Brainerd, MN
December 2, 2024

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, Terry, Stenglein, Johnson, Czeczok, O'Day, and Bevans. Mayor Badeaux was also noted as present.

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

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

MOVED AND SECONDED BY COUNCIL MEMBERS TERRY AND STENGLEIN TO APPROVE THE CONSENT CALENDAR.

A. **Approval of Bills**
B. **Approval of Minutes**
C. **Department Activity Report**
D. **Approval of Licenses**
E. **MN Charitable Gambling Application to Conduct Off-site Gambling submitted by Brainerd Area Hockey Association for an Event to be held on February 17, 2024, at 502 Jackson St, Brainerd.**
F. **Authorize the Sale of Retired Fire Department Equipment**
G. **Authorize Execution of Agreement between Minnesota Department of Revenue (MnDOR) and City of Brainerd for Collection of Local Sales and Use Tax**
H. **Approval of Transfers of Funds**

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

Presentations

Brainerd Public Utilities Operating and Capital Budget Presentation

BPU Finance Manager Loch gave an overview of the Public Utilities operating budget and five-year capital plan for all divisions. There were updates to the five-year capital plan due to the Washington Street project, updated numbers from the Hydro generation, and the increase in cost to other capital items. He noted that there were two additional items added to the capital plan, the lead service line replacement project and provisions for a new water plant. He stated that Commission directed staff to provide the least impactful course for rate payers to include these items.

Member Johnson asked how long the City has to spend the appropriation from the Senate earmarks for the Water Treatment Facility.

Manager Loch stated that the City needs to award a contract by the end of 2027.

Member Czeczok stated that he thought it was remarkable, that at the commission, Manager Loch presented three versions of the capital improvement including a worst case budget.

Manager Loch highlighted the additional positions in the operating budget, two in anticipation of potential new positions in IT, and the 3 new approved positions in 2024 that are currently in process of interviewing.

Member Czeczok asked Manager Loch to explain why there were two positions added to the operating budget that have not been approved. He is concerned that the budget is not transparent and that the Commission had no idea what they were voting on.

HR Director Schubert stated that the positions are included in the budget, the Utilities Commission gave conceptual approval to the two new positions: Systems Administrator and Network Administrator positions. The Commission was given a sample job description. At this point, the job descriptions have not been vetted by HR and the integration workgroup is still looking at what needs to be done with the department.

Public Utilities Director Evans further clarified that they were included in the budget as a conceptual idea, making sure that there were places reserved in the budget so at such a time in the future when the positions are created, the positions could be filled right away instead of being postponed to the next budget cycle.

Member Johnson stated that by approving the budget, they are not approving a new full time employees. He thinks it is proper budgeting to include positions you intend to add, so that there is money in the budget to hire immediately. In his opinion, approving the budget and approving the positions are two entirely different actions.

Member Czeczok asked whether the credit card fees savings is reflected in the budget and the amount of savings.

Manager Loch stated that the Commission approved credit card transaction fees, which is 4.75% to be passed on to those using credit cards. The estimated savings is $490,000.

Member Johnson asked for clarification on whether approving the budget approved the two new positions.

HR Director Schubert stated that the Council is not approving the positions by approving the budget. The positions need to be vetted and negotiated.

MOVED AND SECONDED BY COUNCIL MEMBERS CZECZOK AND O'DAY, DULY CARRIED, TO ADOPT THE 2025 BRAINERD PUBLIC UTILITIES COMMISSION OPERATING AND CAPITAL BUDGETS.

2025 Budget and Levy Discussion and Public Hearing

Finance Director Hillman stated the purpose of the meeting is to discuss the City of Brainerd's 2025 budget and levy and allow for public input. She gave an overview of how tax capacity and property taxes are determined. The City's tax capacity for 2025 is $13,318,012 and an increase of $360,372 over 2024. Ms. Hillman gave an overview of the 2025 levy and capital budget. The total budgeted expenditures for 2025 are $16,611,138, and the total estimated non-property tax revenues are $9,248,386. The estimated levy needed for 2025 is $7,237,341, a 4% increase. The preliminary levy was set at 8%, the final levy can be less than the preliminary levy but not higher. Finally, she gave an overview of the estimated impact of the preliminary and final levy would have on residential and commercial properties.

