CITY COUNCIL AGENDA

Brainerd, Minnesota
Budget Workshop
Monday, December 10, 2018
6:00 P.M.

Brainerd City Hall
Council Chambers

_____ K. Stunek
_____ K. Bevans
_____ D. Badeaux
_____ G. Johnson
_____ S. Hilgart
_____ J. Lambert
_____ D. Pritschet
_____ Mayor Menk

1. Call to Order

2. Roll Call

3. Pledge of Allegiance

4. Consideration of ISD181 revised Property Acquisition and Construction Plans

5. 2019 Budget and Levy Presentation

6. Public Hearing on Budget and Levy

7. Adjourn

Brainerd City Council
Agenda Request

Requested Meeting Date: December 10, 2018

Title of Item: Consideration of ISD 181 Revised Property Acquisition & Construction Plans

☐ INFORMATION ONLY ☐ CONSENT AGENDA ☐ P&F COMMITTEE ☐ SPW COMMITTEE ☑ MAIN AGENDA	**Action Requested:** ☑ Approve/Deny Motion ☐ Adopt Resolution (attach draft) ☐ Direction Requested ☐ Discussion Item ☐ Hold Public Hearing* ☐ Ordinance 1st Reading **provide copy of published hearing notice*
Submitted by: Cassandra Torstenson	**Department:** Administration
Presenter (Name & Title): City Administrator Thorstenson	**Estimated Time Needed:** 5 Minutes

Summary of Issue:

The City Council and School Board had a joint meeting on Tuesday, December 4th. The School District presented a revised property acquisition plan and updated the Council on the construction plans. The information presented that night is attached.

Alternatives, Options, Effects on Others/Comments:

Recommended Action/Motion:

A motion to support ISD 181's revised property acquisition and construction plan.

Financial Impact:

Is there a cost associated with this request: ☐ Yes ☑ No

What is the total cost, with tax and shipping $ _____

Is this budgeted? ☐ Yes ☐ No

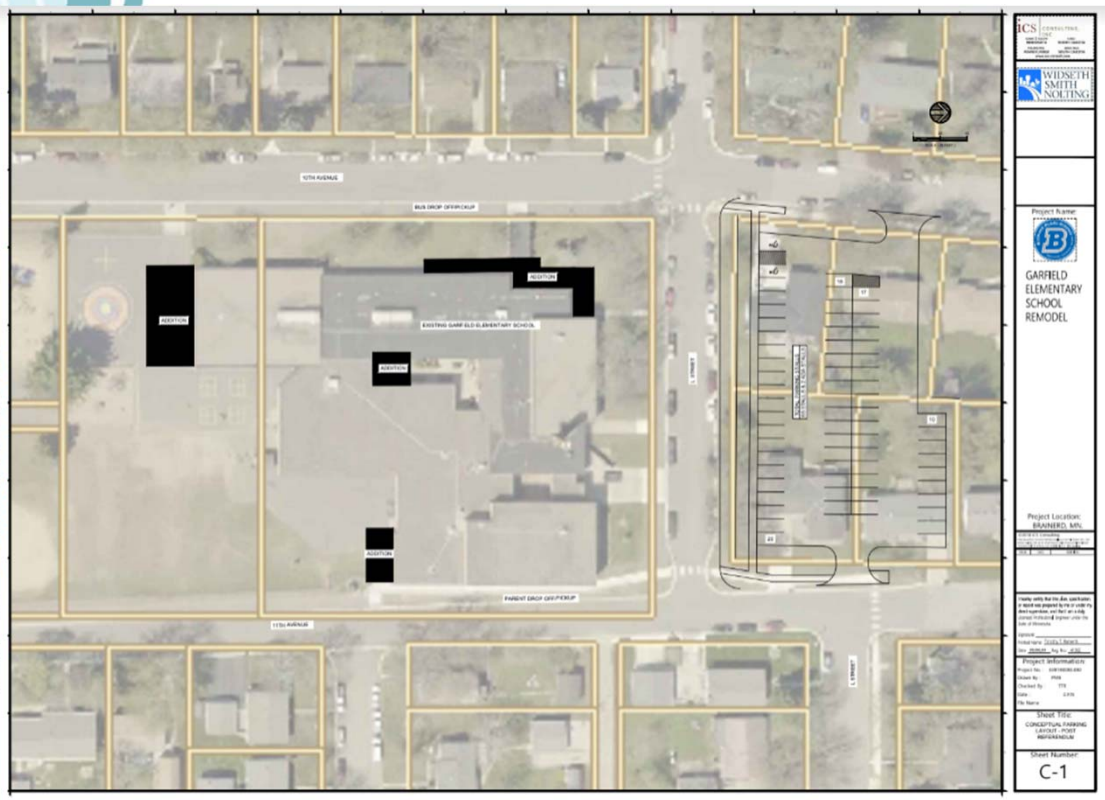
Please Explain:

