

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
October 17, 2011
City Hall Conference Room

PRESENT: Mayor Stiehm, Council Member-at-Large Janet Anderson, Council Members Jeff Austin, Roger Boughton, Brian McAlister, Judy Enright, Marian Clennon, and Steve King

ABSENT: None.

STAFF PRESENT: Assistant City Attorney Craig Byram (4:45 to 5:15), Community Development Director Craig Hoium, Police Chief Brian Krueger, Assistant City Engineer Steven Lang, Fire Chief Mickey Healey, Administrative Services Director Tom Dankert, and City Administrator Jim Hurm.

ALSO PRESENT: Public, Austin Post Bulletin, and Austin Daily Herald.

Mayor Stiehm opened the meeting at 4:45 p.m.

Closed Meeting – Motion by Council Member Austin, seconded by Council Member King to close the meeting pursuant to M.S. § 13D.05 subd 3(b) which provides for closed meetings to receive and review Attorney Client Privileged communications regarding threatened litigation. Carried 7-0.

See DVD of closed meeting.

Motion by Council Member Austin, seconded by Council Member King to adjourn the closed session. Carried 7-0.

Work session is adjourned until after the council meeting this evening.

Other Item – Chief Krueger updated Council briefly on the action the Mower County Board of Commissioners will probably be taking in the next few weeks regarding the remodel of the LEC and bringing Health and Human Services back downtown. The City Council may be asked to sign an agreement in the near future to cover our half of the LEC remodel costs.

This is for informational purposes only.

Other Item – Mr. Lang updated Council regarding the question of amending the ordinance to require property owners with corner lots to remove snow from sidewalk intersections at the corner of their lot. Mr. Lang reviewed the ordinance noting we encourage the corner residents to keep the corners accessible, but we do not charge them if they do not clean the corners. Mr. Lang stated if we have time (after all other snow removal issues are resolved) City staff will start

digging out corners for pedestrians at no cost to the property owner. Resident Craig Knippel questioned why we do not enforce the cleaning up of the corners. Mr. Lang stated we do this for the following reasons:

- Many property owners do not have the capability to move that amount of snow.
- At many of the corners, the snow needs to be hauled rather than piled up.
- The cost for cleaning each area becomes very expensive, especially if hauled.
- In winters where there is a lot of snow the street becomes narrower, which would then require an area of the street to be cleaned.

Council Member Boughton stated this seemed reasonable to him. Council Member McAlister agreed, noting this would be enormously expensive to try to clean all of these.

This is for informational purposes only.

Item No. 1. Rental housing ordinance– Mayor Stiehm noted this issue has been discussed and has been ongoing for some time now, and staff needs some direction from council on what direction they would like to see this ordinance go.

Mr. Hoium stated last year council and staff worked actively to create a rental housing program. The City already has a specific nuisance ordinance. We also surveyed other communities, but a big hurdle to overcome is that council refused to allow the hiring of additional staff and budget dollars to fund a comprehensive program. Discussion and questions ensued regarding a registration process and if an inspection would be required with the initial registration.

Questions such as the following were asked:

- Should we require written leases and a crime free/drug free/good neighbor policy for these units?
- Should there be a fee for this?
- Should there be an initial inspection?
- Should we require a property manager to be located within one hour of the property?

Mayor Stiehm handed out a questionnaire titled “Housing Ordinance Questionnaire”. Mayor Stiehm stated the questions here need to be answered by Council for us to move forward. Council Member McAlister stated the more he thinks about it, the more we need to decide what Austin really wants out of this.

Mr. Hoium stated if Council would like to just do the registration process, it would take some time – years – to develop the database for the Police and Fire Departments to be able to eventually contact the property managers.

Mayor Stiehm questioned if the Council really wants an ordinance as had been previously drafted. Council Member Boughton stated maybe we need to start with the registration process and then keep expanding it from there. Council Member Enright stated we need to invite the residents that live next to the rental properties to come in and talk to us.

One property owner stated the City will run them out of business if we add fees to this. If tenants have issues making rent payments now, they will not be able to afford the additional cost

of the fees that will be passed onto them. Mayor Stiehm stated we are talking about 5-10% of the area landlords being considered as problems.

Council Member Clennon stated she was confused because when she took office a few years ago this was a top priority that staff were working on, but here we are two and a half years later and it is like we are almost starting over. Mr. Hoium stated he started working on this in January of 2011. Mayor Stiehm stated the problem is that we have been all over the place on this issue.

Council Member King stated he could get his hands around the registration process, as he is hearing more and more from people that do not know who owns or is managing a property. Council Member King voiced his support for a database to at least start this process.

Council Member Clennon stated she was a renter in this community on two different occasions. These are the worst properties she has ever lived in, and Council Member Clennon noted she had been renting for over 35 years. Council Member Clennon expressed her concern of where will tenants end up living if they are evicted for complaining to somebody about the conditions of their property.

Mr. Hoium stated it is difficult for staff to propose an ordinance with no additional staffing dollars for new employees. Mr. Hoium reiterated that staff needs Council's direction to move forward.

