

**CITY OF PARK RAPIDS  
CITY COUNCIL WORKSHOP  
SEPTEMBER 10, 2019, 5:00 PM  
Park Rapids City Hall Council Chambers  
Park Rapids, Minnesota**

**1. CALL TO ORDER:** Mayor Ryan Leckner called the Park Rapids City Council Workshop for September 10<sup>th</sup>, 2019, to order at 5:00 p.m.

**2. ROLL CALL:** Present: Mayor Ryan Leckner, Councilmembers Tom Conway, Erika Randall, Liz Stone, and Robert Wills. Absent: None. Staff Present: Administrator Ryan Mathisrud, Treasurer Angela Brumbaugh, Police Chief Jeff Appel, Planner Andrew Mack, Public Facilities Superintendent Chris Fieldsend, Fire Chief Terry Long, Public Works Superintendent Scott Burlingame, and Clerk Margie Vik. Others Present: Robin Fish from the Enterprise.

**3. DISCUSSION:**

**A. 2020 General Fund Budget and Property Tax Levy:** Ryan Mathisrud stated staff and the Finance Committee have done work in preparation for this. We are presenting the proposed budget. Each department head earlier in the year gets a copy of their budget. They look at the previous year's trends in terms of cost, and what they recommend they will need to add or subtract from their budget for the following year. Then they all come back as a group and review the entire budget as a whole. Then we set a Finance Committee meeting, who goes through each item in the budget, line by line, to make sure it reflects the current needs. We completed this process over the last month. We now have a budget for you to review tonight. You have been provided with the 2019 Council approved budget, the first staff proposal of the 2020 budget, the Finance Committee's proposed budget, and the 2020 workshop proposed budget, for comparison.

Mathisrud stated the requested general fund levy is \$2,086,428.00. That has increased from 2019 by \$129,535.00. There is \$722,327.00 for the bond levy for the outstanding bonds that we currently have. The general fund is the number that we have control over and what we will be discussing today. That includes wages, maintenance costs, parks, etc. Bonds are for the projects that we have already done in the past, like street improvement projects. We don't have control over the bond numbers, outside of refinancing. Some of those have already been refinanced in the past and the interest rates on them are very low.

Mathisrud stated we are requesting an additional \$129,535.00 this year over last year's budget. That's a 4.32% increase over last year to the total amount levied. The increase to the general fund is \$109,060.00, or 5.57%. The increase for the bond payments is 1.52%. The number that effects the taxpayers is the 4.32% increase.

Conway questioned we refinanced our bonds and reduced our costs by \$7,000.00? Mathisrud stated that is reflected between the two numbers because there was a difference in project costs that was previously an estimate. There was an update in the number. Brumbaugh stated when we first did it in the first list it didn't have the new

numbers for the Highway 71 Project. I asked Northland Securities and used the estimate which was higher than the actuals because our interest rate came in lower than we had anticipated. So, in the first go round I had an estimated number, but the number we have now is what we have to put in our levy for 2020 that's based on Northland Securities schedule. Typically, that number is not going to change between a Finance Committee meeting and a Council workshop.

Randall stated when we started the budget, the difference between 2019 and 2020 was an increase of \$138,360.00. The things that the Finance Committee took out got it down to \$109,060.00. We were at 5.67% with the proposed budget and now we are down to 4.32%. We're going to touch briefly on what we did take out. There were some additions that we needed clarification on to see if we can make further reductions.

Mathisrud stated the goal tonight is to understand the budget. We are setting the preliminary budget and levy. The final levy will be approved in December. At that time the levy can go down but it cannot go up. It's important to understand the process. We can make further deductions after tonight, but we cannot increase the levy. Randall stated we'll only have one meeting in December, the 10<sup>th</sup>.

Brumbaugh stated the local government aid (LGA) for 2020 is \$553,279.00. That is an increase of \$56,891.00. That's the largest increase that we have received since 2014. We're now at the level that we received in 2004-2005. CGMC works each year lobbying to get more for the cities. We are still not at the same levels that we were in 2002, but we did get an increase.