Joint Special Meeting 2.0

City of Brainerd & Brainerd Public Schools

December 4, 2018

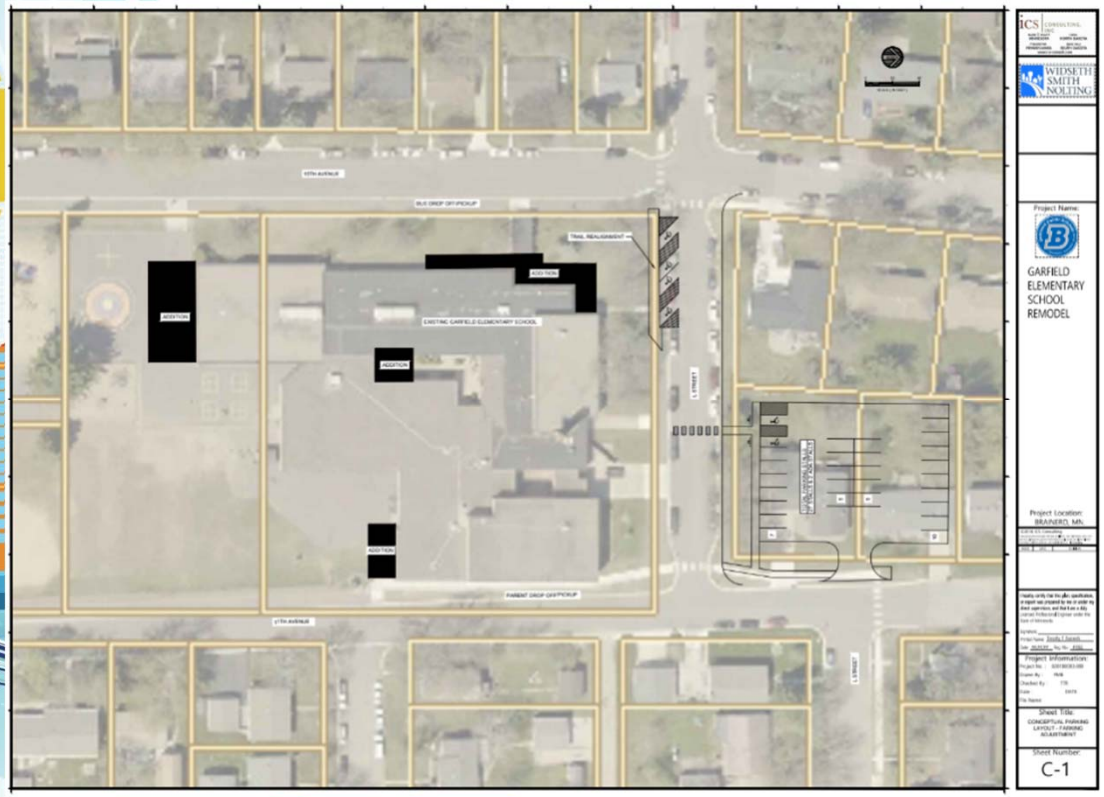
Garfield Elementary School - Before



- 4 properties
- 65 + 2 ADA off-street parking spots for approximately 64 staff and visitors
- Preserve existing on-site green space
- Separate bus, vehicles, pedestrian traffic
- No street modifications proposed

Blueprint 181
Investing. Growing. Leading.

Garfield Elementary School - After



- 2 properties
- 27 + 2 ADA off-street parking spots
- 2 designated ADA spots on L Street

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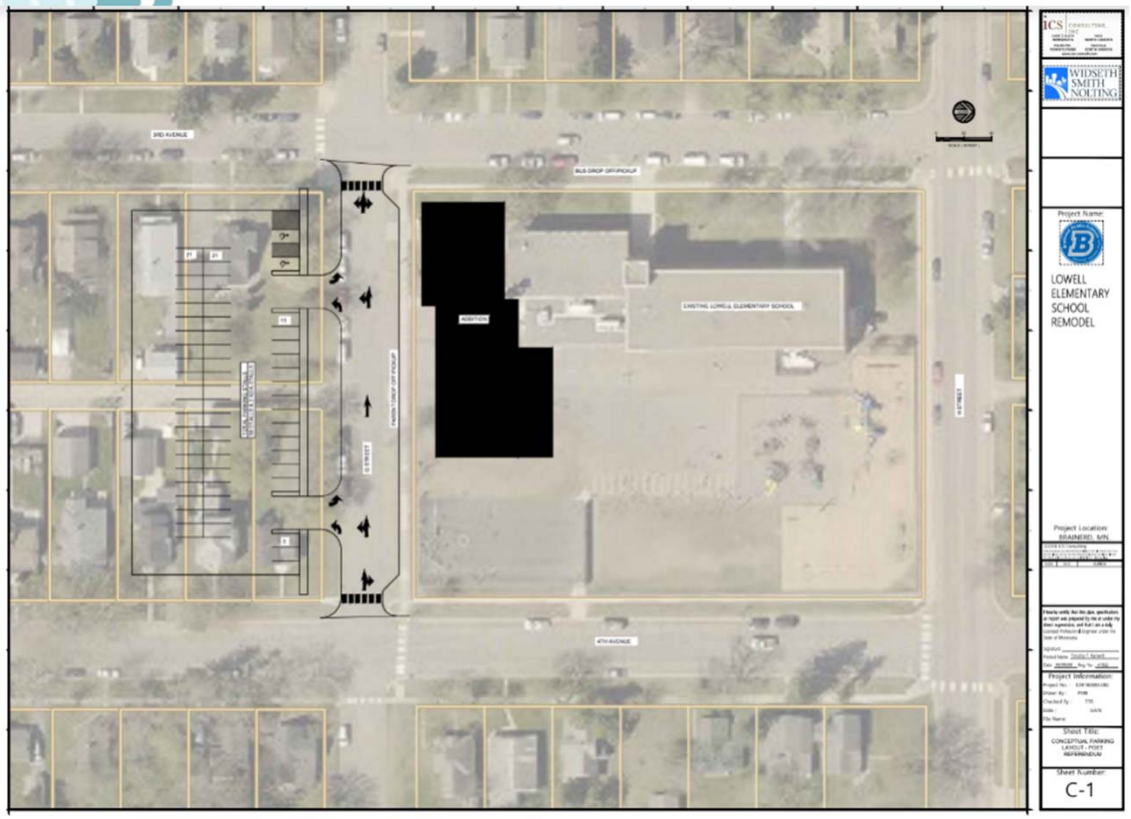
Lowell Elementary School - Before



- 5 properties
- 58 + 2 ADA off-street parking spots for approximately 63 staff and visitors
- Preserve existing on-site green space
- Separate bus, vehicles, pedestrian traffic
- Will propose slight street modification

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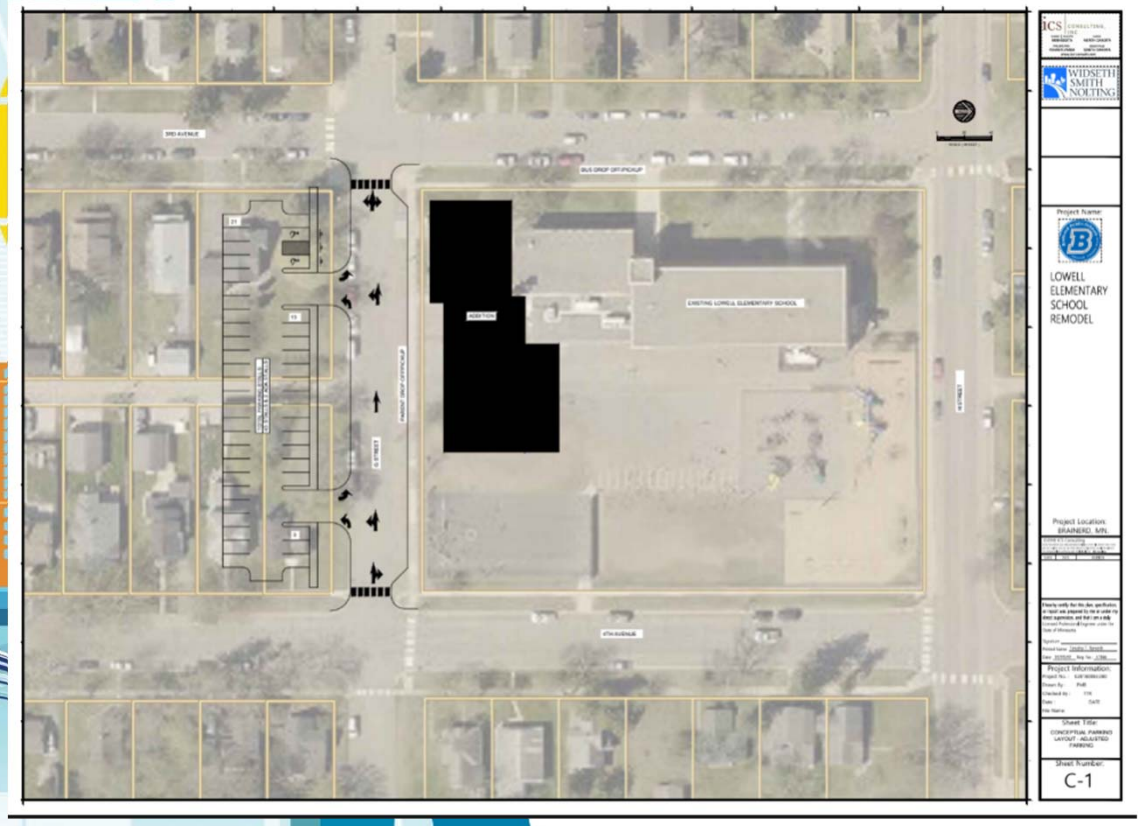
Lowell Elementary School - After



