

**CITY OF PARK RAPIDS  
CITY COUNCIL WORKSHOP  
SEPTEMBER 8, 2015, 5:00 PM  
Park Rapids Public Library-Lower Level  
Park Rapids, Minnesota**

**1. CALL TO ORDER:** Acting Mayor Paul Utke called the City Council Workshop for September 8<sup>th</sup>, 2015 to order at 5:00 p.m.

**2. ROLL CALL:** Present: Acting Mayor Paul Utke, Councilmembers Ryan Leckner, Rod Nordberg, and Erika Randall. Absent: Mayor Pat Mikesh. Staff Present: City Administrator John McKinney, Treasurer Angela Brumbaugh, Public Facilities Superintendent Chris Fieldsend, Planner Ryan Mathisrud, Public Facilities Superintendent Scott Burlingame, and Clerk Margie Vik. Others Present: Sue Tomte.

**3. DISCUSSION:**

**A. 2016 General Budget and Levy:** Treasurer Angela Brumbaugh stated we are mainly going to be looking at the general fund portion of the proposed levy. Per our preliminary budget there is an increase of \$65,999.00 in the levy. The general portion of that is 3.84%. That is taking into account all of our revenues in the general fund, and all of our expenses. After we go through and look at everything, whatever we're short ends up being part of our property tax levy.

Brumbaugh stated there aren't any major changes in the revenues. Most of our revenues are based off of a three year average. If I know of any trends that are changing, you will see that. McKinney stated it's pretty much what you would expect. We did receive \$59,000.00 from the state. Brumbaugh stated that's showing on the expense side and I want to make sure we're not levying again for it. It is the \$59,000.00 that we're getting for the state aid for streets. That is the only difference that I'm showing in 2016. We get the money in 2015, but we're spending it in 2016. I want it included for that purpose. McKinney stated we do have some carryovers, like the money for city hall in this budget that we won't spend because we still have tenants. Brumbaugh stated expenditures for city hall are going to come from liquor. We can always designate that at the end of the year.

McKinney stated we have similar situations here if we don't spend it for some reason, like the police capital purchases for computers. We don't know yet. Brumbaugh stated that's a big area that we are a little unsure of what's happening. They have donations that they've received. The money that you see in the expenditures for police capital laptops and software what Eilers felt he would need in 2016. We have budgeted money in 2015 for that. He's stating that we're not going to get everything in 2015. He's thinking we'll get more in 2016 and 2017. The other part of that are the donations received and I'm not sure he calculated that in there. McKinney stated he had not the last time I talked to him.

Utke stated other than that the revenue flows pretty good, so we can go right to the expenses.

Nordberg stated one iffy thing is the building rent at city hall. We think it's a wash. McKinney stated they have been paying rent even though we've asked them to leave. Nordberg stated it's on a month to month, but we have not given them the option of an increase. McKinney stated we did increase their rent for the remainder of 2015. But it's not included in the 2016 budget. Randall stated we expect them to be leaving.

Nordberg stated going back to 2012 there are slight increases which tend to be salaries and insurance. It's pretty routine.

Brumbaugh stated the contracts have been settled for the unions, and the non-union. All of the raises for that have been inputted. The League of Minnesota Cities has some recommendations out for insurance increases, which I used. It's 2% on vehicles and 5% on other, and workers compensation is 6%. Those increases will be reflected in the different departments.

Brumbaugh stated on line 25 we did decrease the maintenance and repairs for the vehicles because of the fact that we have three new squad cars coming. We felt that the maintenance costs should be less. The big item in the police budget is on line 49 and 50, the laptops and the software, and \$30,000.00 for a squad car. At this point, the thought on cars is to replace them every three years by setting aside money each year so we don't see one huge increase in the budget when it's time to replace the vehicles. Randall stated we have \$30,000.00 here and we just bought three, so that will be set aside. Brumbaugh stated we'll designate it. Randall stated so you'll have \$90,000.00 in the fund to buy three vehicles at the same time? Nordberg stated yes. That won't cover it all but we're hoping to get money for trade-ins. The \$30,000.00 doesn't really cover all the costs.