Brumbaugh stated \$3,524,294.00 is for the general fund expenses for 2020. For budgeting purposes, I look at all of the insurance rates through the League of Minnesota Cities Insurance Trust (LMCIT). Those include workers comp, property, auto, and liability. I check their website to check on their rate increases for 2020. For whatever they tell us I use middle of the road. Workers comp was 1-5%, I use 3%. Property 2-4%, I use 3%. Auto insurance is relatively stable. It can change based on if you get different vehicles, and your usage. I use 2% for that. Liability 1-5%. I use 3%. Every department pays their share of the insurance costs. We have an increase of just under \$2,000.00 for our insurance. The full amount of our insurance is 1% of the increase for the budget.

Randall questioned are all of these final numbers known by December 10<sup>th</sup>? Brumbaugh stated no. We don't know what our insurance rates are going to be until later. We can't budget for the actual amount. When I take the increase, I base not off what our budget was for 2019, I base it off of what we actually paid in 2019. Mathisrud questioned will we have the final numbers for the final budget? Brumbaugh answered no. Conway questioned do we have trends year after year to base it on? Brumbaugh stated typically I base it off of what the LMCIT says. They base their numbers off what they are seeing.

Randall questioned do we know how much we have over budgeted for? I'm wondering how much extra we have had in the budget because we don't know the number. Brumbaugh stated if you look at your spread sheets, we budgeted \$24,627.00 in 2019. The actual is \$28,819.00. We could compare other years too. When we're budgeting for next year, I don't use the budgeted amount. I use what the actual numbers were. Randall questioned shouldn't we know the firm numbers for auto or property? Those numbers shouldn't change throughout the year. Brumbaugh stated we only pay those premiums once per year in February. They don't change. We get audited for workers comp every year. We make our payment and then we go through an audit in April. Sometimes we end up with a dividend and sometimes we end up paying in. Those all go back into it.

Brumbaugh stated 2020 is a negotiation year for the union contracts. So, I put in a 2.5% increase for all of the employees. There are employees that still have steps so it's not 2.5% across the board. So, people are stepped out, so they'd just get a 2.5%, and there are employees that aren't. All of the salaries in the police department increased by \$90,233.00, that's full and part time, and overtime. The new officer is \$54,000.00. That's on the expense side. We do have some revenues to offset some of it. We replaced an officer who quit with a new officer that came in at a higher pay scale. That was another \$14,000.00. We have some officers that still have steps to go. The union for the police department when you first start you get an increase every six months. We have some officers with some considerable increases in 2020.

Randall questioned all of this ends up on line nine, which is labeled overtime. That's not overtime. This is a total. It's mislabeled. I wanted to point that out to the other Councilmembers because I questioned that. Brumbaugh stated I can change the way I do it, but for me when I look at it, I want to see all of the salary totals. That's why I include them all together. I could do it line by line if that's easier for you. Randall stated I think it would be more beneficial to have it broken down further just in case there's a change in Council to stop the confusion going forward. When you look at this everything else is in that line going across. Brumbaugh stated the total general fund salaries for 2020 are \$1,830,413.00, that's including FICA and PERA.

Brumbaugh stated we have a cafeteria plan which means that we pay so much for a single plan no matter which plan you're on and we have three. We have up to an additional amount for a family plan. For budgeting purposes, I've followed what we've usually done, an additional \$25.00 on the single plan, and an additional \$50.00 on the family plan. Everyone is guaranteed \$9,300.00 on the single plan. If you're on a family plan it's up to \$14,628.00. The Finance Committee asked do we look at our health plan numbers. We do look at them every year. The members have voted to go to different plans. In 2018 everybody switched over to public employee's insurance program (PEIP). PEIP is a cooperative and has three choices for the employees to select from. We used to be on Preferred One 80/20. Then we were age based. That was allowed because we were a small employer. Some of our employees were paying huge premiums, which is why we switched. Every year we look at rates and what's out there. Our representative looks at all of the different programs to see what the rates are before we go forward. We don't change our plans without having the unions and non-union vote on it. The Council has control over how much is given, that's your side of it.

