

**BAXTER CITY COUNCIL MINUTES**  
**Budget Work Session**  
**August 26, 2014**

Mayor Darrel Olson called the City Council Budget Work Session to order at 6:00 p.m.

COUNCIL MEMBERS PRESENT: Mayor Darrel Olson and Council Members Jim Klein, Todd Holman, and Mark Cross

COUNCIL MEMBERS ABSENT: Rob Moser

STAFF PRESENT: City Administrator Gordon Heitke, Public Works Director/City Engineer Trevor Walter, Assistant City Administrator Kelly Steele, Finance Director Jeremy Vacinek, Assistant Finance Director Susannah Jensen, and Police Chief Jim Exsted.

City Administrator Heitke explained while preparing the proposed budget, staff anticipated the Council would not propose a significant levy increase. City Administrator further explained the process to complete the proposed budget.

Finance Director Vacinek explained the 2015 proposed property tax levy contains a \$93,700 increase or 1.7% of the 2014 levy. Of the total proposed levy, the debt service levy of \$1,126,000 remains unchanged from 2014. Finance Director Vacinek reviewed the highlights of the Crow Wing County Spring Mini-Abstract. Based upon the Spring Mini-Abstract, new construction added for taxes payable in 2015 approximately \$9.1 million, generating about \$116,409 of tax capacity. As a comparison, for 2014 payable, new construction was estimated at \$1.1 million with \$11,000 of tax capacity. Based upon the City's current tax capacity rate of 54.563% and an estimated additional tax capacity of \$116,409 from new construction, approximately an additional \$63,000 of revenue would be generated. Crow Wing County announced earlier this year, county-wide property value assessments increased 1% according to the County Land Services Department. The increase reverses a county trend of the county's estimated market value decreasing by 20% over the previous six years. Updated valuations with the calculated estimated tax capacity will be available mid-September. Once the estimated tax capacity is available, more information about the estimated tax capacity rate and impact to various valued parcels will be available.

Health insurance rates did not increase for 2014. Until health insurance costs for 2015 are known later this month, a 12% increase was included in the proposed budget. PERA employer and employee increases are budgeted. A 5% increase has been budgeted for workers' compensation insurance.

Finance Director Vacinek explained 40% of the cable franchise fees are provided to ISD 181 for public access television. The general government expenses are less partly due to no elections. The City's general fund balance remains healthy. The 2015 capital lease payment for the shared fiber optic line with ISD181 will be the final payment. The animal handler contract rates for 2015 will remain unchanged. City Administrator Heitke explained a new squad car has been budgeted for 2015, but staff has discussed delaying the purchase until 2016 due to low mileage on the current squad car. Council discussed being cognizant of delaying the purchase then purchasing three squads the following year. Council discussed the fire protection payment to the city of Brainerd. Public Works Director/City Engineer Walters

explained utilizing park department trucks to assist with snow removal has resulted in savings in contracted snow removal services. Both the parks department and public works department will be operating ¾-ton trucks and the same snowplows to save money. Council Member Holman asked if the street light budget includes the new streetlights on Isle Drive and Excelsior Road. Finance Director Vacinek explained the general fund budget of \$5,330,100 is balanced.

City Administrator Heitke review memos prepared by Community Development Director Doty, which outline projects he expects to undertake in 2015. Some projects include continued updates to ordinances, continued work on the Comprehensive Plan for further study and planning. Finance Director Vacinek explained the Community Development Department would spend about 20% of the fund balance to offset the \$123,300 fund deficit. Finance Director Vacinek further explained projecting out the balance of 2014 would probably break even.

The Council discussed improvements to Whipple Beach and Loren Thompson parks. Council Member Klein inquired about including disc golf in the budget.

Finance Director Vacinek explained the city would not be issuing bonds for the Excelsior Drive project. To issue bonds, the city must assess a minimum of 20% of the total project cost.

Staff will prepare a cost estimate to extend a trail from Wildflower Drive to Clearwater Road.

City Administrator Heitke explained two public works trucks and a skid steer have been removed from the proposed budget. Council discussed snow removal concerns with the trails.

**MOTION** by Council Member Klein, seconded by Council Member Cross to adjourn the work session at 8:08 p.m. Motion carries unanimously.

Approved by:

Respectfully submitted,

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Darrel L. Olson  
Mayor

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Kelly Steele  
Assistant City Administrator/Clerk