

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
April 20, 2026
City Council Chambers

MEMBERS PRESENT: Mayor Steve King, Council Members Laura Helle, Paul Fischer, Rebecca Waller, Oballa Oballa, Michael Postma and Council Member-at-Large Jeff Austin

MEMBERS ABSENT: Council Member Jason Baskin

STAFF PRESENT: City Administrator Craig Clark, Police Chief David McKichan, Public Works Director Steven Lang, Parks, Recreation, & Forestry Director Jason Sehon, Library Director Julie Clinefelter, Finance Director Emily Burns, Human Resource Director Trish Wiechmann, and City Clerk Brianne Wolf

APPEARING IN PERSON: Austin Daily Herald, CliftonLarsonAllen Representatives Craig Popenhagen & Sterling Shatek

Mayor Steve King opened the meeting at 6:24 p.m.

Item #1 Financial Audit Update – CliftonLarsonAllen Representatives Craig Popenhagen & Sterling Shatek

Mr. Popenhagen provided an update on the status of the City’s annual audit. He noted that his team has remained engaged throughout the process, with support from staff assisting in day-to-day coordination. Due to recent personnel changes and staff absences within the City, the audit timeline has been impacted. Under normal circumstances, the audit would be nearing final review at this stage, with issuance expected shortly thereafter. However, the auditors only recently received the trial balance and supporting financial data late last week, which marked the starting point for auditing the City’s financial statements.

Mr. Popenhagen emphasized that while the team is just beginning detailed testing of financial data, work has been ongoing in other areas. This includes preliminary audit procedures and work on federal program audits, particularly those related to the wastewater treatment plant project and other federally funded activities. He stated compared to a typical year, when financial auditing procedures would begin in early March, the current audit is approximately two months behind schedule. The next key deadline is June 30, which aligns with state reporting requirements. He noted that meeting this deadline will be challenging but remains the team’s goal.

Additionally, due to staffing transitions within the City, the audit engagement this year includes preparation of the financial statements by the audit firm. This change is reflected in an increased fee outlined in the engagement letter. The auditor explained that the City's financial system includes over 2,000 individual accounts, making financial statement preparation a detailed and time-intensive process. At this point, only a small portion of the additional fee for financial statement preparation has been utilized, and he indicated there is no concern about exceeding that amount.

Council Member Postma asked if June 30th was a hard deadline.

Mr. Popenhagen stated yes, but if necessary, they would be able to request an extension from the State. Currently, they are not at that point.

Council Member Helle asked when is the latest they can request a deadline and if this is something they typically see with transitions.

Mr. Popenhagen stated the latest they would be able to request an extension would be mid-June and this is not unusual to see when staffing changes.

Council Member-at-Large Austin asked if they had everything they needed.

Mr. Popenhagen stated they have everything they need to get started.

Item #2 – Hormel Stipulation Agreement – Steven Lang

Public Works Director Steven Lang stated the City currently receives industrial wastewater from the Hormel Foods pretreatment facility at the municipal wastewater treatment plant. This relationship is governed by an Industrial Cost Management (ICM) agreement, which establishes limits on both the strength and flow of wastewater discharged to the City system. Hormel operates a pretreatment process designed to reduce pollutant concentrations before discharge. That process is essential to ensuring compliance with the terms of the ICM agreement and protecting the City's treatment system.

Mr. Lang presented a proposed stipulation agreement that supplements the existing ordinance and provides clearer enforcement mechanisms for violations of the ICM agreement. Specifically, this agreement establishes a structured penalty system to address repeated exceedances. Since July 1, 2025, the City has documented multiple exceedances of the ICM agreement. To address this, the proposed agreement includes the following enforcement measures:

- A fine of \$1,000 for every 10 exceedances of the ICM agreement

- If those exceedances result in violations of the City’s discharge permit with the Minnesota Pollution Control Agency (MPCA), an additional \$1,000 fine per resulting effluent violation

This agreement applies specifically to Hormel. While the City maintains approximately 10 ICM agreements with various industrial users, this action addresses the current compliance issues associated with this particular user.

The City has coordinated with Hormel representatives to review the proposed agreement, explain the rationale, and outline enforcement procedures. As part of that discussion, staff analyzed historical data beginning July 1, 2025:

Third Quarter 2025 (July–September):

- 86 ICM violations = \$8,600
- 4 resulting effluent violations = \$4,000
- Total: \$12,600

Fourth Quarter 2025 (October–December):

- 31 ICM violations = \$3,100
- 0 effluent violations
- Total: \$3,100

First Quarter 2026 (January–March):

- 43 ICM violations = \$4,300
- 8 resulting effluent violations = \$8,000
- Total: \$12,300

Mr. Lang stated under the proposed approach, violations would be reviewed and assessed on a quarterly basis. While enforcement authority has existed within City ordinance and prior ICM agreements, it has not historically been implemented at this level. The increase in exceedances, combined with resulting permit violations, has elevated regulatory concern. The City is now appearing on the MPCA’s compliance radar, which requires demonstrable corrective action. This agreement represents a necessary step to ensure accountability, protect the City’s wastewater system, and demonstrate to the MPCA that the City is actively enforcing compliance with its industrial users.

