

M I N U T E S
COMMITTEE-OF-THE-WHOLE WORK SESSION
August 3, 2009
City Hall Conference Room
6:30 pm / Immediately following council meeting

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

ABSENT: Council Member Martin.

STAFF PRESENT: Nature Center Director Larry Dolphin, Community Development Director Craig Hoium, Library Director Ann Hokanson, Administrative Services Director Tom Dankert and City Administrator Jim Hurm.

ALSO PRESENT: Firefighters Chris Grunewald and Jim Halsey, Sandy Forstner, John O'Rourke, Marianne Potter and Danica Olson (KSMQ), Joe Furhman, Rosemary Aase, and Jean McDermott (Welcome Center), Brian Koser (Community Band), Austin Post Bulletin, and Austin Daily Herald.

Mayor Stiehm opened the meeting at 6:30 pm.

Item #1. – Hormel Foundation grant application: Mr. Hurm discussed the process for the evaluation of the different requests for Hormel Foundation grants. The Hormel Foundation requests that we rank our priorities; however, the Foundation may or may not consider these when allocating funds to different projects. Mr. Hurm noted the Mayor and each Council Member have been given stickers with the numbers 1-13 on them. Council should place a sticker next to each grant request, with the #13 being the most favorite all the way down to #1 (least favorite).

John O'Rourke, the City's representative on the Hormel Foundation Board, noted that in 2009, the City received approximately \$350,000 of contributions from the Hormel Foundation; however, 2010 may not be as high due to investment rate reductions. Mr. O'Rourke stated that if the Hormel Foundation receives several requests that cumulatively will cost the same as one more costly project, then they may approve the several smaller projects instead of one big project. Brief discussions from various staff members with knowledge of the grant request spoke on the respective request.

After the Mayor and six Council Members ranked their favorites, totals were as follows:

1. Library	Summer reading program for \$9,000 (90 points)
2. Nature Center	School program support, \$28,968 (73 points)
3. Park and Rec.	Replant trees, \$75,000 (66 points)
4. Main Street	Continuing downtown revitalization, \$115,000 (62 points)
5. Fire Dep.	Smoke alarms, \$3,000 (58 points)
6. Public Works	Removal of tree's from tornado, \$25,000 (56 points)
7. Nature Center	Rehabilitation of trail, \$4,980 (47 points)
8. Public Works	Paint rehabilitation program, \$10,000 (45 points)
9. Nature Center	Electric powered carrier, \$9,565.31 (43 points)

10. Park and Rec.	Community gardens irrigation, \$10,000 (33 points)
11. Public Works	Cost share for rain gardens, \$5,000 (22 points)
12. Community Dev.	Fountains for Mill Pond, \$32,000 (21 points)
13. Community Dev.	Community entrance sign, \$20,000 (21 points)

Mr. Hurm noted he would contact Council Member Martin to get his votes and then add them to the tally for the next council meeting. If we cannot get a hold of Council Member Martin we will just use the existing tallies for the meeting on August 17, no objections noted.

Item #2b. – 2010 budget – Outside Organizations - KSMQ: Marianne Potter and Danica Olson were present to go over some of the projects that KSMQ has been undertaking in the last year, noting council's \$25,000 support is greatly appreciated. Ms. Potter noted the "Cities on the Move" series is very popular, and it is making a community impact. Ms. Potter stated the city's current \$25,000 investment is a good one, as it translates to only 3.8 cents per possible viewer.

Council Member McAlister questioned how stories are done – does KSMQ seek them out or do people come to KSMQ? Ms. Potter stated they are done both ways. Council Member-at-large Anderson questioned if the "Cities on the Move" is new each season. Ms. Potter stated they were, and Austin is featured once per month. Council Member King asked if the \$25,000 of funding went away, would "Cities on the Move" also go away, even though it is very popular. Ms. Potter stated that dialogue needs to start, and all possibilities need to be explored, including fewer episodes. Council Member King questioned if the \$25,000 covers 100% of the cost? Ms. Potter stated they received some funding from Albert Lea and the Blandin Foundation, but after October of 2009, Austin's funding will be pretty much it.

