

**CITY OF PARK RAPIDS  
CITY COUNCIL WORKSHOP  
SEPTEMBER 10, 2013, 5:00 PM  
Park Rapids Library-Lower Level  
Park Rapids, Minnesota**

**1. CALL TO ORDER:** The September 10<sup>th</sup>, 2013 Workshop of the Park Rapids City Council was called to order at 5:00 p.m. by Mayor Pat Mikesh.

**2. ROLL CALL:** Present: Mayor Pat Mikesh, Councilmembers Erika Randall and Paul Utke. Absent: Councilmembers Dave Konshok and Rod Nordberg. Staff Present: Administrator John McKinney, Public Works Superintendent Scott Burlingame, Treasurer Angela Brumbaugh, Planner Dan Walker, Facilities Maintenance Superintendent Chris Fieldsend, Police Chief Terry Eilers, and Clerk Margie Vik. Others Present: Anna Erickson from the Enterprise.

**3. DISCUSSION:**

**3.1. General Budget for 2014:** McKinney stated this process has been forced into a tight timeframe because of the information coming out of St. Paul. We have now prepared for your consideration a preliminary 2014 general budget. As directed by the Council, at the next meeting we will be bringing you the CIP budget. All of the department heads participated in this process. Brumbaugh has put it all together. We have our levy limit and LGA numbers. We were unable to schedule a Finance Committee meeting which would be the normal course of action. This will be the first glimpse that you've had of this document in its official form.

Brumbaugh stated the proposed revenues for 2014 are \$2,901,362.00. It was \$2,689,024.00 in 2013. That is an increase of \$212,338.00. The proposed expenses are the same for a balanced 2014 budget. The budget has been broken down by functions and departments. We like to look back over the last three to four years to see what was trending at the time to figure out what we need to do for the following year. The increases and decreases are all listed on the graph for comparison along with any major changes, by department, for the budget. Also provided is the proposed general fund budget broken down by department and then each line item, and several graphs for both revenue and expenses, and one for LGA over the last twelve years. Your LGA graph shows the certified and the actual amount received. There was a period of time that the state would say you'd get X amount of money, but then they were allowed to change their minds, which they would do. McKinney stated when they changed their mind it was to reduce it.

Brumbaugh stated presented to you is a levy history that shows you the general fund and the bonds. This goes along with the resolution you will adopt tonight. The total increase in the levy for 2014 is \$128,095.00, which is 5.72%. Your general fund is \$64,995.00, which is 4% more than last year. Your bonds increased \$63,000.00, which is 10% more than last year. McKinney stated the reason that we break down the debt service versus the general fund is that we don't have any control over the debt service. That's a

schedule that was created when you issued those bonds. We have to pay the bonds back according to that schedule. Unfortunately the total of that schedule is up this year by \$63,000.00. Brumbaugh stated that's typical. The bond payments are set up to increase over the life of the bonds. McKinney stated the increases are a product of, in addition to the bonds, the general fund is up \$64,995.00. LGA is up, we are nowhere near the levy limit. We have expanded some of our operations to our economic advantage, but we have the upfront costs.

Brumbaugh stated the city revenues don't change a lot, except for property taxes. Utke stated the revenues are cut and dried. In previous years when LGA was iffy we never budgeted all of it and it appears that we are this time. What are the guaranties?

Brumbaugh stated the state has stopped changing the amounts. It sounds like this is the amount we will get. We looked at not budgeting all of it. When they say this is what you should get, they'd tell us this is what we think we'll give you. Then we'd budget for the lower amount. They've always known ahead of time what they were going to give us. I haven't heard they're going to cut it, but I can't say for sure. This year they haven't given us the double number which they have in the past. Utke stated as long as their revenues come in we'll get a check.

Brumbaugh stated we actually get a lot of revenue off of the franchise fees, for cable, electric, and gas. The fees for electric and gas are based on how many connections in the city. With cable it's based on how many subscribers. We get cable franchise fees from Arvig and Charter.

Brumbaugh stated our budget is set up by departments and then by functions. The public safety function includes police, fire, and all of the inspections. That is based off of some state accounting standards. McKinney stated general government starts with Council through unallocated expenses. The breakdown of each department is listed in the spread sheets. A lot of the increase in the police budget is dealing with PERA, the younger officer's salary step increases, training, fuel, and different accounting methods for insurance.

Utke questioned overtime on some departments is huge, is there something that made that go way up? McKinney stated a big part of that is snow removal. Utke stated administration is also up. In 2013 it was \$1,630.00, and for 2014 it will be \$17,428.00 that followed through on other departments as well. Brumbaugh stated even though it's showing on overtime that's all of the wages. We're only budgeting \$1,900.00 for overtime. When I looked at increases I pulled all of the salaries together. \$17,428.00 is an increase of regular salaries, year-end payouts, and overtime. It looks huge. We don't use the grant wages now for the police in 2014.

Eilers stated there was some extra overtime because we ran for six months down by three officers. We used part time officers and the regular guys taking extra shifts. From now on everybody is back to work. Randall questioned you have suggested an increase for overtime in 2014. Will you still use the overtime that you did? Brumbaugh stated I did the salaries. I look at what's been used in the past and then average it. If you take into consideration the increased wages, that's why it's more. It's not necessarily more hours.

Brumbaugh stated the police liaison budget doesn't change a lot. The school pays for 50% of all of the costs during the time that school is in session. That includes their benefit costs for those days. We usually get about \$24,000.00 from the school and that's what's budgeted.

