

Pursuant to due call and notice thereof, the regular meeting of the Brainerd City Council was called to order at 7:30 P.M. by Council President Bevans.

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

Council President Bevans opened the meeting with the Pledge of Allegiance to the flag.

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND STENGLEIN, DULY CARRIED, TO APPROVE THE AGENDA.

MOVED AND SECONDED BY COUNCIL MEMBERS STUNEK AND O'DAY TO APPROVE THE CONSENT CALENDAR.

- A. Approval of Bills**
- B. Approval of Minutes**
  - a. Regular City Council Minutes November 20th, 2023**
- C. Approval of Licenses**
- D. Department Activity Report**
- E. Approve Transfers of Funds**
- F. Approve Letter of Support to Region Five Development Commission for Local Entergy Action Plan Technical Assistance for BPU**

Upon roll call, Council Members, Stunek, Stenglein, Johnson, Czeczok, O'Day and Bevans. voted "aye". No member voted "nay". The Chair declared the motion carried.

### **Presentation**

#### **The Center Annual Presentation**

Kathy Tousa, 14075 Firewood Dr, gave an overview of the programs that she participates in and other programs that are available to all members and non-members of The Center. She is grateful to have somewhere to go and do things with others.

DeAnn Berry, Executive Director, The Center, gave an overview of the volunteer opportunities at The Center. To date, in 2023 volunteers have given 19,282 hours. She also gave a scenario on how those with limited income can come to The Center and enjoy many of the inexpensive or free programs The Center offers.

#### **Brainerd Public Utilities Operating and Capital Budget Presentation**

BPU Finance Manager Loch gave an overview of the Operating and Capital budgets that were approved by the BPU Commission. He stated that in 2024 the Capital Improvement total is \$13.1 million. Funding for these projects will be \$4.2 million through bonds, \$2.5 million through grants, and \$6.3 million through operations.

Member Johnson asked if the reclamation/backwash system is being paid for with the State Bonding money awarded last session. He also asked if the cost per turbine was \$1.5 million or if that amount is for both.

BPU Finance Manager Loch stated that yes, the reclamation project will use the bonding money. Each turbine is \$1.5 million over the next four years.

Member Johnson asked about the Operating budget and the changes with the Charter. The City Administrator and City Engineer are putting considerably more time into the public utilities. He would like to see a portion of each of their salaries accounted for in the BPU operating budget.

**MOVED AND SECONDED BY COUNCIL MEMBERS CZECZOK AND STUNEK TO APPROVE THE BRAINERD PUBLIC UTILITIES CAPITAL AND OPERATING BUDGETS AS PRESENTED.**

Member Johnson stated that he would vote no on the approval because he would really like to have a portions of the City Administrator and Public Works Director salaries accounted for in the BPU Budget.

Interim Administrator Wussow stated that the Council could request a specific amount from BPU at the meeting and adopt the budget. The Commission could also come back with an amended budget at the next meeting.

Member Johnson would like an exact calculation of time spent on Public Utilities for the City Administrator and Public Works Director like the HR Department does with their time at BPU. He stated that he would vote no to the motion because it does not require the Public Utilities to come back and present the updated budget.

**MOVED AND SECONDED BY COUNCIL MEMBERS CZECZOK AND O'DAY TO AMEND THE MOTION TO INCLUDE THE EXCEPTION OF ACCOUNTING FOR STAFF TIME SPENT BY THE CITY ADMINISTRATOR AND ENGINEER WITH PUBLIC UTILITIES.**

Members Stunek, Stenglein, Czeczok, and O'Day voted "aye". Members Johnson and Bevans voted "nay". The Chair declared the motion carried.

