

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
May 6, 2013
City Hall Conference Room

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

ABSENT: None.

STAFF PRESENT: Community Development Director Craig Hoium, Parks and Recreation Director Kim Underwood, Public Works Director Steven Lang, Administrative Assistant Jeanne Howatt, Director of Administrative Services Tom Dankert, and City Administrator Jim Hurm.

ALSO PRESENT: Laura Helle (Vision 2020), Public, and Austin Daily Herald.

Mayor Stiehm opened the meeting at 6:30 p.m.

Item No. 1. Destination Medical Center (DMC) proposal – Karen Trewin (Mayo) and Al Mannino (DMC member) presented a PowerPoint presentation to council regarding the proposal in front of the state legislature to grant Rochester some state aid to help make Rochester a destination medical center. Mr. Mannino stated this proposal is being driven by major changes within the health care industry and are necessary for Mayo to continue to be a premier medical center. The DMC is a long-term strategy to plan for our future stated Mr. Mannino, and will help not only secure Mayo's place but also Rochester's place. In turn, surrounding communities in the Rochester area will benefit from the growth in Rochester.

Mr. Mannino estimated 35,000-45,000 new jobs in the immediate Rochester area in the next 20 years because of the DMC. This will also generate an additional \$2.5 - \$3.5 billion of new state taxes helping the General Fund of the State of Minnesota. The additional \$5.6 billion of funding would improve infrastructure, facilities, transportation, and urban retail in the Rochester area.

Council Member-at-Large Anderson questioned what the Rochester local option sales tax changes would do. Mr. Mannino stated that \$20 million of this has been set aside for development of the DMC.

Council Member Jordal questioned what the direct benefit to Austin was for this. Mr. Mannino stated Austin is a feeder for Mayo Clinic staff as many employees live in the surrounding communities and commute to Rochester.

Council Member Boughton stated he read some articles on Dr. Noseworthy getting in front of some legislative body and stated if the State does not come through, there was a threat to expand facilities in states other than Minnesota. Ms. Trewin stated there are no intentions to move the current facilities, but we need to make strong business decisions to ensure Mayo's future.

Council Member King stated he did not see much downside in this.

After further discussion, motion by Council Member King, seconded by Council Member Boughton to authorize the City Administrator to draft a letter of support for the Rochester Destination Medical Center proposal, to be signed by the Mayor. Carried 7-0.

No further action necessary.

Item No. 2. Funding request for re-branding – Laura Helle discussed her request for \$10,000 in Contingency funding to help pay an estimated \$70,000 for the cost of re-branding the community by Vision 2020. Council Member King stated he would like to see a regular plan, as there may be an issue of priorities that council is struggling with.

Mr. Hoium questioned who would be involved with the consultant and the re-branding effort. Ms. Helle stated Council Member Enright, Council Member-at-Large Anderson, and Administrative Assistant Jeanne Howatt are currently part of a larger committee. Ms. Helle stated once this is done, then the city can hire somebody to re-do the website design based on the results of the re-branding. Ms. Helle stated the Hormel Foundation is being asked to pay for half (\$35,000) of this cost, with all other outside entities being asked to contribute \$10,000, but we know some won't be able to grant us the full \$10,000.

Council Member Austin questioned how long before the re-branding grand "roll-out"? Ms. Helle stated it is scheduled for a fall roll-out.

Motion by Council Member King, seconded by Council Member Boughton to recommend to council the approval of the \$10,000 payment towards the re-branding effort, funding to come from Contingency. Carried 7-0. Item will be added to the next council agenda.

Item No. 5. Turtle Creek 1 annexation – Mr. Lang discussed a meeting that was held on April 9, 2013 with residents in the Turtle Creek 1 area (just north of the former Sports Bar) as they are in need of a new sewer system. Currently, there are 28 parcels in the area and an informal ballot was submitted by 27 of the 28 parcels. Of the 27 submitted, 24 of them requested city sewer be hooked up. Mr. Lang outlined 6 bullet points that he discussed with the residents, including at the assessment hearing that there would need to be 100% approval from residents before the city would go through with this.

Council Member King stated this is embarrassing with straight line pipes and raw sewage going into streams and the yards. Council Member King stated he can look past the dissenters as this is the right thing to do for everyone involved.

Mayor Stiehm stated we may want to wait until the Lansing sewer issue is resolved first.

Mr. Lang stated it appears we would be eligible for a 50% matching TMDL grant to help buy down the costs of the estimated \$19,410 assessments, which would then reduce the cost to just under \$10,000 per parcel.

Council Member Enright questioned when we would hear if a grant was received or not. Mr. Lang stated that because of their existing systems, this ranks very high according to the people that administer the grant. Mr. Lang stated we would not be able to construct the project until 2014.

Mayor Stiehm stated he is in favor of moving forward, but we need to figure out a new way, such as the hook-up fee instead of sewer assessments.

Mr. Lang stated we could bid out the project, calculate the costs, and then have a hearing with the residents regarding the assessed rate.

After further discussion, motion by Council Member Boughton, seconded by Council Member King to request the Public Works Department to move ahead on the planning for this project.

Residents of the area including Larry and Deanne Ashley and David Tischler noted they want to be annexed into the city.

No further action needed.

