M I N U T E S
CITY COUNCIL MEETING
September 6, 2011
5:30 PM
Council Chambers

MEMBERS PRESENT:	Mayor Stiehm. Council Members Jeff Austin, Steve King, Roger Boughton and Marian Clennon. Council Member-at-Large Janet Anderson.
MEMBERS ABSENT:	Council Members Brian McAlister and Judy Enright.
STAFF PRESENT:	Jim Hurm, Tom Dankert, Jeanne Howatt, Craig Hoium, Jon Erichson, David Hoversten, Mickey Healey, Kim Underwood and Brian Krueger.
OTHERS PRESENT:	Post Bulletin, Austin Daily Herald, KAAL, KTTC. Marv Repinski. Dennis Schminke. Charles Mills. Ron Grossland. Public.

The meeting was called to order at 5:30 pm.

Moved by Council Member King, seconded by Council Member Austin, approving the agenda. Carried.

Moved by Council Member Boughton, seconded by Council Member King, approving the minutes of August 15, 2011. Carried.

Marv Repinski, 1005 4th Street SW, speaking as a citizen and as chair of the HRA Board, requested Council be proactive and consider reinstating the full-time position for the director of the HRA. He noted that Jim Hurm, the city administrator who also serves as the part-time director of the HRA, is currently seeking another position – possibly his seventh in his career with the City of Austin. Approximately $30,000 of his salary comes from the HRA and Mr. Repinski said additional money could come from the redevelopment money already moved to the HRA for the proposed housing improvement program. That would allow nearly enough for a full time manager, he said. He said he had deep respect for Mr. Hurm but that there is so much on his plate and this is a busy time for the development of the city. Mayor Stiehm said this could be addressed at a future work session.

Moved by Council Member King, seconded by Council Member Boughton, approving the consent agenda as follows:

Licenses:

Temporary Food: Operation Vintage Pride, Fairgrounds, September 24
Master Plumber: McCarthy Plumbing & Heating, Owatonna, MN

Claims:

a. Credit card report
b. Pre-list of bills.
c. Phyllis Rasmussen, 804 38th Avenue NE, Austin. This claim was forwarded to the city attorney to protect the city's interest.
d. Josh & Elisabeth Holck, 510 6th Avenue SW. This claim was forwarded to the city attorney to protect the city's interest.
e. Vicki Trimble, The Hardy Geranium, 100 4th Street SE. This claim was forwarded to the city attorney to protect the city's interest.
f. Patricia Reinartz, 1902A Burr Oak Dr., Austin. This claim was forwarded to the city attorney to protect the city's interest.

Carried.

Council previously set a hearing on a final plat review for Dobbins Creek. Community Development Director Craig Hoium requested Council cancel this public hearing as the owners are not yet ready to proceed.

Moved by Council Member Austin, seconded by Council Member King, canceling the public hearing. Carried.

Council must pass a resolution setting a proposed tax levy and budget for 2012 and have the resolution forwarded to the State by September 15. At the last work session, the Committee-of-the-Whole approved a $4,013,000 levy, approximately 14% higher than the 2011 levy. Finance Director Tom Dankert discussed the $613,000 Market Credit Aid the City will lose plus the $687,000 LGA loss, a total state aid loss of $1.3 million. A 14% city tax hike would bring in about $492,000 of the total lost aid. Since the last work session, staff has met with the library director on another option for Council to consider. With the recent Council's action to add the children's librarian, Library Director Ann Hokanson is planning on not replacing a professional librarian who has been working half time and on special projects during the current year. The proposal is to increase one of the 20-hour employees to 30 hours and increasing the budget for the part-time staff. This proposal would decrease the 14% tax levy proposal by one percent to a 13% tax levy. Mr. Dankert referred to a Minneapolis Star Tribune article that discusses the loss of MVC. Mr. Dankert noted that we have cut a full-time Street Department employee and reduced capital expenditures. He added that if citizens are still demanding services at the same level as always, this is the budget that staff believes is necessary to maintain that level. If Council wants to cut, that's your decision. We could look at user fees; however, fees in essence are the same as a tax. For every (approximately) $38,000 that we cut from the budget, we could reduce the levy by one percent. Mr. Dankert said he did receive a call from one individual who was not happy with the proposed tax hike. Another caller said they were willing to pay more for our services – to keep more hours open at the library, for example. At the work session, there was some discussion about the School District's proposed referendum, but my job, noted Dankert, is to balance the city's budget. If we do not balance, there will be serious ramifications based on our revenues. The $4,013,000 was approved at the last work session with the children's librarian position to be filled, to be referred to as Option A.