**MOVED AND SECONDED BY COUNCIL MEMBERS CZECZOK AND STUNEK TO ACCEPT THE BRAINERD PUBLIC UTILITIES CAPITAL AND OPERATING BUDGETS WITH THE EXCEPTION OF ACCOUNTING FOR STAFF TIME SPENT BY THE CITY ADMINISTRATOR AND ENGINEER WITH PUBLIC UTILITIES.**

Members Stunek, Stenglein, Czeczok, and O'Day voted "aye". Members Johnson and Bevans voted "nay". The Chair declared the motion carried.

### **Council Committee Reports**

#### **Personnel and Finance Committee**

#### **Award Contract for Police Department HVAC Replacement Project and Amend APRA Budget**

Committee Chair Johnson stated that with the amendment to the ARPA budget, the ARPA funds will be completely designated. The balance for the HVAC system will come from the Capital budget.

**MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND STUNEK, DULY CARRIED, TO AWARD OF THE POLICE DEPARTMENT HVAC REPLACEMENT PROJECT**

TO THELEN HEATING & ROOFING IN THE AMOUNT OF \$348,000; FURTHER TO AMEND THE ARPA BUDGET TO REFLECT \$204,397 TOWARDS THE PROJECT, AN ADDITIONAL \$64,397.

**Ratify the Hiring of Kathryn Johansen as Administrative Specialist - Public Works Department**

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND STUNEK, DULY CARRIED, TO RATIFY THE HIRING OF KATHRYN JOHANSEN EFFECTIVE DECEMBER 20, 2023; FURTHER, SHE BE PLACED ON STEP 1 OF THE ADMINISTRATIVE SPECIALIST WAGE GRID (\$21.85 PER HOUR).

**Ratify the Hiring of Community Service Officer John Unger**

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND STUNEK, DULY CARRIED, TO RATIFY THE HIRING OF JOHN UNGER EFFECTIVE DECEMBER 4, 2023, AT \$16 AN HOUR.

**Discussion of the Statewide Affordable Housing Aid**

Committee Chair Johnson stated that the City of Brainerd will receive \$96,000 in December, and a total of \$96,000 in two payments in 2024. There is information on how the program works provided on their website. He is looking for ideas on how to utilize the money.

**Discussion of 2024 Non-Working Funds Budgets**

Committee Chair Johnson stated that Finance Director Hillman put together good information on the non-working funds which include transit, library, recycling, permanent improvement, mayor's contingency, and sanitary and storm sewer funds. The transit fund is projected to have ridership fees exceed the budgeted share of the City's expenditures. At this time it looks like the fare increase will fund the transit system.

**Discussion of 2024 Operating Budget and 2024 Levy**

Committee Chair Johnson stated that Finance Director put together great information for the changes made to the budget since the preliminary levy was set in September. The preliminary levy was set at a 10.53% increase. With the changes made over the last couple of months, the levy proposed is 6.24% increase. The Committee agreed that it is a very good start. The 6.24% levy increase is a fair number to use for the budget public hearing on December 11<sup>th</sup>. There is still more work to be done.

Member Czczok asked what the amount difference would be for a 6% increase instead of a 6.24% increase.

Finance Director Hillman stated that a 6% increase would be a difference of about \$30,000.

**Safety and Public Works Committee**

**Adopt Resolution of Support - Lowell SRTS Grant**

MOVED AND SECONDED BY COUNCIL MEMBERS O'DAY AND CZECZOK TO ADOPT RESOLUTION SUPPORTING APPLICATION FOR SRTS GRANT FUNDING FOR ADJACENT TO LOWELL ELEMENTARY.

December 4th, 2023

### **RESOLUTION 53:23**

Upon roll call, Council Members, Stunek, Stenglein, Johnson, Czczok, O'Day and Bevans. voted "aye". No member voted "nay". The Chair declared the motion carried.

#### **Approve Sale of Backhoe to Oak Lawn Township**

Committee Chair O'Day stated that the Street Department is scheduled to get a new backhoe in 2024. The backhoe that we have has a trade in value from Ziegler CAT of \$26,000. The sale would be finalized once the City receives its new backhoe.

