

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
March 2, 2009
City Hall Council Chambers
Immediately following council meeting

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

ABSENT: None.

STAFF PRESENT: Jon Erichson, Jim Hurm, Tom Dankert, Jeanne Howatt, Dan Wilson, Kim Underwood, and Paul Philipp.

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

Mayor Stiehm opened the meeting at 6:10 pm.

1. Options in response to LGA cuts: City Administrator opened the meeting and referred to the department heads' memo to Council on budget adjustments. This memo is the result of several brainstorming sessions of all the department heads. The result is a collaborative effort. Mr. Hurm highlighted understandings staff has with Council as noted below:

1. Our workforce has been declining over the last 20+ years from 185 to 141 employees.
2. The Council has indicated we should attempt to minimize employee reductions.
3. The Council has stated there are no "sacred cows". We need to be creative.
4. With the budget reductions, there will be reduction in services to the public.

| Director of Administrative Services Tom Dankert said staff has spent weeks working on their budgets. He reviewed highlights of the recommendations by consensus from department heads for the 2009-2010 budget, as follows:

- Council will need to decide which of items 5-15 will be part of a \$20,000 cut in 2010.
- It eliminates \$25,000 in support of KSMQ through Austin's Cities on the Move Program in 2010. (Item 26)
- We will ask the HRA and the Port Authority to take on the economic development partnership without the city as a partner (Item 27)
- Reduce health insurance opt-out funds to the capital fund and use them as contingency funds each year (Item 29)
- Eliminate a professional librarian position until at least 12/31/10. Minimum maintenance of effort for libraries may be a problem in two years. (Item 31)
- Eliminate school crossing guard program and police explorer program (Item 40 and 41)
- Adopt an ordinance to charge for fire calls (43)
- Eliminate the mosquito spraying program (49)

- Eliminate many improvements, such as downtown bike racks (50), airport sign (52)
- Close downtown mall restroom (61)
- Establish a new street lighting charge (62)
- Drop the engineer position which has been approved (64)
- Drop proposed improvements for Riverside Arena (72 and 73)
- Close one arena for the 2009/2010 season (96)
- Increase rates for arena usage (97 and 98)
- Drop Park & Rec secretary position to use a temporary agency (74)
- Keep flower contribution at \$10,000 (84)
- Eliminate subsidy of Mill Pond boat (86)
- Establish furlough program in 2010 (5 days off without pay) (99)
- Property tax increase of 8% to cover cost-of-living and inflationary costs (100)

Council Member-at-Large Anderson clarified that Council will not be taking any action tonight. There is a lot to digest, she said, and there is room for feedback.

City Administrator Jim Hurm said staff does not need any final answers, but would like direction.

Mayor Stiehm said some items could be added to this list of recommendations for adjustments; he specifically noted the Main Street Project. Mr. Hurm noted that the Main Street Project has some commitments, including the Donut Connection area where businesses have been forced to move, and some Community Block Grant funds that need to be spent. A report will be requested of them on their needs for 2009 and 2010.

Council Member Pacholl said only opinions will be heard tonight, adding that Council does not have 100% agreement.

Mr. Dankert noted that the elimination of capital outlay would only be temporary; all items could be looked at in the future. He then reviewed line-by-line the options to reduce budgets (see attached).

The budget includes a list of outside agencies which have been recipients of annual funding. Council should reduce the list by \$20,000 for 2010.

Highlights of the budget recommendations are as follows.

Items 16-30: The recommendation is for no more temporary salaries, and no more overtime for Administration; rather, time off would be mandated. Bi-weekly payroll and direct deposit would be implemented, and these are allowed by state statute. Mr. Dankert noted that currently one bargaining unit includes wording that would not allow these. That agreement would need to be opened up. Making this change, he said, would allow the payroll department to do other things.

Item 27: The City has funds set aside for economic development partnerships. The recommendation is to eliminate this.

Item 28: Recommend eliminating the 3% lodging tax given to the CVB. (Hotels remit to the City, and the City, in turn, gives 95% to the CVB. Mr. Dankert noted that the lodging tax has increased over the years.