Council Member Boughton questioned the Homestead Credit reimbursement and why we build our budget around it. Mr. Dankert explained that we have always levied the gross amount, and

then the County determines the MVHC. It has been a revenue source for us; at some point we may have received the full amount.

Council Member Austin said we have talked a lot about a percentage increase in the levy. When losing money from the State and trying to recoup from that, we need a combination of budget reduction and tax increase. One thing we have to look at is quality of life issues. Council Member Austin referred to the upcoming Vision 2020 discussions and the goal of making Austin the best place to live. "I don't think we can do that without maintaining our current services." He referred to Council Member Boughton's suggestion to not fund the Coalition of Greater Minnesota Cities but the issue was not discussed. Noting the Governor's position on LGA and a good relationship with our legislators Sparks and Poppe, Council Member Austin said the lobbying efforts we could handle ourselves. Council Member Austin suggested Option C, which would be Option B plus the elimination of the CGMC membership. That would reduce our levy by another percent.

Mayor Stiehm said the 14% tax levy was proposed and approved at the last work session. He acknowledged the two council members not in attendance but their positions were in opposition of each other so the vote outcome would not change. The Mayor said he has spoken with people who are initially against the increase in taxes but once he talks to them and explains, they tend to understand. He said has talked to people in other cities who belong to the Coalition. One city's Coalition dues are $20,000(Sartell) and they only received $1300 last year. We receive a lot; he advised Council to be careful in their decision. LGA is going to be a battle every year, he said.

Council Member Clennon was reminded of a retired person living in middle income housing. She has her home up for sale because her property taxes are beyond what she can afford. She questioned if this would be the scenario for others. Council Member Clennon noted her disappointment that there is no work session for tonight. She said we could all find something to reduce the budget. She is not saying the increase should/could be zero, but she would like to see a tax increase which is under ten percent.

Mayor Stiehm reminded everyone that setting a ceiling doesn't preclude a lesser amount for the budget and levy. If Council wants reductions, it's up to them.

Mr. Dankert noted that the CGMC payment is partly funded from the WWTP fund and the Utilities so the total levied to pay for membership is about $35,000 from the General Fund, which equates to one percent of the levy.

Council Member King cautioned council members on the proposal to not pay for CGMC membership. He supports Option B.

Council Member-at-Large Anderson said if Council can find additional reductions, we would. She prefers Option B for a 13% tax levy. As for Council Member Austin's suggestion to withdraw membership from CGMC, she would like more discussion on something like that.

Council Member Boughton said Tom Dankert's responsibility is to watch the city's budget, and rightly so, but Council Member Boughton stated that for the rest of Council, we represent our city and schools. We can't forget that we are just one-third of the tax bill. Other tax bills are going up so there will be a significant increase.

Mayor Stiehm said he also talked to a gentleman on the phone who said he would be voting against the referendum because the referendum is too high.

Dennis Schminke, 2502 6th Avenue NW, asked Council if they have done everything they can to avoid a tax increase. He complimented the Mayor on the recent explanatory editorial and the media for their recent front page article. Mr. Schminke said though Council may have made promises, they may have to go back on their promises. The point has been made that we are a low tax city, but Austin is not a low expenditure city, he said. This $7.1 million (LGA) is not free money; it is merely shifting the burden to other taxpayers. Mr. Schminke said he understands that Austin is reducing head count, and that's likely due to more automation, but he has a hard time agreeing to the termination of outside contracts when they, in the end, may cost less. He said he has no particular ax to grind pertaining to public employees, but business as usual is not working. He questioned Council if they have had total market assessments performed in the open market, and he pointed to public employees' salaries in comparison to the private sector comparison. Understanding that medical compensation *was* off the charts, he contends that it is *still* off the charts in peer groups.

