Brainerd, MN
October 28, 2013

Pursuant to due call and notice thereof, the adjourned meeting of the Brainerd City Council was called to order at 6:30 P.M. by Council President Cumberland in the City Hall Council Chambers.

Upon roll call, the following members of the Brainerd City Council were noted present: Borkenhagen, Koep, Pritschet, Bevans, Scheeler, Parks and Cumberland. Mayor Wallin was also noted as present.

Council President Cumberland noted that the purpose of the meeting is to conduct a workshop on the proposed 2014 budget and she called upon City Administrator Goble.

City Administrator Goble noted that the City Council adopted a preliminary 2014 levy on September 11, 2013 that was $500,000 over the 2013 adopted levy. $400,000 of that increase was for debt redemption and $100,000 towards achieving our strategic goal of complying with the City's adopted Fund Balance Policy to have 35-50% of the working fund expenditures in fund balance at the end of the year. The proposed budget reflects a deficit of $698,877 and did not include any of the $382,579 of anticipated local government aid revenue in 2014. It was determined that between the preliminary adoption and the truth-in-taxation public hearing on December 9, 2013, further review and additional workshops would be conducted. This is the first of those workshops.

The Chair called upon Finance Director Connie Hillman who gave a power point presentation of the following items:

- Estimated cost of paying unemployment insurance versus being a reimbursing employer. This question had been asked at a previous budget meeting. The estimate is if the City carried unemployment insurance the annual cost would be approximately $75,000 regardless if the City had a claim. Therefore, the conclusion is it is beneficial for the City to be a reimbursable employer rather than a contributing employer because the City has very little turnover in employees.

- Detailing how the additional 2014 certified LGA amount of $382,579 is needed in the operating budget because of 2014 changes over the amended 2013 budget with loss of Wausau utility revenue, BAHA lease revenue, changes in the mill rate, 2014 election costs, estimated unemployment costs with the layoff of two fire equipment operators, increased costs of property, liability and health insurance premiums, and an increase in the police & fire PERA rate.

- Suggested options to balance the proposed 2014 budget were as follows:

	Adjust Revenue	Adjust Expense	Effect on the Working Funds
Requested 2014 budget - revenue under expense			**($698,877)**
PROPOSED ADJUSTMENTS:			
- Include increase 2014 LGA in working funds	**$382,579**		**($316,298)**
- Change in Mill Rate Estimate (Info from County)	**$22,899**		**($293,399)**
- Increase Police State Aid amount (budget amt rec in '13)	**$27,000**		**($266,399)**
- Increase Fire State Aid amount (budget amt rec in '13)	**$61,000**	**$61,000**	**($266,399)**
- BAHF Loan Payment	**$22,900**		**($243,499)**
- No Squad Cars - Included both with Equipment Certificates		**($90,000)**	**($153,499)**
- No Administration software		**($10,000)**	**($143,499)**
- No increase in airport appropriation (leave same as 2013)		**($3,110)**	**($140,389)**
- No Park Fund transfer to Park Dedication Fund		**($20,650)**	**($119,739)**
- Decrease Fire Dept unemployment amount		**($10,000)**	**($109,739)**
- Lower requested special projects amount		**($30,000)**	**($79,739)**
- Lower Fire Department OT Request Inc by 1/2		**($5,000)**	**($74,739)**
- Updated Structure of Street Department w/ 8 employees		**$10,500**	**($85,239)**
- No new S&S employee		**($59,000)**	**($26,239)**
- Include some revenue for paper plant utilities	**????**		

- Review of 2013 bond issues:
  - Improvement GO Special Assessment Bonds of $800,000
  - 3-Yr $450,000 Equipment Certificates as listed in the CIP Plan as follows:

EQUIPMENT CERTIFICATES	
Street Sweeper	$ 170,000
Staff Cars (2) (City Hall)	38,000
Inspections pickup	19,000
Pickup (Parks)	30,000
Field Groomer	14,000
Satellite Lifter	12,000
Upgrade Squad Video system	35,000
Other Police Vehicle	42,000
Squad Cars (2)	90,000
TOTAL CERTIFICATES	**$ 450,000**

  - 15-Yr $980,000 Capital Improvement Plan Bonds as listed in the CIP Plan as follow:

CAPITAL IMPROVEMENTS	
City Hall HVAC Upgrade	$ 545,000
Police and Fire HVAC Upgrade	55,000
City Hall Entrance/Façade Update	80,000
Emergency Preparedness	100,000
Salt/Sand Storage Building	200,000
TOTAL CIP BONDS	**$ 980,000**

Discussion was held and information was presented on the current and proposed debt levies, recognizing that the $400,000 increase in the preliminary levy is recommended as $200,000 to “maintain” the current debt fund deficits and $200,000 for the equipment certificate 2014 debt redemption.

- The other piece of the increased levy is $100,000 to move towards compliance with the City's adopted fund balance policy was discussed. It was noted that the City currently uses its end of the year fund balance plus any revenue that comes in between the first part of the year, by the beginning of June. The City does not receive its major revenues of taxes and local government aid until July.

- Information on the proposed tax rate was presented. The preliminary levy is $4,453,486, a 12.7% increase over the 2013 levy. This equates to a proposed City tax rate of 64.568%. This is a difference of 5.627% over the 2013 tax rate or a 9.6% increase.

The City Council set the next budget workshop for Monday, November 25, 2013 at 6:30 p.m.

The Chair adjourned the meeting at 8 p.m.

Theresa A. Goble
City Administrator