Utke stated hopefully the cars will last more than three years, maybe four. But we do have a couple more cars in the fleet, so this isn't just for the three squads. Randall stated we need to get all of our cars current. We have some very old cars right now. We have guys riding together because cars aren't working. I don't want to see us only having three new squad cars. I fully expect that all of the cars we have right now should no longer be on the road in a year. Utke stated we have three squad cars that our officers use. Then the other two, are the chief's and the investigator's. Those are a little different type of vehicles. Randall stated the chief is driving a forfeited car.

Utke stated we have seven cars right now, but there should only be five when things are going right. Fieldsend stated in use right now there are two sedans, a Durango, the chief's, and the investigator's car. There are two or three out back that are not being used, another Durango and two more sedans. Randall questioned the Durango that is being used right now, are we going to replace that? Fieldsend stated the thought is the two squads and the Durango are going to be replaced by the new three we just got, so then we got two old ones left.

Randall questioned so we need to budget \$30,000.00 each year from the get-go when we just took this huge hit now on purchasing three cars? Fieldsend stated if we don't then we're going to get behind. We're either going to have to put the money in there now or later depending on the rotation we come up with. Randall questioned how realistic is it to always be replacing three cars at the same time? It seems like one will get used harder than the others. How realistic is that expectation that we're always replacing all three at one time? Fieldsend stated we need to try it and see, but realistically all three should get about the same mileage on them. Randall stated they won't.

McKinney stated the bottom line is what we're really committing to here is putting away a certain amount of money each year towards vehicles. We haven't been doing that

so we got into a situation in 2015 where we had to come up with all of the money to buy three cars. We want to set aside money each year so we have a fleet fund. Ideally all of the cars will last the same amount of time. But even if they don't if we don't do this program we don't have any money except to go get it. We're building it up as we go over each year. Utke stated it takes the peaks and valleys out of the budget line. Randall stated I agree it's not been handled properly for the past several years. I agree that we need to address it differently, but it seems like a pretty big hit to throw \$30,000.00 in there when we just bought three cars. I think it's too big.

Utke stated that's what we're here for, for discussion. At the Finance Committee meeting, we started out there and then talked about having this and evening it out with the same amount over the years. I was thinking maybe this year we could go without. That's up to everyone sitting at this table to see how we want our budget to move forward.

Leckner stated you're looking for a better plan than in three years buy three cars. If there's one that's getting older now maybe buy one next year. It's just money that you're allotting. But to say in three years, you're going to replace three cars, maybe there's a better plan.

Randall stated I don't want to see \$30,000.00 thrown at it this year. I think there should be some money put in there. That's a better plan to prepare. We have to replace squad cars. That's a fact, and they cost money. I think putting money aside is good. I don't think it should be \$30,000.00 this year. I'd like to see something else, and then next year at this time to see what is the mileage that we've been putting on those cars. Then see where we're at with the other cars and try to get a better idea of how long are these cars going to last based on mileage that we have put on them. They are not racking up the miles that the county deputies do. That's a fact. Hopefully they won't need to be replaced as often as the county is replacing theirs. Theirs are on a three to four year rotation, max.

Fieldsend stated we bought these 2011s, and we should have gotten rid of them last year, which would have been three years. That's why we went with that timeframe. If we can get the mileage evened out maybe they can go five years. Randall stated I don't want the guys driving the junk they are driving now. We've gone too far. I'm all for getting a schedule so our guys are driving decent stuff out there. I want to see, with these new squads, what are the miles that we are putting on. I'll be curious to see what kind of mileage the day shift puts on. We have some day shift people doing more administration stuff than out doing road work.

McKinney stated there are two issues here. One is the concept of setting aside money annually for fleet expenses for the department. The other is how much and how often. Police cars are simply a matter of mileage. They get pretty tough treatment, and sometimes it has nothing to do with mileage. So \$30,000.00 spilt over five cars per year for three years might not be enough. Maybe three years is too short. Our recommendation is that you buy into the concept to start funding each year a cost that is ongoing. If you don't think it should be \$30,000.00, that's okay. The rational that's really different is let's fund this thing as we go at some amount. Leckner stated I like that idea. It takes away the peaks and having to come up with a lot of money. What the number is, is where a better plan would be helpful.

