

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
July 21, 2009
City Hall Conference Room
Immediately following council meeting

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

ABSENT: None.

STAFF PRESENT: City Administrator Jim Hurm

ALSO PRESENT: Representatives of outside organizations. **FF ?**

Mayor Stiehm called the meeting to order at 6:30 pm.

Symphony Orchestra. Terry Dorsey spoke on behalf of the symphony orchestra. He discussed the importance of the symphony orchestra with and to local students who work closely with local musicians. Local, young musicians receive scholarships while working with local and outside, professional musicians. He indicated that the community as a whole benefits from the symphony. Students not only work with local, professional musicians, but with world-renowned artists. He indicated that in these tough fiscal times, it is important for the City to continue to contribute toward the symphony orchestra. The City's contribution has been reduced from \$5000 to \$2500 in 2009. Mayor Stiehm asked what the total budget for the symphony is this year. His response was that it is approximately \$8500 with private donations being the major source. Mayor Stiehm indicated he hates to see programs zeroed out. He would suggest that the \$2500 remain for 2010. Council Member-at-Large Anderson indicated that the City's contribution can be used as matching funds for other grants. Council Member Clennon indicated that she has been a season ticket holder and feels it is very important for a city like Austin. Council Member-at-Large Anderson said balancing the quality of life with fiscal responsibility is very important. We have to do both of those things because it does make a difference for businesses in recruiting people to live and work in the city. **Firefighter ??** indicated he feels the arts are important and encouraged the Council to be supportive of the orchestra.

DCA. John Garry joined the City Council on behalf of the Development Corporation of Austin. Jim Hurm indicated that DCA had been funded at a level of \$80,000 for several years, and for 2009 was cut back to \$60,000. Mr. Garry reviewed the material that he handed out to Council. He thanked the City Council for many strong years of a great relationship with the DCA. He indicated that what is important is not necessarily landing "the big fish". What is important is finding one job at a time, three jobs at a time, saving three jobs at a time. The DCA wants to continue working on bioscience and renewable energy. He will continue on working together with the City and Austin Utilities, which is one of DCA's goals. They are primarily funded by the City of Austin, Mower County and Austin Utilities. Eighteen businesses give over \$1000 a year, 69 members give \$5000 over the years. Some projects also have generated money. DCA also receives some grant money for programs. Mr. Garry reminded Council they are non-profit

so they are not in competition for business; they are there to help business. He talked about unemployment, and the figure for Austin is not bad. He made the point that a healthy region business-wise is important because businesses are looking into other communities to pick up additional work. Mr. Garry note that site selectors don't view Minnesota as a competitive state. Incentive packages in certain states such as Texas and Arkansas do carry weight. He said you're looking at tens of millions of dollars sometimes to land 500, 700 jobs; it's a very competitive business. He gave a comparison analysis of our economic development status as being like the Twins baseball team where most of the best players joined the team at an early age. He believes most of our economic development will come from within. He said the per-capita income is not keeping up with the rest of the nation; it's more stagnant. Manufacturing, bioscience and high tech seem to be the best sectors to raise the income, more so than the agricultural sector. There is little venture capital. One concept that is challenging, he said, is that we need to be open to helping new job opportunities in surrounding cities which helps us overall. Town Meeting Initiative is a good way to find local talent and then rally local support for them. He believes we're working on the right thing and reminded Council that it is a long term effort. Mayor Stiehm noted local cutbacks and decisions of corporations not to locate in Austin. He attributes those to the economy and asked why it is important to support the DCA now when the economy is in a downturn because, as he said, it seems we even have less of a chance of landing companies. Garry said that the histories of many Fortune 500 companies are traced back to economic downtrends, and that's why he believes it's more important to support smaller ventures. Mr. Garry said that DCA was set up with "corpus" dollars to fund ventures, and was supported by government support; those dollars were to be kept separate. Now, project dollars are coming in to help with operating expenses. That is diminishing what they can help push projects to the next step. Council Member McAlister noted the DCA is making some internal changes to help out, too. He said Tim Penny from the SMIF would probably have the same goals. Mayor Stiehm noted that other communities are growing and asked Mr. Garry what they are doing that we are not. He acknowledged that they are doing well but that his hunch is that they've emphasized and supported entrepreneurs. He also acknowledged that they are closer to the Cities, which helps, too. He believes the 2010 Census will show some interesting statistics, including how many people have higher degrees. Mayor Stiehm asked what else we can do that we're not doing. He said one project that seems to be effective is the Main Street Project. It seems to prompt people to take the next step with their business.

Chamber of Commerce. The Chamber of Commerce submitted a letter to Council for funding support in 2010. Council did not discuss.

2009 Budget Adjustment. City Administrator Jim Hurm reported that Council actually made more adjustments for this year than we needed to. Tom Dankert and Jim Hurm suggested via a memo some line items Council may want to consider putting back into the budget now. One is \$9000 for library indoor lighting (retrofitting) and remodel, \$10,000 for bathrooms in City Hall, and replacing the pool vacuum. Those items are maintenance items that should be done, they reported. Also, \$50,000 for staff time on flood grant writing is recommended to be reimbursed to the General Fund from the Local Option Sales Tax. Most other communities hire out these types of "soft costs". Council Member Martin believes the economy is not getting better but worse and City does not know if we will get hit again with another unallotment. He would like to leave those items alone. Council Member-at-Large Anderson said she would like to handle

those items separately; the broken pool vacuum is more important than the other items which are more cosmetic. Four council members voted to leave the budget the way it is. Council also recommended to leave the \$50,000 the way it is, i.e., reimbursed from the Local Option Sales Tax into the General Fund.

Motion by Council Member McAlister, seconded by Council Member Austin, to adjourn the meeting.

Respectfully submitted,

Jeanne Howatt