

**MINUTES**  
**COMMITTEE-OF-THE-WHOLE WORK SESSION**  
**August 20, 2018**  
**City Hall Conference Room A**

**PRESENT:** Council Members Steve King, Paul Fischer, Jeff Austin, Laura Helle, and David Hagen, and Council Member-at-Large Janet Anderson

**ABSENT:** Mayor Thomas A. Stiehm and Council Member Judy Enright

**STAFF PRESENT:** City Administrator Craig Clark, Director of Administrative Services Tom Dankert, Public Works Director Steven Lang, Police Chief Brian Krueger, Parks and Recreation Director Kim Underwood, Fire Chief Jim McCoy, Planning and Zoning Administrator Holly Wallace, and Library Director Julie Clinefelter

**ALSO PRESENT:** Jon Erichson (HRA), Sandy Forstner (Chamber of Commerce), John Garry (DCA), KAUS Radio, Austin Daily Herald, Public

Council Member-at-Large Anderson opened the meeting at 6:25 p.m.

**Item No. 1 – Refinancing Courtyard/Chauncey Bonds**

Housing and Redevelopment Authority (HRA) Director Jon Erichson discussed the opportunity to issue some General Obligation (G.O.) bonds backed by the City of Austin to refinance some outstanding debt on Chauncey Apartments that would save the HRA over \$700,000 over the remaining 12-year life of the outstanding bonds. The lower interest rates plus having the City's G.O. backing and high credit rating should result in this massive savings that would then be used to retire the debt early, some 18 months early.

Council Member Helle and Chamber of Commerce Executive Director Sandy Forstner discussed the potential to sell the buildings and to get them back into private ownership. Mr. Erichson discussed the outstanding bonds that already exist on Courtyard Apartments that are not callable and can't be paid off until 2023. This alone might cause some issues with actually selling that facility. Additionally, we have almost \$5 million of debt outstanding against Chauncey Apartments. The recent 82-unit complex is investing \$6 million according to recent reports, so the market value for our facility that is 20 years old with a similar number of units might be limited and the sales proceeds would also be minimal above what outstanding bonds remain. Council Member Hagen agreed, noting he doesn't believe we could get the true market value out of any sale for these facilities. Mr. Erichson noted we have raised rental rates four of the last five years, and are now in the range of what the recent Maxfield Housing Study indicated where our rates should be.

Moved by Council Member King, seconded by Council Member Hagen, recommending approval of the HRA using the City's General Obligation pledge to refinance the outstanding debt at Chauncey Apartments. Carried 6-0.

Item will be placed on a future Council agenda.

### **Item No. 2 – WWTP Tower Antenna Modifications**

Public Works Director Steven Lang discussed a recent decision by Council to not approve of selling the lease that we have at the WWTP for a cell tower. Discussion ensued back then from the entity trying to purchase the lease that included changes within the wireless world that could make our site go away with no lease revenue.

Mr. Lang noted recently a permit was pulled to update and to add antennas to the WWTP site, further confirming Council's action to not sell the lease site was the correct decision, and to note that our site may still have many years of useful life remaining.

No action by Council needed, as this is just an update.

### **Item No. 3 – Airport Hangar Roof**

Public Works Director Steven Lang discussed the need to repair/replace the roof on the main hangar at the airport. The original roof was put on in 1973, with an addition in 1977 for a total coverage of 22,000 square feet. We have three options to repair/replace the roof, as follows:

1. Option #1 – spray foam insulation and then apply a silicon coating. This has a 15-year warranty and a cost of \$88,000 to \$110,000. However, if this method is used, in 15 years the roof would have to be removed and then replaced.
2. Option #2 – Install a layer of rigid insulation system over the top of the existing roof and then apply a rubber membrane type system on top of the insulation. A 15 to 20-year warranty is available with this type of roof.
3. Option #3 – Remove the existing roof and replace it with new metal panels. This cost is \$440,000 to \$550,000.

Mr. Lang noted with option #3 he does not have enough money for, and is therefore recommending option #2 for the installation of the rigid insulation and membrane. Mr. Lang noted 70% of the cost would be covered from MnDOT, with the other 30% covered by the City through the Airport Construction Fund (44000).

Motion by Council Member King, seconded by Council Member Fischer to recommend to Council the approval of option #2. Carried 6-0.

The item will be placed on a future Council meeting agenda.

### **Item No. 3a – Baldwin Lift Station removal bids**

Public Works Director Steven Lang noted bids were recently taken to remove the Baldwin Lift station that would replace the lift station with a 1,400 linear foot sanitary sewer gravity system. The bids were as follows:

- Swenke IMS Contracting, LLC, \$932,336
- Minger Construction Co., LLC, \$1,155,831

With the Engineer's estimate being only \$855,765 and the CIP budget only including \$250,000 we have decided to recommend to Council the rejection of both bids and to then rebid this in the winter time, which is our typical time to bid this type of project. The hope is to get more bidders that will then drive the cost down to more within the range of our estimates.