Randall stated we have three brand new squads. They're not even being driven yet. We have a car that is a few years old, and the chief's car that was forfeiture. That vehicle gets almost no wear and tear. It's not involved in the chases. That car even as a forfeiture was worth almost \$30,000.00. You have to look at what we have right now too, and when is it realistic to replace the chief's car. It's not. That's not worth replacing in the next five

years, maybe even eight considering the condition of that vehicle. While we can say we have five cars we have to look at what we have right now too. McKinney stated I think we are saying the same thing. We need to convince you it is an annual expense. Utke stated cars wouldn't be and shouldn't be replaced until needed, but when they are there would be a fund there to do it. Randall stated I totally agree that there should be a fund there.

Randall stated I don't even want to talk about line 49 until there is some further discussion between the Finance Committee and the chief. I'm confused as to why we budgeted for this software in 2015, and why we are budgeting for it again in 2016, and possibly 2017. The software is not an option. It's required. The sheriff's office switched to the software. It's going to be up and running in October, and we budgeted for it. These laptops, maybe we have to look back to see if we budgeted for two laptops in 2015, and is this for all of them? Plus, there was a \$17,000.00 donation that they went out and got for laptops. In my opinion that donation should go solely to laptops. We budgeted for the software in 2015. Why are we seeking donations for things we budgeted for? The software is not an option. The laptops we could say let's hold off for another year. For the software we had to come up with the money even if we didn't have it budgeted. The guys wouldn't be able to do reports without it. They can't do their jobs without the software. It's the only way they can function is with the software. I'm confused and this needs a lot more explanation. I'm getting nervous as to why this is in here.

McKinney stated part of the discussions that we've had is when it is available to convert over because the sheriff didn't get the money they were supposed to and it didn't proceed on the timetable that they had planned. Randall stated I wasn't part of that so I don't know. I just want to make sure that if the payment isn't due until 2016, he wants to move it to 2016. I guess I can understand that. McKinney stated I can get clarification. Brumbaugh stated that money was for the cars because we haven't paid for them yet. Randall stated we budgeted separately for a car last year and the software. That was known. When it was presented to us last year it was thrown into the software and laptops, but you can't confuse that with the software that goes into the laptops. The software is their whole data base program. We budgeted for that. This needs a lot of explanation.

McKinney stated I think some of this is carryover because they didn't spend the money that we started out the year with because the sheriff wasn't ready. Leckner questioned they still don't have the program? Randall stated they just got trained on it two weeks ago and it's set to go live in October. Brumbaugh stated you guys approved \$14,000.00 on that about a month ago. Randall stated so we've done a partial payment. Brumbaugh stated we haven't paid it yet but it will come out of the budget in 2015. Randall stated so this isn't right then. Brumbaugh stated I think when this got added it was an afterthought, that \$23,400.00. We didn't have it to start with, and Eilers was leaving. I think we need more information on it too. McKinney stated we have two uncertainties, cost and timing.

Randall stated what would be helpful to me, because I know the distinction between these two, is I'd like to see the itemized program separately, and then the laptops separate. The laptops are going to require that program on them. Brumbaugh stated I didn't understand it either. Randall stated we could still say we're not going to buy laptops for our squads. But we are still paying \$46,000.00 for the program. That's their new database that communicates with dispatch and the county attorney's office, that's how they do their reports. We are all switching over to this.

Nordberg stated I do recall that it was budgeted for over several years, and there was separate money for the laptops. I assume there is software on the laptops. Randall answered right. To me, when you buy a laptop it's not going to do any good to throw a laptop in a squad car if it's not outfitted with the program. We need the individual costs for the laptops, ready to go for these guys. Whatever that takes. What does that cost? I do recognize that it wasn't all in one year, but this isn't referencing the fact that we've already authorized some monies to get paid, and a \$17,000.00 donation they went out and got. McKinney stated we haven't reflected that donation in any of this. Brumbaugh stated no. It was right before Eilers was leaving. McKinney stated we will get back to you on that.

Brumbaugh stated we did increase line 76, maintenance and repairs, for the fire department. When they need repairs it's costly and it's all over the board. We have some big expenses for this year. It's an estimate as to what we'll need in 2016. They also need some new pagers. They don't have any extras. It's \$2,000.00 for four pagers. On line 96, state fire relief aid, has been increased \$10,000.00. That is a total wash in our system. We have the same amount in the revenue side. This is a pass through.

