

Pursuant to due call and notice thereof, the Budget Workshop of the Brainerd City Council was called to order at 6:00 p.m. by Council President Bevans.

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

Staff present were Administrator Broyles, Finance Director Hillman, Fire Chief Holmes, Public Works Director Dehn, Community Development Director Kramvik, IT/GIS Director Strong, Interim Public Utilities Director Wussow, Public Utilities Director Evans, BPU Finance Manager Loch, and HRA Director Charpentier.

2025 Budget and Levy Presentation and Discussion

Finance Director Hillman explained that a city must adopt a budget for at least the General Fund but is not required to adopt a budget for all funds and outlined how a city develops a budget. The discussion of the workshop focuses on the Working Funds (General, Public Safety, Parks, and Streets), debt and capital which are the funds the City needs to levy for operations.

Finance Director Hillman stated that the preliminary levy must be set by September 30th, 2024, with the final levy being set by December 31st, 2024. Finance Director Hillman gave an overview of the proposed budget and levy. The current proposed levy for the 2025 budget is 8.64% increase over 2024 to balance the budget and does not consider the requested increases to Library, EDA, or Airport levies. The projected budget levy is \$7,560,372. Ms. Hillman highlighted the various revenue and expense categories, as well as the capital and debt needs for 2025, explaining the assumptions used in the budget and reasons for the changes between the proposed 2025 budget and the 2024 budget.

Member Czeczok asked what the value of the tax rate is when trying to set the City's levy.

Finance Director Hillman stated that the municipality sets the levy not the tax rate. The tax rate is discussed because the City is so close to Baxter, it's easier to compare the two cities.

Member Johnson stated that the tax rate and the levy are the same number as the City knows the variables before the levy is set.

Finance Director Hillman explained that the tax rate is actually the result of the levy dollars set by the city and the total tax capacity of the city.

Member Johnson stated that he will agree to disagree.

Chair Bevans asked what the levy was in 2024.

Finance Director Hillman stated that the 2024 levy was \$6,958,980 which was an 8% increase over 2023.

Member Czeczok stated that the ask for the Airport this year is \$225,000. Until this year, the request has been about \$155,000 which could be eliminated in perpetuity if the City were to divest itself. With the discussions of the City divesting from the Airport, there is an upfront cost

to the County to take over operations. He wonders if the City could incentivize the County by paying for this cost. He asked for a report about the airport at the next meeting.

City Administrator Broyles stated that he is meeting with Administrator Erickson this week to discuss the airport. He will receive formal feedback at that meeting.

Member Stenglein stated that the Library's request is very modest in the grand scheme of things. She does not believe it is fair to lump them with the EDA and Airport.

Member Johnson stated that there will be discussion at the next meeting of all of the levy.

Member Terry asked whether the BPU discussions were included in the levy.

Finance Director Hillman stated that it is not included in the levy. BPU presents its budget in December to the City Council.

Adjourn

The Chair adjourned the meeting at 6:32 p.m.



Nicholas W. Broyles
City Administrator