Motion by Council Member King, seconded by Council Member Hagen to recommend to Council the rejection of the two bids for the removal of the Baldwin Lift station. Carried 6-0. Item will be added to the August 20, 2018 Council agenda.

### **Item No. 4 – 2019 Budget**

Administrative Services Director Tom Dankert discussed the budgeting process and where we now stand based on discussions that were held at the last Council work session, and based on new items that have come forward. Mr. Dankert noted we ended the last budget discussion with a tax levy increase of \$1,039,000 but thought we would need an additional \$50,000 for the joint LEC operational costs with Mower County. We still think we need more than the \$800,000 budget, but believe our costs should be closer to \$825,000, so only an additional \$25,000 increase is needed here. Mr. Dankert went through other items on his memo dated August 13, 2018 and discussion was held on each item.

#### **Regarding agency allocations:**

- Motion by Council Member Fischer, seconded by Council Member King to reject additional/new funding for the Mower County Fair Board (\$5,000 requested), Welcome Center (increase from \$7,500 to \$8,500), and Mower County Historical Society (increase from \$5,000 to \$10,000). Carried 4-2. Council Member-at-Large Anderson and Council Member Helle Nay.

For those three organizations, funding will then be:

- Mower County Fair Board = \$0
- Welcome Center = \$7,500
- Mower County Historical Society = \$5,000

Mr. Dankert questioned if any other agencies need discussing for the 2019 funding. None noted.

#### **Regarding staffing changes:**

- Motion by Council Member Hagen, seconded by Council Member Austin to wait and re-evaluate the Community Service Officer request once the Rental Housing ordinance is in

full effect such that excess revenues here can pay for the position. Carried 4-2. Council Members King and Fischer Nay.

- Motion by Council Member King to recommend the additional \$54,000 budget for the paid-on-call staff to help staff the fire station when full-time staff are gone. Died for a lack of a second.
- Motion by Council Member-at-Large Anderson, seconded by Council Member Austin to keep the additional \$10,400 of part-time help in the Parks and Recreation budget to help with facility set up/management. Carried 6-0.

Mr. Dankert questioned if Council had any other staffing items they wished to discuss for the 2019 budget. None noted.

Regarding capital outlay:

- Motion by Council Member Austin, seconded by Council Member-at-Large Anderson to fund the election equipment (net \$47,000 of tax levy) and the Ruby Rupner alarm system (\$10,000 of tax levy) out of the 2018 Contingency line item, thereby reducing the needed tax levy by \$57,000. Carried 6-0.

Mr. Dankert questioned if there were any other capital items Council wished to discuss. None noted.

Regarding operating budgets:

Mr. Dankert reiterated the proposed 2019 budget and tax levy includes funding for the following:

- \$500,000 for the implementation of the Comp and Class study.
- \$200,000 for the Community Rec Center.
- \$200,000 for the housing initiative funding.
- \$350,000 for the 2019 negotiated cost of living increases.

Discussion ensued regarding the above topics.

- Motion by Council Member-at-Large Anderson, seconded by Council Member Helle to reduce the Community Rec Center allocation down to \$125,000 since a full year of scholarships would not be needed if the facility is opening in fall of 2019 as is projected (\$75,000 tax levy decrease). Carried 6-0.
- Motion by Council Member-at-Large Anderson, seconded by Council Member Helle to include the \$200,000 housing initiative funding in the 2019 budget and tax levy. Carried 5-1. Council Member Hagen Nay.

Based on the above discussions, Mr. Dankert noted the preliminary tax levy for 2019 will be the following after the above changes are considered:

	<u>Amount</u>
Original Tax Increase August 6, 2018	\$ 1,039,000
Add: Joint LEC additional costs	\$ 25,000
Less: Capital Outlay changes	(\$ 57,000)
Less: Community Rec Center reduction	(\$ 75,000)
<b>Increased tax levy for 2019</b>	<b>\$ 932,000</b>

Mr. Dankert noted he would rework the budget documents to now include a proposed tax levy for 2019 of \$6,873,000 (a 15.69% increase).

Mr. Dankert noted he will be gone for the September 4 Council meeting, and would have this tax levy and the proposed budget on the September 17 Council meeting for approval. After this date (actually September 30), the tax levy cannot be increased. No objections noted.

#### **Item No. 5 – Administrative Report**

City Administrator Craig Clark stated staff is working on the Comp and Class study.

#### **Item No. 6 - Open Discussion**

Council discussed having Vision 2020 come in and present to the Council on their \$22,000 budget for 2019, as they have not used the funds that had been allocated in prior years. After considerable discussion, it was requested that Craig Clark invite them in for an upcoming work session.

Council Member King requested we look at the growing B&B operators here in town. They are not licensed and do not pay a hotel/motel tax. Mr. Dankert noted he would discuss with City Clerk Ann Kasel to see if she can propose an ordinance to cover such operations.

Moved by Council Member Austin, seconded by Council Member Fischer, adjourning the meeting at 8:03 p.m.

Respectfully Submitted,

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Tom Dankert  
Director of Administrative Services