

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
August 17, 2009
City Hall Conference Room
6:30 pm / Immediately following council meeting

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

ABSENT: None.

STAFF PRESENT: Public Works Director Jon Erichson, Community Development Director Craig Hoium, Parks and Recreation Director Kim Underwood, Administrative Services Director Tom Dankert and City Administrator Jim Hurm.

ALSO PRESENT: Firefighters Chris Grunewald, Tim Olson and Troy Tigner, Sandy Forstner, Trisha Wiechmann, Ron Langrel, Kirsten Lindbloom (and others) from the Human Rights Commission, Bill and Linda Nicol (Parks Family Truck Wash), Kermit Watts, Public, KTTC TV-10, Austin Post Bulletin, and Austin Daily Herald.

Mayor Stiehm opened the meeting at 6:30 pm.

Item #1. – Review commercial development at Watts Truck Plaza: Mr. Hoium discussed a proposed hotel development behind KAAL TV-6 on property owned by Kermit Watts. Mr. Hoium stated the unnamed hotel would like to actually construct footings in the middle of September, so there is a pretty aggressive timeline for starting and completing this project. Mr. Hoium discussed the project while directing council through a proposed site map of the area. Mr. Hoium noted some easements will be needed for Tim Duren's storage facility for access to and from the buildings. The total estimated hotel project cost is \$2.5 million with no city subsidy involved.

Council Member McAlister questioned access and easements to the storage facility. Mr. Hoium noted there is a utility easement on the north side of the property through the Schammel Electric property. There also exists a blanket easement over the entire Watts Trucking Plaza facility for the storage facility.

Mr. Hoium stated he was seeking preliminary approval from the council for this development, and everything will also have to go through the Planning Commission.

Council Member-at-Large Anderson questioned who owned the other two small parcels between Watts Truck Plaza and KAAL TV-6. Mr. Hoium stated one is a 60 foot strip that provides access to the site and another is a six foot strip that is owned by Hormel Foods Corporation. This strip is worthless property and staff will meet with Hormel Foods about it.

After further review, motion by Council Member Austin, seconded by Council Member King to recommend staff move forward with the proposal. Carried 7-0. Item will next go to the Planning Commission for their review.

Item #2. – Parks Family Truck Wash – review of individual control mechanism agreement:

Mr. Erichson gave some background on the individual control mechanisms (ICM) that the City of Austin has in order to maintain our permit at the wastewater treatment plant. Businesses that emit strong waste through the sewer system are monitored and have to pay a strong waste discharge fee each month based on the strength and the volume of what is coming from their facility. Mr. Erichson stated the G & R Truck Wash was recently given a 120 day moratorium on the fee as they install \$100,000 of new equipment to lower this monthly fee. Council recently approved this agreement.

Bill and Linda Nicol from Parks Family Truck Wash noted they are now at a competitive disadvantage. They are required to pay their strong waste charge each month, and now their only competition has a distinct advantage as they don't have to pay during this moratorium period. In addition, G & R Truck Wash didn't have to pay the fees at the beginning of their business as they were trying to get things straightened out. Mr. Erichson noted the recent strong waste charges for Parks Family Truck Wash range from \$500 to \$2,300 per month (more in the summer time).

Council Member King stated if Parks Family Truck Wash is doing things differently, shouldn't there be a lower cost for G & R Truck Wash since they are using this newer equipment/technology? Mr. Erichson stated Parks Family Truck Wash uses a straightforward screening process, while G & R Truck Wash is essentially a mini wastewater treatment plant as they recycle their own water. Mr. Nicol noted many hog producers do not want recycled water to be used in trucks they are shipping their hogs on.

Mr. Hurm questioned if there were similar problems many years ago when the current Parks Family Truck Wash was operating. Mr. Erichson gave some background that noted the original site was on 8th Street and 8th Avenue NE as a Hormel facility. After some site issues (smell, waste, etc.) that are similar to what we have been hearing regarding G & R Truck Wash the facility was moved onto land formerly owned by the City (the City traded the current land for some trail land). Mr. Erichson confirmed that early on we did have some of the same types of issues.

Mayor Stiehm questioned the amount of forgiveness that has happened by having the moratorium. Mr. Erichson stated he would have to calculate this, but it could only be calculated if we are still taking samples as part of the monitoring (we may have stopped doing this since a moratorium was granted). Bill Nicol reiterated that they are at a competitive disadvantage here, as there are only two truck washes in the city.

