

M I N U T E S
COMMITTEE-OF-THE-WHOLE WORK SESSION
May 17, 2010
City Hall Conference Room
5:00 p.m. Closed Meeting and
6:10 Regular Meeting (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: Assistant City Attorney Steve Hovey, Community Development Director Craig Hoium, Public Works Director Jon Erichson, Administrative Services Director Tom Dankert and City Administrator Jim Hurm.

ALSO PRESENT: Marv Repinski, Darwin Viker, Austin Post Bulletin, and Austin Daily Herald.

Mayor Stiehm opened the meeting at 5:00 pm.

Item #1. – Closed session pursuant to Minn. Stat. 13D.05 Subd. 3 for an update on negotiations and a proposed agreement regarding land acquisition for the justice center property: Motion by Council Member Austin, seconded by Council Member-at-Large Anderson to close the meeting pursuant to Minn. Stat. 13D.05 Subd. 3 for an update on negotiations and a proposed agreement regarding land acquisition for the justice center property. Carried 7-0.

See DVD of closed meeting.

Motion by Council Member Austin, seconded by Council Member-at-Large Anderson to adjourn the closed meeting until after the City Council meeting. Carried 7-0.

Item #2. – Audit Review – Darwin Viker: Darwin Viker from our auditors LarsonAllen gave council a brief presentation of the results of the 2009 audit. Mr. Viker noted he was not going to spend time on the CAFR or Single Audit, but referred everybody to the Executive Audit Summary (EAS) instead. Mr. Viker noted in the EAS that the City has once again received a clean or unqualified opinion. This means the statements are fairly presented in accordance with generally accepted accounting principles. Additionally there were no compliance findings through the entire audit. Mr. Viker also discussed the required communications briefly, noting that there was nothing to report as unusual.

Mr. Viker also reviewed the graphs within the EAS noting that according to the State's website (Office of State Auditor) Austin's net tax levy per capita is ranked number 222 out of a possible 224 cities with populations of 2,500 or more. Mr. Viker stated this equates to citizens having a considerably lower tax rate per capita than most every other city within the state and stated the city has done an excellent job in holding the line. Mr. Viker noted the fund balance grew in 2010 due to additional cuts that had been made in anticipation of further state aid reductions, but overall our unreserved undesignated fund balance level is at 45% of the general fund

expenditures. This is within the State of Minnesota's and LarsonAllen's recommended range of 40-50% of expenditures. Mr. Viker further noted that the city is still heavily dependent upon LGA and property taxes to operate. Any additional reductions in LGA will need to be handled proactively like the City has been doing. Mr. Viker further noted we have no deficit fund balances, meaning we are monitoring all of the funds to ensure the projects have adequate cash to pay for them.

Council Member McAlister noted that citizens rarely hear or see the comments about our taxes being low compared to the rest of the state.

Overall, Mr. Viker noted the city is in excellent financial shape, though the LGA and state budget problems will require us to stay ahead of the game.

Item #3. – Update on plan for refunding bonds for HRA's Chauncey Apartments: Mr. Hurm discussed a past attempt to reduce the debt service on the Chauncey Apartments by utilizing Mower County's general obligation debt service backing. Mower County rejected the original plan, and with rates still at historic lows we would like to have the HRA utilize the remaining city general obligation backing (\$900,000), a loan from the city (\$1,100,000) and the remaining \$4+ million through a bond issue. The estimated savings on this is over \$3 million from the current debt service schedule. Additionally, Mr. Hurm noted that in future years after the city loan is paid off, the HRA is willing to reimburse the city the initial \$1.3 million of land cost, plus interest, for the site where Courtyard Apartments currently is. Mr. Hurm noted we have informally spoken with Mower County about the deal and we could save additional dollars if they are willing to help out, but at this time it could take awhile with them. Our risk is that interest rates start to increase so any savings we get from using Mower County's general obligation backing would be washed away by the rise in rates.

Council Member Dick Pacholl stated this has been discussed at the HRA and we are waiting for some informal approval by the City Council in order to proceed deeper into the process.

After further discussion, motion by Council Member Austin, seconded by Council Member McAlister to allow the HRA to move forward with the proposal. Carried 7-0. Item will be brought forward at a future council meeting once the approvals are needed for the bonding.

Item #4. – Wind Energy Conversion Systems (WECS) ordinance: Mr. Hoium stated the last vote council had on this resulted in a 3-3 tie, with one council member absent. Mr. Hoium stated he would request council approve the proposed ordinance as is with one change to not allow in residential areas, except the schools would be allowed to do this under a CUP. Mr. Hoium stated as this technology evolves, we will certainly be having more discussion on this in the next several years.

Mayor Stiehm noted the comments he is receiving revolve around people being against allowing these in residential areas

Council Member Austin questioned when the moratorium expires. Mr. Hoium stated he believed it was June 28, 2010 (and this is the third time we have had the moratorium). Mr. Hoium stated there is a 180 day limit on this moratorium.

Council Member-at-Large Anderson stated it made the most sense what Mr. Hoium has requested. They should not be permitted in the residential areas except for educational facilities.

Motion by Council Member King to recommend to council the proposed ordinance on wind energy conversion systems as Mr. Hoium has advised.

Before the second could be made, citizen Marv Repinski stated wind energy is a good clean energy source and if the educational facilities have the space and the need, they should be allowed to have these.

Council Member Clennon questioned if many people could construct such a wind energy conversion system the way the proposed ordinance is written now. Mr. Hoium noted not necessarily as some areas in Austin Acres have 200-300 front footage. Additionally, Mr. Hoium stated a parcel with 40 feet of frontage could still install a 20 foot tower under the proposed ordinance that was not approved at an earlier meeting.

