

**MINUTES**  
**COMMITTEE-OF-THE-WHOLE WORK SESSION**  
**September 21, 2015**  
**City Hall Council Chambers**

**PRESENT:** Mayor Thomas Stiehm, Council Members Steve King, Michael Jordal, Judy Enright, Jeff Austin, David Hagen and Council Member-at-Large Janet Anderson

**ABSENT:** Council Member Jeremy Carolan

**STAFF PRESENT:** City Administrator Craig Clark, Director of Administrative Services Tom Dankert, Public Works Director Steven Lang, Planning and Zoning Administrator Holly Wallace, City Clerk Ann Kasel

**ALSO PRESENT:** Mark Nibaur, Chris Holt, Richard Lemons, Craig Jones, Laura Helle, Quin Brunner, Post Bulletin, Austin Daily Herald, Public

Mayor Stiehm opened the meeting at 5:44 p.m.

*The original order of items on the agenda was modified.*

**Item No. 3 – Extraterritorial Subdivision Ordinance**

Planning and Zoning Administrator Holly Wallace presented an extraterritorial ordinance to the Council for review. The ordinance would give the City the ability to be involved in the planning of developments immediately adjacent to its borders. This power is granted under Minnesota Statute 462.358 and allows municipalities to extend their subdivision regulations to unincorporated areas within two miles of the City limits.

City staff felt like some kind of input would be helpful to the city to deal with planning subdivisions for the future. The county has been good to work with on this issue but generally the developers don't consult with the City so this ordinance will be helpful for consistent planning.

Council Member-at-Large Anderson spoke in favor of the ordinance stating she believed it would be beneficial for the City, especially with the current comprehensive plan update in the works.

Council Member Austin asked who currently has jurisdiction over the area.

Ms. Wallace stated the County has jurisdiction now but they are not required to enforce the City's subdivision rules.

Mayor Stiehm inquired if this would create conflicts with the County.

Ms. Wallace stated the County has been very good to work with and all issues should be able to be solved collaboratively.

City Administrator Craig Clark stated the purpose of the ordinance is to be proactive for the future to protect the financial interest of the City.

Moved by Council Member Austin, seconded by Council Member King, recommending the adoption of the extraterritorial ordinance. Carried.

The item will be placed on the October 5, 2015 Council meeting.

### **Item No. 1 – Austin Utilities Power Supply and Renewable Energy**

Austin Utilities (AU) General Manager Mark Nibaur provided an informational session to the Council about Austin Utilities power supply contract and renewable energy. Currently, they have a contract with Southern Minnesota Municipal Power Agency (SMMPA) for all their power which will expire in 2030. They are also a part of the State's renewable energy standard which will double Austin Utilities' renewable energy percentage to 25% by 2025. After 2030, Austin Utilities can buy or generate any power they would like.

Mr. Nibaur stated generally renewable energy is good but AU has to balance the cost of it. Renewable energy costs more to produce and that increase would be passed on to the customers. AU is heavily dependent on coal right now because coal is the cheapest medium to produce energy.

Council Member-at-Large Anderson stated that emissions need to be a factor in energy production, not just the cost per hour.

Mr. Nibaur stated there may be changes in the coal industry which may increase the cost of coal but there will always have to be some kind of back up to renewable energy because the wind isn't always blowing and the sun isn't always shining.

He added that Austin Utilities' plans on purchasing a compressed natural gas truck soon. There is one gas station in Austin that has CNG. The payback on the unit for the conversion kit is 6-8 years. They are also working with SMMPA on a plan for a solar energy farm.

Council Member Hagen requested a follow up in six months.

For informational purposes only, no Council action needed at this time.

### **Item No. 2 – Broadband Information**

Mark Nibaur and Chris Holt, co-chairs of the Vision 2020 Community Wide Technology Initiative, provided information on the Gig Austin initiative. Fiber optic cable is proposed to be installed to each home, business and school in the City of Austin and the Austin School District area. The fiber would provide up to 1 gigabit per second data transfer speeds for those who

subscribe to the service. Fiber can increase property values, increase efficiency, improve public safety and create a competitive advantage for businesses. The proposed fiber optic cable would be a total investment of \$32,900,000. Austin Utilities would invest \$3,000,000 and own the fiber and a third-party servicer would invest \$14,400,000. Therefore another \$15,500,000 is needed in investment from the City, County, School District and Hormel Foundation. The Committee is talking to these entities to gauge interest in the project. The rural portion of the infrastructure work is grant eligible as it is much more costly to service the rural areas. The rural area encompasses only 9% of the subscribers but would be responsible for 30% of the project costs. Mr. Holt stated there is a 10 to 1 return on fiber investment.