Member Johnson stated that he heard on the radio that the funding for the Library has been stagnant for years. He stated that Finance Director Hillman highlighted a 2% increase to the

Library levy, and $500,000 in the capital budget for the building. The radio advertisement was misleading.

Finance Director Hillman stated that she believes the radio ad refers to the County's funding support of the Library.

Budget Public Hearing

The Chair opened the budget public hearing at 8:25 p.m.

No one came forward.

The Chair closed the budget public hearing at 8:26 p.m.

Council Committee Reports

Safety and Public Works Committee

Approve Payment for Imp 22-08 - South Brainerd Reconstruction

Committee Chair O'Day stated that the contract is about $25,618 over the estimate.

MOVED AND SECONDED BY COUNCIL MEMBERS O'DAY AND CZECZOK, DULY CARRIED, TO AUTHORIZE PAYMENT OF CONTRACTOR UP TO $3,620,976.

Approve Final Pay Estimate - Imp 24-02 - 2024 Chip Sealing

Committee Chair O'Day stated that the contract is about $11,000 over the original contract amount. The original estimate did not take into account turn radius at two intersections.

MOVED AND SECONDED BY COUNCIL MEMBERS O'DAY AND STENGLEIN, DULY CARRIED, TO APPROVE THE FINAL PAY REQUEST FOR IMPROVEMENT 24-02- 2024 CHIP SEALING PROJECT IN THE AMOUNT OF $159,736.

Approve Final Pay Estimate - Imp 23-15 and 23-27 - Evergreen/Bluff Resurfacing Project

Committee Chair O'Day stated that this project was $157,540 over budget. There were a number of factors that included curbing and gutter replacement due to destruction from a large tree.

MOVED AND SECONDED BY COUNCIL MEMBERS O'DAY AND STENGLEIN, DULY CARRIED, TO APPROVE THE FINAL PAY REQUEST FOR IMPROVEMENTS 23-15 AND 23-27 - EVERGREEN AND BLUFF RESURFACING PROJECT IN THE AMOUNT OF $157,540.

Approve Layout for Lowell Safe Routes to School Project

MOVED AND SECONDED BY COUNCIL MEMBERS O'DAY AND STENGLEIN, DULY CARRIED, TO APPROVE THE LAYOUT AS PRESENTED FOR THE LOWELL ELEMENTARY SAFE ROUTES TO SCHOOL PROJECT.

Discuss Sanitary Forcemain Sewer Lining Project and Sewer Rates

Member Czeczok stated that he asked that the fees come back after the Rosewood sewer line in the alley was repaired. He is rather alarmed, to see the amount of work that needs to be done. He stated that the Evergreen project was scheduled for this year, due to the cost it was rescheduled. The Council is always looking for the best interest of our taxpayers, the project will cost even more in 2027 when it is now scheduled. He is not in favor of bonding for any project, especially one that will cost even more due to when the work is completed. He asked for clarification on "…the rates would be at a level where either new large projects would have to continue to be identified regularly, or the sanitary sewer fund would be overfunded" that was included in the agenda request for this item.

Finance Director Hillman stated that she believes that we would not want our current rate payers to pay for future projects. That is why the City would not want the fund to be overfunded. However, there are no ramifications for having the fund be overfunded.

Member Czeczok stated that to suggest that any account pertaining to our deteriorating sanitary sewer infrastructure could be potentially overfunded seems ludicrous. This project is mammoth, and it makes absolutely no sense to put the project off.

Member O'Day stated that in discussions about this project, there are a lot of things that came up. The project was in the plan for this year at about half of the scope. Doing the project all at once is vital. It will save money in the long run to do the entire project in one year. Pushing out the project makes sense to him, as the pipe is not failing, right now.

