

Pursuant to due call and notice thereof, the special meeting of the Brainerd City Council was called to order at 6:00 p.m. by Council President O'Day.

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

Budget Public Hearing & Presentation

2026 Budget and Levy Discussion

Finance Director Hillman stated the purpose of the meeting is to discuss the City of Brainerd's 2026 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 2026 is \$13,470,803 and an increase of \$174,217 over 2025. Finance Director Hillman gave an overview of the 2026 operating levy and capital budget. The total budgeted expenditures for 2026 are \$17,272,433, and the total estimated non-property tax revenues are \$9,633,560. The estimated levy needed for 2026 is \$7,435,323, a 4.75% 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 Czczok asked questions about additional FTEs added to the budget over 2026.

Finance Director Hillman stated that the .6 FTE position for IT is new, whereas the 1.5 police officers have been budgeted since 2024.

Member Bevans stated that he was an advocate for the \$1,000 for the Airport levy in 2025. In 2026 the City is levying \$215,000 for the Airport. He is concerned that there has been no timely response to the operation of the Airport by Crow Wing County. He stated that the levy for Brainerd citizens is the same amount as the County's. But the City's levy amount is spread across less properties making their contribution per property more than what a County property owner pays. He questioned whether the City properties have been removed from the County tax rolls. He stated that his support of the \$1,000 levy for the Airport in 2025 was in hopes of producing leverage with the County to change the agreement. Finally, he asked if the additional services that are provided by the City, like HR, Finance, and IT, have been billed to the County.

Member Yeager stated that he cannot speak to the letter that was sent to the County prior to his appointment to the City Council. He can speak to the meeting that was held with Crow Wing County including Commissioner Barrows, himself, Member Johnson, and City Staff. The conversation was less tepid and in support of revising the split of the County and City contribution to the Airport. He stated that everyone at the meeting, agreed that the system used currently is unfair. He stated that the 2026 budget for the Airport Commission's includes an amount for professional services performed by the City.

Member Johnson stated that nothing has been finalized. There have been meetings and conversations with the County regarding the Airport but as of yet, no resolutions. He stated that they agreed that the County's tax capacity is well over ten times the amount of the City of Brainerd. He confirmed that at the meeting the attendees agreed that it was not the correct system.

Finance Director Hillman stated that billing for services provided by the City will begin in 2026. She confirmed that the most recent letter from Crow Wing County regarding the Airport

levy will remove the City of Brainerd properties from the County levy starting in 2026 and going forward.

Member Bevans stated that he does not feel that the leverage he hoped for was a success. He wants to support the Airport's levy request as the Airport is essential to the community. He stated that the agreement between the County and the City needs to be looked at in a more timely manner. The citizens of Brainerd are left repeatedly holding the financial bag when partnering with our other government partners. He compared the City's contribution to the Airport to that of the Library and questioned how he tells his constituents that the Airport warrants a 50% increase in their levy but the Library only gets 2%.

Member Johnson stated that the answer to Member Bevans question is simple. The Library levy has statutory minimums, which the City has continually contributed well over the minimum to support. Further, the City also maintains the building and makes major repairs to it citing the most recent roof repair. The Airport does not request repairs to their facilities.

Member Czeczok stated that he echoes a number of concerns of Member Bevans. He stated that he follows the County agendas. Since the City has raised issue about the Airport, there has never been a discussion about the Airport in a single County meeting. He clarified the difference between double tax and twice tax. The amount levied by the County, also includes the entire tax base of the City. Starting in 2026, the County has agreed to remove the City properties from their Airport levy.

Member Johnson stated that he is not overly satisfied with how the process has gone, but it is moving in the right direction. It was pointed out in the meeting that the City has an ordinance that it could change. The City is trying to be a good partner, and he thinks the Council should give it more time.

Budget Public Hearing

The Chair opened the public hearing at 6:46 p.m.

No one came forward.

The Chair closed the public hearing at 6:47 p.m.

Discussion of Developing Gustafson Park

Community Development Director Kramvik gave an overview of the discussion from the December 1st City Council meeting regarding the Gustafson Park property. He reiterated the options that the City Council would have in considering developing the land.

Member Bevans asked about the Park Board's opinion of the maintenance of the property. The Council was told at the last meeting by a Council Member that the Park Board was not interested in keeping this as park, nor can they afford to keep it a park.

Mayor Badeaux stated that this not about whether this particular property is a money making venture, rather a philosophy as to whether or not the Park Board can continue to maintain properties that we have. He cannot speak about this particular property as a solution to solving operation of the parks. The Park Board is operating under funded and is trying to find ways of getting themselves from underneath this. That is looking at every single unit within the entire system. When the question was brought forward to them, the Park Board stated that they should take a look at it. From a simple budgeting stand point, something has to give.

