 7 years. Mr. Dankert outlined another option to just pay the bonds off with available cash (which may include a loan from another fund) and therefore save the \$25,000 of additional issuance costs (would then equate to \$16,000 per year for 7 years). Mr. Dankert noted we would be working with the Port Authority since this is actually their bond issue.

After further discussion, motion by Council Member King, seconded by Council Member Pacholl to recommend to council the option of calling the remaining balance of the outstanding Library Bonds. Carried 7-0. Item will be added to the next council agenda.

On another note, Mr. Dankert stated that in July or so we will be calling approximately \$400,000 of bonds related to the Hormel Wastewater Treatment Plant construction as required by an earlier bond issue. This is for informational purposes only at this point.

Item No. 5: Options in response to LGA budget cuts. Mr. Hurm discussed his memo outlining some questions for council to consider in responding to our potential LGA reduction. Council should consider if any departments would be off limits, if revenue enhancements should be considered, and what options Council is willing to look at for reducing wages and benefits.

Council Member Austin stated as far as he is concerned, if we are reduced \$1 million or more, EVERYTHING is on the table.

Council Member Martin stated he somewhat agreed, except that he is not looking at a 10% tax levy increase if we get massively reduced.

Council Member Pacholl stated hopefully the unions understand the position we are in, and hopefully they will help us out also.

Mr. Hurm noted he has met with some of the union leaders, and so far they have been appreciative of the information.

Mayor Stiehm noted the City cannot NOT fulfill our contract obligations. No objections were noted to instituting a furlough program whereby employees would be required to take a certain number of days off unpaid.

In general discussion, there were no objections regarding keeping any departments/services off limits. The general consensus was that everything is on the table.

As far as tax levy increases, utility fees, and other revenue enhancements it was the general consensus that these cannot be taken off of the table at this point.

Council Member Clennon stated she was hoping to actually review some numbers at this evening's meeting. Mr. Dankert noted staff was hoping to bring a unified document (like what was done after the last LGA reduction in 2002), but staff wanted some direction on the questions that were brought forward this evening. Mr. Dankert noted we will bring actual documents to the next work session.

Item No. 6a: Administration matters – Fire Relief Association. Mr. Dankert noted this issue has been resolved with the State Auditor's office and the Austin Part-time Firefighters Relief Association regarding some documents that needed to be filed. Our fire aid check will now be released for 2008.

Item No. 6b: Administration matters – 2009 goals – set another date. Since goals were not set at the retreat, it was decided that goals will be discussed on February 23 at 6:00 in the council chambers.

Item No. 6c: Administration matters – Review LGA reduction presentation. Mr. Hurm quickly went through portions of his PowerPoint presentation, noting council has seen it in the past. If any changes are requested please forward them to us.

Other Item – Open Meeting Law. Council Member Martin read some documentation regarding employee discipline and the open meeting law. This was for informational purposes only.

Item No. 7: Matters In Hand. Council Member Austin noted the need for employee reviews, and this should be done for department heads especially.

After further discussion, motion by Council Member Austin, seconded by Council Member Martin to put employee reviews as part of the Work Session Matters In Hand (not to go to council). Carried 6-1. Council Member McAlister – Nay.

There being no further business, motion by Council Member King, seconded by Council Member Martin, to adjourn the meeting. Motion passed unanimously. Meeting was adjourned at 9:24 pm.

Respectfully submitted,

Tom Dankert
Director of Administrative Services