Mayor Stiehm said the City has less employees and less costs in health insurance. As for comparison of public employees, the City is compelled to follow laws and maintain comp worth. Mayor Stiehm said the less-tax argument is not what he has heard. People say they like the services the way they are. As for expenditures, in 2009 we were right in the middle of expenditures. The next step would be to cut essential services. In addition we are an older city and must maintain everything.

Charles Mills, 2003 9th Street SW, stated the City is doing a good job but you can always do a better job. He suggested a committee of business people be formed to see where changes could be made in the city. We need to look at the unfunded mandates, too.

Mayor Stiehm said the leaders of the community tried to initiate a visit to the legislators last year to request the cutting of mandates. He said a dedicated group of business people could be formed. It couldn't hurt, he said, but it may not resolve anything. We don't have the wherewithal tonight but we're trying. As far as perspective from businesses, many of the council members are involved in other businesses.

Marv Repinski said he doesn't want to pay more in taxes but is willing to pay his fair share. He said citizens would grumble if basic services are not provided.

Ron Grosland, 604 24th Street NW, said he formerly worked for Hormel working with budgets. He said experience has shown him that when things are good, spending increases, and when they're bad, cuts are made. But eventually priorities change and the cutting stops. He does not believe that once the levy is set that Council will cut the budget further. He told Council to keep looking at cuts.

Council Member King motioned to approve the preliminary budget and tax levy for 2012 at $3,975,000 (Option B). Motion seconded by Council Member-at-Large Anderson. 2-3. Motion failed. Council Members Boughton, Clennon and Austin voted nay.

Council Member Austin motioned to pass "Option C", explained as the $3,975,000 tax levy plus removing CGMC membership from the budget. Motion died for lack of a second.

Council Member Boughton motioned to pass "Option D", a tax levy set at 9% and leaving the administration to recommend where additional cuts should be made. Motion seconded by Council Member Clennon. 2-3. Motion failed. Council Members King, Austin and Anderson voted nay. Council Member Austin noted that this motion would shift burden to staff where Council should be making decisions.

Council Member Austin, questioned and City Attorney David Hoversten confirmed, that Council Member Austin could bring up a defeated motion. Council Member Austin motioned to adopt a resolution approving Option B, a tax levy set at $3,975,000 (estimated 13% increase). He stressed that this is a *preliminary* budget and tax levy. 3-2. Motion carried. Council Members Boughton and Clennon voted nay.

Public Works Director Jon Erichson asked Council to approve the fall yard waste program for this year. The Cook Farm site would be open September 24 through November 27 from dawn to dusk. As in previous years, only leaves, grass and garden waste may be dumped and compost will be available. This program is funded through revenues generated by the lease at the Austin Waste Transfer Station.

Moved by Council Member Austin, seconded by Council Member Boughton, approving the fall yard waste program. Carried.

Moved by Council Member Austin, seconded by Council Member King, adopting a resolution setting a hearing on proposed assessments for 2010-2011 snow removal, 2011 junk removal, 2011 weed removal, miscellaneous sidewalk projects, sanitary sewer, Project 2-B-11, 2002 sanitary sewer properties, tax forfeited properties, and one objected assessment on Project 9-A-11. 5-0. Carried.

Moved by Council Member Austin, seconded by Council Member-at-Large Anderson, adopting a resolution accepting gifts to the Austin Public Library for the month of July. 5-0. Carried.

The City of Austin submitted a grant to DEED for flood mitigation and received $33,000. Since then the scope of the work has been developed and we have received proposals for the work. The City is requesting bonding from the state legislature for completion of the project. The $33,000 will pay for the Turtle Creek Flood Mitigation study. Mr. Erichson recommended Council approve the lowest proposal from Bolton Mink.