Nordberg questioned on line 76 we are already over 2015's budget. Where does that extra \$15,000.00 come from? Brumbaugh stated we will look at the whole department to see if there's money in a different line item that we can pull down to cover that.

Randall questioned what's the issue with the pagers? Do they need to be replaced or aren't there enough? Brumbaugh stated it's \$500.00 for the replacement of one pager when it quits working and can't be replaced anymore. Randall questioned so these are just to have on hand? Brumbaugh stated that's my understanding. Randall stated so if one quit working someone would be without one until it got back in. Brumbaugh stated I was told that after a certain period of time they have to get different pagers. Burlingame stated with the abuse that they get over the years they become so scratchy you can't hardly hear the voices. They wear out. The Motorola's aren't that great. My first one was a hand-me-down that was perfect. When we went to the new radio system we got Motorola's, they don't work nearly as well. Brumbaugh stated we do send the pagers back and forth quite a bit. Burlingame stated if someone's pager isn't working we can give them a different one, and send the broken one in to get fixed. Sometimes you'll get two or three of those at a time, so it's not good not to have some on the shelf. Utke stated we have twenty-six firefighters so that's a lot of them out there. Randall questioned are there any other companies out there that make pagers that comply with the system? Burlingame stated I wasn't in on that purchase so I really don't know. Brumbaugh stated we can ask Mike Ridlon to check into it. Randall stated if it's a bad product maybe we need to look at who else makes them.

Nordberg stated on line 79 I noticed we're budgeting less fuel. I know the cost of gas has gone down, but in 2013 it was over budget. Is that wise to depend on lower fuel costs? I recognize that we'll probably be under budget for 2015. Brumbaugh stated I understand what you're saying but it gets back to the averages. We went over in 2013 and were under in 2012, 2014, and 2015. That's why I lowered it.

Brumbaugh stated we have an offset for building inspections on the revenue side. The numbers are based off of trends in the building permits. We offset that on revenue with a little bit for us. The cost in housing rental inspections has increased somewhat based on staff time. Plumbing inspections are the same. Our inspector does all three of those and there's revenue on the other side for those.

Brumbaugh stated all of the salaries for highways, streets, and roads are all added together so the numbers may look different than last year. They work in many different

departments so I took a three year average. That changes depending on how much snow we get. Those numbers aren't always spot on. It depends on what happens during the year. We got \$59,000.00 that has been placed in street maintenance. The Finance Committee's recommendation was to include a total of \$70,000.00, \$59,000.00 from the state and an additional \$11,000.00. They were interested in finding different things that needed to be done around the city for roads and have staff make recommendations. The recommendation on the gravel conveyor is to get more information on the need for it.

Nordberg questioned what are we doing now? Burlingame stated we do it by hand. We take a pickup and dump gravel. With a conveyor we'd be able to use one of our plow trucks and conveyor the gravel right to where the wash out is. Then we could shoulder the streets more efficiently. Utke stated it's the attachment that goes on the back of the gravel box for shouldering. Burlingame stated there is a lot of labor in the way that we do it now.

Utke questioned how many miles of tar do we have that have gravel shoulders in town? Burlingame stated I can't give you that hard number. We have a lot of rural streets in town, whether it be a mailman when they drive off the tar, then it turns into a washout and we have to fill it. McKinney stated this is maintenance. Utke stated that makes sense. Our discussion at Finance was we were thinking of tarred streets, but you're talking about that little drop off all around town. Burlingame stated I don't see us having curb and gutter all around town in my time because of the cost. Nordberg questioned you have the truck that this will fit on? Burlingame stated all of our trucks have sanders on them, so it would fit on all of them.