Item 28: The library has had a retirement. The recommendation is to not fill the librarian position, but the library director would want this position back in 2011.

Items 32-46: Recommendations for the Police Department include no overtime for Police administration, reducing conference funding, raising the auto-pawn fees to cover their costs, and eliminating the (empty) captain's position for 2010. In addition, it is recommended the officers would not receive un-used vacation pay but rather be forced to take time off. Mr. Dankert noted that with the last recommendation, the officers' agreement would need to be re-opened. Another recommendation under the Public Safety budget is to eliminate the school crossing guard program which would save \$10,000-\$13,000 for 2010. Mr. Dankert added that this program is hard to administrator and perhaps could be turned over to the schools.

Item 42: Another recommendation is to use interest from the Fire PERA funds to fund salaries. The goal is not to use this permanently. Fire Chief Dan Wilson said special fire supplies are funded out of the interest from this fund, not the principle.

Item 43: Adopt ordinance to charge for fire services. Reasoning is that insurance companies already charge homeowners for this. Some cities do charge a fee for this.

Item 49: Recommendation to eliminate mosquito spraying. Mr. Dankert noted that occasionally mosquito spraying is not required anyway if we have dry weather.

Items 53-68. Recommendation for the Engineering and Street Departments is to reduce or eliminate overtime.

Item 61. Recommendation is to not pay for cleaning services for the downtown mall restrooms.

Item 62. The City could institute a street light utility fee. This could mean \$20 per year added to utility bills. Mr. Dankert noted that the City currently pays the total street light bill from Austin Utilities.

Items 69-73. Recommendation to eliminate the capital outlay for the Park and Rec Department.

Items 74. Recommendation to use temporary staffing for the Park & Rec secretary position.

Item 78. Recommendation to close the pool at 7:00 pm on Saturday and Sunday evenings. The pool season would be shortened by 2 weeks (opening 1 week later and closing 1 week earlier).

Item 80. The cost of mowing for Parks & Rec is approximately \$130,000; recommendation is to cut by 40%.

Items 96, 97 & 98. One arena could be closed down. The recommendation is to close Packer Arena because of the Big 9 and hockey set-up. Pipes at Packer arena would still need to be heated, but the building would be closed.

Item 99. Recommendation to open contracts for 2010 and reduce work hours by one week. Possibly this could begin in 2009.

Item 100. Recommend a property tax increase.

Mr. Dankert noted that the totals for the recommendations for 2009 and 2010 are close to the Governor's recommendations of \$579,374 less LGA in 2009 and \$1,209,834 less LGA in 2010.

The City is already implementing several of the above changes.

Our expenses for 2008 are under budget (budget savings); however, our revenues have come in at an amount lower than we budgeted for. The State Auditor recommends our reserve balance be at 40-60%. Last year, it was 40.86%. We are now at 40.25% so we do have adequate fund balance.

Council Member Austin confirmed with Mr. Dankert that the outside agencies would be cut by one-third under this proposal (from the current \$65,000).

Council Member Austin noted that with increased fees at the pool and the arenas, we would gain revenue but may run the risk of less participation.

Council Member Austin said Council needs to be looking for creative solutions. The employee furlough certainly should be looked at. Mr. Dankert said issues would need to be decided, such as what to do with the Wastewater Treatment Plant employees who are funded by the stormwater Wastewater Treatment Plant fee.

Council Member Clennon agreed with finding creative solutions. She does not want to see the Explorer Program eliminated, and perhaps this could be run on a volunteer basis.

Council Member offered to donate her HRA stipend (\$50 per meeting) to go for a type of scholarship program for pool fees, etc.

Mayor Stiehm said we are not looking at eliminating the outside agencies completely – particularly CGMC.

Council Member Pacholl also does not want to see the Police Explorer program eliminated.

Council Member McAlister said the City could install parking meters even though there would be an initial investment.

Council Member McAlister also noted that there are grants available and no one to write them.