Member Johnson stated that he agrees that there is no such thing as excess reserves as we do not have money to do the projects in the plan now. He also thinks that the City plans for these projects for two reasons, for budgeting purposes and to communicate with the public when the project is happening. However, the City budgets $400,000 per year for these sanitary projects, this project is significantly more than that amount. He does think it needs to be pushed back and identify how it will be paid for. The City will most likely be bonding, but he also supports looking at increasing rates in 2025 and 2026.

Member Czeczok stated that the project is $1.1 million today, it will be $1.4 million in 2027. If the City can bond in 2027, it can bond in 2025.

Chair Bevans stated that he agrees that the rates should be looked at much sooner than anticipated.

Member O'Day stated that he would be open to discussion about bonding priorities as future discussion.

Member Johnson stated that when he talked about bonding in his comments, he meant issuing debt.

MOVED AND SECONDED BY COUNCIL MEMBERS O'DAY AND STENGLEIN TO INCLUDE THE PROJECT IN 2027 IN THE 10-YEAR CAPITAL IMPROVEMENT PLAN AND TO CONTINUE MOVING FORWARD WITH THE SEWER RATES AS PER THE RATE STUDY RECOMMENDATION.

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

<u>Personnel and Finance Committee</u>

<u>Accept the Resignation of IT/Data Analyst Abigail Sova</u>

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND STUNEK, DULY CARRIED, TO ACCEPT AGIBAIL SOVA'S RESIGNATION EFFECTIVE DECEMBER 2, 2024.

Ratify Hiring of Colton Gutenkauf as Police Officer

Committee Chair Johnson stated that the Police Department will now be fully staffed with 27 sworn officers.

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND TERRY, DULY CARRIED, TO RATIFY THE HIRING OF MR. COLTON GUTENKAUF EFFECTIVE DECEMBER 4, 2024, ON STEP 1 OF THE POLICE OFFICER WAGE GRID ($32.95 PER HOUR).

Ratify Hiring of Lisa Asbach for Administrative Specialist - Public Works

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND STUNEK, DULY CARRIED, TO RATIFY THE HIRING OF LISA ASBACH EFFECTIVE DECEMBER 23, 2024; FURTHER, THAT SHE BE PLACED ON STEP 1 OF THE ADMINISTRATIVE SPECIALIST - PUBLIC WORKS WAGE GRID ($25.26 PER HOUR).

Approve Memorandum Of Agreement (MOA) with IUOE Street Division Union for 2024- 2026 Wage Adjustment

Committee Chair Johnson stated that the Street division was the first union to settle their contract, this agreement will bring them into the same rate structure as the other union contracts.

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND TERRY, DULY CARRIED, TO APPROVE MOA WITH THE IUOE LOCAL NO. 49 UNION TO ADJUST WAGE INCREASES EFFECTIVE JULY 1, 2024, JULY 1, 2025, AND JANUARY 1, 2026.

Approve 2025-2027 Contract Terms and Wage Resolution with LELS Local #65 (Police Officer) Union

Committee Chair Johnson stated that the LELS union has accepted the same wage rate structure as the other unions. This union is the first to negotiate and settle for 2027.

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND STUNEK, DULY CARRIED, TO 2025-2027 TENTATIVE AGREEMENT SUMMARY BETWEEN THE CITY AND LELS #65 UNION REPRESENTING OUR POLICE OFFICERS.

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND TERRY TO ADOPT RESOLUTION SETTING THE 2025-2027 LELS WAGES AS PRESENTED.

RESOLUTION 56:24

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

Authorization to enter into a Contract with Ratwik, Roszak and Maloney for Civil Attorney Services

Committee Chair Johnson stated that there were minor changes to the hourly rate and retainer.

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND STUNEK, DULY CARRIED, TO AUTHORIZE STAFF TO ENTER INTO AN AGREEMENT WITH RATWIK, ROSZAK & MALONEY FOR 2025 AND 2026 SERVICES.

