



CITY COUNCIL AGENDA

City of Brainerd, Minnesota
City Hall, 501 Laurel Street, Council Chambers
Monday, August 26, 2024 @ 6:00 PM

The public is invited to attend these meetings in person

Meetings are broadcast on CTC ch 8, Charter ch 181, YouTube, AppleTV, Roku, and Amazon FireTV

1. **Call To Order**

2. **Roll Call**

___J. Czczok ___M. O'Day ___K. Stunek ___K. Terry___T. Stenglein ___G. Johnson ___K.
Bevans ___Mayor Badeaux

3. **Budget Discussion**

A. **2025 Budget and Levy Presentation and Discussion**

4. **Adjourn**

Visit the City's Website at www.ci.brainerd.mn.us

MISSION

"Provide high quality, cost effective public services and leadership in creating a sustainable city"

MEMO



TO: Mayor & Council

FROM: City Administrator Nick Broyles
Finance Director Connie Hillman

DATE: August 22, 2024

RE: 2025 Budget and Levy

Pursuant to the City Charter, the Council President, the Personnel and Finance Chair, and the City Administrator are to submit a budget to City Council. The team met with Finance Director Hillman and the results will be presented at the Sep 3rd Council meeting.

The budget process includes projecting expenses (i.e. personnel cost, supplies, services, capital, debt service etc.), and estimating all non-tax revenues (i.e. fees, fines, LGA, grants etc.). The difference between the two is the needed levy. The LMC Handbook for MN Cities, Chapter 20 Municipal Budgeting, describes budgeting as the planning and prioritization of goals for the coming year based on experiences in the past year or years.

Levy Overview:

Attached is a summary of the current budget and levy and focuses on the working funds – General, Public Safety, Parks, and Streets – as the operations of these funds are supported by property taxes. Other funds the Council adopts a budget for such as Transit, Parking, etc. are operated using other means of funding sources. The overview is a summary of:

- Actual 2023
- Adopted budget for 2024
- *PROPOSED* Budget for 2025 – this is the budget using the amounts requested by department heads and discussed with Council Vice President, and Personnel and Finance Chair.
- Two columns comparing the proposed 2025 budget to the 2024 adopted budget.

The summary shows that for 2025, as of today, the levy would need to be increased by \$601,391, or 8.64% over the 2024 levy to achieve a balanced budget. *This does not take into consideration the Library, EDA and Airport's 2025 requests.*

Operating Expenditures:

Staff will go into more detail on Monday night, but a short summary follows. Overall operating expenditures increased by just over \$1,000,000 or 8.04% from the 2024 budget. The biggest increase is in personnel services at just under \$700,000.

- Personnel Services:

- Assumed the same ABI adjustments for all employees in 2024 and 2025. Did not budget for any employee to be moving to steps 7 or 8 at this time.
- The budget includes 10% of the City Administrator's salary being allocated to the public utilities department.
- Budgeted one less FTE in the working funds but did budget for a part-time employee because of the restructuring of the Community Development department and not filling the vacated Assistant Planner position.
- Budgeting for an additional 2.5 full-time temporary employees and increased the wage from a general \$14-\$16 per hour range to all at a range \$18-\$20 per hour. This excludes the CSO's and the part-time employee who are on step 1 of the grid.
- Assumed an 8% increase in health insurance rates – the maximum increase for 2025. Budgeted assuming all employees would elect the current health insurance plan they currently have, and any new employee would elect the base (\$3,200/\$6,400) family plan option.
- The LMC budget guide suggested budgeting for a 5% increase in rates and a 10% increase in the experience mod rating for workers' compensation. Applying the 10% increase resulted in the City's experience mod going from .97 to 1.07.

- Services:

- The 2025 services budget includes increases in Professional Services, Computer Support, Lease Payments, Insurance, and Rental expenditures.
 - Professional Services and Rental expenses increase due to updating the comprehensive plan and street sweeping screening costs. Both items occur every 5 years and the city has been saving for these costs in the capital plan. Both expenditures are offset by an increase in Transfers In from the Capital Fund in the revenue section.
 - Computer Support increase primarily due to the increase in the Records Management Software as discussed at the August 5th Council meeting.

The increase is estimated to be \$35,275 more than what was budgeted for in 2024. \$20,000 of the increase will be funded by Sourcewell and the remaining \$15,275 will be covered by the one-time Public Safety Aid.

- The budget assumed that the city would continue to lease vehicles. Due to supply issues the city could not get the budgeted number of vehicles after the pandemic. Thus, the city was able to make up for most of the vehicles in 2024. Staff is working on doing an analysis of leases versus purchasing as well as looking at the number of vehicles the city needs.
- Staff used the high end of the scale recommended in the LMC budget guide for increase in rates, values, exposure, and changes in the experience mods. This resulted in overall increases of 11% for property insurance, 23% in liability, 22% for auto, and 11% for equipment.

2025 Capital

- Attached is a detailed list of the proposed capital purchases for 2025 compared to what the items were in June. The current budget does not reflect a change to the levy for capital equipment and facilities.