Member Johnson stated that he supports the sale of lightly used equipment to neighboring townships. However, the City has a fiduciary responsibility to the taxpayers to get a fair price. He would request that in the future the City get a written trade in proposal to be included in the packet rather than just saying this is the trade-in value per Ziegler.

MOVED AND SECONDED BY COUNCIL MEMBERS O'DAY AND STENGLEIN, DULY CARRIED, TO APPROVE THE SALE OF THE EXISTING BACKHOE TO OAK LAWN TOWNSHIP IN THE AMOUNT OF \$26,000.

#### **Consider Denial of Tobacco License for Risky Business**

Committee Chair O'Day stated that there were tax violations by the business and fraudulent entries on the application. Based on the information provided by Chief Davis and Attorney Langel the Committee decided to move forward with the denial.

Member Johnson asked who would be responsible for holding the appeal.

Attorney Langel stated that he needs to review the City Code for this. Since it is already at Council level, it may have to go to District Court.

MOVED AND SECONDED BY COUNCIL MEMBERS O'DAY AND STENGLEIN, DULY CARRIED, TO DENY LICENSE RENEWAL FOR TOBACCO, TOBACCO PRODUCTS, AND TOBACCO RELATED PRODUCTS SUBMITTED BY SUZANNE MILTON ON BEHALF OF LIMOS ETC., DBA RISKY BUSINESS AND TO REQUEST THE CITY ATTORNEY PROVIDE THE APPLICANT WITH A NOTICE OF DENIAL AND THEIR RIGHT TO A HEARING.

#### **Direction on Active Code Enforcement Cases**

Committee Chair O'Day stated that three out of four of the properties are pretty standard. The Beaver Dam Rd property has been a problem property for a couple of years. The recommendation for this property is \$100 per day until they communicate with staff.

Mayor Badeaux asked who would follow up on this property. He would like a report on the progress of the property as it progresses in order to ensure that the problem is being taken care of.

Member Johnson stated that there is a property in southeast Brainerd that was on the \$100 per day fine schedule and he does not believe it was ever taken care of.

Member Czczok referenced the updates that staff gives to Council on all properties it is dealing with in the Community Development Report. He believes this should be sufficient.

Community Development Director Kramvik stated that a ten-day warning letter will go out previous to the increased fines. The department will keep the Council informed. He will research the property in southeast Brainerd for when and why the fines stopped.

Member Johnson asked about the sewage, whether the City abate the property sooner than the ten-days.

Community Development Director Kramvik stated that he does not believe it is being disposed of in the same way anymore and wouldn't require immediate action.

MOVED AND SECONDED BY COUNCIL MEMBERS O'DAY AND CZECZOK, DULY CARRIED, TO APPROVE THE RECOMMENDATION BY STAFF FOR THE PROPERTIES 1424 8<sup>TH</sup> ST S, 823 WILLOW ST, 1812 OAK ST, AND 15284 BEAVER DAM RD.

### **Unfinished Business**

#### **Call for Applicants – Informational:**

##### **Mayor Recommended: (terms to expire on 12/31 of said year)**

Charter Commission – 2 terms (Expire 2026) 2 terms (Expire 2025)

Library Board- 1 term (Expire 2025)

Public Utilities- 1 term (Expire 2026)

TAC—1 term (Expires 2023)

##### **Mayor Recommended: (terms to expire on 9/7 of said year)**

EDA—1 term (Expires 2026)

##### **Council President Recommended: (terms to expire 12/31 of said year)**

Parking Commission—1 term (Expire 2026)

#### **Discussion Regarding Mayor and Council Compensation**

Interim Administrator Wussow stated that the information was provided by Flaherty and Hood, the same comparable cities were used as the rest of the study. The City of Brainerd is the only City that pays for health insurance. The BPU Commission salaries should also be addressed formally.

Chair Bevans asked what change would need to be made to the Council annual wage to cover the discrepancy for health insurance.