Randall stated we talked about this at the Finance Committee. I requested that before the final budget we have a meeting about the insurance. All the time I've been on the Council I've never had an in-depth discussion about our health insurance and compared it to other plans and to see what other cities our size are doing to make sure that we're being pro-active about our health insurance. It's always a give and take. We keep increasing and having insurance, but maybe we won't be able to increase salaries. I haven't seen that we've had a really good in-depth look at our insurance and if there is a way to tweak it or if changes should be made.

Brumbaugh stated the 2.5% is what I used for a number in the budget. The additional \$25.00 and \$50.00 is up to the Council. We could pull that back but the other portion of that without the addition is in contracts already with the union.

Brumbaugh stated PERA has not changed for coordinated, which would be everyone, excluding the police, that's at 7.5%. The police are going up in 2020 to 17.7%. That is an increase of .75%. That rate is set by state statute.

Randall stated the first part is what was in the budget prior to the Finance Committee meeting. The second half there's a notation of the Finance Committee changes as to what we modified so you can see our recommendations. Brumbaugh stated those items have been cut out of the budget. If you decided you wanted them, we'd have to add them back in. Some of the items the Finance Committee left in because they wanted the full Council to look at them rather than the Finance Committee making the decision.

Brumbaugh stated fire department telecommunications increased \$1,000.00. The fire chief would like to get a tablet and data service. The tablet is approximately \$500.00 and data service is \$40.00 per month for 12 months. Randall stated we did discuss at the Finance Committee meeting that \$40.00 is not an accurate number. That's the base contract so you'll have taxes and fees on top of that. It's probably closer to \$50.00 per month, or \$600.00 per year. I felt this should be cut from the budget. We left it in for discussion.

Terry Long stated what we are looking for is a tablet we can put in our first engine and use with internet data access. It would go hand in hand with our Active 911. Active 911 gives you mapping information from dispatch and mapping to the scene. Plus, there's a lot of information we can put onto the tablet like the mapping of fire hydrants throughout the entire city, or public water access sources. We're working now with RDO to use their irrigation systems for some of that. All of that would be accessible on the tablet in the first engine. Active 911 gives you real time incoming live numbers. We all have the subscription on our phone. When you get a call your Active 911 goes off, you hit the respond button and it will show you on that tablet that you're responding and how far away you are. We would know how many people are close and how quickly that engine could roll. We've had the Active 911 for a few years now. It's growing all of the time.

Stone questioned this data plan would be paying for that Active 911? Long stated no. You'd be paying for cell phone or hot spot so that tablet would be able to use internet service. Stone stated I have a tablet and it's \$10.00 per month. Where does that \$40.00 come from? Long stated that's an add-on to an existing plan. We don't have any plan now.

Conway stated I understand the mapping piece and how that's going to assist response time. What's the key indicator for the other attributes that you want? So, knowing how fast I can get to the engine to roll. Is that going to speed your response time? Where do we gain the advantages? Mack stated it can interface with the county 911 system. All of that mapping is built into the county as part of dispatch. It's all tied together. Conway stated I get the fact of having a map to get to speed up your response time. Mapping fire hydrants and knowing how fast the firemen will respond to the engine, and all of the ancillary stuff that is included, is that increasing response time? Long stated it may increase response time some. Typically, it's our policy not to roll until the truck is full. But if you had an alarm call and knew the fifth guy was five minutes out, they would probably call an officer, since officers go to the scene, and ask we have four right now do you want us to roll with that? And the rest could come on another truck. You might get a little bit faster response on that type of thing. In general, the information is really important because regardless of what we as officers or on the truck the guys who have their equipment on and are sitting in the truck, they are not doing anything else. They can look and analysis this data and decide to get going or to call in mutual aid. The overall response would be better.

Conway stated that's what I'm looking for. Other than saying this is what it does for us, how does that translate to our performance. Long stated we do that to some extent. The other things you can do is check the weather. We've had several supposed gas leaks

in the city. It's nice to have the ability to pull up current weather data to check where the wind is coming from and how strong it is. Those things effect natural gas or propane in a cloud. Leckner stated in the winter when there's a lot of snow that hydrant map helps. Long stated in the past we've had firemen that are also city employees and they knew where the hydrants were. But some of those have retired. It's more of a struggle now to know exactly where they are when you're in route.