Member Bevans requested the minutes from the Park Board meeting where this item was discussed. He asked about the economic difference between conveying the land to the HRA and selling the land outright.

Community Development Director Kramvik stated that the HRA Board would need to decide if there would be money contributed for the land and then work with a developer to come up with a plan for the land. If Council chose option two, the City would pay a surveyor and replat the property into individual parcels. This would be the quickest sell and the City would receive market rate for the lots.

Member Czeczok asked about the amount of staff time spent at Gustafson Park. He stated that he read in the newspaper that people have stated that they don't want to see the park go away, because once it's gone, it's gone. This is a shiny object.

Public Works Director Habighorst stated that through analysis he estimates three hours per week, about \$8,000 to \$12,000 annually, it is weather dependent.

Member Erickson questioned the timeline stating that it seems so expeditious.

Community Development Director Kramvik that he did not expect the process to be completed by 2026 to affect the budget. The City could choose to move forward or not once the cost was known.

Member Yeager stated that there are a number of pros in the short and long term in developing the park as well as creating 14-17 dwelling units of housing that the City needs and would be added to the tax base. In his opinion the con would be loss of greenspace. However, there are two beautiful local parks within a half a mile of this one that the residents could utilize.

Chair O'Day stated that option two is the best course as it still leaves the City's options open to leave the park as is or to give to the HRA once more information is known.

Member Johnson stated that option two is the lowest risk. If the market is feasible we will be solving a problem in our community, if not, it can remain a park. He thinks the City should look into replatting.

Member Bevans stated that he agrees with Member Johnson. If it is beyond the Park Board's financial means to maintain this park, he hopes they look at all of the parks. Parks are a top reason that people move to a community. As part of the decision going forward he wonders if the levy for the parks should be increased or consider selling off more park land.

Mayor Badeaux reiterated that he loves our parks. The Park Board has really streamlined the budgeting process to maintain our parks. There has been a long process in straightening out the budget. The Park Board wants to have the best parks the City can have. He hears from them on a regular basis that cutting the grass and trimming the trees is most important to give people a place to be. He reminded the City Council that they are the ones who removed Gustafson Park and others from the Park Board's purview by not dedicating it as park land.

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND ERICKSON TO DIRECT CITY STAFF TO BRING A PRELIMINARY PLAN TO THE PARK BOARD FOR A FORMALIZED RECOMMENDATION AND RECEIVE A QUOTE FROM A SURVEYING COMPANY TO REPLAT THE PROPERTY.

Upon roll call, Members Yeager, Erickson, Bevans, Johnson, and O'Day voted "aye". Member Czeczok voted "nay". The Chair declared the motion carried.

Discussion on the Annex

Public Works Director Habighorst gave an overview of the options for the Council to consider in repairing the Annex.

Member Czczok asked when the proposal from Hytec expires.

Public Works Director Habighorst stated that the proposal is valid until the 17th of December.

Member Johnson stated that it is prudent to keep the building and do the necessary repairs. When the City needs more room in the future, the price for the repairs now would be much cheaper than building a new building. If the Council decided to sell the Annex after repairs, he believes that anyone buying the building would want the repairs done.

Member Bevans agreed with Member Johnson's statement adding that the City should consider leasing the building while it decides what to do with it.

Member Yeager stated that he would like to know the vision for the future of the building before agreeing to spend more money to repair it. Repairs may narrow the City's ability to get a fair price for the building and recoup the money spent on repairs if they decide to sell the building.

Chair O'Day stated that the City will need to expand eventually, this building is the most logical for more space.

Member Czczok asked whether the work done would increase the value of the building.

Member Johnson stated that he is of the strong opinion that, based on the offer previously made to the City for the space, repairs would be needed prior to the sale.

Member Yeager stated that he disagrees with that opinion as generally private entities can get repairs done at a lower cost than governments.

MOVED AND SECONDED BY COUNCIL MEMBERS JOHNSON AND CZECZOK TO KEEP THE ANNEX AS AN ASSET SELECT THE GORDIAN PROCESS AND AWARD HYTEC THE IMPROVEMENTS IN THE AMOUNT OF \$155,249 PLUS THE ALTERNATE #1 SUB-FLOORING AT \$2,800 FOR A TOTAL OF \$158,049.

Members Erickson, Bevans, Czczok, Johnson, and O'Day voted "aye". Member Yeager voted "nay". The Chair declared the motion carried.

Adjourn

MOVED AND SECONDED BY COUNCIL MEMBERS CZECZOK AND BEVANS, DULY CARRIED, TO ADJOURN THE MEETING.

The Chair adjourned the meeting at 7:14 p.m.

Nicholas W. Broyles
City Administrator