HR Director Schubert stated that each Council Member is on a different plan and some Members opt out. The wages and benefits for all eight Council Members in 2023 was \$155,647.

Member O'Day stated that he has no problem with establishing current practices as the permanent practice going forward. He doesn't care what other cities are paying their Council.

Member Johnson stated that he agrees with Council Member O'Day. There is discrepancy between our current practice and what the employee policy manual states in regards to what Council Members and BPU Commissioner pay for the health insurance coverage.

Member O'Day asked what the monetary difference is between the current pay and the employee policy manual policy.

Member Johnson stated that the City incurred about \$3,900 of burden from to Council Members and \$1,800 of burden from PUC Members.

HR Director Schubert stated that the staff is looking for direction on the employee policy manual.

Chair Bevans stated that he understands the motion to change the employee policy manual policy back to reflect the current practice.

MOVED AND SECONDED BY COUNCIL MEMBERS O'DAY AND CZECZOK, DULY CARRIED, TO FOLLOW THE CURRENT PRACTICE WHEN DETERMINING SALARY AND BENEFITS FOR THE MAYOR AND COUNCIL MEMBERS AND AMEND THE POLICY TO REFLECT THIS PRACTICE.

## **New Business**

### **First Reading - Proposed Ordinance 1561 - Short Term Rentals**

Community Development Director Kramvik gave an overview of the ordinance. The proposed total number of short-term rentals in the City is twenty with each owner only being allowed one short-term rental.

Member Czeczok asked about grandfathering all of the short-term rentals that are currently in the City. He asked whether these would need to be renewed. He believes that those who have been running a short-term rentals in good faith should be able to continue to do so.

Community Development Director Kramvik stated that yes, the properties could be grandfathered in.

Member O'Day questioned the limit of one short-term rental per owner. He stated that apartments buildings downtown could be used as short-term rentals which would not be very different from having a hotel downtown. He doesn't want to miss out on an opportunity for downtown to expand their ability to rent short-term. There isn't a hotel downtown, and this could be a great opportunity. He does believe that short-term rentals do need to be limited in the neighborhoods.

Community Development Director Kramvik stated that there could be exemptions for the downtown district. One concern was that there are large companies having potential of buying multiple houses.

Mayor Badeaux asked for process clarification. He also asked for the thought process behind limiting owners to one unit. It doesn't reward someone for doing a good job with the units when someone who isn't a good operator is also able to have the same number of units.

Community Development Director Kramvik stated that investment companies were a concern for the Planning Commission. There was also concern about one person owning ten units when the limit is twenty.

Member Stenglein stated that the professionalization of running short-term rentals as opposed to renting out a property until it sells was also a concern of the Commission.

Member Johnson stated that he agrees with Commissioner Yeager's comments included in the packet from the Planning Commission. He stated that an LLC is easy to create, this could lead to one owner having multiple LLCs and properties. The City wants to get rid of bad operators, limiting it to one may be a bad move.

Chair Bevans stated that he hopes the properties grandfathered in have their licenses in good standing. He also hopes that the fee for the short-term rentals is such that the City can monitor the good renters and deter the bad ones. It sounds like there is a lot of work left to do on the ordinance.

Mayor Badeaux stated that he does support some kind of limit in the number of short-term units and units per owner. A few with a few is better than twenty with one.

MOVED AND SECONDED BY COUNCIL MEMBERS STENGLEIN AND STUNEK, DULY CARRIED, TO REFER THE SHORT-TERM RENTAL MATTER BACK TO THE PLANNING COMMISSION.

### **First Reading - Proposed Ordinance 1562 - Revised Fee Schedule and Hold Public Hearing**

Community Development Director Kramvik gave an overview of the ordinance.

Member Czczok asked about the items that would go towards other entities.

Community Development Director Kramvik stated that SAC/WAC and Park dedication funds would go to the Public Utilities and Park Board respectively to be assigned.

The Chair opened the public hearing at 8:36 p.m.