Council Member Clennon noted that the bid package is different than what was discussed at the work session. She asked if we are working with the Turtle Creek Watershed District. Mr. Erichson said they are aware of the project, but this project begins at their end point. Mr. Erichson also noted that a model was created in 1992/1993 but that many things have changed since then. Part of the bid package includes converting that modeling to standards currently recognized. Council Member Clennon asked if we are working with the Army Corps of Engineers. Mr. Erichson said the City has a long history of working with them, but the funding is not going to happen due to their strict cost-benefit ratio requirement. Council Member Clennon noted that the Corps of Engineers had done an estimate. Mr. Erichson said they would not fund this project; part of this study would be to develop our own plan. They will be directed

to look at property acquisitions, structural mitigation, individual mitigations and utility relocations.

Moved by Council Member Austin, seconded by Council Member Boughton, approving the proposal of Bolton Menk Inc. for the Turtle Creek Flood Mitigation Study. 4-1. Council Member Clennon voted nay.

Staff is continuing to work with The Hormel Institute on a proposed expansion. The City has already requested funding from the state bonding bill and the State is requiring a resolution of support. The resolution must state this is project priority number one if more than one grant application is submitted, which is the case. The$13,500,000 grant submission is approximately 50% of the estimated construction cost for a new building addition to include 15 new, state-of-the-art research labs at The Institute. Ownership of the project would be the Port Authority, and the remaining funding would be through a Port Authority bonding issuance. The project has the potential of 120 new jobs. This is similar to a bonding bill submitted for The Institute in 2008.

Council Member Clennon said that while she is a huge supporter of The Hormel Institute, she questioned when Council gave staff direction to pursue this project. She said she became aware of this last October but there were no plans for any building. The plans were for The Institute, but the City was not involved, she noted. Now the City has the ownership, she said, and she added that she has not seen any plans. Staff used taxpayers' money yet Council didn't give direction for this, she said.

Council Member Austin, Council Member-at-Large Anderson and Mayor Stiehm refuted this, saying City Administrator Hurm did bring it to Council's attention. Council Member Clennon said we were told it was for infrastructure. Council Member-at-Large Anderson noted that the project has with it the benefit of jobs. Also, there may be some confusion as to where the property expansion is. Mr. Erichson said the proposed expansion is on the same footprint as the current building; it will not go east of 8th Street NE. He said this was discussed at the third meeting of May and was also talked about in a May 11th memo from Jim Hurm and himself: "***Hormel Institute/North Crane Addition*** *– A potential long range project would be the Hormel Institute expansion. This project would include infrastructure modifications to facilitate this expansion. The project is identified in the city's CIP in the economic development section. An additional option being researched is for the Port Authority to participate in the building construction and have a long-term lease with The Hormel Institute and the Hormel Foundation. Under this scenario, the Port Authority/City of Austin would be requesting state bonding dollars for the project. By pursuing outside funding sources, there would be the potential that an expansion would become more feasible. An expansion of The Hormel Institute would have the potential to increase the number of research labs and, in turn, increase jobs.* Mr. Erichson said economic development has always been a priority of the council. This will have low impact to taxpayers but provide a big dividend to the community. City Administrator Jim Hurm said that at the time of the work session, no action was required by city council. This matter was brought to Council and the Port Authority in concept.

Council Member Clennon said that just because no one said 'no' doesn't mean it's okay. Will this help with the unemployed people in the city?

Mr. Hurm said he thought there may be jobs in maintenance, etc., but that there will be science jobs obviously.

Mayor Stiehm said questions could have been raised at that time.

Council Member Austin said it sounds like Council is getting into micro-managing again. This project is well worth the staff's time and support.

Council Member Austin moved to adopt a resolution in support of state bonding to provide funding for infrastructure and building expansion. Motion seconded by Council Member-at-Large Anderson. 4-0. Council Member Clennon abstained.

