

Pursuant to due call and notice thereof, the workshop of the Brainerd City Council was called to order at 5:00 P.M. by Council President Bevans.

Upon roll call, the following members were noted as present: O'Day, Stunek, Terry, Stenglein, Johnson, Czczok, and Bevans. Mayor Badeaux was also noted as present.

Also noted as present were Administrator Bergman, Finance Director Hillman, and HR Director Schubert, City Engineer/Public Works Director Dehn, Community Development Director Kramvik, Fire Chief Holmes, Police Chief Davis, and IT/GIS Director Strong.

2024 Budget and Levy Presentation and Discussion

Finance Director Hillman stated that the preliminary levy must be set by September 30th, 2023, with the final levy being set by December 31st, 2023. Finance Director Hillman gave an overview of the proposed budget and levy. As of the August 28th workshop the current proposed levy for the 2024 budget was 7.99% increase over 2023 to balance the budget (subject to change based on the compensation study). The projected levy was \$6,958,238 (subject to change). Ms. Hillman highlighted the changes that have been made since the August 28th workshop: withdrawal from the School Resource Officer contract with the school district and preliminary results of the classification and compensation study have been presented to council. The impact of budgeting for the 27th officer based on new employee assumptions would be a need to increase the levy by 12.67%. The City was given one-time public safety aid, personnel costs excluding PERA could be a use for the aid. Staff recommends setting the preliminary levy with at least 12% increase due to unknowns with three union contracts, non-union employee's wages not set beyond 2023, the need to comply with the State of Minnesota's Pay Equity, the fund balance was not met in 2022, and finally that the final levy can be lower but not higher than the preliminary levy.

Chair Bevans asked to have the preliminary levy at the next meeting, not call a special meeting.

Member O'Day asked about the one-time public safety funding, how it needs to be spent and by which departments. He stated that he would be willing to spend a big chunk of it to avoid a large increase in the levy.

Member Terry asked about the mental health "check up from the neck up" whether these funds were what was intended to cover that cost. She agrees with Member O'Day to offset the revenue from the school district for the School Resource Officer with the one-time Public Safety Aid the City will receive.

Fire Chief Holmes stated that there was a separate public safety grant through Sourcewell for the "check up from the neck up" and workout equipment for both Police and Fire Departments. The funding is a one-time funding, it was \$50,000.

Member Czczok asked about the total amount of the one-time spending and the effect it would have on the total amount of the levy increase.

Member Stenglein stated that the City should budget for the 27 officers. She would be in favor of spending about half of the one-time spending if it can cushion the City while trying to come up with a long-term solution to the budget shortfalls.

Member Terry asked about the ARPA dollars left in the budget.

Finance Director Hillman stated that there is about \$94,000 left of unallocated ARPA dollars. It cannot be used to reduce the levy but could offset expenses.

Member Johnson stated that the one-time spending should be used if the City is still sitting at 12% come December. There are fund balances that we could use to bridge the gap in the budget and reduce the levy to about 4%. He also stated that he would be hesitant to use any of the one-time public safety aid for the Fire Department at all, unless it was offsetting a cost that was already in the plan because of how the Fire Department is financed. It would have the potential of subsidizing our partners.

Member Stunek asked if the townships are also receiving public safety funds.

Finance Director Hillman stated that she does not know the answer.

Member O'Day asked about the debt levy, and how much debt the City currently has.

Member Johnson stated that the City could spend about \$1 million. If the City was responsible there would be enough to make the February payment.

Finance Director Hillman stated that the debt levy is currently at \$973,341. She stated that what Member Johnson is referring to is to use more of the projected cash balance to pay debt service payments. This would lower the levy.

Member O'Day stated he does not want to spend so much that the City is at risk in the future.

Member Czczok stated that the partners would most likely use their portion of the public safety dollars to offset their cost to the City.

Member Johnson agreed that that's what Brainerd would do with their portion if it was used for the Fire Department. If the City was to ask the townships and Baxter for a portion of their public safety dollars, it would be to fund something over and above what was already in the plan for the Fire Department.

Finance Director Hillman asked whether the resolution should include an amount and what should be included in the packet.

Member Johnson stated that the resolution should be left blank.

Chair Bevans requested that the dollar amounts for the preliminary levy be included at the Council meeting.

Member Czczok stated that when the Airport levies, the money goes into an escrow account that is committed not to be used until 2025. The City also pays for the Finance Director to manage the airport finances at a cost savings of \$1500. He believes that levying for the Airport in a tight budget year such as this would be irresponsible to fund the full levy requested by the Airport when the airport has \$1.25 million in escrow.

Chief Holmes stated that the townships did not receive the one-time public safety funds.

Adjourn

The Chair adjourned the meeting at 5:55 p.m.

September 13, 2023



Jennifer Bergman
City Administrator