Randall questioned there's still some work to be done as to where that money will go for the street projects? Brumbaugh stated they have the money and it's specific for streets. Because it's under \$100,000.00, if they come up with a project we can get quotes yourselves without using engineering. Utke stated we wanted staff to work this up so we don't have any extra expense going out, so for \$60,000.00 we'll exactly get a \$60,000.00 benefit. Nordberg questioned is there any chance it could happen in 2015 since part of the money is already here? Burlingame stated not likely. The checking around we did revealed no one has any time to do anything for us. It does depend on what you want to do. We initially thought of doing an overlay, with that you would have engineering because of the specs, and that's a little more complicated than a sealcoat. Utke stated you don't get much overlay with \$60,000.00. Let's get something that you'll see a benefit out of. Overlay projects can be a separate issue. Randall questioned what about putting it towards a bigger project? Burlingame stated you can do that too. You could put it towards the Riverside Project if you wanted to, as I understand. Brumbaugh stated it can, but you've already done your bonding for Riverside. Nordberg stated in the packet there is sealcoating for three projects. Burlingame stated that's sealcoating/overlay which is fixing tar. Nordberg stated the thrust of my comments was to use the money and to get it done.

McKinney stated the budgeting question is do you want to spend that money on something new that you weren't going to do otherwise, or apply that money to something that you already had in the budget and haven't paid for yet. We put it as an extra item, a new item yet to be agreed to. Burlingame stated I need to know that too. Randall questioned have you looked through the CIP to see what is coming up? It makes most sense to do something that is already in the CIP because we made those things a priority. The chance of you finding something exactly \$60,000.00 is slim to none. We're going to spend \$80,000.00 on something else. McKinney stated I meant the funded budget and not the CIP. If there's something that we have in there, we can apply it to something that we

don't have the money for yet, but it's in the budget. If we going to go do a new project I would clearly agree that it should be from the CIP, except the CIP doesn't have many \$60,000.00 items. Nordberg stated that's the issue. Those tend to be bigger projects to get in there. The smaller projects get passed over and postponed. McKinney stated if we get the direction from you then we can look for something else and not have to spend on something that we already got in the works from the CIP, we'll do. Nordberg stated my suggestion is leave it in here as new money. McKinney stated that's what we did.

Brumbaugh stated the change in street lighting is for doing some LED lighting for \$5,000.00. That was taken from seal coating in streets. It's not an increase in the budget, it's just been moved around. Burlingame stated in the near future, LED is going to be about all you're going to be able to buy. We now need to start focusing our efforts on replacements. We have one LED on County 15. It's a brighter, whiter light. At some point in time, we're going to be forced into the using LED. Grants have fallen short in the past. McKinney questioned what can you do with \$5,000.00. Burlingame stated the total street lighting budget is about \$13,000.00. Prior to that we were doing \$8,000.00 for the other bulbs for maintenance for replacing bulbs and ballasts for our existing street lights. We are replacing the bulb with an LED fixture. The one on Pleasant is the entire fixture. At today's cost it's about \$600.00. Prices in the last few years have come down a lot. We might get about ten.

Nordberg questioned is there a chance that this could be the city's share of a grant? Mathisrud stated yes. We've spent some time looking at a LED lighting grant which does require a city match. Our hope is to leverage this into funds to do more lights. The primary benefit from the LED lighting is a reduction in labor in replacing bulbs. Traditional bulbs burn out a lot quicker than LED bulbs, and also the cost savings for energy conservation. Burlingame stated your savings is going to come from the fact that they last fifteen to twenty plus years. Utke stated every time you service a current feature you have to call someone with a bucket truck. Nordberg questioned is there a chance this would fall under one of those energy saving programs from HRDC? Mathisrud stated we're looking at a grant to pay for LED bulbs for both the parks and the Main Street corridor. The grant would pay for fixtures. We could potentially get \$10,000.00 to \$15,000.00 of work for this money without too big of a commitment from the city.

Brumbaugh stated there was nothing major changed on the ice and snow budget. McKinney questioned how did you treat the very light winter last year? Brumbaugh stated we didn't change those numbers. We left them the same.

Brumbaugh stated the library budget decreased by \$2,700.00. Wood chips were taken out of the parks budget because they still have some from this year. The change is that they would like to put automatic locking doors in Depot Park where they have had some issues with vandalism. That was added but there were other things taken out so the net on it is not an increase. There is a slight increase in the natural resources budget. That's from staff's time. You pay \$40,000.00 for economic development, which has been the same for many years.