Item No. 3. Sustainability Taskforce update – Council Member-at-Large Anderson stated there are quite a few cities involved with this program, but we don't want to create policies that will actually cost the city more to operate in the long-run either, like requiring recycled paper to be used.

Ms. Underwood agreed, noting they have also started recycling in the park system with Mower County finally agreeing to pick up the recycling at a few points within the park system.

No further action needed.

Item No. 4. Parks and Recreation Budget review – Mr. Dankert and Ms. Underwood discussed the 2013 budgets for the General Fund and the operations of the Parks and Recreation Departments, noting \$479,586 of budgeted revenue. Most of this revenue comes from rentals of the arenas. On the expense side, a total of \$2,430,100 is budgeted to be spent in 2013. Mr. Dankert noted this difference between the revenues and expenses is funded from local property taxes and LGA. Supplying parks and recreational opportunities for the citizenry is one of the "requirements" for cities to do business. Citizens expect parks, swimming pools, and other facilities in order to enhance the quality of life.

Council Member King questioned if having the Austin Bruins in town has added to the revenue of the arenas. Mr. Dankert noted it had, but it also increases the expenses.

Discussion ensued regarding a field house and the Vision 2020 recreational center subcommittee. Mr. Dankert noted that the council needs to plan on not making any money on facilities, as the costs will increase with owning and maintaining a fieldhouse for example. Mr. Dankert then asked council to remember that we don't build these things to make money, as they are for quality of life enhancements.

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

Item No. 6. Old library parking lot – Mr. Lang discussed the history of the old library parking lot, noting that the title to this was transferred to Mower County a few years ago as part of the Justice Center transaction. Mr. Lang stated Mower County would now like to build a 67 stall lot on the north side of the current courthouse instead of using this old lot. Mower County has an assessed value of \$101,600 on the lot and would like to sell it, and then use the proceeds to construct their new lot. Mower County is giving us first right at the purchase. Mr. Lang stated staff has met and recommends that we do not buy the lot, but that we ensure Mower County creates the new lot replacing at least as many stalls as would be eliminated.

After further review, motion by Council Member Enright, seconded by Council Member-at-Large Anderson to recommend to council the city not buying the old library lot, and to have Mr. Lang communicate such to Mower County along with a requirement that Mower County's new lot have at least the same number of stalls as the old library lot. Carried 7-0. Item will be added to the next agenda.

Item No. 7. Streets/highways budget review – Mr. Dankert and Mr. Lang discussed the budgets of the Street and Highway Department, noting budgeted revenues for 2013 of \$757,319. Most of this revenue comes in the form of transfer from other funds to help cover the cost of staff time associated with the projects (both street and flood projects).

On the expense side, the budget is for \$3,776,761 to be spent. Most of this is on salaries, benefits, road materials, and street lighting costs. Council asked various questions about the revenues and expenses.

Council Member Carolan questioned the city's use of alternate fuels in city vehicles. Mr. Lang noted they have done some research on this, noting that long haul over the road truck drivers work well with alternate fuels, but city operations like what we do does not seem to work well or efficiently.

Council Member Enright questioned the use of temporary staff. Mr. Lang stated we hire summer help in a few departments to help get projects done.

No further action necessary.

Item No. 8. Fund transfer – Mr. Dankert noted the State Aid Street Fund (42000) is accumulating large amounts of cash through the state aid process. Mr. Dankert noted the state pays for almost 100% of most street projects, but we still assess all of the property owners on the same basis we assess other property owners (hence not to treat some residents differently than we treat others). What this does is create additional cash in the State Aid Street fund that could be used elsewhere for non-state aid street projects. Mr. Dankert noted he has not issued assessment bonds for new street projects since 2004, as existing cash in Fund 49000 is being used. However, as we expend this cash, assess property owners, and collect a tax levy we spread these revenues out over 15 years, yet the cash expenditure is being made now. We are running low of cash in Fund 49000 for non-state aid street projects, so Council is being asked to transfer \$1,000,000 from Fund 42000 to Fund 49000 to help cash flow the projects.

Mr. Dankert noted that by using the cash reserves, bonds do not have to be sold including \$50,000-\$75,000 of potential issuance costs.

After further discussion, motion by Council Member Boughton, seconded by Council Member Enright to recommend to council the transfer of \$1,000,000 from Fund 42000 to Fund 49000. Carried 7-0. Item will be on the next council agenda.

Item No. 9. Administrative Report – None.

Item No. 10. Open discussion – Council Member Boughton stated the League of Minnesota Cities encourages us to nominate staff for being outstanding public servants. Council Member Boughton stated he would like to nominate Mr. Dankert for C.C. Ludwig/Leadership Award, but he needs council support for such.

No objections noted, with Council Member Boughton noting that he will complete all of the necessary paperwork for such award submittal.

Item No. 11 Matters In Hand – No discussion.

Item No. 12 Closed pursuant to M.S. 13D.03 for discussion on labor negotiations. – Motion by Council Member Austin, seconded by Council Member King to close the meeting under Minnesota Statute 13D.03 for discussion on labor negotiations at 8:12 p.m. Carried 7-0.

See DVD of closed meeting.

Motion by Council Member Austin, seconded by Council Member Enright to open the meeting at 8:26 p.m. Carried 7-0.

Motion by Council Member Austin seconded by Council Member King to adjourn the meeting at 8:27 p.m. Motion passed unanimously.

Respectfully submitted,

Tom Dankert