Authorization to Enter into Agreement with CliftonLarsonAllen (CLA) for 2024 Audit Services

Committee Chair Johnson stated that it is too late to do an RFP for audit services this year with the tight timeline. It is something that the City can look at in June or July of next year. The last time the City did an RFP for audit services was around 2017.

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND TERRY, DULY CARRIED, TO AUTHORIZE SIGNATURE ON THE STATEMENT OF WORK - AUDIT SERVICES WITH CLA FOR 2024 AUDIT SERVICES.

State and Local Fiscal Recovery Funds (SLFRF) Update

Committee Chair Johnson stated that Staff gave information on the status of the SLFRF dollars. Most of the funds have been spent or are committed, but Staff will know more in the next couple of weeks on the main street grant.

Finance Director Hillman clarified that the funds would not be used to reduce the levy, but the money would be spent on additional capital projects if there are funds remaining.

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND TERRY, DULY CARRIED, TO STAY THE COURSE AND DIRECT STAFF TO PROVIDE AN UPDATE AT THE DECEMBER 16TH MEETING ON THE MAIN STREET GRANT.

Discussion of 2025 Non-Working Funds Budgets

Committee Chair Johnson stated Staff had provided the budgets for the non-working funds. These are funds that operations are generally not supported by levy dollars. These budgets, along with the operating budget will be adopted at the next council meeting.

Discussion of 2025 Operating Budget and Levy

Finance Director Hillman gave an overview of the changes that have been made to the budget since November. Finance Director Hillman also stated that the worker's compensation renewal was received. The initial budget had an increase in rates and an increase in the City's experience mod rate. With the renewal, the rates actually decreased and the experience mod for 2025 is .89 (was .97 for 2024). This results in a reduction to the operating budget of about $135,000. Updated information was also provided by the LMC regarding overall 2025 rates for general liability insurance. With the updated assumptions, the City's budget for general liability insurance also decreased about $27,000. The recap provided in the packet showed a .37% increase ($25,764) over the 2024 levy to achieve a balanced budget in 2025. She stated that the Council has a couple of options to consider before they set the final levy in December.

Member Terry gave a statement about the incorrect label of double taxation on the citizens for the Airport, the budgeting process for both the County and the City, and false conflict of interest claims made against her. For the Council to bring up reducing the Airport levy toward the end of the year is unfair to the County Commission and the employees of the Airport. She hopes that the County can reconsider the request next year with more time, better planning, and consideration from the City Council. She finds the claims of conflict of interest entertaining as there are other Council Members who have interests in the City and yet she is the only one being questioned.

Chair Bevans stated that he is hesitant to say he will support a leavy increase of .37% at the next meeting. He thinks there are a few things he believes should be put back into the budget. He will support this motion now.

MOVED AND SECONDED BY COUNCIL MEMBER JOHNSON AND TO DIRECT STAFF TO PLAN FOR THE LEVY AT AN INCREASE OF 2% AND REMOVE THE USE OF $113,188 IN FUND BALANCE TO ACHIEVE A BALANCED BUDGET FOR THE FINAL LEVY.

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

Unfinished Business

Mayor Recommendation to Library Board

Mayor Badeaux recommended Mary Koep to the Library Board.

MOVED AND SECONDED BY MEMBERS JOHNSON AND STUNEK, DULY CARRIED, TO APPOINT MARY KOEP TO THE LIBRARY BOARD TERM EXPIRING 2025.

Council President Recommendation to Planning Commission

Chair Bevans recommended Justin Grecula to the Planning Commission.

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND CZECZOK, DULY CARRIED, TO APPOINT JUSTIN GRECULA TO THE PLANNING COMMISSION TERM EXPIRING 2026.