The City of Austin received a $413,000 grant from the Minnesota Department of Employment and Economic Development in 2009 for flood mitigation. Based on our performance, we have been provided an opportunity to develop a grant amendment for additional funding for low–to-moderate income (LMI) properties. Information has been sent to residents who are subject to repetitive flooding. Based on the responses, we received a detailed acquisition estimate which was developed and submitted for the grant amendment. We have now received a grant amendment for an additional $176,067.22 for LMI property acquisition.

Moved by Council Member Austin, seconded by Council Member King, adopting a resolution accepting a grant amendment for acquisitions of low-to-moderate income repetitive flood properties. 5-0. Carried.

Moved by Council Member Austin, seconded by Council Member King, setting a public hearing for September 19th for a variance governing the corner sideyard setback requirements in a B-2 Community Business District, petitioned by Gary and Serena Brolsma. Carried.

Community Development Director Craig Hoium requested Council declare a hazardous structure. He referred to pictures in the backup and said the structure has deteriorated and is currently vacant. Staff has had a number of contacts with the owner, but the owner has failed to make corrections.

Council Member Clennon questioned the requested action asking if the City is only required to make the house safe, meaning boarding up windows if the windows are broken, etc.. Mr. Hoium noted that state statutes require us to have the structure demolished or repaired.

Council Member Clennon said this house is in the area where the houses are being bought out. She questioned putting money into it and then having it be bought out. Mr. Hoium said that to his knowledge, the house is outside the buy-out area, to which Council Member Clennon said these companies are always interested in buying outside the designated area. Mr. Hoium added that there is a family of seven raccoons in it. Council Member Clennon questioned how much of the house is deteriorated. Is it worth putting money into it, she asked.

Council Member King confirmed with Mr. Hoium that the money put into the house is assessed back to the property owner.

Mr. Hoium said he is not involved with the acquisitions but he said he could contact the company to see if they're interested. Council Member Clennon said it seems fair that the company acquiring property would have the first crack, to which Council Member-at-Large Anderson agreed.

Moved by Council Member Austin, seconded by Council Member King, adopting a resolution declaring a hazardous building located at 905 17th Avenue NE, Wilma Morton property and directing Mr. Hoium to contact the acquisitions company within the legal timeframe prior to any demolition. 5-0. Carried.

Moved by Council Member Austin, seconded by Council Member Boughton, granting the Planning and Zoning Department the power to contract for the removal of junk and/or illegally stored vehicles at 300 1st Street SE, Gwin property. Carried.

Moved by Council Member Austin, seconded by Council Member King, granting the Planning and Zoning Department the power to contract for the removal of junk and/or illegally stored vehicles at 1202 3rd Avenue NE, Camerer property. Carried.

Moved by Council Member Austin, seconded by Council Member King, granting the Planning and Zoning Department the power to contract for the removal of junk and/or illegally stored vehicles at 807 3rd Avenue NE, Ernst property. Carried.

Moved by Council Member Austin, seconded by Council Member King, granting the Planning and Zoning Department the power to contract for the removal of junk and/or illegally stored vehicles at 502 6th Avenue SE, Bisping property. Carried.

REPORTS

Council Member Clennon attended the send-off of the local National Guard unit. She also attended the LMC Policy Committee. One of the speakers spoke on e-bikes. Council Member attended the Mower County League of Cities meeting in Adams and heard from all county officials. Forest "Frosty" Miller spoke on Mapleview's neighborhood watch program. She also attended the Southeastern Minnesota League of Municipalities meeting in Chatfield. She was recently involved with the Citizens Against Bullying fund-raising campaign.

Council Member-at-Large Anderson reported that KSMQ taped the final meeting of the Community Conversations and it will air Thursday, October 13 at 8:00 pm; Friday, October 14 at noon; and Wednesday, October 19 at 7:00 pm.

Parks & Rec Director Kim Underwood invited everyone to Re-Fest at Riverland Community College on Saturday from 11:00 to 5:00.

Moved by Council Member Austin, seconded by Council Member King, adjourning the meeting to September 19, 2011.

Adjourned: 7:01 pm

Approved: September 19, 2011

Mayor: _____

City Recorder: _____