Council Member King stated he can see Mr. Nicol's point, but G & R Truck Wash is investing another \$100,000 to change this. This is not an apples to apples comparison. It is good for all of us to have both businesses here for the tax base. Mr. Nicol stated business is being taken from us, and they had most of 2008 without having to pay anything for strong waste charges as they tried to figure things out.

Mr. Erichson stated we need the ICM's as part of our permit for the wastewater treatment plant.

Council Member Martin questioned if this is lost money from this timeframe. Mr. Nicol stated it was, but noted he would not disclose how much. Mr. Erichson stated that he can see that water usage has gone down at Parks Family Truck Wash since G & R Truck Wash moved into town. Mr. Erichson stated in the past \$6,000 or so was probably a high month. Mr. Nicol agreed, noting the average is about \$2,000 per month.

Council Member McAlister stated the issue is an unfair business practice charge by Mr. Nicol. It may be wise to stop discussing this now and have a meeting with City Attorney David Hoversten. If something was unfair here we need to have the City Attorney give us his opinion. Council Member Dick Pacholl noted his agreement.

Mr. Erichson clarified that Parks Family Truck Wash would like some consideration on their strong waste bill, much like what was given to G & R Truck Wash. Mr. Nicol noted they are current on their bill, but we should also get four months off on this. Mrs. Nicol stated they employ eight people, and those folks also risk losing their jobs if we don't have enough business. Mrs. Nicol questioned how much of this was investigated ahead of time (with how the waste is treated)?

After further discussion, motion by Council Member McAlister, seconded by Council Member King to refer the issue to the City Attorney and for him to report back to council at the next work session scheduled for September 8. Carried 7-0.

Council Member King stated Mr. Hoversten will make sure it is legal, but that still won't resolve the situation. Mayor Stiehm requested Mr. Hurm to ensure this is on the September 8 work session agenda.

Item #3b. – 2010 budget – Outside Organizations – Human Rights Commission: Kirsten Lindbloom Chairperson of the Human Rights Commission thanked council for their past support, noting human rights will become an even bigger issue. Ms. Lindbloom gave statistics of the class makeup in the public school system, noting that 50% of the students are a minority in the last kindergarten class. Ms. Lindbloom noted that in 2009 council granted the Human Rights Commission \$3,500 for their activities, and the hope is this funding will continue and encourage citizens to find us. We would like to do a phase two media campaign and create a resource clearing house for all to use.

Ron Langrel, Board Member, stated this is an entity that the city has to support. Human rights will always have some winners and losers. Additionally, the last kindergarten class has a large number of minorities, and the trends will only continue.

Council Member King clarified that human rights is more than just ethnicity, it is also about elderly discrimination and kids.

Council Member-at-Large Anderson stated there are lots of positive partnerships here. City liaison, Trish Wiechmann, stated the City's code of ordinances requires the Human Rights Commission. Mr. Langrel added that this is not only about where you have been, but also where are you going.

Mayor Stiehm thanked those in attendance and that no firm decisions will be made at this meeting regarding the funding.

Item #3a. – 2010 budget – Setting a levy cap: Mr. Dankert discussed the proposed tax levy and budget for 2010 noting the reduction in LGA of over \$870,000 from the Governor's un-allotment and the request to increase taxes by the 4.59%, or \$170,000 in addition to 1.42% to cover the cost of the Lansing Township annexation (Lansing Township will receive 90% of these funds back under the annexation agreement). Mr. Dankert discussed the contracts with the six bargaining units that have settlements in them until 2010, also noting that one contract expires at the end of 2009 (LELS) and one other contract (IAFF) for 2008-2010 is still being negotiated with language similar to the six settled contracts. Mr. Dankert stated that if the cost of wages and benefits is a concern with council, we need to know this right away as we are still negotiating contracts. Mr. Dankert did note some contracts would have to be opened to discuss bi-weekly payroll and usage of holidays versus having them paid out.

Mr. Dankert noted the employee numbers have decreased from highs in the mid 180's many years ago. In regards to fund balance, Mr. Dankert noted the city's informal policy of having 42-48% of expenditures in fund balance is widely accepted, including from the State Auditor. Mr. Dankert noted we need fund balance as we need to wait for the second half LGA payment and tax levy payment that comes in July. These are two of our major revenue sources and allows us to cash flow the first six months of the year. Mr. Dankert noted on a \$14 million annual budget (which is the 2009 amount), we will need another \$300,000 added to fund balance just due to the fact the expenditure budget has grown in order to remain at 40% in fund balance in the General Fund.