Randall questioned I thought the tablet would be with data. You're going to do a hotspot? Long stated we want to be able to use it in route. We'll have to have some plan. Randall stated you can get a plan for that so you don't have to have a hot spot. I want to make sure we don't have an extra hot spot that's going to be used for other things and other people are connecting to it.

Leckner questioned with the city's cell phone plan couldn't we add a tablet? Brumbaugh stated we don't have that. Government plans are different than personal plans. We pay a set fee per line. We have decent government rates. It's cheaper than grouping them, yet the options for us are limited.

Randall stated we also talked about the phone line at the fire department. Brumbaugh stated the department heads are prepared to answer some of those questions you had from the Finance Committee meeting. The price for the phone line to the fire hall is \$36.00 per month. Long stated it's not a high usage phone line. We don't take 911 calls at the hall. It's nice to have. Randall questioned how often does it get used? Long stated I would say rarely. If we have to trade one for the other, we'd trade it away. Randall stated it's not about trading, it's about being budget conscience about having a phone that is not being used. Long stated according to the previous police chief the line is there because we talked about installing a fire alarm system in the building and a phone line would be needed for that. Before cell phones that line was used regularly. You would need to install a remote fire alarm system if you didn't have a phone line, but if you were going to use it remotely, you would need the phone line. Other than that, it's not a high usage item. If its between the two I'd prefer the tablet and data. Randall stated it's not between the two but they are somewhat related. I want to clarify, it's not between the two. I wanted to look at money being spent that is not being used. That's what I see this as.

Randall questioned should we leave the tablet in the budget for now? Stone stated I certainly see the benefit of it. Leckner stated we can leave it in, and reduce it later if we want. Conway stated maybe we should be thinking in priority of the dollar amounts of these items. We've spent 15 minutes talking about a \$500.00 item. Randall stated the items in question are all pretty low.

Brumbaugh stated the air siren expense is not in your budget. If you decide you want it fixed this year, we would have to add that expense. Mathisrud stated the questions include are these things obsolete now? We just participated in an emergency management plan and there are supposedly grants available for a replacement. I reached out to the Hubbard County Emergency Manager Brian Halbasch. If we applied to a grant that periodically becomes available, he indicated he had never seen a grant awarded to this type of thing. That doesn't necessarily mean it isn't fundable. In terms of whether or not they are of value to the community, it's one of those things that communities are not getting rid of. Communities are choosing to maintain them. A previous community that I worked for that had a tornado come through and their siren did not go off. It did become an issue for the Council. They ended up replacing all of their air sirens in the community. This is something we may want to continue to maintain.

Fieldsend stated it does work now. Right now, we have Hoffman Electric working on it every month to keep it running. It needs to be replaced. Stone questioned we incur an expense every month? Fieldsend stated yes, we have been. Randall questioned what is the cost to replace it? Fieldsend stated we need a new pole, and some electrical work to install a new one, so about \$20,000.00. Stone questioned what does Hoffman charge every month? Fieldsend stated about \$500.00 to \$1,000.00 per month. We also evacuated a squirrel's nest from there recently. I would suggest budgeting for it, and pulling it out later if you want to. A new one would be electronic.

Randall stated we'll have more information in December. Mathisrud stated we should also have more information on the availability of grant funds later. Conway stated we'd be adding an additional \$20,000.00 to the budget. Stone stated we've been putting a band aid on it every month. That doesn't make sense. If something happens, we'd be held liable. Mathisrud stated I wouldn't say liable but there was major concern indicated by the citizens of that other community. Wills questioned what if we announced that we no longer have an air siren and that citizens should use their cell phones instead. Leckner stated maybe they are getting outdated. Randall stated I think more research is needed. Fieldsend stated we get lots of phone calls when it's not functioning correctly. Mathisrud suggested staff put together a more robust plan for the siren to be presented later. The Council agreed to add \$20,000.00 to the budget for replacing the air siren.

Brumbaugh stated to upgrade the fueling facility our portion is 10% of the costs. We decreased that line item by \$13,000.00 and left in \$7,000.00. The new conversation with the county is they are not going to do the project in 2020. The intent is to put \$7,000.00 aside over a three-year period so we'll have the funds available when they do decide to do the project.