Resident Dick Pacholl stated if we start charging a fee, the rents will go up and this is one of your biggest problems.

Resident Peter Grover stated he has wonderful renters, however he noted his agreement that there are some blighted properties in the town. Mr. Grover noted he supported a registration process with no fee attached to it. Council Member Enright stated the local landlord associations supported the registration process, but we need the tenants and neighbors to have a say in this as well.

One resident also noted that if a fee is created, all city properties should also be required to pay the same fee.

Council Member Clennon requested we bring in representatives from other cities to see what they learned when they did this process, and what would they have changed. Council Member Enright stated these other cities already have the rental housing ordinance in place.

Mayor Stiehm stated he is hearing complaints from some council that this is taking too long to get done, yet I hear Council also say we need to take more time on this.

Lisa Marvin of the Minnesota Multihousing Association stated it sounds like the big issue is that no one knows who owns the property. The registration process takes that issue away and also shows you how many properties you are really dealing with here. Adopting a licensing ordinance will not take the problems away, but our organization does support the registration process, stated Ms. Marvin.

Chief Healey stated he has some records of landlords, for those that we have had to deal with on inspections. Chief Healey stated there are some property owners that will not call you back. Also, there are costs associated with staff even creating a database that need to be recovered or paid for by someone.

Mayor Stiehm asked Council as to who would like a registration process at a bare minimum. Council Member Clennon stated we cannot take five years to register landlords, and we must also decide who penalizes and enforces the housing ordinance. Council response to Mayor Stiehm's question was 6-1 (Council Member Clennon – Nay) in favor of doing at least the registration process at the bare minimum.

Council Member Austin stated we have an orderly housing ordinance in place right now, but how do we know the bad housing isn't actually lived in by the owner and not a renter. Mr. Hoium estimated that at least 50% of the junk removals and hazardous housing complaints are for rental property.

Council Member Clennon stated this is not just for blighted properties, but also for the safety of the tenants.

Resident Charlie Fawver stated you cannot legally evict a tenant for complaining.

Mayor Stiehm took the original question to the next step. Mayor Stiehm asked how many on council would support a registration process with an initial inspection of the property. Votes were as follows:

- Council Member McAlister – Nay
- Council Member Austin – Nay
- Council Member King – Nay
- Council Member Boughton – Nay
- Council Member Enright – Yes
- Council Member Clennon – Yes
- Council Member-at-Large Anderson - Nay

Council Member Austin reiterated that there will be costs associated with just registering a rental property that needs to be addressed.

After further discussion, motion by Council Member Austin, seconded by Council Member McAlister to recommend to Council taking a registration process forward to council with staff bringing forward recommendations on a fee structure associated with the registration process. Carried 6-1 (Council Member-at-Large Anderson – Nay). Item will be added to the next council agenda.

Other Item – Chief Healey stated he is working on addressing council's direction on creating a fee for auto extrications and hopes to bring that forward to council in the near future.

Item No. 2. LMC land use training – Mr. Hoium reviewed the land use violations in the last 15 years or so, noting only the one involving Burr Oak Manor comes to mind. Mr. Hoium noted he and Assistant City Attorney Craig Byram put on a training session for Planning Commission members and newly elected council members every so often also.

Mr. Dankert read the email from Council Member Clennon and the League of Minnesota Cities, noting we can qualify for up to a \$3,750 discount per land use claim if the following occur and are certified on a regular basis:

- A quorum of the city council
- The chair and another member of the Planning Commission
- The city planner or another staff person with lead responsibility for planning activities

Mr. Dankert noted we go through the annual certification, so he assumed we would need to certify compliance with this annually as well.

Council Member Enright stated she would do it if others are also interested. Council Member-at-Large Anderson stated there is no payback though unless we have a claim, and we have only had one in the last 15 years. Council Member King stated this is not a bad thing, but we have the Planning Commission that takes the brunt of these issues.

Mayor Stiehm requested that council members report back in the next few weeks as to who has done or would like to do the training.

Item No. 3. Health Officer report – Mr. Hurm discussed the history of this expenditure and position, noting times have now changed and he is recommending that we do not do this for 2012 and save the \$1,250.

Motion by Council Member Boughton, seconded by Council Member McAlister to remove this expenditure from the 2012 budget. Carried 7-0.

No further action necessary as this will be changed in the 2012 budget.

Item No. 4a. 2012 Budget discussion – Budget ideas and discussion – Council Member Enright discussed the questions and answers that staff provided and she wanted to ensure all council saw the thoughts. Council Member Enright noted her questions had been adequately responded to.

Council Member Boughton stated he would like to eliminate the Contingency line item, thus saving \$150,000 from the budget and lowering our estimated tax increase from 13% to 9%. Council Member Boughton stated this would hold all city departments harmless. Additionally, the savings we realize each year by not spending our entire budget could be used for emergencies or our rainy day fund.

Mayor Stiehm stated we just had a joint LEC meeting regarding a potential increase in the costs of the LEC remodel for the Police Department. The Contingency line item is a potential source for this funding.

Council Member Austin stated the unused funds each year is not guaranteed either. Mr. Dankert clarified that each department, once the budget is approved by council, has the authority to spend their budget up to and including December 31 of the budget year.

