

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
June 17, 2024
City Council Chambers

MEMBERS PRESENT: Mayor Steve King. Council Members Paul Fischer, Laura Helle, Geoff Baker, Michael Postma, Joyce Poshusta, Jason Baskin, and Council Member-at-Large Jeff Austin

MEMBERS ABSENT: Council Member Jason Baskin

STAFF PRESENT: City Administrator Craig Clark, Director of Administrative Services Tom Dankert, Police Chief David McKichan, Fire Chief Jim McCoy, Public Works Director Steven Lang, Assistant City Engineer Mitch Wenum, Planning and Zoning Administrator Holly Wallace, Park and Rec Director Jason Sehon, Human Resources Director Tricia Wiechmann, and City Clerk Brianne Wolf

APPEARING IN PERSON: Austin Daily Herald, Nancy Schnable with Discover Austin, Joe Bower with Chamber of Commerce, Nick Novotny with Impact Austin.

Mayor Steve King opened the meeting at 6:15 p.m.

Item No. 1 Massage Ordinance Update

City Clerk Brianne Wolf stated this ordinance was brought to council in February of 2024 but was tabled due to pending legislative action. There have been no changes in the legislature for the 2024 session to affect this ordinance moving forward. Ms. Wolf is bringing the ordinance back to Council for approval. She stated she worked with the Clerk's Office, Attorney Byram, and Chief McKichan to finalize the ordinance.

The changes are as follows:

- A sole proprietor would no longer have to pay for both a massage license and a massage establishment license
- The City would not require licensing for any medical professional or medical facility that is licensed, certified, or registered by the State of Minnesota under Minnesota Statutes Chapters 147, 148, or 150A;
- Hours of operation would be expanded: 6 a.m. to 11 p.m.

Moved by Council Member Postma, seconded by Council Member Helle, recommending adoption of the massage ordinance. Carried.

The item will be on the July 1, 2024 Council agenda.

Item No. 2. Temporary Liquor Ordinance Update

City Clerk Brianne Wolf stated this ordinance is to replace the old ordinance which only reflects temporary 3.2 malt liquor, which is no longer the majority of the requests. The Clerks Office, City Attorney Byram, City Administrator Craig Clark, and Chief McKichan looked at this ordinance and made the following changes to help define the ordinance. Ms. Wolf stated they looked at other cities to see what they were doing with their ordinance.

Ms. Wolf stated the new ordinance helps to define who can apply for a temporary liquor license, where the location of a temporary liquor license can be held, the conditions for a temporary liquor license, and the application process. She stated with the application process, applicants need to fill out the form for the state as well as a form for the City so Chief McKichan can be informed of the event.

Ms. Wolf stated the reason for the ordinance change is so that the clerk's office can be proactive in monitoring the temporary liquor licenses they are receiving.

Mayor King asked when compared other cities are we more or less flexible on this ordinance in regards to how you have to enclose it. He would like for us to be more flexible.

Ms. Wolf stated our previous ordinance didn't have any verbiage on this, so now it has what the state guidelines are. She stated the Clerk's Office has spoken with the Department of Alcohol Gambling and Enforcement about temporary licenses and the State doesn't give specific guidance. The representative from the AGE stated events are usually contiguous but not necessarily compact.

Ms. Wolf stated when applications are being submitted, the Clerk's Office wants applicants to ensure they are clearly defining their event area. She stated being contiguous means having a border that is touching. Also, applicants need a clearly defined entrance and exit, and this was guidance from speaking with Chief McKichan.

City Administrator Craig Clark stated according to the Comp Plan and the Velocity Report there was a suggestion to conduct a stress test of building codes and ordinance to ensure vision, desire, and experience can be implemented under various conditions. They also talked about vibrant street and using public spaces. With the temporary license, it really hinges on the compact and contiguous definition and there is no requirement in our ordinance for fencing. With the temporary liquor license and catering license applications. These are generally low key events and fencing has become a burden and is causing expense and messing up the vibe. Mr. Clark visited with Mr. Novotny and he provided photos for on sale facilities. Mr. Clark stated we would have to take a look at this ordinance as these are establishments that are selling alcohol all year round and they should have a higher bar. Mr. Clark would like input from Council.

Ms. Wolf did note we are not stating you have to put in ground fencing in. She stated if you rope off an area or if you delegate an area, you are stating where you are serving your alcohol.

Mayor King asked with the new ordinance, would we have to put a fence around an area.

