

**CITY COUNCIL WORKSHOP**

**Brainerd, Minnesota  
August 26, 2019  
5:30 P.M.**

**Brainerd City Hall  
Council Chambers**

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

- 1. Call to Order**
  
- 2. Roll Call**
  
- 3. Pledge of Allegiance**
  
- 4. 2020 Budget and Levy Discussion**
  
- 5. Adjourn**

**ANY INDIVIDUAL NEEDING SPECIAL ACCOMMODATIONS,  
PLEASE CALL 828-2307.**

# MEMO

**TO:** Mayor & Council

**FROM:** City Administrator Cassandra Torstenson  
Finance Director Connie Hillman

**DATE:** August 23, 2019

**RE:** 2020 Budget and Levy

Per the City Charter the Council President, Personnel and Finance Chair and the City Administrator are to submit a budget to the City Council. The three of us along with Finance Director Hillman have met and the information that will be presented on Monday night is a result of the meeting.

The budget process includes trying to estimate all expenses (i.e. personnel cost, supplies, services, capital, debt service etc.), and estimating all of the non-tax revenues (i.e. fees, fines, LGA, grants etc.). The difference between the two is the levy needed. Per the LMC Handbook for MN Cities, Chapter 20 Municipal Budgeting- budgeting is basically planning and prioritizing goals for the coming year based on experiences in the past year or years.

## **Levy Overview:**

Attached is a summary of the current budget and levy. The summary focuses on the working funds – General, Public Safety, Parks, and Streets – as the operations of these funds are supported by property taxes. Other funds i.e. Transit, Parking, School Patrol etc. that the City has are operated using other means of funding sources. The overview is a comparison of actual 2018, the revised budget for 2019 and the current proposed budget for 2020.

The summary shows that for 2020, the levy would need to be increased by \$7,200 due to budgeted increases in revenues and debt falling off to fund the estimated expenditures. However, similar to what the representative from the CGMC stated last Monday, the increase in revenues may not be sustainable in the future and that will be discussed throughout the memo.

## **2020 Budget – Operating Expenditures:**

- Personnel Services:
  - There are no additional employees in the budget. However, the Police Department is requesting an additional officer for 27 sworn officers and is

currently not reflected in the budget. Attachment A is a memo from the Police Chief which speaks to the need of an additional officer and the Chief will be at the workshop as well to speak to the issue.

- It is estimated that the 27<sup>th</sup> officer would start around the first of March. The budget impact for 2020 therefore is currently estimated to be approximately \$79,000. The current estimated cost for 2020 of a 1<sup>st</sup> year officer would be about \$96,000.
- No staff time is being allocated to the EDA fund. Please see Charges for Services for further explanation.
- The employer PERA rate for police and fire is to increase from 16.95% to 17.70% effective for payrolls after January 1, 2020. This results in an additional \$18,500 increase to the budget.
- We do not have the renewal rates for health insurance. The current budget includes an estimated 10% increase to Health Partners – the plan that most of our employees utilize, 5% increase to 49ers insurance and 6% for Teamsters insurance.
- The current budget also includes a 5% increase to workers compensation insurance.
- 2020 is an election year and the City will be responsible for conducting three elections – Presidential Primary, Primary, and General. The City has been trying to budget for half of the cost of the election in odd years, this is why for 2019 the original budget had revenues exceeding expenditures by \$15,000. Therefore, since 2020 is an election year, we would budget expenditures to exceed revenue – we would be using fund balance – by \$15,000.
- Supplies:
  - The biggest contributor to the increase is based on previous years' experience; an overall increase to the Repairs and Maintenance line item.
- Services:
  - There is \$10,000 budgeted for the City Attorney to review the City Charter.
  - The budget currently plans for the City to continue to lease additional vehicles. This results in just over \$46,000 increase to the 2020 budget.

- Transfers Out:
  - The increase is a result of more funds being transferred to the debt service fund to pay the debt on the ladder truck by the agencies that contract for fire service. There is no increase budgeted for the airport.

## 2020 Capital

- Attachment B is a detailed list of the proposed capital purchases for 2020.
- Attachment C is a portion of the 30-year capital plan summary. The plan **does not** include any funding for the Memorial Park project.
  - When the summary was presented last to Council, the dedicated funds for the historic water tower or bonding match funds were not taken into account. Therefore, it is recommended that the City issue debt to purchase an end loader, and a broom sweeper to keep projected positive cash position. This would also result in moving the broom sweeper from a 2021 purchase to a 2020 purchase. This debt issue could be part of the ladder truck debt issue initially scheduled for 2019, but since the build out of the truck is not expected to be done until spring of 2020, the debt can be issued for all 3 capital items.