Mayor Stiehm also noted our levy increase is amongst the lowest of comparable cities in southern Minnesota.

Council Member Enright stated she would like to see the Contingency line item stay, but if we want to cut the levy maybe look at some capital items. Council Member Enright stated she did not care if we were one of the lowest around.

Council Member-at-Large Anderson stated she could support reducing the Contingency line item, but not eliminating it. Mr. Hurm stated he had concerns if this would be eliminated also.

Council Member Austin stated he understands Council Member Boughton's viewpoint and he is willing to reduce the tax levy also. However, if we are to reduce the tax levy by \$150,000 then we need to find real expenditure savings, like cutting the Coalition of Greater Minnesota Cities for example. Every year we find a need for the Contingency line item as something will always pop up. By not funding Contingency for one year, we are simply pushing the problem down the road for somebody else to solve.

Mr. Dankert noted for payable 2013, we will need approximately \$150,000 for negotiated salary and benefit increases. If you decide to then put back the Contingency line item, we would need another \$150,000. I then have to explain to the public as to why I need an additional \$300,000 of tax levy (another 8-10%) yet I had no state aid decreases (that is the state budget currently). Mr. Dankert noted his preferred approach is to resolve the problem now, not do what the State of Minnesota and federal government has done by deferring the real decisions to future leaders.

Council Member King stated it is a miraculous task staff did to get our tax levy down to what it is considering the loss of the \$1.3 million in state aid. If we want to make the cut, let's make it with a real person or program.

Council Member Boughton stated that nobody is asking the local business man about our taxes. We can eliminate the Contingency line item and affect nobody.

County Commissioner Tony Bennett was in attendance and stated Mower County once had a \$36 million surplus. Now it has all been spent down on who knows what, including reducing the tax levy that we now need back. Commissioner Bennett stated he agrees with the process the City uses which is to use increased fund balances for one-time capital projects, not to help with operational costs. Mr. Dankert noted we keep the fund balance in the General Fund at 42-48% of the expenditure level. The State Auditor's Office recommends this fund balance level at 35-50% of your expenditures. Once we reach close to that 50% level, Mr. Dankert noted councils of the past have transferred the money to fund capital projects like libraries, arenas, and the ground for the justice center.

Council Member McAlister stated apologizing for our tax increase is getting old. We have bitten the bullet, and we need to stay right where we are at as we do not know what will even happen at the state level. Council Member McAlister stated he would hate to spend the fund balance down just because it is there. Council Member McAlister stated whatever the State has done to us, we need to account for that.

After further discussion, motion by Council Member Boughton to eliminate the Contingency line item from the 2012 budget. Motion failed for lack of a second.

Item No. 4b. 2012 budget discussion – Research on City of Mankato’s junk pick up day –

Mr. Hurm played a video from the website of the City of Mankato on their junk clean-up day. Mr. Hurm stated Mankato has only one authorized waste hauler in the community which is another reason they can offer this service to their citizens.

Council Member Enright thanked Mr. Hurm for researching the issue.

No further action needed.

Item No. 4c. 2012 budget discussion – Research on one-container recycling – Mr. Hurm checked with the staff at the local recycling center and was also referred to Rice County. Rice County has allowed co-mingled recycling (put all items into just one container), but then ships the material to the Twin Cities for separation. It appears based on discussions with our recycling center, this is not an option at the current price for our consumers.

No further action needed.

Item No. 5. - Administrative report – None.

Item No. 7a. – Matters In Hand – Mr. Hurm reviewed some items to be added to the Matters In Hand. The last three items (Citywide junk removal, recycling – feasibility of using one bin, health officer report) have now been handled, but the other three items (flood wall recognition, work with Humane Society on a joint building, increasing parking violation fines during snow emergencies) need to be added to the list.

Motion by Council Member Austin, seconded by Council Member-at-Large Anderson to add the three items to Matters In Hand. Carried 7-0.

No further action necessary.

Item No. 6. Open discussion – Mayor Stiehm questioned if council wants to spread meetings out into two nights again like we used to operate. Council Member Austin stated we may want to look at that if we have longer agendas. Council Member-at-Large Anderson and Council Members King and Enright stated we should get it done in one night only.

Item No. 6. Open discussion – Council Member Clennon questioned the status of evaluations for the year. Mr. Hurm stated he would get them out in the next few weeks.

Item No. 6. Open discussion – Council Member Clennon questioned the capacity of the Wastewater Treatment Plant, and what we are doing to ensure we have future capacity. Mr. Hurm stated the Public Works Department is working with the Industrial user to identify issues and solutions for them. Mr. Hurm stated he would have Mr. Erichson give a report at a future work session.

Item No. 6. Open discussion – Council Member Enright questioned the status of the Performance Measurement survey. Mr. Hurm stated hard copies are available at the library and City Hall and it will be advertised in the upcoming joint newsletter.

Motion by Council Member Boughton, seconded by Council Member Enright to adjourn the meeting at 9:03 p.m. Motion passed unanimously.

Respectfully submitted,

Tom Dankert