

M I N U T E S
COMMITTEE-OF-THE-WHOLE WORK SESSION
November 18, 2013
City Hall Conference Room

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

ABSENT:

STAFF PRESENT: Director of Administrative Services Tom Dankert, Community Development Director Craig Hoium, City Administrator Jim Hurm, Public Works Director Steven Lang and City Clerk Ann Dunlap

ALSO PRESENT: Austin Daily Herald, Post-Bulletin, Marv Repinski, Public

Mayor Stiehm opened the meeting at 6:02 p.m.

Item No. 1- CHIP Housing Request (addition to agenda)

Community Development Director Craig Hoium presented on the request from the Community Housing Improvement Program (CHIP) through the HRA. The Austin HRA implemented CHIP as a new program this year in cooperation with Vision 2020 to deal with owner occupied parcels of property that were having a negative impact on neighborhoods. CHIP's goal is to create a positive community spirit by improving the appearance, property values and safety of neighborhoods by partnering with property owners to improve the outside appearance of existing homes. Over the years the City of Austin has had numerous complaints regarding zoning and housing issues for the property at 409 2nd St. S.W. There are sixteen violations noted currently and in response to this the HRA felt that it qualified for the CHIP program. A property cleanup was sponsored this summer and after completion work continued with the owner on different ideas for improvement of the property. After inspecting the house it appears the only viable alternative is to tear the house down and redevelop the lot. The owner agreed to allow for an appraisal which valued the property at \$16,000. She tentatively agreed to a voluntary acquisition in that amount. In addition to the purchase price of \$16,000, there would be costs associated with environmental mitigation (asbestos) and demolition which is estimated at between \$15,000-\$20,000. Vision 2020 has been approached about a potential grant for these costs and they have indicated that they would support an application to the Hormel Foundation.

It is proposed that the City consider a partnership with the Austin HRA for the acquisition of this property based on a 50/50 split of costs between the entities. Future uses of the property could include:

- Sell to adjacent property owners
- Sell to private party to build on
- Donate to Habitat for Humanity
- Move an HRA house to this site

Any future proceeds from the re-development of the lot would split between the City and the HRA based on cost allocation. The Austin HRA would be responsible for coordinating all the demolition and environmental aspects of this project.

Craig Hoium recommended the City partner with the HRA in the acquisition at an approximate cost of \$8,000.

Director of Finance Tom Dankert added that the City has approximately \$50,000 left in the contingency budget.

Council Member Carolan felt the valuation of the property was high. Council Member King replied that the valuation is primarily for the lot and not the home.

Council Member-at-Large Anderson supported the action stating it is in alignment with the Council's ongoing goals.

After additional discussion, moved by Council Member Boughton, seconded by Council Member Austin, for a split partnership with the Austin HRA for the acquisition of the property located at 409 2nd Street SW to be paid for out of the 2013 contingency funds.

The item will be placed on the December 2, 2013 Council Meeting.

Item No. 2- FEMA Loss Avoidance Study

Steven Lang presented on the recently updated FEMA Loss Avoidance Study. The report analyzed 163 property acquisitions which occurred in 1978, 1988 & 1993 using Housing & Urban Development (HUD), Department of Trade & Economic Development (DTED), FEMA, MnDNR and local funding sources and quantified the dollars that have been saved in previous disasters due to the acquisition and removal of the structures from the floodplain. The study evaluated the cost savings that have occurred as a result of these homes not being impacted for the 2001, 2004, 2008 & 2010 flood events.

The following table depicts the losses avoided because of the acquisitions:

Funding Sources	Total Acquisition Cost	Total Losses Avoided	% of Losses Avoided to Acquisition Cost	Return on Investment (ROI)
58 bldgs. - HUD (after 1978)	\$7,112,759.00	\$20,351,726.00	286.10%	2.86
4 bldgs. - FEMA (after 1988)	\$270,797.00	\$1,521,651.00	561.90%	5.62
101 bldgs. - HMPG, FEMA (after 1993)	\$7,042,430.00	\$16,400,693.00	232.90%	2.33
Totals and total averages	\$14,425,986.00	\$38,274,070.00	265.30%	2.65

To date, the City has acquired and removed 275 structures from the floodplain. The report and table are based on 163 structures so there has been additional savings.

(Please see November 18, 2013 Work Session back up materials for an entire copy of the report)

Steven Lang also reported the City of Austin will be the host for the upcoming Minnesota Floodplain Managers Conference, which is to be held November 20th – November 22nd. The Mayor will be giving a welcome greeting at the event and staff will be giving a presentation on the City's flood mitigation efforts along with a tour of the completed and future flood project areas.

Council Member Boughton asked what the rates were for flood insurance for the properties that were recently added to the flood plain. Steven Lang replied he did not specific figures but the rates are based on the elevation of the property.

For informational purposes, no additional action needed at this time.