Shanna Davis, 6697 Maryland Rd, Brainerd Rental Owners and Managers, the landlords are asking for a reconsideration of the increase in rental license fees from \$32 to \$50. The group also wonders how the fees are utilized. She stated that the group submitted a letter.

Chair Bevans apologized to Ms. Davis stating that the public hearing is not a time for question and answer. He directed her to speak with staff or Council members any time by calling.

The Chair closed the public hearing at 8:38 p.m.

Member O'Day stated that when fees aren't raised for a number of years, it does make an impact. He stated that you could talk to the unions at any government level, the fees have to match the salaries that continue to increase of the people administering the permits. He sees no other way.

Member Czczok stated that he would appreciate anyone who submits comments would include their name and contact information.

MOVED AND SECONDED BY COUNCIL MEMBERS O'DAY AND STENGLEIN, DULY CARRIED, TO CONDUCT THE FIRST READING OF PROPOSED ORDINANCE 1562 AND DISPENSE WITH THE ACTUAL READING.

### **Public Forum**

The Chair opened the public forum at 8:41 p.m.

Mike Duval, 468 Tyrol Dr, apologized for not understanding how to participate in the fee schedule discussion. He asked whether he would be able to comment.

Chair Bevans stated that Council received and noted his comments on the fee schedule.

The Chair closed the public forum at 8:43 p.m.

### **Staff Reports**

City Engineer/Public Works Director Dehn stated there will be a public open house on December 13<sup>th</sup> at 6:00 p.m. to discuss a roundabout at S 6<sup>th</sup> and Willow.

Community Development Director Kramvik stated that at the next Planning Commission meeting, Country Manor has submitted permits for a physical therapy clinic for consideration. He gave an update on the itinerary for the Planning Commission.

Interim City Administrator Wussow stated he provided a proposed schedule for the round-robin City Administrator search.

### **Mayor's Report**

Mayor Badeaux told Public Works Director Dehn to expect his Willow Street comments. He thanked Parks Maintenance staff for their work on the tree lighting. He would like to make it even bigger and better next year. The Holiday Hayrides on December 15<sup>th</sup> at Buffalo Hills Park at 6:00 p.m. will have hot chocolate.

### **Council Member Reports**

Member O'Day stated that the Holiday Hayrides will be free and a fun event for families.

Member Johnson stated that the EDA will be meeting on Thursday. The tree lights look fantastic. At the window walk downtown his favorite part was letters to Santa at Visit Brainerd and the Mayor refilling their hot chocolate with his cart.

### **Adjourn to Closed Labor Negotiation Strategy Session pursuant to MN Statutes, 13D.03, Subd 1(b) to prepare for Negotiations with the IBEW Local No. 31 and IUOE Local No. 49 Unions**

MOVED AND SECONDED BY COUNCIL MEMBERS O'DAY AND STENGLEIN, DULY CARRIED, TO ADJOURN THE MEETING TO THE CLOSED LABOR NEGOTIATION STRATEGY SESSION PURSUANT TO MN STATUTES, 13D.03, SUBD 1(B) TO PREPARE FOR NEGOTIATIONS WITH THE IBEW LOCAL NO. 31 AND IUOE LOCAL NO. 49 UNIONS.

The Chair adjourned the meeting to the closed session at 8:51 p.m.

The Council took a ten minute break.

The Chair reconvened the meeting at 9:56 p.m.

### **Adjourn to Budget Public Hearing on Monday, December 11th at 6:00 p.m. in City Council Chambers**

MOVED AND SECONDED BY COUNCIL MEMBERS STUNEK AND STENGLEIN, DULY CARRIED, TO ADJOURN THE MEETING TO THE BUDGET PUBLIC HEARING ON MONDAY, DECEMBER 11<sup>TH</sup> AT 6:00 P.M. IN THE CITY COUNCIL CHAMBERS.



Patrick Wussow  
Interim City Administrator