

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
June 4, 2012
City Hall Conference Room

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

ABSENT: None.

STAFF PRESENT: Police Chief Brian Krueger, Parks and Recreation Director Kim Underwood, Community Development Director Craig Hoium, Director of Administrative Services Tom Dankert, and City Administrator Jim Hurm.

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

Mayor Stiehm opened the meeting at 6:36 p.m.

Other Item Notice of Claim– Police Chief Brian Krueger updated council that there was a medical call in southwest Austin back in November of 2011 that police officers responded to. On May 14, we received a notice of claim from the party involved. Chief Krueger maintained his officers acted appropriately, but since this is considered pending litigation no further comment can be made except that Dan Kirtz at the League of Minnesota Cities (our insurance company) will be here for a special closed session on June 18 at 5:00 to bring council up to speed as to the status of the claim.

This is for informational purposes only.

Item No. 2. Permitted land uses in R-1 Single Family Residence District - Mr. Hoium discussed City Ordinance No. 507 that council adopted back in June of 2004 as part of our enactment of a review of our charter and ordinances. In going through this process with city staff, there was never any direction given to American Legal Publishing Corporation to delete the permitted use of two-family dwellings in the R-1 Single Family Residence District. Mr. Hoium stated he is getting multiple calls from bankers that want to ensure that if a two-family dwelling burns down that it will be allowed to be rebuilt on the current location. Mr. Hoium stated we need to enact an ordinance in order to change this description back to allow for two-family dwellings to be located in R-1 districts. Mr. Hoium recommends council pass a motion to forward this onto the Planning Commission for their review.

Motion by Council Member-at-Large Anderson, seconded by Council Member Austin to recommend to the Planning Commission the change to allow for two family dwellings to be located in an R-1 district. Carried 7-0.

No further action necessary by Council until the Planning Commission reviews the issue.

Item #1. Mary Janning – contesting weed/junk complaints and bills – Mayor Stiehm stated Mary Janning was informed of the time and place of this review and she is not here, but we should still follow through with the discussion on our weed ordinance. Mr. Hoium reviewed his backup on the junk complaints the Zoning Department has had on this property located at 409 2nd Street SW. Mr. Hoium briefly discussed his memo dated May 30, 2012 which included complaints and Zoning Department actions between the periods of January 2001 through August 2008. Mr. Hoium stated we are following the ordinance in that once we receive a complaint, we follow through with the review and eventual clean-up if the property owner does not correct the violations.

Council Member Enright stated that on top of the junk issues, we also have weed complaints. Ms. Underwood stated that was correct. Ms. Underwood handed out a work sheet indicating weed complaints and actions against Ms. Janning ranging from May of 1999 through August of 2011.

Council Member King stated this is a textbook example as to why we have an ordinance that needs to be strictly followed and enforced. Council Member Enright agreed, noting this is why we have ordinances. Council Member King stated that Mr. Hoium and Ms. Underwood should continue to monitor the complaints and take corrective action as they have in the past.

Motion by Council Member King, seconded by Council Member Enright to have staff continue enforcing the weed ordinance as written. Carried 7-0. No further action necessary as ordinance is already in effect.

Item No. 3. Hormel Institute project update– Mr. Hurm gave some background on The Hormel Institute project and financing, noting the bonding bill authorized \$13.5 million for our project, with another \$13.5 million to be paid by the Hormel Foundation towards the expansion of The Hormel Institute. Mr. Hurm noted he was informing Council as this will take a significant amount of staff time to administer and to get the project completed. Even though staff works on development projects on a daily basis without having council informed about it, staff wants council to be aware that we will be spending the staff time (tax supported staff time) in order to accomplish this monumental project.

Council Member McAlister questioned if the major player will be just finance. Mr. Dankert stated the Finance Department will be heavily involved with the Public Works Department for the entire project, but most of our work will be on the front end getting land and building agreements drafted and approved. Then, however, the heavy lifting will need to be done by the Public Works Department as they will be charged with actually building the facility as it is our building under the requirements of the bonding bill.