Debt Levy

- Used the preliminary levy of \$765,000 that was discussed at the August 19, 2024, Council meeting.

Other Levies

- Permanent Improvement /Senior Activity/Green Space/Community Festivals:
 - These levies are a percentage of the previous year's total levy. The Permanent Improvement levy goes into the road construction fund (401). Pursuant to the City Charter, the Council is allowed to levy up to 9% of the previous year's levy. The current budget reflects 6% of the 2024, consistent with what has been done in previous years.
- Library:
 - The Library Board is requesting a 2% increase in the levy. A letter from the Board President is attached.
- EDA:
 - The maximum allowed by state statute is 0.01813% of the previous year's estimated market value and was requested by the EDA Commission. For 2025 this amount would be \$214,612, an increase of \$27,800.

- Airport:
 - The Airport Commission is requesting a \$225,000 appropriation from both the city and the county. This is a \$78,920 increase over the 2024 appropriation of \$146,080. Staff has invited the Airport Director to present at the August 28, 2024, P&F meeting.

Total Revenue – Non-Property Tax

Overall, the non-property tax revenues increased \$85,094 or just under 1% from the 2024 budget. The budget includes the certified amount of LGA which is \$5,244,892 and is \$6,030 more the certified amount for 2024. Transfers In increased by \$58,000 being transferred from the Capital Fund to pay for the update to the comprehensive plan and street sweeping screening.

Use/Addition to Fund Balance

- The year 2025 is a non-election year. The city has historically budgeted for half of the cost of the election in odd years.
- Council action in 2023 was to use the one-time Public Safety Aid to increase the budget to the full complement of sworn officers: 100% in 2024, 66% in 2025, 33% in 2026. Therefore, we are using \$95,700 of fund balance from the Public Safety Aid.
- Council adopted an 8% increase to the levy for 2024 which was roughly \$113,000 more than needed to balance the budget. Staff believes Council did this to help implement the wage study. Staff's analysis shows that this amount can be used to lower the increase in the levy for 2025.
- As noted in the 2023 audit presentation, the city's fund balance policy is to be between 35-50% of budgeted expenditures. As of 12/31/23, the city was not in compliance with the policy - being at 21%. The current budget does not include any funds to work toward compliance.

Levy Information and Tax Rate Information

The chart below shows the history of the City's Levy and tax rates.

Levy Year Collected	Levy Amount	% Change	Tax Rate
2010	\$4,112,308	3.8%	45.839%
2011	\$4,055,836	-1.4%	48.003%
2012	\$3,953,486	-2.5%	54.540%
2013	\$3,953,486	0.0%	58.941%
2014	\$4,453,486	12.6%	64.879%
2015	\$4,898,835	10.0%	71.659%
2016	\$5,217,260	6.5%	74.579%

2017	\$5,373,778	3.0%	75.058%
2018	\$5,561,860	3.5%	77.420%
2019	\$5,895,572	6.0%	80.385%
2020	\$6,072,439	3.0%	79.332%
2021	\$6,133,163	1.0%	73.430%
2022	\$6,255,826	2.0%	70.911%
2023	\$6,443,500	3.0%	58.664%
2024	\$6,958,980	8.0%	54.183%

Please let us know if you have any questions and we look forward to the budget workshop.

Enclosures

/clh

2025 Levy Overview
As of 8/26/2024

	Actual 2023	Adopted Budget 2024	Proposed 2025 Budget	Difference in Budgets	% Difference Current vs 2024 Budget
TOTAL OPERATING EXPENDITURES					
Personnel Services	\$ 8,177,017	\$ 8,513,967	\$ 9,213,490	\$ 699,523	8.22%
Supplies	630,111	651,200	665,750	14,550	2.23%
Services	2,846,257	2,955,941	3,243,583	287,642	9.73%
Transfers Out/Capital Outlay	378,482	403,142	408,332	5,190	1.29%
Total Expenditures	\$ 12,031,867	\$ 12,524,250	\$ 13,531,155	\$ 1,006,905	8.04%
TOTAL CAPITAL	\$ 1,255,927	\$ 1,280,927	\$ 1,280,927	-	0.00%
TOTAL DEBT LEVY	\$ 920,000	\$ 977,193	\$ 765,000	\$ (212,193)	-21.71%
OTHER LEVIES					
Perm Improvement	\$ 375,350	\$ 386,610	\$ 417,539	\$ 30,929	8.00%
Sr Activity/Green Space/Comm Fest.	281,511	289,959	313,154	23,195	8.00%
Library	149,788	149,788	149,788	-	0.00%
EDA	152,861	186,812	186,812	-	0.00%
Airport	155,500	146,080	146,080	-	0.00%
Total Other Levies	\$ 1,115,010	\$ 1,159,249	\$ 1,213,373	\$ 54,124	4.67%
TOTAL ESTIMATED EXPENDITURES	\$ 15,322,804	\$ 15,941,619	\$ 16,790,455	\$ 848,836	5.32%
TOTAL REVENUE - NON-PROPERTY TAX					
Other Taxes	\$ (254,764)	\$ (213,000)	\$ (198,500)	\$ (14,500)	-6.81%
Licenses & Permits	(358,672)	(462,500)	(397,865)	(64,635)	-13.98%
Grants & Aids	(5,952,783)	(5,814,872)	(5,821,022)	6,150	0.11%
Revenue from Other Gov'ts	(405,627)	(263,564)	(304,323)	40,759	15.46%
Charges for Services	(961,801)	(980,390)	(1,025,210)	44,820	4.57%
Fines & Forfeitures	(129,499)	(129,000)	(126,000)	(3,000)	-2.33%
Other Revenues	(1,177,129)	(944,500)	(961,000)	16,500	1.75%
Transfers In/Debt Proceeds	(801,414)	(128,000)	(187,000)	59,000	46.09%
Total Revenues	\$(10,041,689)	\$ (8,935,826)	\$ (9,020,920)	\$ 85,094	0.95%
(USE)/ADDITION TO FUND BALANCE					
Election	\$ 15,000	\$ (15,000)	\$ 15,000	\$ (30,000)	
Public Safety Aid - # of Officers		(145,000)	(95,700)	(49,300)	
Public Safety Aid - RMS Software		-	(15,275)	15,275	
Fund Balance Policy/Levy to 8%		113,188	(113,188)	226,376	
Estimated Levy	\$ 5,296,115	\$ 6,958,981	\$ 7,560,372	\$ 601,391	8.64%
Actual Levy / <i>Proposed</i>	\$ 6,443,500	\$ 6,958,981	\$ 7,560,372		
% Increase		8.00%	8.64%		
\$ Increase		515,481	601,391		