Brumbaugh stated we budgeted engineering expense for the parks. This was requested by the tennis association for \$9,700.00. They want the tennis courts to be reconstructed. There is another expense for soil boring at the tennis courts for \$4,300.00. The Finance Committee chose to pull both of those out of the budget. The intent is the Parks Board needs to decide what the most important thing is for them for the CIP. That will come before you as part of the CIP meetings.

Brumbaugh stated the softball association is requesting agrilime in the amount of \$5,000.00. Fieldsend stated every three years the city gives the softball association money for agrilime. They are also looking at doing fences there, so they will match any funds the city puts in. Leckner stated the Finance Committee was in favor of this expense. Brumbaugh stated the last time we did this was in 2016. Randall questioned should we be anticipating this expense? Fieldsend stated normally we wait until they ask. Brumbaugh stated history indicates we are doing this every four years. Randall stated we should anticipate this expense again in 2024.

Stone questioned has the expenses for the tennis courts been removed in the past few years? Brumbaugh stated this is the first year they have brought forth actual price quotes and asked for this particular work. Randall stated the tennis association came to us last year saying they wanted to replace the tennis courts. They have been active over the last year about it and trying to get the city on board. Then they made this request to get the process started. We did pull it out of the budget because it has not been on the CIP at all. We need the Parks Board to make it their priority and to put it on their CIP. It needs to go through the proper process. Leckner stated we've given them money for other things. If they want to change their priority to the tennis courts, that's their decision. Brumbaugh

stated the association has asked the city to repair the courts in the past, but this is a whole redo.

Randall stated we've been given the increase before the Finance Committee went through it, and then the next page shows what was taken out.

Brumbaugh stated in capital outlay, which is natural resources, according to the CIP, there is budgeted \$10,000.00, for a wheel loader grapple. For tree removal it's more efficient and safer. Randall stated we recommended that it stay in the budget. We felt that at this time it is necessary and it will last a long time.

Brumbaugh stated for maintenance and repairs of office equipment we budgeted \$1,000.00 for waiting room chairs in city hall. It's the last thing that has not been replaced. We have three elections for next year in 2020 so it increased the budget by \$8,243.00. Mathisrud questioned is that third election state mandated? Brumbaugh stated the state is supposed to reimburse us for that. But we still have to budget for the elections.

Brumbaugh stated it was questioned about all of the contractual fees that are in the police budget. I had the Paul Bunyan Task Force listed twice under dues and memberships, and under other professional services. \$1,800.00 was removed. We increased conferences for the Council by \$500.00. Mathisrud was asked what organizations that he would like to be a part of. He wants the ICMA and the MCMA. The rotary would be removed due to the city not being able to pay for that. We would lower that portion by \$75.00. He would like to increase the conferences for administration by \$550.00. Randall stated you can make that change. We can talk more to Mathisrud between now and December. I was concerned that the city can't pay for rotary dues. We felt as a Council that it was important for him to be in rotary and we can look at reimbursing him some other way.

Brumbaugh stated if we make the changes that we talked about, \$20,000.00 for the air siren, decreasing dues by \$75.00, increase conferences by \$550.00, your total expenditures would be \$3,515,469.00, with your levy at \$2,086,428.00.

Appel stated we talked about drug testing. It isn't an "observed in the room process", but they do a search before you go in. The sink is sealed and there is dye test in the toilet. Randall stated if we are paying for a drug test and it's not observed, it's not worth it because people could get around it. I'm comfortable with the testing mechanism that they are using. Appel stated the other option is the Clear Program that is \$125.00 per month. With Clear we'll get 25 user accounts. I'm looking into switching over to Clear and it will be a \$25.00 saving per month over the one we have now.

Randall stated we'll have another Finance Committee meeting. Then we can get the answers to the rest of our questions at another time. Leckner stated we'll take care of that before the final budget.

**4. ADJOURNMENT: The meeting was adjourned at 6:00 p.m.**

[seal]

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Mayor Ryan Leckner

ATTEST:

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City Clerk Margie M. Vik

September 10, 2019

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