Council Member McAlister believes the City should consider repairing sidewalks on only one side of a road (e.g., north and east) and eventually eliminate the other sidewalks.

Council Member McAlister questioned if there are roads within the city that do not need maintenance, such as eliminating snowplowing in Todd Park.

Council Member McAlister questioned if there are places/programs (e.g. Police Explorers) where volunteers could be used like the Library uses their volunteers.

Council Member Pacholl thought that perhaps the Fire PERA funds could help promote the program for fire training at RCC.

Director of Administrative Services Tom Dankert said staff explored ideas in the event the LGA funding is reduced more than expected. The options are a property tax increase or additional cuts. Currently, in a comparison of five regional cities, Austin ranks 4th lowest in property taxes. The question is, are our citizens willing to pay. (He noted that citizens are also being hit by increases from the County due to the jail/justice center). Additional brainstorming ideas in the event of additional cuts are as follows:

Public Safety

1. There are likely to be two department head retirements in the next three years. Consider replacing the fire chief with the police chief as a public safety director. Expect the assistant fire chief to run the day-to-day operations. Upon retirement of the fire chief, replace him with a public safety director to be over both departments.
2. (overnight coverage) Should Riverland Community College develop a full two-year fire training program which is being considered at this time, trainees from that program could be housed in the fire station. We could also expand our part-time firefighter overnight program. This could allow full-time firefighters to move to work-day and evening hours which could allow for a reduction in total number of full-timers or get them more involved in other city functions. For example, in the future building inspection functions could be transferred gradually to full-time firefighters with appropriate training. Another example would be undertaking a rental housing inspection program, should one be established. Could a firefighter with mechanic skills work on city vehicles during his or her work day? The real point here is that we all need to be creative and keep an open mind to new ideas.

Parks and Recreation

1. Nature Center – The responsibility of the Nature Center could be turned over to the Friends of the Nature Center. The city contribution could gradually go from \$300,000 to \$200,000 to \$100,000 to zero in three years. This may need to be looked at for a 2010 start date to help offset COLA increases (and to reduce the need for property tax surcharges). The City of Duluth is gradually turning over the operations of its zoo to a nonprofit organization.
2. Nob Hill (city-owned sledding area) could be sold. Proceeds could go to make up for the loss of park capital funds, and there would be an ongoing savings of maintenance costs.
3. The City could work with Austin Utilities to contract out tree-trimming work. Keep in mind the Park & Rec tree trimming crew works in other areas when they are needed (i.e.

snow removal). We could also bid on Austin Utilities' annual tree trimming needs, but our current hourly cost exceeds what the Austin Utilities pays annually for this service.

General

1. If over the coming years Austin Utilities were to move from the municipal building, there could be personnel savings in combining receptionist/secretary positions: all three floors of City Hall and Park & Rec. We could also, then, analyze the potential of in-house city attorney services.
2. Human resource functions could be contracted or shared with other entities. The practicality is questionable given our eight unions and other functions performed in-house, such as safety committee, employee training, Human Rights Commission support, and office staff backup that is performed now.
3. Mower County should again be approached to reduce the cost to the city for assessing services. The amount for this year is \$195,000. See attachment, a letter from the City Council making the request, dated July 27, 2007.
4. The Austin Utilities is attempting to implement a Wifi system, for which no franchise fee is being collected. This may be an option to add this fee.
5. The legislature is currently looking at allowing governments to create street improvement districts. Staff spends significant time on the street assessment process. If Council wanted to enact such a district, and the legislature also agreed to it, we could levy a fee to all parcels on an annual basis and, therefore, potentially never assess again.

Mr. Dankert said that in the mid 1990s, an agreement was made between Austin Utilities and the City of Austin. Each entity owns its own half of the building. Neither party can be forced out.

Mr. Dankert also stressed that short term solutions may have long term ramifications (i.e. less road work now may mean additional work in the future, trucks not replaced now will at some point need to be replaced).