A survey was completed where residents were asked about fiber installation and 92 percent of the residents would consider switching internet services if they could get faster services for the same price. Approximately 12% of households in Austin have no internet primarily due to the monthly cost. The Gig Austin business plan includes subsidies for lower income families so all can access the fiber.

Mr. Holt provided a graph demonstrating the speed of the fiber with a large circle encompassing the entire paper as compared to the speed now, which was about the size of a quarter. The fiber in the ground is unlimited and the signal isn't cut back by numbers of users accessing it.

Council Member Austin asked if the entity will remain viable if the competition drops their price substantially.

Mr. Holt recognized that there will be a price battle with the current providers but that anticipated subscriber rate is factored into their market plan.

Ms. Helle stated the entity only needs a 30% subscriber rate to survive and this anticipated price war has been taken into account. The good part about fiber is that the money will stay in the community.

Council Member Austin asked then if the City could see their investment returned.

Mr. Holt stated that might be a possibility.

Director of Administrative Services Tom Dankert asked if Austin Utilities would need Council authorization to expand their services outside of their current territory.

Mr. Nibaur stated he has consulted with the City Attorney and there would have to be some changes in the charter to expand services.

Mr. Dankert asked if the 5% franchise fee, as paid with the current providers which generates about \$315,000, would be included with this services.

Ms. Helle stated the franchise fee is included in the business plan.

Mr. Dankert also asked about providing services to the lower income and how would the business plan support that option.

Mr. Holt stated that reduced fee services would be offered to lower income household based on income. Then the amount that would have been normally charged would be made up by subsidies from businesses.

Council Member Hagen asked what the life of the technology would be.

Mr. Holt stated it should be good for 50 plus years. The equipment on either end of the fiber will change but the infrastructure of the fiber will remain for a very long time.

Council Member Enright asked how interested the school district is.

Mr. Holt stated they haven't set up a meeting yet.

Council Member Enright feels the City should support this change in technology for our kids and grandkids.

After additional discussion, the Council expressed preliminary interest in the program. Mayor Stiehm stated the Council will need additional information on costs before the City can make any commitments to the project. He would also like updates from the group's meetings with the County and the School.

For informational purposes only, no Council action needed at this time.

Laura Helle noted that she will leaving Vision 2020 at the end of September and the Hormel Foundation appointed Quin Brunner as an interim coordinator for the group until a new director can be hired.

#### **Item No. 4 – 2016 Budget Discussion**

Director of Administrative Services Tom Dankert reviewed the latest information for the 2016 budget. He stated the Council passed the preliminary tax levy with a 13.2 percent increase. However with expiring tax increment financing districts and community growth that increase will only be about 7-8% or about \$40 per year to homeowners. He also reviewed some minor changes to the 2016 budget.

Mr. Dankert asked if there were any additional topics that the Council wished to discuss for the budget.

The Council did not express any concerns that that time.

For informational purposes only, no Council action needed at this time.

#### **Item No. 5 – 2015 Council Goals**

City Administrator Craig Clark provided an update to the 2015 Council goals stating the Police Department's citizen's academy kicked off earlier in the week and had a good first session. For the digitally connected goal, the City's facebook page has posted 158 items this year and has 1,218 followers. In addition, the City's website has had 14,000 site visits in the last 90 days. Also, City staff interviewed three firms for the comprehensive plan updates.

For informational purposes only, no Council action needed at this time.

**Item No. 6 – Open Discussion**

Council Member-at-Large Anderson stated she would like everyone on the Council and staff to tour the Owatonna power plant for good ideas of what can be done with the Austin power plant. She would also like to be more involved in the community rec center committee of Vision 2020.

Council Member Enright asked if the Council can go on a Public Works project tour. Public Works Director Steven Lang stated he will schedule a tour soon.

Moved by Council Member King, seconded by Council Member Hagen, adjourning the work session at 7:19 p.m.

Respectfully Submitted:

---

Ann M. Kasel  
City Clerk