Brumbaugh stated the fire budget increased \$19,000.00. That's for uniforms and worker's comprehensive. The department is planning for three more retirements. They need \$10,000.00 to outfit the new firefighters. Another major area is maintenance, repairs and equipment. It's been costing more to repair lately based on past averages.

Brumbaugh stated building inspections were increased by \$5,000.00. Based on upcoming projects there will be an increase. There is a revenue line to go along with that to balance it out. That is the same for housing rental and plumbing inspections.

Brumbaugh stated the public works department line item for highways and streets is looking at a decrease. The ice and snow budget is higher than it's been in years. Last year (2013) we budgeted \$75,000.00 in highways and streets for bituminous overlays. For 2014 it's only \$40,000.00 because that's all we spent in 2013. Street lighting was increased to \$28,900.00. We still have seven intersections in residential areas that are not lit. Along with that, there will be more electricity used. Utke questioned are we proposing to do that all in one year? Burlingame stated it's needed to be done for the past ten years. Utke questioned what type of intersections are we missing? Burlingame stated just a typical residential area. We'll need one light per intersection. Most have never had any lighting.

Brumbaugh stated sidewalks and crosswalks are up \$5,488.00. The majority of that is just street maintenance. In 2002, we used to budget for sidewalks every year. Now it's more of a reaction process to fix damaged sidewalks. The goal is to try and be ahead of the game. The ice and snow budget increase is \$9,599.00. In street maintenance, salt and sand was increased by \$5,000.00. If we have a winter like last year, and we're not done yet, we'll use a lot more. We don't store salt and sand. We buy it from the county based on what we use.

Mikesh questioned are we doing anything different for Main Street? Burlingame stated what we did was a onetime deal for the concrete. Mikesh questioned we're still seal coating every other year? Burlingame answered correct. McKinney reminded the Council that we're not done with this year's budget. If it snows in November it will come out of 2013's budget. Utke stated we experienced as high as we should have to see.

Brumbaugh stated library and parks are considered under the culture budget. Library has seen an increase of \$5,600.00 for salaries, insurance, and contractual services. The library's repair and replacement budget went down. The parks budget is seeing an increase of \$21,000.00, due to salaries, maintenance, repairs of equipment, and insurance for the parks. Natural resources and economic development is under the community development budget. The natural resource budget is up \$1,200.00. That is salaries, and we decreased tree planting and maintenance because it has been over budgeted in the past. Economic development is \$40,000.00, which is the payment for Hubbard County Regional Economic Development.

Brumbaugh stated general government includes the Council. The difference in that budget was \$2,268.00 due to how the insurance was calculated. Payments to other agencies were increased \$800.00 for the wayside rest. The city, county, and the chamber have an agreement where we pay 45% to the chamber for the wayside rest operating expenses. Administration was increased by \$26,000.00 for salaries, benefits, unemployment insurance, telecommunications, advertising, rents and leases of equipment, professional services, upgrades to the website, minor equipment, and office supplies.

Utke questioned what do we need for the website? Fieldsend stated there's a company that provides a template and we pay a yearly subscription. This is part of moving us over to that and the cost of the original software. After that it's about \$1,800.00

annually. They will then continue to update our software. This budgeted number is a onetime expense. A different company was over the \$10,000.00 range for the same thing. McKinney stated we can't do anything with what we have now. We have to do some conversion.

Brumbaugh stated we budgeted for new voting booths this year. Ours are really bad. I didn't do anything different with the attorney's budget. That expense is for the Hubbard County Attorney and for Flaherty & Hood. McKinney stated Hubbard County has had a lot more cases this year than in the past. Since we have a two year contract with him we're not changing it, but he'll come later and give us a report.

Brumbaugh stated government buildings increased \$31,000.00. The reason for that is in the past we haven't had anyone working on our buildings. It's a salary increase. We increased maintenance and repairs. We're hoping to update the meeting room. Gas and utilities are trending higher. The capital outlay has been increased for new flooring for city hall.

Brumbaugh stated the assessing line item is for Loren Tolkkinen's fee. Planning and zoning increased by \$10,000.00 for salaries. Walker took out money for destination signs. That will be moved to the CIP. The unallocated expenses are for property and lodging taxes. With the orderly annexation agreement that we have with Henrietta Township we pay them the majority of their property tax for five years. It's on a sliding scale. When the property is annexed in, then we write them a check. Lodging tax expense was increased based on what we've received. We're a conduit for the money. We pass it on to the Park Rapids Convention and Visitors Bureau. We set aside \$3,000.00 annually for Heartland Express.

Utke questioned this upcoming year the city no longer has to pay sales tax. Did you take that into account? Brumbaugh stated I didn't. There are certain things that we're tax exempt on right now. I'd have to look at each vendor to determine that. We will have to do an ST3 for everybody that we do business with, which is required by law. We do approximately 260 checks per month. Utke stated that would just be initially. Brumbaugh stated right.

McKinney stated we have to adopt a preliminary budget and certify it by September 15<sup>th</sup>. The final budget will be adopted in December. We can lower anything here, but we can't raise it after adoption.

**4. ADJOURNMENT: A motion was made by Utke, seconded by Randall, and unanimously carried to adjourn the meeting at 5:53 p.m.**

[seal]

---

Mayor Pat Mikesh

ATTEST:

---

Margie M. Vik  
City Clerk