## Debt Levy

The 2020 debt levy is to pay the August 1, 2020 and the February 1, 2021 debt service. In 2019, the City levied \$273,140 for a debt that will be paid off after the February 1, 2020 payment.

It is currently projected that the City will need to issue debt for the 2020 construction projects and for the capital purchases as discussed previously in the memo. The current budget has \$244,000 for the new debt.

## Other Levies

- Permanent Improvement/Hydrant/Sr Center/Arb/Community Action:
  - It is currently estimated that the mill rate will increase 3.9%, the current estimated increase for the estimated market values of the City. The County will compute the mill rate in November.

- Library:
  - The current assumption is the Council will keep the levy for the library the same.
- EDA:
  - The EDA Commission is requesting the City levy the maximum allowed by state statute which is .01813% of the previous years estimated market value.

### **Total Revenue – Non-Property Tax**

- Licenses & Permits:
  - Building Permits are estimated to increase an additional \$50,000 due to the school projects, bringing the total estimated building permits to \$350,000 annually. The City has increased the budget the last two years as a result of the school projects, which we know will not continue in future years. Permit revenues have been as low as \$72,000 in 2013 and as high as \$470,000 in 2004, with the budgets being as low as \$90,000 in 2014 and as high as \$350,000 for 2020.
- Grants & Aids:
  - The budget reflects the increase in additional LGA certified for 2020.
- Charges for Services:
  - Historically the City has allocated a percentage of the City Administrator's and Administrative Specialist's salary and benefits to the EDA fund. The EDA Commission feels it would better to have an agreement for services and estimated the amount to be \$32,500 for the service. Therefore, this amount is reflected in the budget and no salary is allocated to the EDA fund. For the 2019 budget, \$37,305 of wages and benefits were allocated to the EDA fund.
  - The amount collected for fire service is increasing by \$82,000, primarily due to payment for the ladder truck.
- Other Revenues:
  - Revenues from BPU are expected to increase by \$35,000. It is believed that the budget for 2019 was too low.

- Transfers In:
  - The budget for snow removal increased based on previous years' experience. Therefore, the current budget reflects an increase in the amount coming from the parking lot fund as well as from assessments (included in Other Revenues).

### Levy Information

The City's 2019 tax rate is 80.385% and the chart below shows the history of the City's Levy.

<b>Levy Year Collected</b>	<b>Levy Amount</b>	<b>% Change</b>
2010	\$4,112,308	2.8%
2011	\$4,055,836	-1.4%
2012	\$3,953,486	-2.5%
2013	\$3,953,486	0.0%
2014	\$4,453,486	12.6%
2015	\$4,898,835	10.0%
2016	\$5,264,922	7.5%
2017	\$5,373,778	2.1%
2018	\$5,561,860	3.5%
2019	\$5,895,572	6.0%

It is estimated that the estimated market value for the City increased by 3.9% from pay year 2019 for pay year 2020. Information on the increased in the proposed levy to keep the tax rate the same will be presented on Monday night.

Please let us know if you have any questions and we look forward to the budget workshop.

Enclosures

/clh

**2020 Levy Overview**  
**As of August 23, 2019**

	<u>Actual 2018</u>	<u>Revised Budget 2019</u>	<u>Proposed Budget 2020</u>	<u>Difference in Budgets</u>
<b>TOTAL OPERATING EXPENDITURES</b>				
Personnel Services	6,334,650	6,805,000	7,118,989	313,989
Supplies	439,636	447,800	473,000	25,200
Services	2,217,494	2,397,526	2,518,822	121,296
Transfers Out	474,303	409,964	486,343	76,379
<b>Total Expenditures</b>	<u>9,466,083</u>	<u>10,060,290</u>	<u>10,597,154</u>	<u>536,864</u>
<b>TOTAL CAPITAL</b>	847,134	1,155,927	1,155,927	-
<b>TOTAL DEBT LEVY</b>	1,600,886	1,264,850	1,167,451	(97,399)
<b>OTHER LEVIES</b>				
Perm Improvement	339,174	349,350	362,975	13,625
Hydrant	169,587	174,675	181,487	6,812
Sr Center/Arb/Community Action	254,382	263,031	272,232	9,201
Library	147,416	150,364	150,364	-
EDA	122,223	124,351	127,817	3,466
<b>Total Other Levies</b>	<u>1,032,782</u>	<u>1,061,771</u>	<u>1,094,875</u>	<u>33,104</u>
<b>TOTAL ESTIMATED EXPENDITURES</b>	<u>12,946,885</u>	<u>13,542,838</u>	<u>14,015,407</u>	<u>472,569</u>
<b>TOTAL REVENUE - NON PROPERTY TAX</b>				
Other Taxes	(274,346)	(265,500)	(279,000)	13,500
Licenses & Permits	(538,283)	(492,015)	(552,390)	60,375
Grants & Aids	(4,672,506)	(4,665,171)	(4,899,340)	234,169
Revenue from Other Gov'ts	(156,387)	(196,836)	(191,788)	(5,048)
Charges for Services	(883,523)	(906,459)	(1,016,614)	110,155
Fines & Forfeitures	(211,354)	(148,000)	(141,000)	(7,000)
Other Revenues	(1,082,607)	(966,083)	(1,015,287)	49,204
Transfers In	(22,929)	(10,000)	(20,000)	10,000
<b>Estimated Revenues</b>	<u>(7,841,935)</u>	<u>(7,650,064)</u>	<u>(8,115,419)</u>	<u>465,355</u>
Estimated Levy	<u>5,104,950</u>	<u>5,892,774</u>	<u>5,899,988</u>	<u>7,214</u>
Actual Levy	5,561,860	5,895,572		