- 3 properties
- 37 + 2 ADA off-street parking spots

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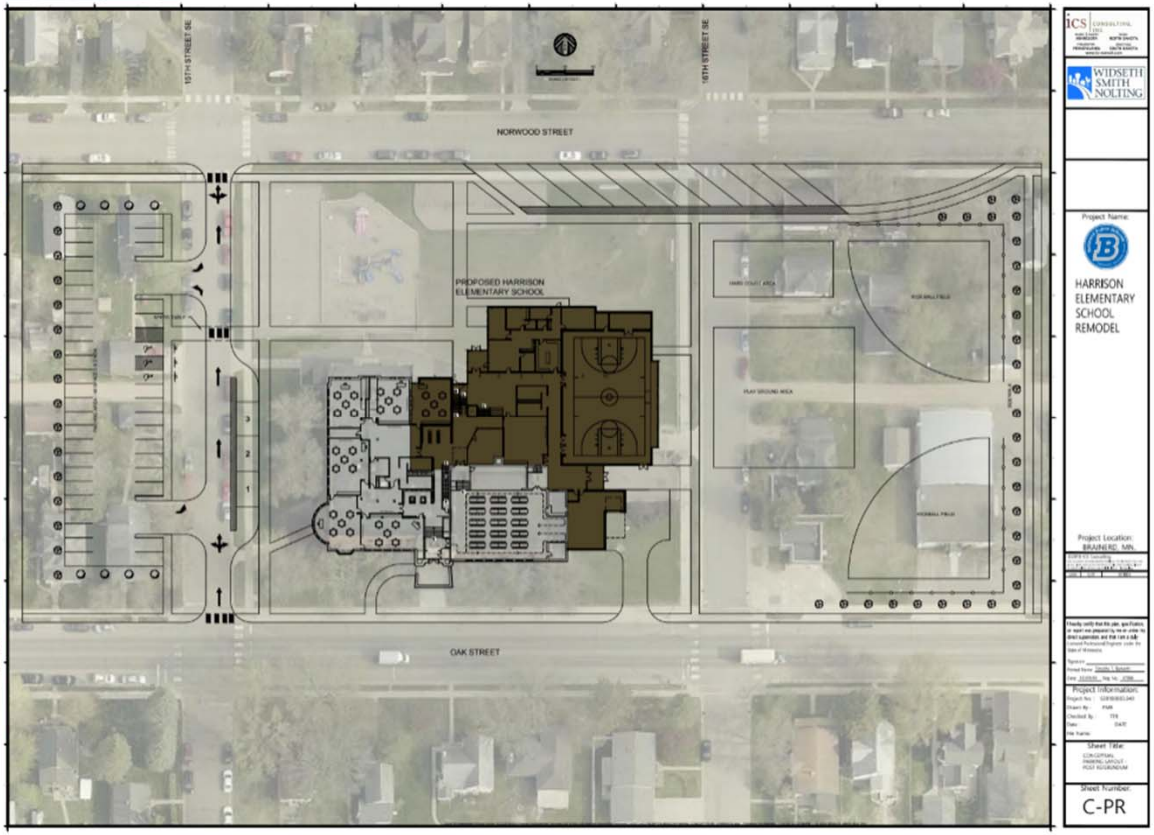
Harrison Elementary School - Before



- 14 properties (2 recently purchased)
- 40 + 2 ADA off-street parking spots for approximately 57 staff and visitors
- New bus loading zones
- New green space
- Separate bus, vehicles, pedestrian traffic
- Will propose vacating 16th Street, slight modification to 15th

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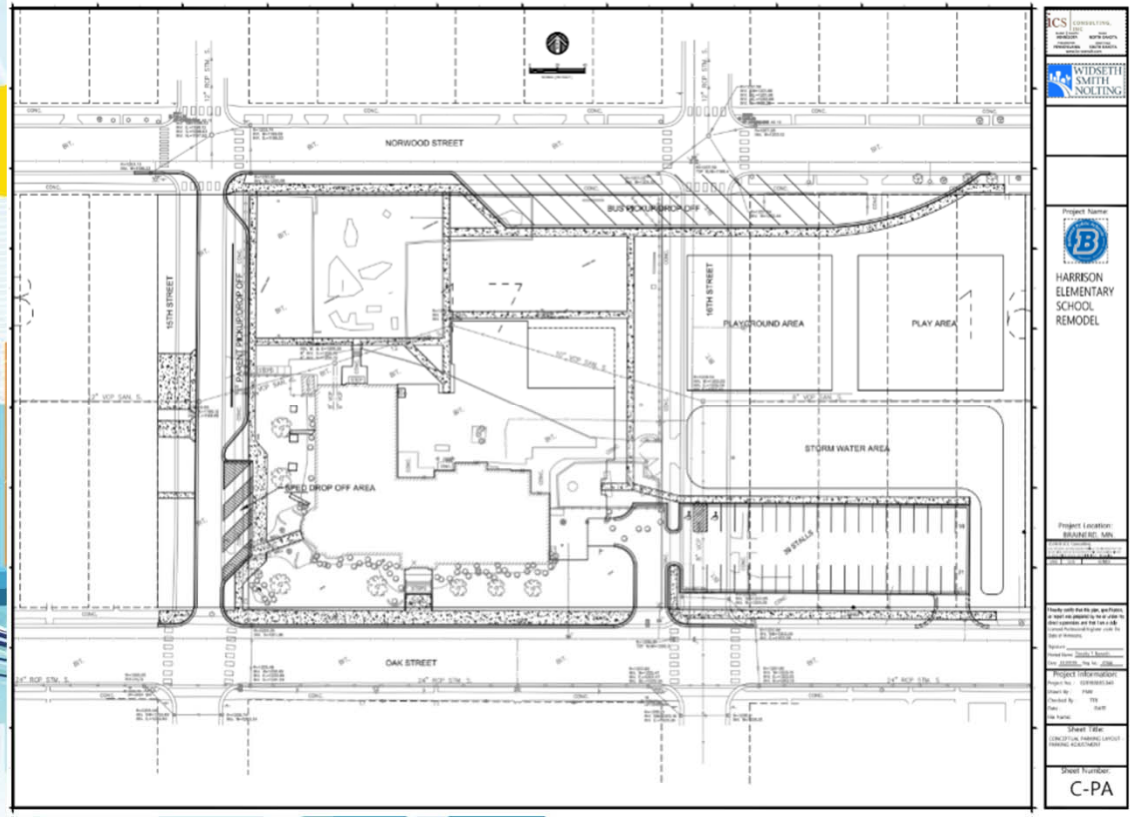
Harrison Elementary School - After



