Brainerd, MN
December 9, 2013

Pursuant to due call and notice thereof, the meeting of the Brainerd City Council was called to order at 6:00 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: Koep, Borkenhagen, 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 public hearing as required by Minnesota Statutes on the 2014 proposed budget and levy. She noted that the public hearing does not address any changes in the market values of a property. The County Assessor's office is the contract regarding market value changes. The Chair called upon Finance Director Connie Hillman who presented information regarding the proposed budget and levy.

The preliminary levy for 2014 was set in September at $4,453,486 which is a $500,000 increase over the 2013 levy. $100,000 of the increase is to make progress in obtaining our adopted fund balance policy, $200,000 is to make the required principal and interest payments on the current outstanding debt, and the remaining $200,000 is to pay principal and interest on the 2014 equipment certificates. The proposed levy equates to an approximate tax rate of 64.568% which is an increase from the 2013 rate of 58.941%.

Finance Director Hillman provided tax levy history and percentage change over the last ten years; how the levy dollars are used, sources of revenue by fund and type; and uses of revenue by fund and type. It was noted that the proposed budget is an increase of 2.1% in the working funds and 4.2% throughout all funds. These increases were the result of the following:

- Personnel Services: Increase in health insurance costs and P & F PERA rate increase, and 2014 being an election year. There are no new employees slated for in the proposed budget.
- Supplies: Increase in motor fuel budgets, repairs and maintenance estimates. It was noted that the legislative change of making cities exempt from sales tax on purchases reduced the budget by $25,000 in this area.
- There are no working funds capital purchases in the proposed budget.
- It was noted that with the closing of the Wausau Plant, the City will experience a loss of approximately $150,000 in utility revenue

Finance Director Hillman noted that the proposed levy's projected impact on a homesteaded taxable market value of $125,000 is approximately an increase of $70 and on a $420,000 commercial market value of approximately $430.

The Chair opened the public hearing at 6:20 p.m. The following individuals addressed the council

- Mr. Matt Seymour, 1621 South 7 Street, questioned the council on their debt strategies.
- Mr. David Yde, 1310 Portland Avenue, voiced concern regarding the increase tax burdens on homeowners.

- Ms. Lisa Paxton, Executive Director of the Chamber of Commerce, stated that Brainerd and Baxter tax rates should be relatively similar. She pointed out that the with the proposed levy increase, Brainerd's total rate will be higher than Baxter's.
- Mr. Al Gmeinder, owner of the Sawmill Inn at 601 Washington Street, stated he felt the increase was too large, that some of the proposed expenditures should be put off, and that there is a lot of commercial property in the City selling at a distressed rate.

The Chair closed the public hearing at 6:35 p.m. and stated that the levy and budget could be adopted at this meeting or could be tabled until the December 16, 2013 meeting.

Discussion was help by Council members regarding ways to reduce the levy and suggestions that the levy be left as preliminarily adopted.

As no motion came forth, the Chair directed that the adoption of the final 2014 levy and budget be scheduled on the December 16, 2013 Council meeting agenda.

The Chair adjourned the meeting at 6:50 p.m.

Theresa A. Goble
City Administrator