Call for Applicants – Informational:

Mayor Recommended: (terms to expire on 12/31 of said year)
Airport Commission - **1 term** (2027)
Charter Commission – **2 terms** (Expire 2025) 2 **terms** (Expire 2026) **3 terms** (Expire 2028)
Housing and Redevelopment Authority - **1 term** (Expire 2029)
Parks & Recreation - **1 term** (Expire 2029)
Public Utilities Commission - **1 term** (Expire 2029)
Transportation Advisory Committee- **4 terms** (Expire 2026)
Mayor Recommended: (terms to expire on 9/7 of said year)
Economic Development Authority- **1 term** (Expire 2026)
Council President Recommended: (terms expire on 12/31 of said year)
Planning Commission-- **1 term** (Expire 2027)

Consider Expediting IT Integration Workshop

Administrator Broyles requested that the Council consider expediting the IT Integration Workshop with the Public Utilities Commission due to staff changes.

MOVED AND SECONDED BY COUNCIL MEMBERS CZECZOK AND JOHNSON, DULY CARRIED, TO MOVE THE JOINT WORKSHOP OF THE CITY COUNCIL AND PUBLIC UTILITIES COMMISSION TO DECEMBER 19TH AT 6:00 P.M. AND TO REMOVE THE DATE OF FEBRUARY 10TH.

New Business

Consider Interim Use Permit Renewal for a Short-Term Rental at 502 Juniper St.

Community Development Director Kramvik gave an overview of application and history with the property.

MOVED AND SECONDED BY COUNCIL MEMBERS CZECZOK AND O'DAY, DULY CARRIED, TO RENEW THE SHORT-TERM RENTAL AT 502 JUNIPER STREET WITH THE FOLLOWING CONDITIONS: THE INTERIM USE PERMIT FOR A SHORT-TERM RENTAL SHALL TERMINATE ON 12/31/2026, UPON SALE OR TRANSFER OF THE PROPERTY THE INTERIM USE PERMIT FOR A SHORT-TERM RENTAL AT 502 JUNIPER STREET IS NO LONGER VALID, AND SUBMITTAL OF THE CITY OF BRAINERD MONTHLY LODGING TAX FORM.

Consider Interim Use Permit Renewal for a Short-Term Rental at 524 N 8th St.

Community Development Director Kramvik gave an overview of the application and history of the property.

MOVED AND SECONDED BY COUNCIL MEMBERS CZECZOK AND STENGLEIN, DULY CARRIED, TO RENEW THE SHORT TERM RENTAL AT 524 N 8TH STREET WITH THE FOLLOWING CONDITIONS: THE INTERIM USE PERMIT FOR A SHORT-TERM RENTAL SHALL TERMINATE ON 12/31/2026, UPON SALE OR TRANSFER OF THE PROPERTY THE INTERIM USE PERMIT FOR A SHORT-TERM RENTAL AT 524 N 8TH STREET IS NO LONGER VALID, AND SUBMITTAL OF THE CITY OF BRAINERD MONTHLY LODGING TAX FORM.

Consider Interim Use Permit Renewal for a Short-Term Rental at 203 Hawkins Dr.

Community Development Director Kramvik gave an overview of the application and history of the property.

MOVED AND SECONDED BY COUNCIL MEMBERS CZECZOK AND STENGLEIN, DULY CARRIED, TO RENEW THE SHORT-TERM RENTAL AT 203 HAWKINS DRIVE WITH THE FOLLOWING CONDITIONS: THE INTERIM USE PERMIT FOR A SHORT-TERM RENTAL SHALL TERMINATE ON 12/31/2026, THERE SHALL BE NO MORE THAN TWO VEHICLES PARKED ON THE STREET, UPON SALE OR TRANSFER OF THE PROPERTY THE INTERIM USE PERMIT FOR A SHORT-TERM RENTAL AT 203 HAWKINS DRIVE IS NO LONGER VALID, AND SUBMITTAL OF THE CITY OF BRAINERD MONTHLY LODGING TAX FORM.

Consider Conditional Use Permit for a Brew Pub at Last Turn Saloon 214 S 8th St.

Community Development Director Kramvik gave an overview of the conditional use permit.