- 10 parcels (7 owners)
- 2 parcels (1 owner) recently purchased
- 36 + 2 ADA off-street parking spots

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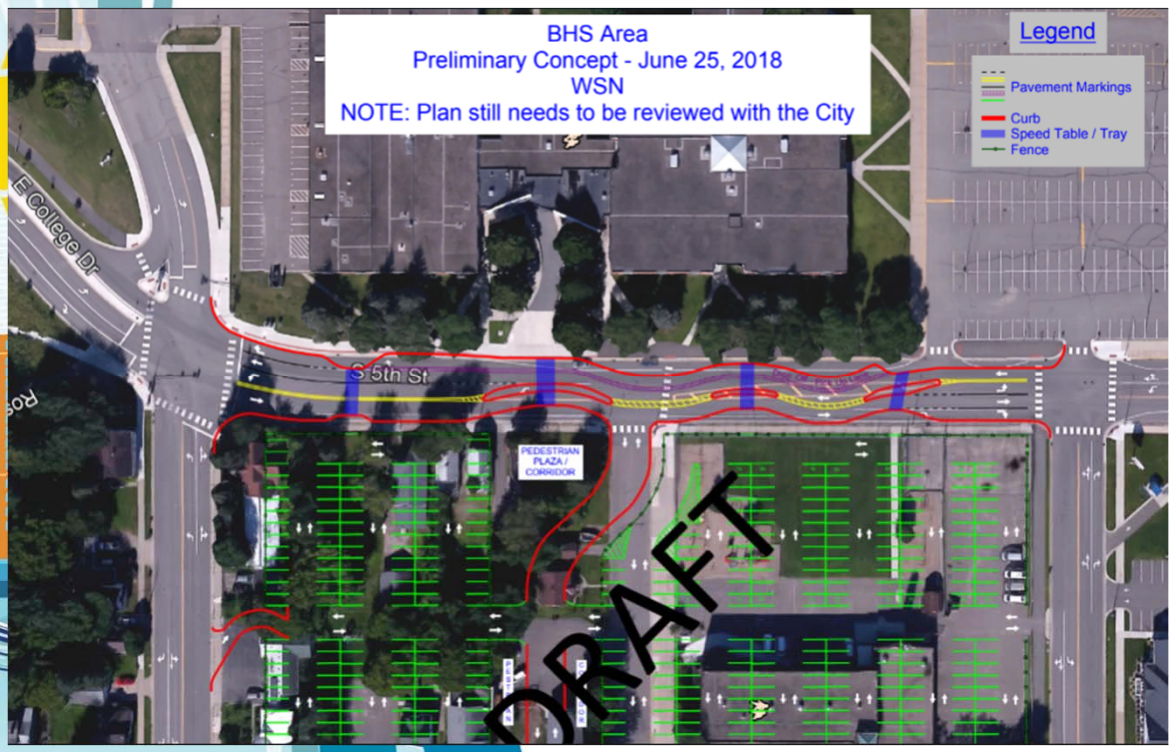
Brainerd High School - Before



- 4 properties
- 320 + 17 ADA new off-street parking spots for approximately 219 staff, 1,250 students and many visitors
- Separate bus, vehicles, pedestrian traffic
- Will propose vacation of Pine, calming on 5th

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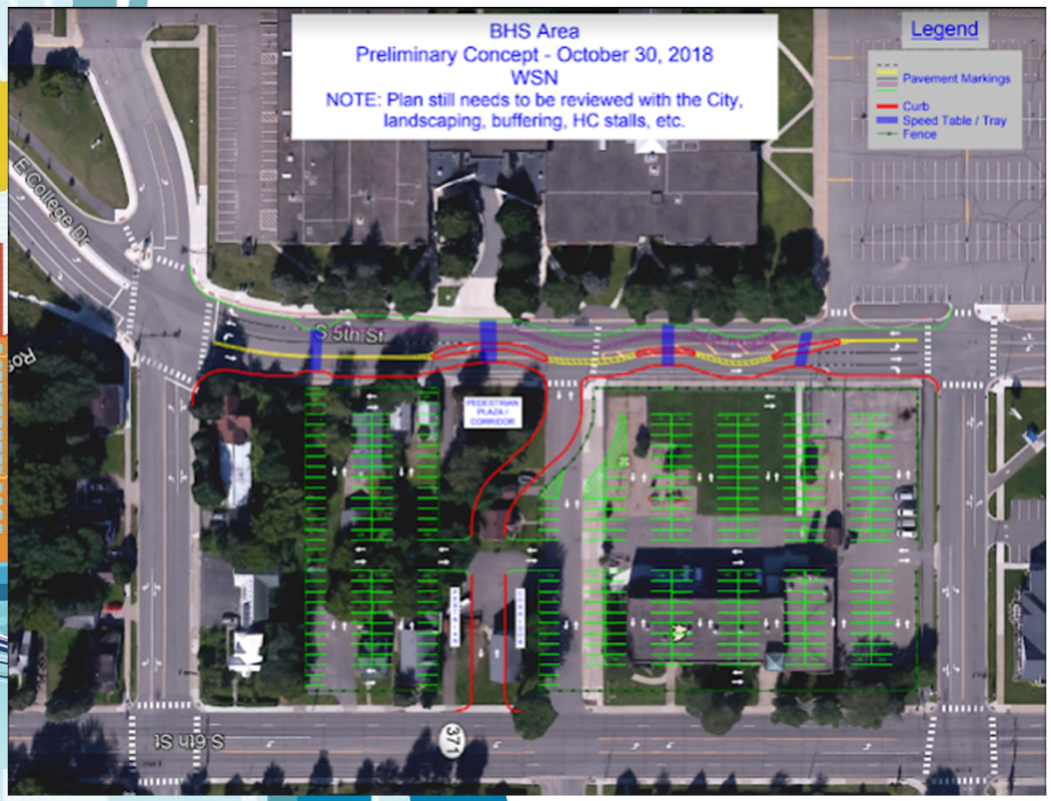
Brainerd High School - After



- 2 parcels (1 owner)
- 284 + 15 ADA off-street parking spots

Blueprint 181
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WELCOME

2019 BUDGET AND LEVY PUBLIC HEARING

DECEMBER 10, 2018

6:00 P.M.