Mr. Dankert noted the bond ratings and rating agencies are watching how municipalities are handling LGA reductions. The use of fund balance to balance your budget long-term is not a highly regarded practice. Reducing capital outlay is also not recommended, as eventually the repairs and replacements will be needed. Mr. Dankert noted reductions in the operations cost and/or increasing the revenue sources is the best solution for handling the un-allotment.

Mr. Dankert stated as a taxpayer he too would like a zero percent tax levy increase, much like the Chamber of Commerce has endorsed. However, Mr. Dankert stated he would not be doing his job if he recommended a zero percent increase. Mr. Dankert stated looking long term and continuing to reduce capital will create a log jam eventually, for which then future councils will have to appropriate funds for repairs. Mr. Dankert noted the Building Fund is expected to free up in 2011/2012 which then may be used for additional capital.

September 15 still appears to be the drop dead date for setting a maximum tax levy, after such date the levy may be decreased but not increased. In the local economy, Mr. Dankert pointed to record amounts of Local Option Sales Tax (L.O.S.T.) collections as a good indicator that the retail sector is still functioning well in our community. There are also no good gauges for the commercial sector, however Hormel Foods Corporation and their stock still appear to be strong.

Comparisons to taxes on a \$102,000 home in Albert Lea, Owatonna, Faribault, and Winona from 2008 were reviewed, as well as statistics from the Minnesota Taxpayers League. Both indicate Austin is a relatively low taxed community. Chamber Director Sandy Forstner stated the taxes are higher in these other communities as they receive less LGA than Austin does.

Mr. Dankert noted the focus for him on this entire budget was to work with the departments to identify the long-term needs of the city, not just short term. Yes, additional capital dollars would be appreciated, but we believe we can get by with what is proposed.

Council Member Dick Pacholl stated many years ago the city went without a tax levy increase (due to increasing LGA), and this was not the correct thing to do. Council Member Pacholl stated we should probably go higher on the proposed tax levy. Further discussion ensued.

After further discussion, motion by Council Member King, seconded by Council Member McAlister to recommend to council a property tax increase cap of 4.59% plus the 1.42% related to Lansing Township. Carried (No objections noted). Item will be added to the next council agenda.

Item #3c. – Review employee suggestions: Council Member Martin started by stating he was offended by some of the remarks in response to the employee suggestions. Additionally, the Police Department seems to never get turned down in their requests, yet we still have a Fire Department that still does not have a contract. How can we go and discuss budget reductions when we don't have a contract with the Fire Department and we don't know what it will cost us?

Council Member Martin stated that at a prior meeting with Cy Smythe, we were told council could sit in on negotiations with the firefighters. Council Member Martin stated he did not have time for "this crap", and that we should take the time to nickel and dime every budget.

Mr. Hurm gave council an update stating that the I.A.F.F. has our response based on council's closed session approval, but we have yet to hear back. Firefighter Troy Tigner stated they have not seen a proposal. Human Resources Director Trish Wiechmann stated the I.A.F.F. attorney, Jim Michels has the proposed contract as council approved the changes too.

Council Member Clennon stated there is too much he said she said here. We need both parties in the same room. Council Member Austin questioned if council did not trust our negotiating team, for which Council Member Martin stated he cannot trust some of the negotiating team members. Council Member Clennon also noted she did not trust the negotiating team. Council Member Pacholl disagreed noting we have picked this negotiating team and they should be trusted. Council Member Austin stated that this is the same team that negotiated six other contracts that you all trusted. But now you don't trust them on this contract?

Mayor Stiehm stated the question appears to be do we want council to sit in on negotiations. Council Member Pacholl stated we have been over this before, and Council Member Pacholl stated he believed we had decided earlier that council would not be part of the negotiating team. Council Member Martin stated Cy Smythe told us we could sit in on negotiations. Mayor Stiehm stated we need to clarify this tonight.

Council Member King noted he was as frustrated as everybody else regarding this contract. However, Council Member King stated the issues are far bigger than trusting the negotiating team and the I.A.F.F. Council Member King stated the leadership at the Fire Department may be the frustrating point. The languages in a proposed contract has to be so massaged that it is painful.