Council Member-at-Large Anderson questioned the total budget for this program. Ms. Potter stated it was \$75,000 annually, including staff time and production time costs. Mr. Hurm also gave council a history lesson about how the funding helped keep KSMQ in Austin.

Item #2b. – 2010 budget – Outside Organizations – Community Band: Brian Koser thanked the council for support, noting the band has been around for 15 years. The Community Band has received reductions in the past, down to the \$2,052 they now receive. The band plays six concerts (up from five in 2008) and there are approximately 135-140 community members that partake in the band. Mr. Koser stated it would be nice to get the \$2,500 again.

Council Member King questioned what the money covers. Mr. Koser stated it is his time that the money pays for. For example, we touch over 5,000 sheets of paper and hours of time getting them organized into the folders for the events.

Council Member Austin questioned if other funding sources were being looked at. Mr. Koser stated they had not been. Also, there is no budget to buy new music for the performances.

Item #2b. – 2010 budget – Outside Organizations – Welcome Center: Joe Fuhrman (Treasurer), RoseMary Aase (Interim Director), and Jean McDermott (Secretary) noted this is their first time to pitch their program to the council for funding. Mr. Fuhrman noted the Welcome Center is trying to write history for the City of Austin for the things we do, much like the *Austin Remembers* book that was recently done. Mr. Fuhrman noted the funding request has been reduced from \$7,500 to \$5,000 as he knows things are tight under the budget.

Council Member King questioned how else the Welcome Center is funded. Mr. Fuhrman stated the budget is about \$150,000 annually, with grants and support from the Hormel Foundation, Hormel Foods Corporation, United Way, Blue Cross Blue Shield, and the Initiative Fund.

Council Member-at-Large Anderson questioned how many languages they are dealing with. Ms. Aase stated there are four primary languages now.

Mayor Stiehm questioned what the main duties of the Welcome Center were. Mr. Fuhrman stated it was a lot of fact-finding and trying to steer new citizens to the community in the right direction. Ms. Aase clarified that they are a navigator, helping clients find housing, insurance, licenses, etc. No legal services are provided by the Welcome Center, but we refer them to the local attorneys. Mr. Fuhrman urged the council to do the right thing.

Item #2a. – Departmental Budgets: Mr. Hurm briefly discussed some of the LGA reductions, cost increases, etc. that the city has experienced, and will be continuing to experience in the future until the economy improves. Council Member McAlister stated he wanted to ensure that all vacant positions come back to the council for approval, as we should not be approving positions, even replacements, until we know how things are affected if the position is not replaced. No department should get a free ride.

Mr. Dankert discussed the six page memo regarding the proposed budget and tax levy. Mr. Dankert noted not all departments have their budgets in, so numbers were created based on prior history. Additionally, the Lansing Township annexation that happened in 2009 will create property taxes for Austin for the first time in 2010 according to Mower County as these parcels will now be listed as Austin parcels. However, we have to rebate 90% of these taxes back to the Lansing Township Board as per the annexation agreement. Therefore, this needs to be added to our levy in addition to the 4.59% as being proposed in the attached document. Mr. Dankert noted the city will be unallotted approximately \$875,000 in 2010 under Governor Pawlenty's plan, for which we would like to add \$170,000 of this back onto the property taxes. This would then increase our tax levy to \$3,875,000 (plus the Lansing Township levy).

Mr. Dankert went through the budgets briefly, highlighting some of the revenues and expenditures associated with each. Mr. Dankert also noted there is still confusion regarding levy limits and the law change for this year. The current state law read literally says one thing, but the Minnesota Department of Revenue is saying that is not what was intended when the law was written, therefore they will not be following the letter of the law. Mr. Dankert noted as recently as last week there is still nothing on the Minnesota Department of Revenue's website regarding compliance with the levy limit and Truth In Taxation law, and it is getting pretty late in the year.