Based on these factors, staff recommends Council approval of the stipulation agreement.

Moved by Council Member Fischer, seconded by Council Member Helle to place this item on the May 4, 2026 Council agenda. Carried.

Item #3 – Point of Sale Update – Steven Lang

Public Works Director Steven Lang stated the City has been actively working on its Inflow and Infiltration (I&I) program since 2018, beginning with sump pump inspections. They understand there has been public concern, especially regarding the point-of-sale inspection requirement, but the purpose is straightforward: They are making measurable progress in removing clear water from the sanitary sewer system.

Mr. Lang stated crews are becoming more effective at identifying problem areas. Recently, while working in a neighborhood, staff heard unusual sounds in the sanitary sewer; periodic “whooshing” consistent with a sump pump discharge. After investigating, they confirmed a sump pump was improperly connected to the sanitary sewer. Video footage showed that pump cycling approximately every 40 seconds, continuously adding clear water into the system. This is exactly the type of issue they are trying to eliminate. Even a single illegal connection like this can place unnecessary strain on the system. When multiplied across thousands of homes, the impact becomes significant.

This example reinforces why the program exists. It’s not about enforcement for its own sake; it’s about protecting system capacity, reducing treatment costs, and preventing backups and overflows. The goal is to identify these issues, work with property owners, and remove these connections from the system. Currently, they have approximately 8,000 homes in the community. While one sump pump may seem insignificant, the cumulative effect of multiple improper connections is what drives system overload and regulatory concern.

Mr. Lang gave the following updates:

Sump Pump Compliance Update

- At one point, 110 properties were fined \$100 per month for noncompliance
- Through continued outreach and enforcement, 27 properties have come into compliance over the past year
- 83 properties remain noncompliant with staff working to reduce that number

Point-of-Sale Program – 45-Day Update

The point-of-sale inspection program has now been in place for approximately 45 days. While implementation has presented some challenges, the program is producing results.

Key Challenges:

- Coordinating inspections for condominium associations with shared systems
- High initial workload due to a surge in inspections
- Delayed rollout of the HomeServe support program

Program Activity:

- Approximately 125 inspections submitted in the first 45 days
- Typical annual home sales in Austin: ~130 homes
- One-third of annual volume already processed

Inspection Results:

- 75 passed
- 15 failed
- 25 pending additional information
- 10 noncompliant (homes sold without inspection; subject to enforcement)

Enforcement includes follow-up notices and potential \$100 fines for failure to comply.

Common Issues Identified

Inspections are uncovering a range of problems that directly impact system performance and property owners:

- Offset pipe joints causing blockages
- Sump pumps illegally connected to sanitary sewer lines
- Holes or breaks in service lines allowing infiltration
- Improper footing drain connections (common in older homes)

In many older neighborhoods, footing drains were historically connected directly to sewer lines. Correcting this requires rerouting drainage into a sump system that discharges outside the home rather than into the sanitary system. While these repairs can be costly for property owners, they are necessary to eliminate clear water from the system and ensure long-term reliability.

Mr. Lang stated in the first 45 days, they're already seeing this program work. They're finding issues in the system and getting them fixed. They're cutting down on clear water that doesn't belong in the sanitary sewer and they're protecting both city infrastructure and the homeowners who are buying these properties. The program is doing exactly what they intended it to do. They're going to keep working through the challenges, refine the process, and keep moving it forward. He stated there is a delay with the rollout of the HomeServe Home Warranty Program and information is expected to start being distributed in late July or early August.

Item #4 – Administrative Report

City Administrator Craig Clark stated the legislature continues to move forward with consideration of the local option sales tax request for the police station. The working group is

tailoring things in hopes of creating an omnibus bill that would have the City's proposal included.

Item #5 – Open Discussion

Council Member-at-Large Austin stated he understands they have had some staffing challenges and understands the transition is causing problems, but it was his understanding that Mr. Dankert, the previous Director of Administrative Services, volunteered or offered his help and was turned down by the Mayor and City Administrator.

Mayor King stated he doesn't believe he was turned down, he was asked to help but not to do it on his own.

Finance Director Emily Burns stated she visited with Mr. Dankert and stated he is actually helping if needed. The offer was to help her with a mentorship and have him walk her through the process. One of the offers was that Mr. Dankert would come in and just handle the audit and do it on his own terms. She stated she did discuss this with Mr. Clark but it would be hard to navigate. They are currently utilizing Mr. Dankert but they are not having him in office and he has not billed for any hours. Moving forward she plans to tap into it as needed but not overuse it. She did relay the offer was available.

Moved by Council Member-at-Large Austin, seconded by Council Member Helle, to adjourn the meeting at 7:02 PM. Carried.

Respectfully Submitted,

Brianne D. Wolf, City Clerk