Council Member Martin stated that he was not saying the entire negotiating team could not be trusted, just certain members and that the City Attorney should be called in to deal with what the problem is.

Council Member King stated maybe we should have Jim Michels in at a closed meeting. Council Member Pacholl stated we could all be in the same room and come out of it with a different interpretation of the events that happened.

Council Member Clennon stated this is all frustrating. Cy says in one meeting we are really close, then boom, we still do not have a contract. Council Member Clennon stated if we hear both sides then there can be no misinformation. Council Member Clennon stated she does not know what side is holding this up.

After further discussion, motion by Council Member Clennon, seconded by Council Member Martin to have council allowed to sit in on negotiations. Council Member Martin clarified that he does not believe a vote is needed, as council can just do it.

Council Member King stated he would like to hear the attorney's side of things before we would get into arbitration.

Mayor Stiehm stated we may need a closed meeting on this topic, like Council Member Austin has suggested. Mayor Stiehm stated that employees see weaknesses in council and they will take advantage of it.

Council Member McAlister questioned who, besides Jim Michels would be allowed into the closed meeting. Mayor Stiehm stated we need to wait for an answer on the last proposal before we go this direction.

After further discussion, the vote was taken. Mr. Dankert clarified that an "Aye" vote means you are in favor of allowing council to sit in on the negotiations.

Council Member McAlister	Nay
Council Member Austin	Nay
Council Member King	Nay
Council Member Pacholl	Nay
Council Member Martin	Aye
Council Member Clennon	Aye
Council Member-at-Large Anderson	Aye

Motion fails 4-3, so council will not sit in on negotiations.

In regards to the employee suggestions, Council Member Pacholl stated we have talked about many of these things in the past. Council Member Martin reiterated he was offended by some answers. Council decided to go through each item, one by one. The following are the items that council debated further on:

- #2 Comp time for the Fire Department. Motion by Council Member-at-Large Anderson, seconded by Council Member Clennon to review in the future. Carried 7-0.
- #3 Fire PERA. Council Member Clennon stated the concrete is not that bad. Firefighter Tigner stated the building is old and we should look at window replacement and other energy efficiencies to reduce the cost of operations. Motion by Council Member-at-Large Anderson, seconded by Council Member Clennon to hold off on the parking lot repair and instead invest the funds into an energy audit. Carried 7-0.
- #6 FLSA Pay. No objections to continue review of this.
- #14 Health Insurance Opt Out. Council Member Clennon stated she has never heard of such a thing where we would pay employees to get health insurance elsewhere. Council Member Austin stated they used to do this at his old business many years ago. This allows the employee to use the cash we give them to help pay for premiums through their spouses' plan. Council Member Austin stated for family coverage it would cost us \$12,000 a year for health insurance, but if an employee opts out, it only costs us \$2,700 per year, so we are saving \$9,700 per year on that employee. Firefighter Tigner questioned why the city has transferred the money into the Building Fund in the past, as this savings was realized from employees and should be maintained in the General Fund. Mr. Dankert noted this was part of the financing plan to fund the \$4+ million for the ground for the Justice Center. We needed this capital contribution in order to not have a tax levy on the citizens of Austin to help pay for the acquisition of the land for Mower County's Justice Center. After further discussion motion by Council Member King seconded by Council Member Austin to leave the revenue and the program as is. Carried 6-1 (Council Member Clennon – Nay).
- #16 Riverside Arena. After further discussion, motion by Council Member Martin, seconded by Council Member King to request a study to be done by Kim Underwood to outline a financial analysis on each facility, incorporating things such as which one is used more, costs to add showers to Packer Arena, etc. Carried 7-0.
- #19 Part-time wages. Council Member Martin questioned why we would not use Sentence to Serve people through Mower County for some of our work. Council Member King stated they will not do jobs that are union jobs, but if you have a particular project call me and we can see what help is available. Ms. Underwood stated Sentence to Serve does help us in the spring for cleanup. No other objections noted.
- #21 Paging System. Firefighter Tim Olson stated we can have all three groups paged if needed. Everyone is coming now. Recently the Fire Civil Service Commission lowered the requirement to attend fire calls from 50% to 30%, in part because they are being paged to all calls. Motion by Council Member King, seconded by Council Member-at-Large Anderson to keep this item in for future review. Carried 7-0.
- #22 Eliminate vehicle stipend. Council Member King clarified who has this arrangement. Mr. Hurm stated he does, the Director of Administrative Services does, as do two members of AFSCME, Jon Erichson and Craig Hoium. Mr. Hurm stated an employment agreement and/or a bargaining unit contract provides for such. Council Member Martin stated that people should only get paid when they are driving. Council Member King stated this was bad policy. Mayor Stiehm stated this had been negotiated for these employees. Council Member McAlister clarified that