Additionally, Mr. Dankert stated there is roughly \$210,000 less in capital in this budget than the original budget from 2009. This means we are spending less and less on capital, yet eventually the buildings and equipment need replacing and repairs. Mr. Dankert cautioned council to push future costs further out as eventually the day will come. The States of Minnesota and California are experiencing this already. A municipality cannot sustain itself if we continue to not fund capital improvements to the community. Mr. Dankert also noted a comment from Moody's Investors Service regarding bond ratings and how councils are handling reductions in state aid.

Mr. Dankert noted the city needs to tackle this head on and balance the budget now, not several years out.

Council Member King stated the Administration has budget dollars for conferences, including national conferences. These should go, he said, as should the \$400 monthly stipend that is given to four people for using their own vehicles. Council Member King stated these folks are paid handsomely and they don't need a stipend, this is money that is not well spent. Additionally, memberships to the Rotary Club etc. should be eliminated.

Mayor Stiehm noted car allowance is a contractual issue and we should look at these things when the contracts are up.

Council Member Austin stated he would like to look at the future items in the 5-Year Capital Improvement Plan because in the as long-term, if we are cutting capital, this will eventually catch up to us with bigger expenditures.

Council Member Clennon stated she would like to see the employee comments and suggestions. Council Member Clennon stated there were quite a few out there that could bring this down to about break even.

Council Member Pacholl stated a 4.59% increase is a fair increase, and thanked staff for not doing budgets like we used to (nitpicking line item by line item).

Council Member King stated the 4.59% was a good cap for now, but would like to see it reduced.

Council Member Austin agreed, noting we have not talked about wages and furloughs. Contracts going forward need to be looked at.

Council Member-at-Large Anderson agreed, noting we should freeze wages or make wage cuts.

Mayor Stiehm noted the recent arbitration awards in Minnesota, according to the latest conference he was at, are still in the 3% range. Council Member-at-Large Anderson noted this is surprising since wages are coming down for everybody else.

Council Member-at-Large Anderson stated the next work session should include the review of the employee suggestions.

Mayor Stiehm stated he is determined to get the tax increase to zero, or as close as possible.

Council Member McAlister stated if the boiler at the Library goes down, we all know it will be replaced. Getting the opinions from the employees is one thing, but we also need to see the other side.

After further discussion, more debate will occur at the August 17 work session.

Item #3. – Administrative Matters – Matters In Hand: Mayor Stiehm stated he would like to form a Complete Count Committee and then meet with the State Census Bureau. Mayor Stiehm

requested this item be put into Matters In Hand. Motion by Council Member-at-Large Anderson, seconded by Council Member King to put the establishment of a Complete Count Committee into Matters In Hand. Carried 5-1 (Council Member Clennon – Nay).

Council Member Clennon stated she is voting “nay” on this as we have not yet gotten the public involved in the budget issue. Council Member Pacholl stated we have asked for the public input, they are just not coming in. Council Member Austin agreed, noting we have been very open to the public, it has been advertised in both newspapers, but nobody comes. Council Member Austin stated we have done a good job inviting the public to comment. Mayor Stiehm agreed, stating we cannot force people to show up.

Mr. Hurm noted he will also add the discussion on dangerous dogs (as was added at this evening’s council meeting) onto the Matters In Hand. Council Member McAlister questioned to what degree can we make a local ordinance/law stricter than the state law (especially regarding dangerous dogs).

Other Item – Charter Change: Council Member-at-Large Anderson questioned the status of the Charter change. Mr. Hurm stated he would check on this with the applicable parties and report back to council.

Adjournment: Motion by Council Member Austin, seconded by Council Member King, to adjourn the meeting. Motion passed unanimously. Meeting was adjourned at 8:49 pm.

Respectfully submitted,

Tom Dankert