Council Member Martin wanted it noted that Council requested budget solutions last December and Council has just now received it. He also has heard that the State will experience huge cuts in the future.

Greg Bell, employee with Park & Rec, spoke to the Committee-of-the-Whole. He made the following points:

1. The City is receiving more money from the Hormel Foundation for soccer fields, but this is just going to cost us more money to maintain.
2. Council should consider shutting off the Parks' irrigation systems.
3. Employees are not for the employee furlough program, especially when there is money in the budget for the flowers.
4. The City should shut Riverside Arena down. Packer Arena can be made to work (for all functions). Packer Arena is much less costly to run with the geothermal system.
5. A huge amount of money goes into some car allowances.

Tanner Johnson, a student, asked Council not to eliminate the school patrol program because “there’s a lot of maniacs driving around”. Council Member Austin explained that this program only concerns four busy intersections in town, not the school-sponsored crossing guard program.

Marv Ripenski supported the idea of volunteers taking over the youth programs. Mayor Stiehm agreed, saying volunteers may be the theme to go with this.

Mayor Stiehm said one of the Council’s goals is not to do any layoffs, and he did not recall any layoffs being done in the past.

Mayor Stiehm would also like to see more land going to prairie grass, and thus less need for mowing.

City Administrator Jim Hurm said the Mayor and he are currently giving presentations to service groups, etc. on the budget situation of the City and the fiscal disparity of Minnesota cities without LGA. They hope to incite citizens to contact our legislators to keep LGA. Information is also on the city website. Mayor Stiehm agreed about the need for contacting legislators. He has seen on the local level where just a few citizens have enacted change.

Council Member Austin proposed a special meeting in the near future to discuss these issues again. He would also like to hear from the Main Street Project. Mayor Stiehm said if there are any more ideas for potential savings (like the Main Street Project), they should be directed to Tom Dankert.

Council Member King said the County does not have car allowances and would like information on this. Rather, the County reimburses for mileage.

Mayor Stiehm proposed meeting every Monday until this issue is settled.

The Committee-of-the-Whole will meet for special LGA reduction/budget sessions every Monday night beginning with the work session on March 16th. Meetings will begin at 6:00 pm unless followed by a regular council meeting.

3. **Administration matters:** Mayor Stiehm said he attended the Realtors Association meeting last week. He relayed that staff and Council have recommended not implementing an amendment to the sign ordinance. The realtors are in agreement, and therefore, the meeting scheduled for Tuesday, March 5 is no longer needed. Council Member McAlister confirmed with the Mayor that the realtors understand that they could be cited for placing signs in the public right-of-way.

Moved by Council Member Pacholl, seconded by Council Member Martin, to remove the sign ordinance from Matters In Hand, and leaving the sign ordinance as-is. Carried.

Discussion followed on employee evaluations. It was noted that the Police Chief does do evaluations but not other departments.

Mayor Stiehm requested Council receive employee evaluation forms for review.

Council Member Martin questioned if there is a policy for department heads' interaction skills within their departments and with the public. If there is not, Council should look at creating one.

Mayor Stiehm asked the City Administrator if there was a 'Code of Ethics'. Mr. Hurm said there is no Code of Ethics per se. Police Civil Service and Fire Civil Service have their own rules of conduct.

Mayor Stiehm said this we should see if there is a code of conduct for everyone; otherwise, this should be put in Matters In Hand.

Mr. Hurm said there could be a general code of ethics. Mayor Stiehm asked to get a copy, or at least a sample from other cities and/or the League of Minnesota Cities.

Council Member Martin questioned where we are with the railroad crossings. He would like pressure put on the railroad and see something in writing so that it is accomplished this year. City Engineer Jon Erichson said a contract is in place. The railroad postponed our projects due to the recent floods in southeastern Minnesota. They are scheduled to be done in 2009.

There being no further business, motion by Council Member Austin, seconded by Council Member King, to adjourn the meeting. Motion passed unanimously. Meeting was adjourned at 9:17 pm.

Respectfully submitted,

Jeanne Howatt