Mission: *"To Commit to providing high quality, cost effective public services and leadership in creating a sustainable city."*

PURPOSE OF TONIGHT'S MEETING

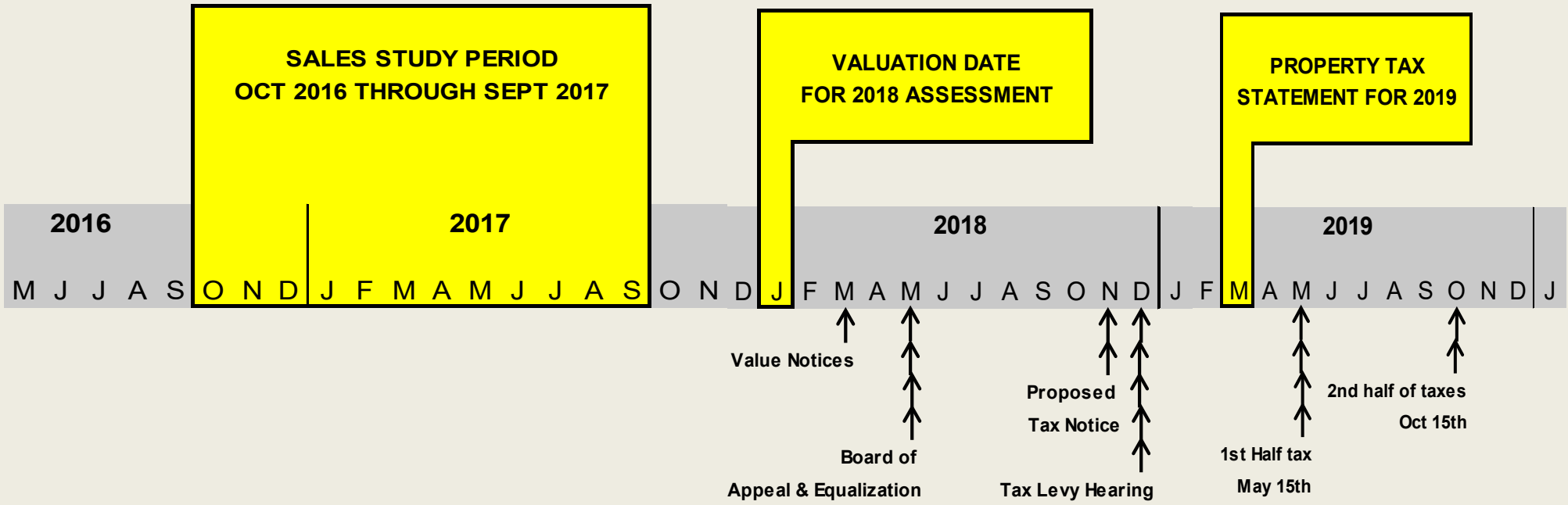
- To discuss the City of Brainerd's 2019 budget and levy and allow for public input.

- This is not the meeting to discuss valuation that has been placed on properties – that meeting is held in May.

- Questions regarding property valuation and classification can be directed to Land Services Department at the county.
  - The phone number is 218-824-1010.

MINNESOTA STATE LAW PROPERTY TAX TIMELINE

The ***Value of your Property on January 2, 2018*** is what is used to calculate the amount you ***Pay for Property Taxes in 2019.***



Sales Ratio Study analyzes sales from October 2016 through September 2017.

This study determines the value for the January 2, 2018 assessment date.

MINNESOTA STATE LAW PROPERTY TAX SYSTEM

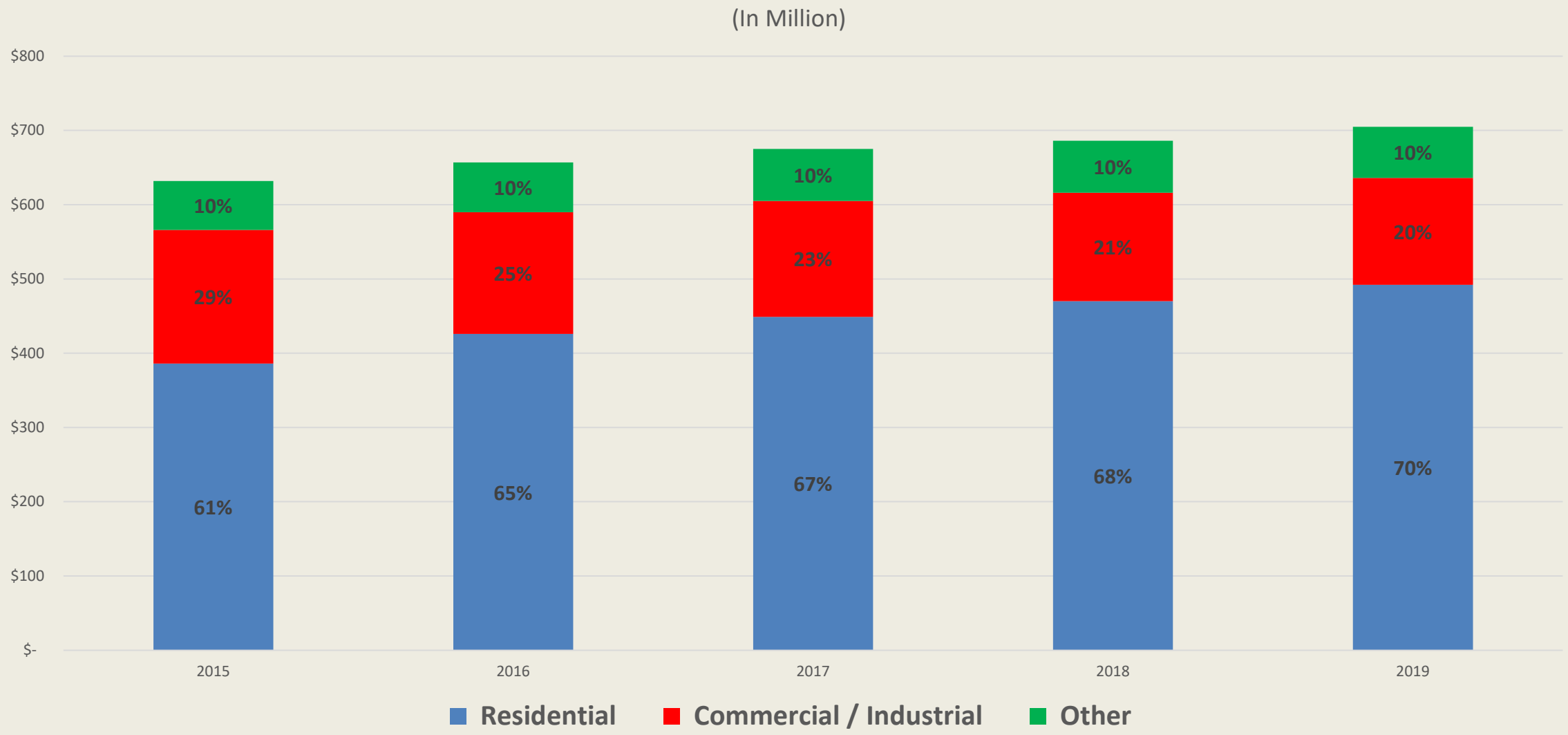
- **An important point for property taxpayers to understand is:**
  - **In Minnesota - Taxing Jurisdiction (*Cities*, Counties, School Districts)**
    - **Set a levy in Dollars. The taxing jurisdictions do not set the tax rate.**
    - **Your Property Value determines your proportionate share of the dollars that goes to each jurisdiction.**
    - **The Tax Rate is the result of the Levy dollars needed and the Total Tax Capacity of the jurisdiction.**