Notes:

- The Police Department is requested an additional sworn officer which is not reflected above
- Police & Fire PERA rate increased from 16.95% to 17.70%
- Estimated 10% increase for HP, 5% for 49ers and 6% for Teamsters Insurance
- 5% increase in Workers Comp
- 5% increase in 3/20-3/21 General Liability/Auto/Other insurances

**BRAINERD POLICE DEPARTMENT  
MEMORANDUM**



TO: City Council  
Mayor

FROM: Police Chief Corky McQuiston

DATE: 08-23-19

RE: Police Department 2020 Staffing Request

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As you may recall in 2018 the Police Department requested a staffing increase of three licensed officer positions, two patrol officers, and a Lieutenant's position. The council approved one Patrol Officer and the Lieutenant position.

The Police Department would again request the council consider adding the one additional Patrol Officer Position that was requested for 2019 to our 2020 Budget, to increase our budgeted positions for licensed staff from **26 to 27**.

As the City learned at the August 19<sup>th</sup>, meeting from the Coalition of Greater Minnesota Cities presentation, LGA has been restored to the 2002 funding levels. A key lobbying message supporting restoring LGA was to restore funding cuts that had adversely affected Public Safety staffing. Brainerd was one of those cities and at the time we went from 27 sworn staff in 2008, to 23 by the end of 2010. Positions were eliminated by the council as staff retired, took advantage of an Early Retirement Incentive Program, or left for other employment.

Again, we support our rationale by pointing to national averages according to the FBI Uniform Crime Reporting data that shows nationwide, the rate of sworn officers is 2.4 per 1,000 inhabitants. Using this formula establishes the average for city with a population of **Brainerd's (13,428) to be 32 officers.**

<https://ucr.fbi.gov/crime-in-the-u.s/2017/crime-in-the-u.s.-2017/topic-pages/police-employee-data>

Keep in mind this is an average. While our current budgeted staffing level of 26 is nearly 20% below the national average, we have a higher than average crime rate based on Part 1 and Part 2 crimes of comparable cities.

Less staff relates to less time for Community Policing, Crime Prevention, Proactive Patrolling, and Training. These are proven methods of driving down crime rates and they can't be accomplished without the appropriate staffing levels.



## **Addition of One Uniform Patrol Officers**

The addition of one Uniform Patrol Officers would bring our licensed staff back to the pre LGA Un-Allotment numbers. This would also bring us closer to what the FBI shows for national averages, but still below. This additional position would help support our efforts and have the following benefits:

- **Crime Prevention & Community Policing.** Having front-line officers more engaged in Community Policing activities. Current staffing levels vs. Call Loads inhibit the amount of Uncommitted Patrol Time and Community Policing Opportunities that officers can be involved in.
- **Reduction in Overtime Costs.** Having additional uniform patrol officers creates the opportunity for a potential decrease in overtime costs as it relates to minimum deployment shift coverage and overtime/comp time costs for extra time related to community policing projects.
- **Retention and Officer Wellness.** *This has become an increasing concern for our department. In the past three years we have lost four of our best officers to bigger agencies that have better staffing vs. crime rate ratios.* As stated last year, adequate staffing levels directly relate to a safer and healthier work environment by reducing call load stress, making it easier to accommodate time off requests, and increased time available for training. Officer Wellness and Safety concerns address how stress and fatigue can lead to a decreased ability to concentrate, make good decisions and maintain emotional balance. This all equates to staff burnout which effects our retention factor and increases our liabilities.
- **Increased Proactive Structured Patrolling.** Reducing the officer to call ratio creates more time for structured patrolling to devote to neighborhood issues and traffic complaints and other crime related problems in our city.
- **Staff Burn-out Reduction.** Quality Hiring and Retention have been and will continue to be one of the most important issues we face. We've seen this recently as valued staff members have left to work for another agency that has significantly better staffing to crime ratios and more opportunities for advancement. With staffing levels budget for 26, our patrol teams are unbalanced, impacting our ability to be fair and consistent with training and time off requests, along with spreading the workload evenly.
- **Recruitment.** *Having better staffing to crime ratios makes our agency more attractive to persons seeking police officer positions, and ultimately the City's next Police Chief.*