Council Member Clennon questioned who and how the local \$13.5 million would be paid for. Mr. Dankert noted the Hormel Foundation has given us every indication that they will be paying for the local match, but at this time we do not know if it is through a bond issue over a multiple year period, or just with an up front cash donation. We have a meeting scheduled to start preliminary discussions on the project.

Council Member McAlister confirmed with Mr. Dankert that the Hormel Foundation would make all of the principal and interest payments on the debt if a debt issuance is done. Mr. Dankert noted that would be correct.

No further action necessary as this is for informational purposes only.

Item No. 4. – 2013 Budget – Mr. Dankert discussed his memo dated May 23 regarding the budget for 2013. Mr. Dankert noted the tax levy cannot be increased after September 15, only reduced. Mr. Dankert noted LGA is frozen at the current level for 2013 based on the past state legislative actions. However, Mr. Dankert noted we do not have signed contracts from five bargaining groups going into 2013 at this time. The groups that are settled include a 1.5% increase for 2013. We have budgeted this for all groups even though the contracts are not settled. Any arbitration awards or settlements above the 1.5% amount will impact the budget and will need additional revenues sources (or expenditure decreases) to balance the budget. Mr. Dankert noted other options to reduce the budget could include a reduction in staff hours, closing facilities, etc.

On the tax levy end, Mr. Dankert noted Mower County recently revalued all commercial properties located within Mower County. The average increased valuation was 35%, and this increase will boost an increase in the taxes the commercial entities pay. Additionally, keeping all things equal, if we do not increase our tax levy, the residential properties would conversely then pay less in taxes. Mr. Dankert noted if the goal is to allow the commercial entities to pay the same taxes as they paid in 2012 (based on the lower valuations) council will need a massive reduction in the tax levy. Mr. Dankert noted his rough estimates call for an additional \$80,000 of tax levy needed to fund a 1.5% wage increase that has been negotiated, which would equate to a 2% tax levy increase. Discussion ensued regarding the projected growth of 2-3% that Austin receives each year. Growth is defined as new house/businesses or remodeled homes/businesses that drive up the tax values and then increase the tax base.

Mr. Dankert brought up some staffing issues, noting that we did reduce the Street Department in 2012's budget and if there is any desire to put that position, or others, back into the budget additional funding will be needed.

Mr. Dankert stated that some of the other agencies have come in for the past several years to discuss their budgets, and he asked if council desire this to happen again. On the capital outlay side, Mr. Dankert noted he tries to reserve \$500,000 or so of tax levy for the General Fund capital outlay needs (police cars, etc.). Additionally, another \$600,000 of the tax levy goes towards street reconstruction.

Mr. Dankert noted at the June 4 council meeting that action was taken to approve the same budgeting process as has been used in the past, so we will continue under that premise.

Mr. Dankert noted that historically, we take in 101% of our budgeted revenues and spend 97-99% of our budgeted expenditures each year. This is no guarantee of the future, as we have had some years of not meeting the budget either. Finally, Mr. Dankert gave a quick review of the

latest statistics from the Office of the State Auditor (OSA) and how we rank in different revenue and expenditure comparisons.

Council Member Boughton handed out a prepared statement outlining his thoughts on a tax levy increase for 2013. Council Member Boughton discussed the tax increases over the past five years, and also noted according to the OSA we are spending heavily on capital outlay for the Library and Police Department. Council Member Boughton suggested a maximum 2% increase be allowed in the budgets, and no more than that be funded by the tax levy without a good reason. Mr. Dankert clarified Council Member Boughton's comments noting upon further review Council Member Boughton is pushing for no more than a 2% increase in the tax levy (\$80,000) and not the total budget increase of 2% be funded through the tax levy. Mr. Hurm questioned Council Member Boughton regarding the 2-3% growth factor. Council Member Boughton stated that should be captured as well on top of the 2% noted earlier. Council Member Boughton noted his support for a tax levy of 2-4% increase in total.