CITY OF BRAINERD'S ESTIMATED MARKET VALUE

Estimated Market Values

	2018 Pay 2019	2017 Pay 2018	Change	
Residential				
Homestead	$ 376,326,200	$ 364,167,700	$ 12,158,500	3.3%
Non-Homestead	114,966,800	104,636,000	10,330,800	9.9%
Non Commercial Seasonal Rec Res	1,163,900	771,000	392,900	51.0%
Total Residential	**$ 492,456,900**	**$ 469,574,700**	**$ 22,882,200**	**4.9%**
Commercial/Industrial				
Commercial	$ 135,905,100	$ 138,386,800	$ (2,481,700)	-1.8%
Industrial	7,808,400	7,666,500	141,900	1.9%
Total Commercial/Industrial	**$ 143,713,500**	**$ 146,053,300**	**$ (2,339,800)**	**-1.6%**
Other				
Ag/Rural	$ 2,847,500	$ 3,440,600	$ (593,100)	-17.2%
Apartments	55,063,000	54,960,600	102,400	0.2%
Manuf Home Pk Land	1,304,900	1,339,800	(34,900)	-2.6%
Personal Property	9,897,100	10,514,100	(617,000)	-5.9%
Total Other	**$ 69,112,500**	**$ 70,255,100**	**$ (1,142,600)**	**-1.6%**
Total Estimated Market Value	**$ 705,282,900**	**$ 685,883,100**	**$ 19,399,800**	**2.8%**

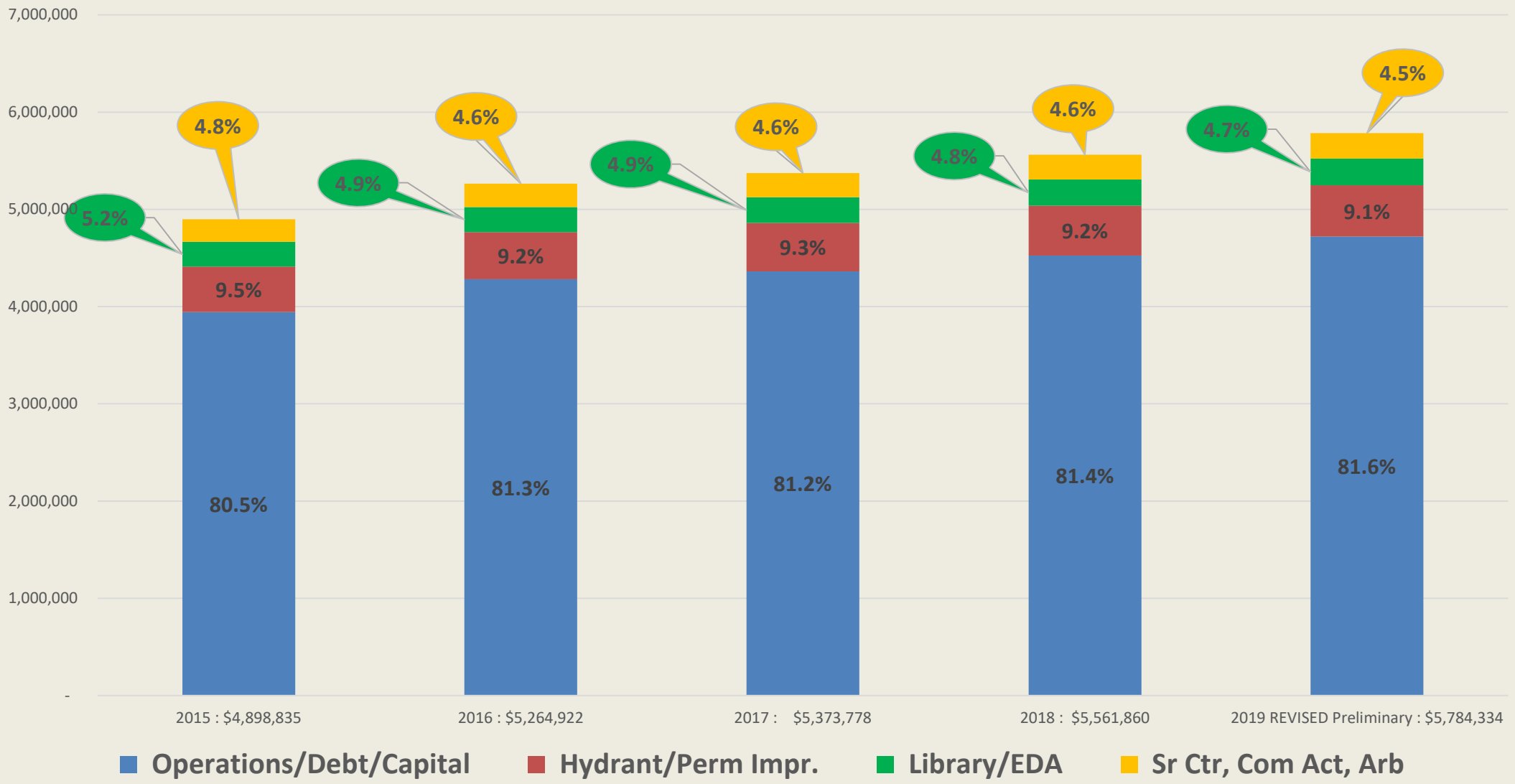
CITY OF BRAINERD'S ESTIMATED MARKET VALUE