Please feel free to contact me regarding any of this information or other areas of the Police Department Budget. Thank you for your consideration of the community's needs related to police services

## 2020 Proposed Capital

### City Hall-General

Office Furniture	5,000
Sign - Corner of 6th and Laurel	30,000
Facility	1,758,668

### Finance

Scanner	2,500
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### Engineering

### IT

Server Replacement	15,000
Security/Phones	15,000

### Police

Leased Squads Build Up	69,000
Facilities	306,054

### Community Development

Zoning Code Update	50,000
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### Fire/Civil Defense

Facilities - HVAC Controls	34,141
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### Parks

Trailer	4,500
Snow Blower	2,000
Push Mower	1,000
Lum Park Swing Set	5,000
Scope of Memorial Park	20,000

### Streets

Diaphragm Pump	2,500
End Loader	205,000
Broom Sweeper **	240,000

<b>GRAND TOTAL</b>	<b>2,765,363</b>
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**City of Brainerd**

Capital Plan: **Summary - Working Funds Only - Excludes Fire Equipment**

2019-2049 - 30 Years

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Tax Levy: Current	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927	\$ 1,155,927
Tax Levy: Add/Sub	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Bonds	-	445,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other/Grants	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Under budget	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Assets	31,600	49,000	36,100	46,100	30,600	22,350	18,100	45,100	55,100	32,100	32,100	35,100	49,100	30,100	77,100	45,100
Interest Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenues	\$ 1,222,527	\$ 1,669,927	\$ 1,212,027	\$ 1,222,027	\$ 1,206,527	\$ 1,198,277	\$ 1,194,027	\$ 1,221,027	\$ 1,231,027	\$ 1,208,027	\$ 1,208,027	\$ 1,211,027	\$ 1,225,027	\$ 1,206,027	\$ 1,253,027	\$ 1,221,027
Vehicles	\$ 63,000	\$ 69,000	\$ 67,000	\$ 68,000	\$ 81,000	\$ 89,000	\$ 50,500	\$ 91,000	\$ 71,000	\$ 62,000	\$ 114,000	\$ 53,000	\$ 73,000	\$ 97,000	\$ 65,000	\$ 97,000
Equipment	599,200	492,500	146,900	457,000	357,500	188,000	366,900	423,000	390,000	310,000	323,900	632,000	234,500	162,000	405,400	437,200
Furniture & Fixtures	5,500	35,000	5,000	5,000	15,000	5,000	5,000	5,000	5,000	5,000	5,000	25,000	5,000	5,000	10,000	5,000
Buildings	245,000	2,118,862	366,712	748,045	548,045	548,045	363,267	363,267	363,267	363,267	363,267	233,027	233,027	233,027	233,027	233,027
Improvements	50,000	50,000	83,333	75,000	160,000	325,000	11,000	1,111	-	-	205,000	-	6,667	-	-	25,000
Expenditures	\$ 962,700	\$ 2,765,362	\$ 668,945	\$ 1,353,045	\$ 1,161,545	\$ 1,155,045	\$ 796,667	\$ 883,378	\$ 829,267	\$ 740,267	\$ 1,011,167	\$ 943,027	\$ 552,193	\$ 497,027	\$ 713,427	\$ 797,227
Beginning Cash Balance	\$ 1,320,997	\$ 1,480,824	\$ 185,389	\$ 328,471	\$ 197,452	\$ 242,434	\$ 285,666	\$ 683,026	\$ 1,020,675	\$ 1,422,435	\$ 1,890,195	\$ 2,087,056	\$ 2,355,056	\$ 3,027,890	\$ 3,736,890	\$ 4,276,491
Annual Surplus (deficit)	259,827	(1,095,435)	543,082	(131,018)	44,982	43,232	397,360	337,649	401,760	467,760	196,860	268,000	672,834	709,000	539,600	423,800
Savings (Water Tower/Riverfront)	100,000	200,000	400,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Balance	\$ 1,480,824	\$ 185,389	\$ 328,471	\$ 197,452	\$ 242,434	\$ 285,666	\$ 683,026	\$ 1,020,675	\$ 1,422,435	\$ 1,890,195	\$ 2,087,056	\$ 2,355,056	\$ 3,027,890	\$ 3,736,890	\$ 4,276,491	\$ 4,700,291