this was for all travel, not just outside the city, but also for internal driving. After further discussion, motion by Council Member McAlister, seconded by Council Member Austin to leave the vehicle stipend as is for the four affected employees. Mr. Dankert clarified that an “Aye” vote means you are in favor of leaving such policy as is.

Council Member McAlister	Aye
Council Member Austin	Aye
Council Member King	Nay
Council Member Pacholl	Aye
Council Member Martin	Nay
Council Member Clennon	Nay
Council Member-at-Large Anderson	Aye

Motion carried 4-3. Policy will stay as is for vehicle stipends.

- #23 Eliminate take-home vehicles and create a pool for all to use. Council Member Martin stated it is not necessary that the Fire Chief gets a vehicle and drives it all over town. Council Member McAlister questioned who had take home vehicles, for which Mr. Dankert noted it was the Fire Chief, Police Chief, a few officers (K9’s and a detective), the Street Superintendent, Assistant Street Superintendent, Sewer Maintenance Supervisor, and the Parks Maintenance Supervisor. Council Member Martin stated we bought the Chief this vehicle so he could put his equipment in it, yet every time I am at a fire scene he is not wearing any equipment. Why then, should he have a vehicle. Council Member-at-Large Anderson stated we should not just be talking about the Fire Chief here, it should be all that take a vehicle home. After further discussion motion by Council Member King, seconded by Council Member McAlister to not change the policy on take home vehicles. Mr. Dankert clarified that an “Aye” vote is a vote in favor of keeping the current policy as is.

Council Member McAlister	Aye
Council Member Austin	Aye
Council Member King	Aye
Council Member Pacholl	Nay
Council Member Martin	Nay
Council Member Clennon	Nay
Council Member-at-Large Anderson	Aye

Motion carried 4-3. Policy will stay as is for take home vehicles.

- #28 Cleaning Supplies. Council Member-at-Large Anderson questioned if the City could partner up with Albert Lea in purchasing bulk cleaning supplies. Mr. Dankert noted that if items are purchased off of the state contract, then the prices have already been negotiated. Ms. Underwood stated they can research hand dryers again in relation to the cost of paper towels. After further discussion, motion by Council Member King, seconded by Council Member Austin to leave this as is. Carried 7-0.

Of the above items then, further review will be done on the following items:

- #2 Comp Time
- #3 Do energy audit at Fire Station instead of concrete replacement
- #6 FLSA Pay
- #16 Riverside Arena
- #21 Paging System

In other items (not on list) firefighter Tim Olson stated we used to have an arrangement with Gold Cross where they would be housed in the fire station and pay \$1,500 per month rent. This was a great relationship that worked out well for both. Maybe we could approach them again on this. Mayor Stiehm stated he did not want to discuss this additional item tonight. Motion by Council Member-at-Large Anderson, seconded by Council Member Austin to add this item to Matters In Hand. Carried 7-0. Item will be added at the next council meeting.

Item #4. – Jerry McCarthy – update on SMMPA agreement: Mr. McCarthy discussed with council at the regular meeting this evening, therefore there is no report to give.

Item #5. – Bond Refunding: Mr. Dankert noted we have an opportunity to refund three bond issues into one bond issue at a lower rate to save (present value) just over \$100,000 over the life of the bond issue. Mr. Dankert noted we would be using Northland Securities (as they brought the savings proposal to us), for which we now do investing with and have worked with this financial advisor before.

After further discussion, motion by Council Member-at-Large Anderson, seconded by Council Member Austin to recommend to council the refunding of the proposed bond issues. Carried 7-0. Item will be added to the next council agenda.

Item #6. – Administrative Matters – Matters In Hand: Item was skipped due to time limitations.

Adjournment: Motion by Council Member King, seconded by Council Member Austin, to adjourn the meeting. Motion passed unanimously. Meeting was adjourned at 9:14 pm.

Respectfully submitted,

Tom Dankert