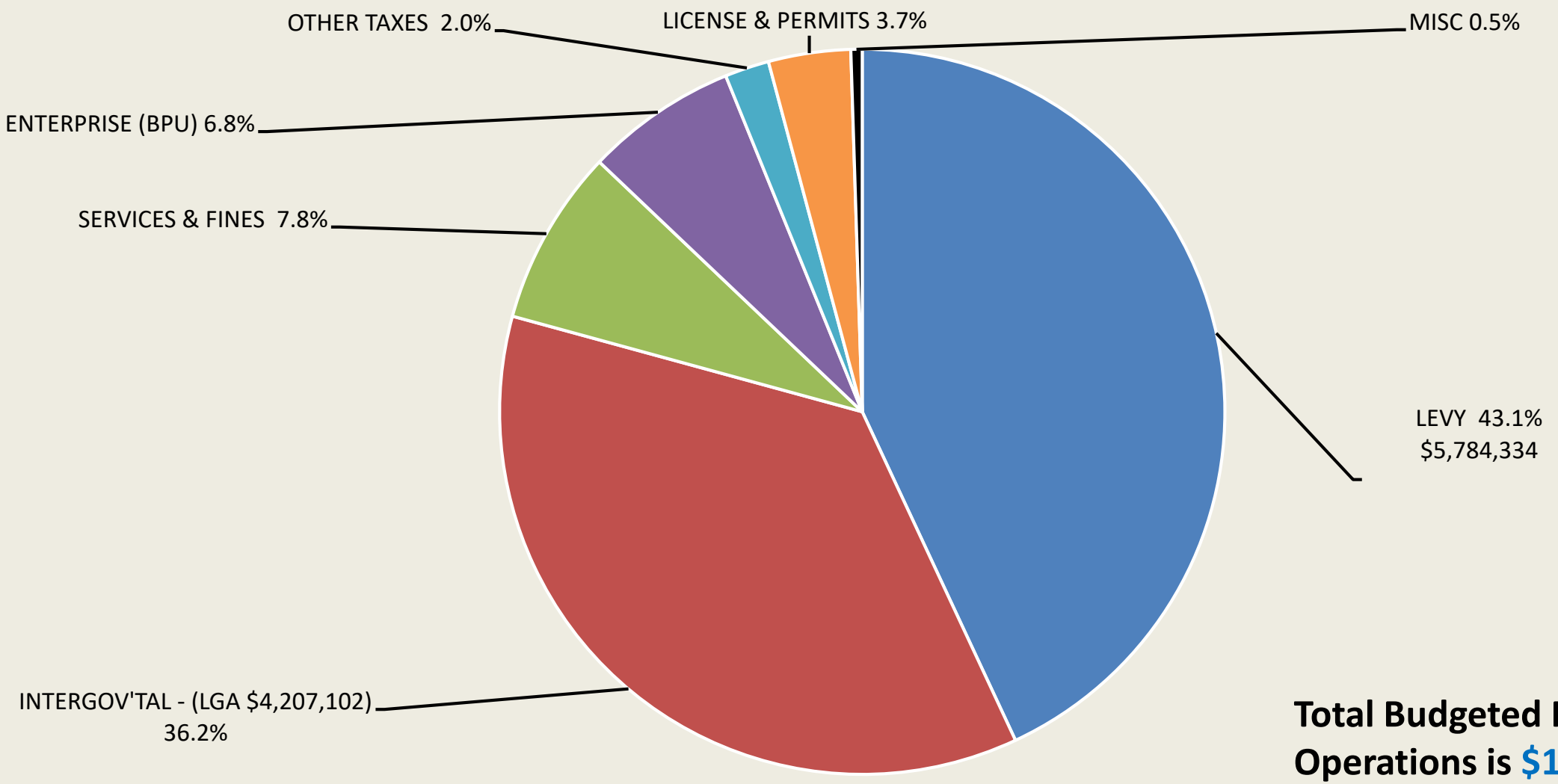
2018 BUDGET AND LEVY STATUS

- The preliminary levy for 2019 was set in September at **$5,895,572** – this amount was used for the hearing notices and is a **$333,712 increase (or 6.00%)** over the 2018 levy.
  - With the current proposed levy, the City's tax rate went from **77.420%** to **80.130%** an increase of **2.710%** in the tax rate.
- The City Council has had several workshops since the preliminary levy was adopted. Currently the ***Revised Levy*** for 2019 is at $5,784,334 – this amount is a $222,474 increase ***(or 4.00%)*** over the 2018 levy.
  - With the **Revised Levy**, the City's tax rate is estimated to be **78.615%** an increase of **1.195%**.

HOW ARE THE LEVY DOLLARS USED?



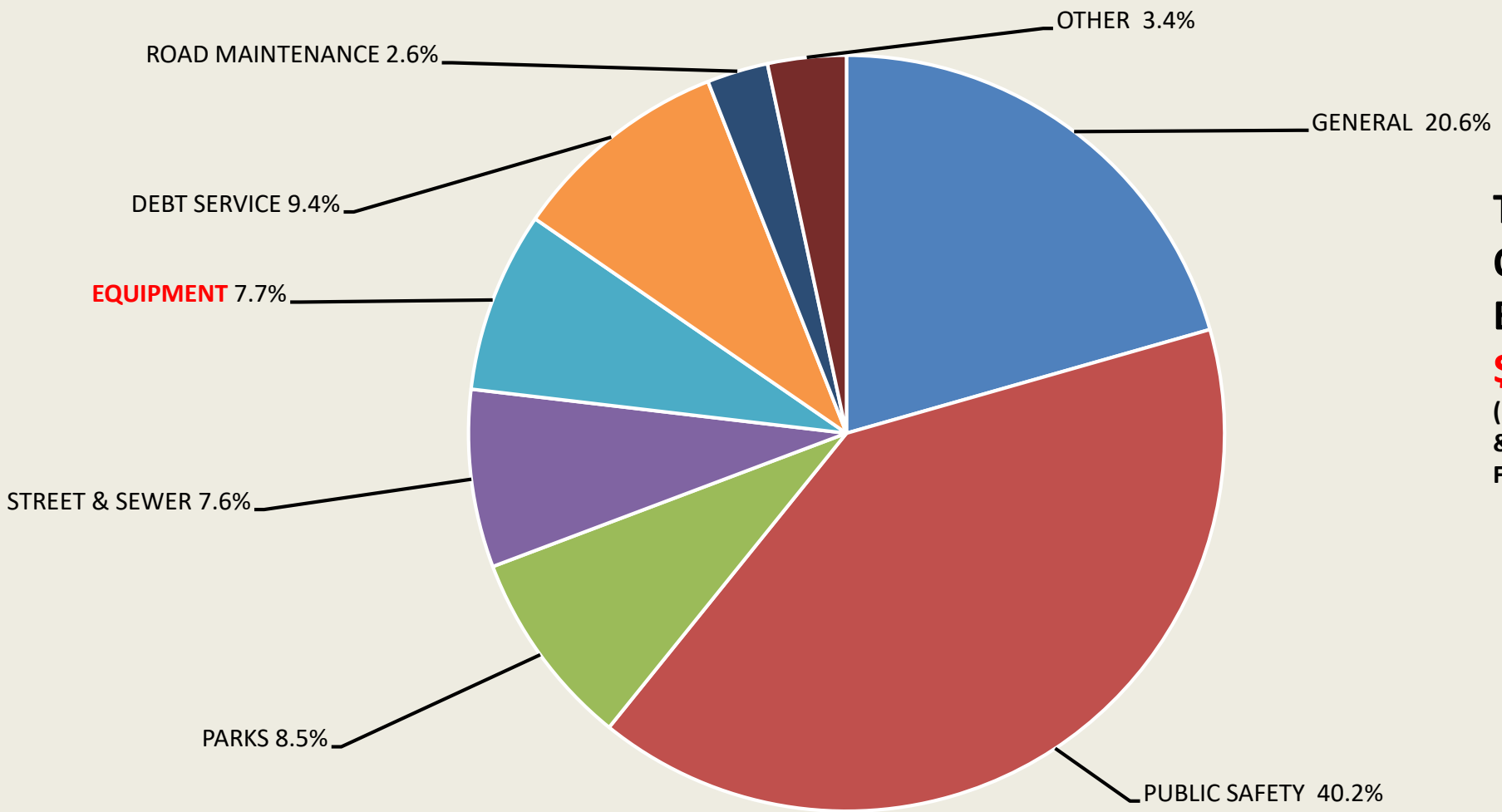
WHERE DOES THE REVENUE COME FROM?