Council Member Pacholl stated 99% of the citizens could not put these up, and he liked the idea of a conditional use permit. Council Member Martin noted his agreement.

Council Member McAlister stated he usually does not get a lot of calls on issues, but he has had a few on this one, and not a one of them is in favor of allowing towers in the residential area.

Council Member Martin questioned what would happen in the event the 180-day limit expires. Mr. Hoium stated then a wind tower would be allowed anywhere with no restrictions.

After further discussion, Council Member King's original motion to recommend to Council as Mr. Hoium advised was seconded by Council Member-at-Large Anderson. Carried 7-0. Mr. Hoium stated he would bring this issue forward to a future meeting once it has been drafted.

Item #5. – Cedar River Watershed District update: Mr. Erichson updated Council on what has happened since the creation of this watershed, as follows:

- State approval of the watershed.
- Board creation of four members from Mower County, and one member each from Steele, Dodge, and Freeborn counties.
- Development of a Watershed Management Plan.

Mr. Erichson discussed six contemplated improvements the watershed would try to undertake as listed in their petition. The improvements, if made, help Austin greatly. Mr. Erichson noted there is a \$250,000 tax levy that citizens within the district are paying as part of their property taxes (paid to a special taxing district, not the city of Austin).

Mr. Erichson stated that in the near future he would like Council to take some formal action on this, and the goal would be to establish some rules that would reduce the flooding in our area. Council Member Clennon, who sits on the advisory committee for the Watershed, noted rules need to be set up for permitting requirements for tiling, floodplain usage, etc.

Mr. Erichson stated he would try to put something together in the next few weeks for Council to approve as a formal document.

Item #6. – Flood Program update: Mr. Erichson discussed a presentation that Mr. Dankert and he made to the Government Affairs Committee of the Chamber of Commerce. Mr. Erichson discussed his frustrations with SHPO regarding our current federal grant application which has not yet been approved. Mr. Erichson noted the City committed \$3,750,000 of local option sales tax (LOST) eighteen months ago for phases 3-7 of North Main, but to date we have not been successful in accessing the final federal grant needed to have the project 100% financed. Mr. Erichson stated SHPO is impacting grants all over the State of Minnesota, not just Austin. Mr. Erichson stated we will keep working with SHPO until they tell us no, and an effort is being made locally to get SHPO to get the project through their system. Additionally, Mr. Erichson stated he is working with the DNR to secure additional grant funds. Mr. Dankert discussed an 11 X 17 work paper outlining the different funding that could happen for the flood projects. Mr. Dankert noted there were three scenarios listed, but quite frankly there are hundreds of options that could be looked at. Mr. Dankert noted if we wanted to complete the projects now with only the grants that have been approved, we would be short of cash based on current LOST collections. Mr. Dankert noted a combination of grants and LOST was presented to the public when the referendum was approved, and that case is still needed now to get the projects fully funded.

Item #7. – Update on Lansing Township sanitary sewer project: Mr. Erichson reported that bids came in better than estimates. Back in 2006 the estimates would have resulted in an assessment to a property owner of \$16,000. Earlier this year the estimates were \$17,300 to \$18,300. The bids came in at \$15,590. He said it is still a very favorable bid climate. A number of contractors bid on this very difficult job. There will be an additional \$1,500 assessment for those units needing low pressure service and pump units.

He further reported that landowner informational meetings are planned for Thursday, May 20 at 5:30 for property owners east of the river and 7:00 for property owners west of the river. The meetings will be held in Council Chambers.

Item #8. – Proposal for HRA to provide funding for the Main Street Project: Mr. Hurm reviewed for Council a proposed resolution which identifies \$1,000,000 in city capital funds which have gone to Main Street projects since 2006 and another \$510,000 in Hormel Foundation funds that have been directed to the project as well. A final \$250,000 is identified in the five-year capital improvement plan to do the Main Street project in 2010. The proposal is to substitute for that city contribution \$100,000 per year in 2001 thru 2012 from the Austin Housing and Redevelopment Authority (HRA). The HRA board had previously indicated an interest in providing such funding support. Under the plan, the Port Authority would continue in its role as the government entity overseeing the public funds, authorizing projects and the resulting public easement documents. It was a consensus of the Council that this plan proceed and a resolution be brought to the next council meeting.

Item #9a. – Administrative Report – City email addresses for council members: Mr. Hurm indicated that Council Member Clennon had asked about Council members having City of Austin email addresses. He reported that this would involve \$600 to \$800 in license fees which would need to be paid every six to eight years when a new server is purchased by the City. Council members would need to follow city policy regarding the use of city email addresses. Council Members Clennon, Martin, Anderson and Austin indicated an interest in this suggestion. Council Member Pacholl indicated he does not want his email address placed on the city web

page. Mr. Hurm was asked to research the concept further through the League of Minnesota Cities and bring back a proposal with more detail at a future work session.

Other Matters: Council Member Jeff Austin reminded Council that they are to revisit the city administrator's review at six months. It was determined that goals for the administrator and the council could be reviewed at 5:00 pm on June 21, 2010. Mr. Austin then voiced concern that the council often seems rushed with meetings stacked after each other. Also, the open discussion period at work sessions are important and deserve more time.

Council Member Dick Pacholl reminded the Council to speak into the microphones at council meetings. He has had citizens indicate the some of the conversations on taped council meetings on cable access television are hard to hear.

Adjournment: Motion by Council Member Austin, seconded by Council Member King, to adjourn the meeting. Motion passed unanimously. Meeting was adjourned at 7:50 pm.

Respectfully submitted,

Tom Dankert

And

Jim Hurm