Council Member Boughton further noted in his memo that Austin is among the poorest cities in the state, which is also why we rank so low on the OSA's website for net tax per capita. Council Member-at-Large Anderson questioned how it was determined that we are one of the poorest cities in the state and noted she did not agree with such statement. Council Member Boughton also noted that business owners and rental property owners are getting hit hard with the County revaluation of their property.

Council Member Clennon asked for the explanation of the growth aspect of the tax levy. Council Member Clennon noted that we would not have to capture the new valuation within the community, and that everybody could then see a tax reduction. Mr. Dankert explained the rationale behind this in that the new homes/businesses are now using municipal services, such as the Lansing Township area that was recently annexed in. This is requiring us to expand snow plowing, police services, etc. for these residents. However, even though we are providing services to these newly annexed residents we still have to rebate a portion of their taxes back to Lansing Township. Council Member Austin stated over the past several years it has been our general consensus that this new growth should help to pay for the increased strains on our operational budgets and that we should capture the growth.

Council Member Austin noted his support for a tax levy maximum, in total, of 3-4%. Council Member McAlister stated he is also okay with a 2-4% maximum levy increase, and that he was okay with replacing retiring employees, but there should be no expansion of the municipal work force without the department heads making a case for additional staff with the council.

Council Member Clennon stated she questions the need to hire a replacement employee while the retiring employee still worked. Mr. Dankert noted there is one position in particular we are looking at here in the City Clerk's office. Having both work together for a few months may provide for an easier transition upon retirement. Mr. Dankert agreed though that if council does not want to do this, the City will still survive and muddle their way through it.

Council Member King advised council that Austin is going through a growth spurt. The Hormel Institute, Ellumilite, Gobe Golf, Austin Medical Center, St. Marks, Austin Public Schools, and

the list goes on and on of expansions and new companys. Council Member King urged council to not “cut ourselves in the neck” with the operational needs of the city. Council Member King stated he is hearing a lot of positive comments about where Austin is heading.

Council Member-at-Large Anderson stated we would also like those entities that are expanding to have their employees live here in Austin and not Rochester.

After further review Mayor Stiehm asked if there were any objections to starting the budget process with a range of 2-4% in maximum levy increase. No objections were noted.

Item No. 5. – Administrative Report – None.

Item No. 6a. Open Discussion – Coffees with the Council – Council Member Clennon noted we will be putting the notes from the Coffee with the Council meetings on our website. Additionally, Council Member Clennon requested different council members should be taking minutes at every meeting, not the same person taking the minutes every time. Additional discussion about having one of the Coffees with the Council at the fairgrounds ensued.

Item No. 6b. Open Discussion – City Art Award – Discussion ensued regarding the upcoming art award presentation. Mayor Stiehm noted in the past he and some of the members from council would go review the paintings and pick a winner. Last year, some of the females on council made the selection. For this year, Mayor Stiehm suggested the male council members make the selection. Council Member King noted he would be happy to be part of the selection committee. Mayor Stiehm noted he would send out an email as to when the selection will be.

Item No. 7. Matters In Hand – No discussion.

Item No. 6. Open Discussion – Council Member Enright questioned the ordinance and leash laws for cats. Council Member Austin noted the ordinance requires cats to be leashed as well as dogs.

Council Member-at-Large Anderson noted we should post on our website a reminder about pools and the requirements related to their installation.

Mayor Stiehm stated we also need some rules for the newly opened dog park, as he has received some complaints about un-neutered dogs that are creating problems.

Motion by Council Member Austin, seconded by Council Member King to adjourn the meeting at 7:58 p.m. Motion passed unanimously.

Respectfully submitted,

Tom Dankert