Total Budgeted Revenues for Operations is $13,500,998

(Excludes Transit, Sanitary & Storm, Recycling, Parking Funds)

HOW IS THE MONEY SPENT?



Total Budgeted Operating Expenditures

$13,412,409

(Excludes Transit, Sanitary & Storm, Recycling, Parking Funds)

2019 BUDGET HIGHLIGHTS

- **Personnel:**
  - Adding 1.67 full time Police Officers – proposing to be at 26 sworn officers by the end of the year.
  - There is an additional Building Inspector in the budget (Official, 2 Building Inspectors, and a Rental Housing inspector).
  - We did add a temporary/seasonal employee for the summer.
  - All of the union contracts expire at the end of 2018, we have an estimated amount in the budget for contract settlements and to move staff to a 6 step pay grid.

2019 BUDGET HIGHLIGHTS (Continued)

- **Debt:**
  - We are budgeting to issue debt for a new fire ladder truck in 2019.

- **Other:**
  - The City working on contracting with Crow Wing County for facility maintenance (buildings located on Laurel Street).

HOW IS THE CITY PLANNING?

- **In the 2019 Budget:**

Net Surplus/(Deficit) Operating	**$ (333,688)**
Net Other Levies	**(27,270)**
Change in Debt Levy	**336,036**
Change is Capital Equipment Levy	**347,134**
Amount Available for Facililities	**$ 322,212**
4% Increase in Levy	$ 222,474
Estimated Amount Available to Address Facility Study	**$ 544,686**

2019 PROPOSED CITY TAX – RESIDENTIAL HOMESTEAD

Residential Homestead				
	Estimated Market Value	Tax Capacity	Annual City Tax Liability	Annual Change
2018	$ 120,000	936	724.65	-
No Change	120,000	936	735.52	10.87
1% Increase	121,200	949	745.80	21.15
2% Increase	122,400	962	756.09	31.44
3% Increase	123,600	975	766.37	41.72
4% Increase	124,800	988	776.65	52.00
5% Increase	126,000	1,001	786.94	62.28
6% Increase	127,200	1,014	797.22	72.57
10% Increase	132,000	1,066	838.35	113.70
15% Increase	138,000	1,132	889.76	165.11
20% Increase	144,000	1,197	941.18	216.53

DIVIDING UP THE PROPOSED 2019 DOLLAR - RESIDENTAL

20¢ Crow Wing County

1¢ Other

29¢ School District

50¢ City

2019 PROPOSED CITY TAX – COMMERICAL/INDUSTRIAL

Commercial				
	Estimated Market Value	Tax Capacity	Annual City Tax Liability	Annual Change
2018	$ 363,500	6,520	5,047.78	-
No Change	363,500	6,520	5,125.70	77.91
1% Increase	367,135	6,593	5,182.85	135.07
2% Increase	370,770	6,665	5,240.00	192.22
3% Increase	374,405	6,738	5,297.16	249.37
4% Increase	378,040	6,811	5,354.31	306.53
5% Increase	381,675	6,884	5,411.46	363.68
10% Increase	399,850	7,247	5,697.23	649.45
15% Increase	418,025	7,611	5,982.99	935.21
20% Increase	436,200	7,974	6,268.76	1,220.98
2% Decrease	356,230	6,375	5,011.39	(36.39)

DIVIDING UP THE PROPOSED 2019 DOLLAR – COMMERCIAL/INDUSTRIAL

17¢ State General Fund

18¢ Crow Wing County

1¢ Other

21¢ School District

43¢ City

NEXT STEP

- The final budget and levy will be adopted at the **December 17, 2018** Council Meeting.
  - The levy could be set tonight, after public comment if the Council desires.

- The levy must be certified to the County Auditor by ***December 28, 2018.***

PUBLIC COMMENT

2019 BUDGET CAPITAL EQUIPMENT

City Hall-General	
Water tower	100,000
Office Furniture	5,000
Signs	500
Finance	
New Software	215,000
Engineering	
Survey Tool	1,500
IT	
Server Replacement	14,000
Firewall/Router/Network Switch	20,000
Police	
Leased Squads Build Up	63,000

Community Development	
Comp Plan	5,000
Civil Defense	
Generator - NE Station	52,000
Parks	
Trailer	4,000
Mower/Mulcher	2,200
Mower	40,000
Gregory Park Warming House	220,000
Scoreboard	15,000
Northtown Playground	30,000
Streets	
Sprayer w/ trailer	8,000
Plow Truck	240,000
Arrow Board	2,500

GRAND TOTAL	**1,037,700**

2019 BUDGET HIGHLIGHTS

- **Other:**
  - The City conducted a facility study. The study estimated the costs to fix the deficiencies of the buildings and potential projects to improve efficiencies.
    - As an example, we have been talking for years that the heating and cooling system in City Hall is “broken” – estimated cost to fix is about $415,000.
      - In order to fix the system, the current ceiling needs to come down. Therefore, it would be a good time to reconfigure space for more efficiencies.

2019 BUDGET HIGHLIGHTS

- **Other (continued):**
  - The study identified the following costs over 15 years for the following 3 buildings only:

	Deficiencies	Potential Projects	TOTAL
City Hall/Annex	2,529,000	935,064	3,464,064
Parks Office	234,603	250,949	485,552
Police Department	769,092	115,884	884,976
	$ 3,532,695	$ 1,301,897	$ 4,834,592

  - $4.8 million is a lot money, even $3.5 million. Therefore, Council and Staff starting thinking:
    - Are we in the right model for the next 50-100 years?
    - What would be the cost to build a new City Hall?
    - How do you quantify the combination of the services of City Hall, Parks Admin, and Police?

2019 BUDGET HIGHLIGHTS

- **Other (continued):**
  - Several proposals have been discussed:
    - Building a 1-Story, or 2-Story – Provide leasable space for other entities, or 3-Story new City Hall.
    - Another option would be to build a parking garage structure to correspond to the number of floors of the City Hall.

    - City Council tabled the discussion until after the first of the year.