Nordberg stated the one change in the parks budget is we would like to get an additional part time employee for parks for the summer at \$9.50 an hour. Brumbaugh stated right now we have two part time temporary people. The third one would be for maintenance. I have it in parks for ease of discussion right now. Nordberg stated I think it's a good idea and I thank Fieldsend for asking. Brumbaugh stated it will cost the city about \$6,500.00.

Brumbaugh stated the main change in the Council budget is for paperless agendas at \$1,500.00. We don't have a cost that we're thinking of for that. We wanted to put a line item in there in case the Council is interested in looking at paperless. It would mean buying tablets for each Councilmember and staff. We'd also have to look at software. My recommendation would be to do a pilot program. It would be added work for everybody but we'd need to find out if it would work instead of going into it cold turkey. Randall stated I think we should explore that. The amount of time spent on making packets blows me away. If we could save time and save a tree I think that would be good. McKinney stated we need to figure out a way the general public would have access to this information. Brumbaugh stated other cities use the cloud so everybody can see what the Council is seeing. Anyone can go to the cloud and pull down the information, but there's a cost to it because you have to have the software. I think it would be nice if there was a committee to work on it. Randall stated you could put the agenda and all of the attachments on a link on the website. Nordberg stated there are government documents out there on how to approach it. I recommend it too. Is \$1,500.00 enough to get it? Utke stated it's a stab in the dark at this point because we don't know. It's just a number to start with and we can find out more. Brumbaugh stated I looked at one software which was based off of population and it was \$400.00 a month. Utke stated we have to start someplace. McKinney stated this is an investigative budget.

Brumbaugh stated we have nothing new in the administration budget. We do budget for an administrator salary, but McKinney is paid under professional services. We keep it that way for the sake of consistent budgeting. We will have elections next year so we have budgeted appropriately for that. The city attorney budget has been consistent and we're still trending okay.

McKinney questioned did you do anything with regards to the Blandin fund for the expenses with the armory? Brumbaugh answered no. We have been billed by Chris Hood a couple of times which I identified as armory. Anything we've paid is included in your \$30,000.00. I'm keeping track of it to bill back to the armory. We haven't asked for any money yet and we haven't paid Kutak-Rock. There are no expenses for the armory billed in this budget.

Brumbaugh stated the change in general government buildings is an increase of \$10,000.00 for installing access control doors. That is for city hall, and there's an amount budgeted separately for the public works building and the fire hall. McKinney stated the total cost is more but we've divided it among the different departments, and will be paid by other budget sources. Randall questioned was there any discussion about new spaces and departments moving around? McKinney stated this is about controlling access. Randall stated the \$10,000.00 is for city hall only. I'd like to see a meeting about what our building plan is in our city to know that we are investing \$10,000.00 in a building that we will keep as city hall. Utke stated my question was should we not put it in here and wait until we remodel that building to know what the future use is. We left it here for discussion. Randall stated maybe we would spend it before we have a discussion. There are a lot of variables.

Randall questioned if the new software program for planning was included. Mathisrud stated I did include it.

Brumbaugh stated contractual services is lower because that's for our audit and portions of those expenses are billed out to different departments so the cost is split. We have to pay Henrietta Township some property taxes according to our orderly annexation

agreement. Lodging tax expenses are offset by revenues, but we keep 3% for administration. The transit budget is for the Heartland Express.

Nordberg questioned for contractual services, we need these audits and the budget is so much lower there than the expenses, but you're saying that the rest will come out of enterprise funds? Brumbaugh stated yes. Before the general fund paid for the audit, yet each one of those enterprise funds are audited too so they should be sharing in the cost.

Utke stated any adjustments we would do to this would be done in the regular meeting. This is our work session. McKinney stated we have to adopt this at the regular meeting. It can be reduced and it can't be increased after adoption. Utke stated later, we'll approve the final budget in December. What is approved tonight is the preliminary budget which goes out to the citizens. Things can be reduced later. McKinney stated we'll get you more information regarding the police computers and software, yet it should be left in there for now. Randall stated I agree. We're asking for justification or a possible decrease.

**4. ADJOURNMENT: A motion was made by Randall, seconded by Leckner, and unanimously carried to adjourn the workshop at 6:05 p.m.**

[seal]

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Acting Mayor Paul Utke

ATTEST:

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Margie M. Vik  
City Clerk