

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
March 16, 2020
City Hall Conference Room A

PRESENT: Mayor Stiehm. Council Members Steve King, Laura Helle, Paul Fischer, Rebecca Waller, Jason Baskin, Joyce Poshusta, Council Member-at-Large Jeff Austin

ABSENT:

STAFF PRESENT: City Administrator Craig Clark, Director of Administrative Services Tom Dankert, Public Works Director Steven Lang, Police Chief David McKichan, Parks and Recreation Director Kevin Nelson, Human Resources Director Trish Wiechmann and City Clerk Ann Kasel

ALSO PRESENT: Honorary Council Member Karem Ramirez, Austin Daily Herald, Public

Mayor Stiehm opened the meeting at 4:30 p.m.

Item No. 1 – Closed Session

Mayor Stiehm called the meeting to order at 4:30 PM.

Moved by Council Member-at-Large Austin, seconded by Council Helle, to move to closed session pursuant to Minn. Stat. § 13D.05, subd. 3(a) to review preliminary information relating to the performance evaluation of an employee at 4:30 p.m. Carried.

See DVD of Closed Meeting.

Mayor Stiehm reopened the closed session at 5:08 p.m.

Moved by Council Member Helle, seconded by Council Member-at-Large Austin, adjourning the Council meeting to attend the regular meeting on March 16, 2020 at 5:30 p.m. Carried.

Mayor Stiehm reopened the work session at 6:25 p.m.

Item No. 2 – 1W 1P Update

Justin Hanson with the Cedar River Watershed District provided an update for the 1 Watershed 1 Plan. He stated the District has developed a watershed management plan for the Cedar River. The plan works with all watersheds and counties in the area for a bigger plan. He requested the Council adopt the plan and take action as it relates to the City of Austin. He stated he will have preliminary forms for the plan that Council will need to approve.

For Council information only, the matter will be brought to a future Council meeting.

Item No. 3 – Tax Levy Discussion

Director of Administrative Services Tom Dankert reviewed how the compensation and classification study will impact future tax levies and City operations. Mr. Dankert provided a history of the last five years of tax levies and estimated that in 2021 and 2022 the City will need \$1.1 million each year in new funds for wage increases. He stated until all employees have reached the top step, the wage increases will continue to be a cost factor in the levy.

He stated the Council has the option to reduce the capital outlay but he noted that is a short-term fix that may have future repercussions.

Mr. Dankert also stated that the capital improvement fund will also need additional funding or cost savings. He stated that the City spends over \$2 million annually on street projects. Construction costs are increasing and outpacing the City's ability to assess for the projects resulting in the need for an additional \$100,000 - \$200,000 of tax levy per year.

He also noted that there will be a need for a new fire station and police station in the future. The City has no funds set aside for these future expenses.

Mr. Dankert noted that in each year's levy there is \$200,000 set aside for housing and there is \$950,000 accumulated for that purpose. Those funds could be used to reduce the tax levy, if Council desired.

He stated planning for the 2021 budget will begin in May with an estimated 16% increase in the tax levy.

Council Member Baskin noted that since 2015 it appears that City taxes have gone up 65%. He stated that he has zero interest in a double-digit tax increase but doesn't want to use the existing housing funds. He stated he would be okay with using the 2021 housing funds.

Council Member Helle stated she feels strongly that the City needs to protect capital improvements and she would like to continue to fund housing. She was willing to entertain other budget cuts than housing.

Council Member-at-Large Austin stated the City can't put off capital projects. He stated the implementation of the compensation and classification study is going to be a substantial cost to the City. He spoke in support of using the accrued housing money to reduce the tax levy for 2020.

Council Member Waller stated she doesn't like raising taxes 16% but it is the right thing to implement the compensation and classification study. She stated the \$200,000 of housing money for 2021 would help reduce the tax levy.

Council Member King stated the City has been consistently one of the lowest taxed cities and the Council will need to be creative for the 2021 budget.

Council Member Poshusta stated she would like to see the housing money remain untouched.

Council Member Baskin stated he would like department heads to think outside the box to come up with sizeable budget reductions.

Council Member King stated any significant budget reductions will come down to cutting staff.

For Council information only; no Council action needed at this time.

Item No. 4 – Open Discussion

None.

Moved by Council Member Baskin, seconded by Council Member Fischer, adjourning the meeting at 7:14 p.m.

Respectfully Submitted,

Ann M. Kasel
City Clerk