Brainerd, MN
September 10, 2018

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 Pritschet.

Upon roll call, the following members were noted present: Lambert, Stunek, Bevans, Badeaux, Johnson, Hilgart, Pritschet, and Mayor Menk. Also present were City Administrator Cassandra Torstenson, Finance Director Connie Hillman, City Engineer Paul Sandy, Fire Chief Tim Holmes, and Park Director Tony Sailer.

Council President Pritschet opened the meeting with the Pledge of Allegiance to the Flag.

2019 Budget and Levy Discussion

Finance Director Hillman stated again that the discussion of the workshop focuses on the Working Funds (General, Public Safety, Parks, & Streets), the funds the City needs to levy for operations. The preliminary levy needs to be certified to the County by September 28, 2018, the final levy that needs to be certified by the end of the year, can be lower, but not higher that the preliminary levy.

Finance Director Hillman shared the changes in revenues from the current 2019 budget to the 2018 adopted budget and the changes to expenditures, highlighting the proposed changes to staffing based on direction from Council President Pritschet and Personnel and Finance Chair Johnson, and information that was received since the last workshop, such as the health insurance renewal rates.

Staff shared that with the net changes in non-tax operating revenues, operating expenditures, and transfers, the City would need to increase revenues and/or cut expenditures by $327,505. This is before considering debt and capital needs of the City.

Finance Director Hillman presented the impact of the other levies and requests by other entities, resulting in the City needing $27,270 of additional revenue and/or cut in expenditures over the 2018 budget, again before considering debt and capital needs of the City.

The Council discussed the $73,333 request from the Riverfront Committee, $40,000 to support the trail feasibility study and $33,333 to hire a part-time (or consultant) Riverfront Coordinator. Alderman Johnson suggested that the $40,000 could come from the MIF funds. These funds were generated by taking advantage of the state's one-time exception use of MIF dollars for non-economic development purposes. Alderman Hilgart suggested looking at the position after the Community Developer Director was on board. Additional Council discussion was held, and the issue will be brought up at a later date.

The calculation of the proposed 2019 debt levy was shared with council, including a possible new debt issue for a ladder truck for the fire department. Finance Director Hillman shared that the 2019 debt levy can be reduced from the 2018 levy by $336,036.

Staff then discussed the capital needs of the City by breaking it down between equipment and facilities. Finance Director Hillman shared that with an estimated balance of

$1.6 million at December 31, 2018, and a $500,000 annual levy, the City should be able to fund the equipment needs of the City in today's dollars for the next ten years. The fire equipment plan was also shown that with an $800,000 debt issue for the ladder truck, the fire equipment plan should also be funded over the next ten years.

Finance Director Hillman stated that with the net change in operating, the other levies, the reduction to the debt and capital equipment levy, that the City has $328,395 to spend on facilities without an increase in the levy. Hillman shared that with a 2% increase in the levy this amount would be $439,632.

City Engineer Sandy presented data put together by staff showing the savings, and additional cost doing an addition to City Hall to the east or remodeling City Hall and the annex infilling the space between the two buildings. Sandy also presented a plan to fix the deficiencies of all of the facilities over the next 15 years. Finance Director Hillman explained the types of debt that could be issued for the facility needs; the potential impact to the levy if alternative revenue sources could not be generated; and a plan for funding the current deficiencies over the next 5 years with a 2% increase to the levy.

Council discussion was held throughout the presentation. Several options were discussed on how to address the deficiencies, and improve efficiencies, of the City's facilities and operations. The discussion included maintaining current footprint, doing an addition, a whole new City Hall and the opportunities of how rentable space could be utilized to help pay for an addition, as well as having a developer build the building and then the City leasing space back.

Fire Chief Holmes shared the deficiencies of the main fire station with how the size of equipment has increased over the years. Holmes expressed the concern about the City's capacity and/or desire to build a new fire station in the future, if the fire station is not part of the plan while addressing City Hall.

Finance Director Hillman presented information on the estimated change to the City's estimated market value for pay year 2019, the estimated tax rate for the City based on different levies, and the estimated impact the various changes to the levy may have on a residential homestead and commercial property.

Staff stated the preliminary levy would need to be adopted at the September 17, 2018 council meeting or a special meeting would need to be called. Council held discussion on what each would support for a preliminary levy. Percentages that were discussed were 2.8, 3, 3.5, and 6%.

Adjourn

The Chair adjourned the meeting at 8:20 P.M.

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Cassandra Torstenson
City Administrator