Item No. 3- Riverside Arena Compressor & Freon

Director of Public Works Steven Lang presented on the Riverside Arena compressor repairs and Freon needs.

One compressor at the Arena is using 1 quart of oil per week, which is a standard amount of usage, and the other is using 2 ½ quarts per day. That compressor needs an inspection to diagnose the issue causing the oil usage. That inspection is estimated to cost \$1,000 and is necessary to determine what repairs are needed to extend the life of the compressor into 2015 when a larger replacement project at the Arena will be completed.

Also in need of repair is the Freon system which is having problems maintaining the ice temperature. Harty Mechanical repaired 11 leaks in the system in the summer of 2013 and added 100 pounds of Freon at that time. They have determined that an additional 300 pounds of Freon is needed to maintain an optimal ice temperature. Freon is \$30 per pound, resulting in a total cost of \$9,000. There will be some value for the Freon in 2015 when the system is upgraded. A contractor will be able to salvage and resell it, therefore approximately one-third of the cost may come back to the City.

Council previously authorized redistribution of a portion of the \$60,000 in the 2013 budget designated for air conditioning improvements be utilized for roof repairs in the amount of \$36,000. Steven Lang requested the remaining \$24,000 be allocated as follows: \$1,000 for inspection of the compressor, up to \$14,000 for compressor repairs and \$9,000 for the purchase of Freon.

After additional discussion, moved by Council Member-at-Large Anderson, seconded by Council Member Enright, for the remaining \$24,000 in the 2013 Riverside Arena air conditioning budget be allocated for inspection and repairs of the compressor and purchase for Freon.

The item will be placed on the December 2, 2013 Council Meeting.

Steven Lang added that the Arena remodel is scheduled for 2015 and in order to complete that project in the summer months of 2015, a consultant will need to be hired in 2014. He had originally planned to use the 2013 Arena air conditioning budget funds (\$60,000) as a carry over

into 2014 to pay for this consultant. However, repairs have depleted the funds and a different funding source will be needed. On other large scale projects, the City typically does a study to determine how to move forward on the project. There really isn't a study to follow for this project; therefore the consultant will be required. Steven plans on bringing a proposal to the Council after the first of January, 2014.

Council Member-at-Large Anderson questioned if there are any energy efficiency grants available for this project. Steven Lang replied he is researching for those types of grants.

Item No. 4- Assessment Objector update-8th Street NW

Director of Public Works Steven Lang presented on the assessment objectors on the 8th Street NW project. In 2013, the City assessed 230 parcels and there were three parcels that objected to the property assessments. At the March final assessment hearing the City continued the hearings for those three objectors. An appraiser was hired to appraise the properties and determine the value increase in relation to the street assessment. The results of the appraisals are as follows:

Parcel 34.795.1360	(Howe Property)	Original assessment \$2,537.20
Parcel 34.795.1330	(Howe Property)	Original assessment \$2,852.00
Combined value assessment of \$3,300		

Parcel 34.795.1300	(Low Property)	Original assessment \$7,713.29
Value assessment of \$4,700		

The assessment values of the sidewalks for each parcel are staying the same.

Steven Lang has made the necessary adjustments to assessments per the appraisers report and is moving forward with the final assessment hearing. The public hearing for the final assessment was called at the City Council meeting earlier in the night and is scheduled for December 16, 2013.

Council Member Austin questioned where does the \$5,102.49 difference between the original assessment amount and the appraised amount come from. Steven Lang replied that it comes from the tax levy funds to cover the difference.

For informational purposes only, no additional action needed at this time. Public hearing has been scheduled for December 16, 2013.

Item No. 5- Open Discussion-New Topics from Conversation with the Council

No discussion.

Item No. 6- Open Discussion-Truth in Taxation

Director of Financial Services Tom Dankert handed out the finalized materials for the Truth in Taxation hearing at 6:01 p.m. on December 3, 2013.

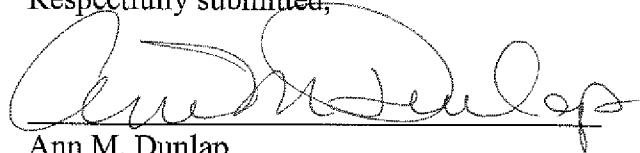
He added for the 2013 budget there is approximately \$40,000 of contingency funds left for the remainder of the year. The budget through the end of the year looks good projecting 101% revenue received and 98-99% of funds expended.

For informational purposes only, no additional action needed at this time. Public hearing has been scheduled for December 3, 2013.

Item No. 6- Matters at Hand

Moved by Council Member Boughton, seconded by Council Member King, to adjourn the meeting at 6:31 p.m. Carried.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ann M. Dunlap". The signature is fluid and cursive, with "Ann" and "M." being more stylized and "Dunlap" being more legible.

Ann M. Dunlap