2025 Capital Detail

	2025 as of 6/26/24	2025 Current
Facilities		
City Hall Bathrooms	150,000	150,000
Library - Exterior/Mechanical (Study)	426,000	426,000
Fire Station 1 - Remodel/Addition Engineering **	50,000	50,000
City Hall - General		
Office Furniture	10,000	10,000
Administration		
Scanner	2,000	2,000
IT/GIS		
Server Replacement	15,000	15,000
Laptops	25,500	25,500
Software - Finance/Permit - to Cloud	50,000	50,000
ID Card Printer	5,000	5,000
Police		
Leased Squad Car Build Ups	98,000	98,000
Officer Furniture	3,500	3,500
Fire		
Tender	575,000	575,000
Radios and Pagers	20,000	20,000
Civil Defense		
Community Development		
Comprehensive Plan	28,000	28,000
Public Works - Parks		
Snowblower	85,000	-
Tree Replacement	25,000	25,000
Picnic Table/Grilling Station/Trash Can Replacement	15,000	15,000
Park Weed and Feed Program	25,000	25,000
Bench Installation Program	5,000	5,000
Park ADA Upgrades	25,000	25,000
Park Sign Replacement	5,000	5,000
Security Cameras	6,500	8,000
Skid Steer		75,000
Skid Steer Attachments (50% of Cost here)		20,500
Facility Projects		
Buffalo Hills- Parking Lot Reconfiguration	40,000	40,000
Public Works - Streets		
Tree Replacement	25,000	25,000
Leased Vehicles Build Up	7,500	7,500
Broom Attachment & Trailer	70,000	-
Skid Steer		75,000
Skid Steer Attachments (50% of Cost here)		20,500
Trailer		18,000
Scan Tool		8,000
Air Compressor	15,000	15,000
Street Sweeping Screening/ Transfers Out	30,000	30,000
Public Works - Engineering		
GPS Receiver	28,500	30,000
Street Scan Implementation	60,000	60,000
Total Cash to be Spent	1,925,500	1,990,500
Park Board Long-term Capital Asset Maintenance Request		
	519,234	519,234
Total Capital Planned	\$ 2,444,734	\$ 2,509,734

Brainerd Public Library
Board of Directors
416 South 5th St
Brainerd, MN 56401

June 17, 2024

Mayor Dave Badeaux and Council Members
501 Laurel Street
Brainerd, MN 56401

Dear Mayor Badeaux and Council Members,

The Brainerd Public Library Board of Directors voted on May 22, 2024, to request that the Brainerd City Council consider a 2% increase in the city's levy to the library for 2025. As Council Members are certainly aware, the rate of inflation—particularly for utilities, insurance, and building maintenance—has increased significantly again in the last year.

The library continues to be a vital resource for the community, with over 368 visitors and 778 checkouts *per day* on average in 2023. City residents do far more than check out books at the library, though: they apply for jobs using the public internet computers, read the Brainerd Dispatch newspaper, utilize the library's meeting rooms to study, research local history using the microfilm reader, and attend programs for all ages that engage and enrich their lives.

Please refer any questions to Brainerd Public Library Branch Manager Laurel Hall, at 218-829-5574 or halll@krls.org.

Sincerely,



Karen Strobel
Board President
Brainerd Public Library

RECEIVED

JUN 24 2024

CITY OF BRAINERD
ADMINISTRATION