Ms. Wolf read the information off of the State of Minnesota form. It states “If an outdoor area, describe.”

Council Member Helle suggest that fencing should be an optional part of the permit.

Mr. Clark stated the catering license is a challenge as well as it possess a challenge. He stated if you want to host a graduation party you would be required to put up a fence if you didn’t already have one. He asked the Council “are we really encouraging that by requiring them to fence their yard for this event. By working with the police chief and the attorney we can come up with a solution.”

Mayor King stated asked if this current ordinance accomplishes this and Mr. Clark stated no, we would have to look at the catering piece.

Council Member Baker stated we are missing the point. The best indicator of our travel industry in the City of Austin is hotel and motel tax collections. Our travel and tourism in Austin are on life support. We need to remove barriers so we can have events in Austin. We need to use this tool to attract people here.

Chief McKichan stated he has been flexible over the years. We need to treat each and every event fair and sometimes that does require a rule book. The liquor sale permit carries with it the rules the State has put in and the City is allowed to be more restrictive. Keep in mind if those graduation parties go until midnight or 1:00 a.m. and people start wandering into other people’s backyards, that is usually when we will get those calls. So, we see if from both ends. We just want the rules written to allow us to have them. The information that the council is receiving is in the consent agenda and I’m not seeing a lot of discussion on those events or parameters of those events early on. We do want to mindful of public safety and neighborhood impacts and treat them all fairly. He stated he is fine with flexibility but we need fairness and to keep everything safe.

Council Member Postma stated we just approved this Downtown Master Plan contract so when he looks at the future of Austin it lies more in entertainment and restaurants and bars. He stated we need to be more inviting to these people. He stated he thinks we are putting restrictions on ourselves that we don’t need to and we err too much on the side of caution.

Chief McKichan stated we do have the ability to have community festivals like the Art Works Festival where we have special cups and wristbands so that people can drink freely within a zone.

Council Member Helle stated she does agree with Council Member Postma, she stated that we have been flexible and we don’t need to stop that at this time.

Joe Bower from the Chamber agreed we need to adhere to the state minimums and safety first and foremost.

Chief McKichan stated on sale means that you are within the boundary that you have told you will have your license issued under. You get to sell for consumption within that boundary. There is a defined area and this is a benefit to the business because we are letting you sell within the area to make a profit off of it.

Mayor King stated it needs to be refined.

Council Member Helle stated the flexibility should be on staff.

Mr. Clark stated we can take this back and re look and it and bring it back to council.

This ordinance has been tabled and will be brought back to council at a later date.

Item No. 3 Pool Conditions Assessment

Park and Rec Director Jason Sehon stated he spoke with City Administrator Craig Clark and he suggested we do a pool conditions assessment. He stated there is a lot of functions to operate a swimming pool and that you need a professional to come and assess the pool. There have been a number of unexpected and unbudgeted items we have had to fix on the pool this year.

Mr. Sehon stated the goal is to understand the conditions of the facility, review attendance and cost recovery, recommend options for improvements and opinions on cost improvements, overall operations expectations, provide a comparison and cost for options to replace the facility. Park and Rec have received a proposal from Waters Edge Aquatic Design and feel this proposal is the one that best meets their needs for what they are looking for.

Council Member Baker asked if the money for this assessment would come out of Contingency.

Mr. Dankert stated it would.

Council Member Baker stated when the results come back and it's a giant number, is there going to be an option to close the pool.

Council Member Helle asked Nancy Schnable if there are events that come in specifically for our pool. Ms. Schnable stated yes, we have regional swim meets that come in June, July, and August. The reason they come to Austin is because of the size of our pool.

Mr. Sehon stated he is thankful for all of the Park and Recreation employees and all of the work they have been doing on the pool this season; they are a great asset to the City.

Council Member Postma asked are we just spending \$15,000 to give us the answer that we know.

Council Member Helle stated we know it's bad but we do not know the quantification of how bad it is. We have never known and we have just been pouring money into it year after year.

Mr. Sehon stated they are hoping they are able to identify areas in the pool that they can focus on so that it doesn't cost them so much money down the road.

Council Member Baker stated it is a fair idea to have someone give us an idea of what is going on with the pool.

Mr. Clark stated it is not pro-pool or anti-pool, it's about being informed on the issue. It's about being proactive.

The Park and Recreation Department would like to bring a proposal from Waters Edge Aquatic Design to the July 1, 2024 council meeting.