Member Johnson asked about smells emanating in two years' time.

Community Development Director Kramvik stated that by adding the condition about smell, if it is a problem in the future, it could be grounds for revocation of the permit if it is unable to be remedied.

MOVED AND SECONDED BY COUNCIL MEMBERS CZECZOK AND JOHNSON, DULY CARRIED, TO APPROVE THE CONDITIONAL USE PERMIT FOR 214 S 8TH ST. BRAINERD, MN 56401. STAFF RECOMMEND APPLYING THE FOLLOWING CONDITIONS

TO THE PERMIT: PRIOR TO THE BREWERY OPERATION, THE BUILDING OFFICIAL SHALL PERFORM AN INSPECTION TO ENSURE NO ODORS FROM THE BREWERY ARE PERCEPTIBLE BEYOND THE PROPERTY LINE AND THE BREW PUB SHALL BE PROPERLY VENTILATED, SO ODORS ASSOCIATED WITH THE BREWING PROCESS SHALL NOT BE PERCEPTIBLE BEYOND THE PROPERTY LINE.

Consider Conditional Use Permit and Variance for a Mixed-Use Building at 722 Laurel St.

Community Development Director Kramvik gave an overview of the mixed-use development. There were concerns about parking, outside structures, and dogs by community members, the applicant ensured that he would secure parking, prohibit outside structures, and prohibit dogs.

MOVED AND SECONDED BY COUNCIL MEMBERS STENGLEIN AND STUNEK, DULY CARRIED, TO APPROVE THE CONDITIONAL USE PERMIT FOR 722 LAUREL STREET.

MOVED AND SECONDED BY COUNCIL MEMBERS STENGLEIN AND CZECZOK, DULY CARRIED, TO APPROVE THE VARIANCE REQUEST FOR 722 LAUREL STREET WITH THE FOLLOWING CONDITIONS: TENANTS ARE PROHIBITED FROM PARKING IN PRIVATE PARKING LOT FACILITIES WITHOUT APPROVAL FROM THE PROPERTY OWNER AND THE APPLICANT WILL APPLY FOR FOUR SPACES IN THE ALLEY PARKING LOT WITH THE CITY OF BRAINERD AND SECURE A LEASE WHEN THEY BECOME AVAILABLE.

Public Forum

The Chair opened the public forum at 9:20 p.m.

No one came forward.

The Chair closed the public forum at 9:21 p.m.

Staff Reports

Community Development Director Kramvik stated that the Thrifty White building is scheduled for demolition on December 9th. The EDA will hear a request from Country Manor for further tax abatement on December 5th. The Planning Commission will hold a public hearing for a proposed ordinance for design standards for mixed development on the Washington Street corridor.

Member Czeczok asked for clarification on the tax abatement request by Country Manor.

Community Development Director Kramvik stated that with the interest and construction rates changing, the request is for additional abatement for a longer term.

Attorney Langel stated that the closing of the Roberts' Property is scheduled to happen the day after tomorrow.

Mayor's Report

Mayor Badeaux thanked everyone who attended Hometown Holidays and Small Business Saturday. He thanked everyone involved, and the Parks Department especially for working on the tree.

Council Member Reports

Member Johnson asked Public Works Director Habighorst about rinks.

Public Works Director Habighorst stated that he did not want to give a specific date for rinks opening. But assured Member Johnson that they have begun flooding.

Member Stunek stated that the Community Meal prepared 1,587 meals for the community. He thanked the Brainerd Police and Fire Departments as well as all of the first responders who delivered meals to our community members.

Chair Bevans stated that he attended the funeral of Ms. Betty Alderman, she and her husband owned Alderman's Hardware. She was a great asset to the community.

Adjourn

MOVED AND SECONDED BY COUNCIL MEMBERS STUNEK AND O'DAY, DULY CARRIED, TO ADJOURN THE MEETING.

The Chair adjourned the meeting at 9:28 p.m.

Nicholas W. Broyles
City Administrator