

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
February 4, 2013
City Hall Conference Room

PRESENT: Mayor Thomas Stiehm, Council Member-at-Large Janet Anderson, Council Members Jeff Austin, Roger Boughton, Jeremy Carolan, Michael Jordal, Judy Enright, and Steve King.

ABSENT: None.

STAFF PRESENT: Public Works Director Steven Lang, Assistant City Attorney Steve Hovey, Director of Administrative Services Tom Dankert, and City Administrator Jim Hurm.

ALSO PRESENT: Public and Austin Daily Herald.

Mayor Stiehm opened the meeting at 6:00 p.m.

Item No. 1. Joint letter with Austin Utilities to legislators regarding interest rate on municipal debt – Mr. Dankert noted the Austin Utilities is asking us to pass a resolution and sign a letter to Senator Al Franken (and potentially others) requesting that they not support any fiscal cliff deals that would eliminate the tax exemption on municipal debt. Governments issue tax free debt every day, and if this exemption goes away, the interest rate on these sorts of bond deals will then increase significantly. If the interest rate increases, that means the cost to the municipality (and then the tax payer) also goes up. The Austin Utilities is looking at issuing some debt in the very near future to build a new facility, so any increases in the interest rates will increase the cost to the customers.

Council Member Enright noted hopefully our legislators will read the letter, and it cannot hurt to send it.

After further discussion, motion by Council Member King, seconded by Council Member Austin to recommend to Council the approval of the resolution and letter signing requesting the tax exemption on municipal debt continues. Carried 7-0. Item will be added to the next council agenda.

Item No. 2. WWTP domestic side improvements – Mr. Lang discussed an estimated \$3 million project at the wastewater treatment plant to upgrade the digesters. This project is entirely domestic, which means the general public (not Hormel) will be paying the bill. A study was done on the facility (Anaerobic Digestion Feasibility Study) that identified the following deficiencies:

- Replace digester covers
- Replace boiler/heat exchanger
- Install a new mixing system
- Inspect the coatings and repair as necessary
- Upgrade controls, metering and monitoring systems

- Upgrade electrical to meet current codes

S.E.H. did the study for us, and they have proposed a contract for design services for this upgrade at a cost not to exceed \$365,200. Mr. Lang noted the design services cost could decrease \$30,000 if a separate electrical building is not needed. Mr. Lang noted his request for council to approve the contract with S.E.H.

Council Member Enright questioned how comfortable Mr. Lang was with a cost estimate of \$3 million. Mr. Lang noted the study performed by S.E.H. pegged the estimated cost at \$3.1 million, pretty close to our \$3 million original estimate.

Mr. Hurm noted Mr. Lang is working on a sewer rate increase as the projections out show we will need more revenue to cover the future capital costs.

After further discussion, motion by Council Member Austin, seconded by Council Member King to recommend to Council the approval of the design services contract with S.E.H. with a cost not to exceed \$365,200. Carried 7-0. Item will be added to the next council agenda.

Item No. 3. Closed session – NE Austin annexation area sanitary sewer assessments

litigation - Motion by Council Member King, seconded by Council Member Austin to close the meeting pursuant to M. S. 13D.05 subd. 3 (b) to discuss pending litigation at 6:10 p.m. Carried 7-0.

See DVD of closed meeting.

Motion by Council Member Austin, seconded by Council Member King to re-open the closed meeting at 6:27 p.m. Carried 7-0.

Motion by Council Member Austin seconded by Council Member King to adjourn the meeting at 6:27 p.m. Motion passed unanimously.

Respectfully submitted,

Tom Dankert