Moved by Council Member Baker, seconded by Council Member Fischer, to recommending approval for a proposal of a pool conditions assessment. Carried.

The item will be on the July 1, 2024 Council agenda.

Item No. 4 Budget Discussion

Director of Administrative Services Tom Dankert stated we are ready to start working on the 2025 budgeting process with the Council and department heads. He stated there are statutory requirements and on August 1st we will get our LGA certification. There is no increase to LGA this year. It is the same as last year and is \$9,793,000.

Mr. Dankert stated he needs to know what programs council would like to eliminate or finance. He stated based on current numbers \$850,000 of additional investment will be needed for employees with the current contract in tax levied funds and that is with no new employees.

Mr. Dankert stated there is fund balance available. At the end of 2023, we were at 57% of our expenditures. We are going to need this for management of the Emerald Ash Borer. Fund balance is a one-time thing, that invest is a one-time thing. The goal from his stand point is if we are adding additional employees, we do not use fund balance or make-believe numbers to make that work.

Mr. Dankert stated the tax levy for 2024 is \$8,752,000. We will need 9.9% additional tax increase in order to continue the investment in the employees as we have it now. This funding does not all have to come from tax levy's but where else can we find those additional revenues. For years you have been asking us to cut nickels and dimes from each department but we are still spending 99% of the budget. Department heads only have about 8-10% of the budget that they can control when you cut out staff and other mandatory costs. We would like to get serious direction from the elected officials so we can meet with department heads and have discussions and bring back a balanced budget.

Council Member Postma asked about employee health insurance and if we would be paying more in 2025 or if the rate increase would match 2024 amounts, since they paid above the contractual obligation. Mr. Dankert stated that if the rates increase, the additional investment will be higher than the contractually required amount.

Council Member Baker is not comfortable saying 10% is ok.

Mayor King asked about housing needs, stating we are ahead of the housing need at this time.

Council Member Baker stated we have spent \$10 million as a City in outside money on engineers' fees. This is a place where we can save money by adding staff.

Council Member Helle stated she has the same thought and would like to know a cost analysis and comparison from Mr. Lang on what we spend. She would like to know what is the long-time project load.

Council Member Fischer stated if we go at a low level, it is going to hit staff in a negative way. The low tax levy is catching up with us now, we have to be around the 10% tax levy.

Council Member-at-Large Austin stated we have to be creative in our funding. He stated that maybe we need to have a referendum for the pool.

Mayor King would like the department heads to submit proposals for new employees.

Council Member Helle stated there are only two things on her must do list, one would be a Comp and Class study to keep up with that. She would like to see funding for that in 2025. She would like to see funds for employee engagement in 2025. She would like a step-down program over the next couple of years so that we allocate funds every year towards this.

Council Member Helle would like to also see staffing for HR or Communications. She would like to see more funding towards planting new trees. She stated she is concerned at the staffing levels in the fire department. She stated we are over parked and need to repurpose park land. She stated we may need to look at the pool and change the way it looks. She stated we may need to change the library hours.

Council Member-at-Large Austin is wondering if we need to do the Comp and Class study at this time.

Mayor King stated maybe we can do the study a third at a time.

Council Member Poshusta stated it will be very hard to get under the 9.9%. She stated that she does believe we are in a good place with housing right now and could take a step back from that.

Council Member Postma stated he doesn't think he wants to raid the bucket of money from housing for something else. He stated he doesn't want to tell a department head that they don't need any extra staff. He does have interest in an HR/Communications position and what would that position would look like. He does think we need to take a serious look at the parks and there are some parks that we do not need any longer. He has have not seen a discussion for a fund for replacement of P&R equipment. Eventually the trees will come down and right now we can use the money towards park equipment.

Mr. Dankert stated he will work with department heads to get the requests for what they need. He stated the number will more than likely come in higher than 10%. The direction he is receiving tonight has been all over the board.

Council Member Baker asked when we will get a look at the real cost of the insurance for 2025.

Mr. Clark stated Jenny Pine will be here in July for a closed session to discuss insurance.

Item No. 5 Administrative Report

City Administrator Craig Clark is working on the employee engagement and working on getting dates for sessions. He would like to get council together for one of these sessions.

Moved by Council Member Baker, seconded by Council Member Fischer, adjourning the meeting at 7:26 p.m. Carried.

Respectfully Submitted,

Brianne Wolf, City Clerk