



Brainerd City Council Agenda Request

Requested Meeting Date:

Title of Item:

<input type="checkbox"/> INFORMATION ONLY <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> P&F COMMITTEE <input type="checkbox"/> SPW COMMITTEE <input type="checkbox"/> MAIN AGENDA	Action Requested: <input type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft) *provide copy of published hearing notice <input type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing* <input type="checkbox"/> Ordinance 1 st Reading
Submitted by:	Department:
Presenter (Name & Title):	Estimated Time Needed:
Summary of Issue:	
Alternatives, Options, Effects on Others/Comments:	
Recommended Action/Motion:	
Financial Impact: Is there a cost associated with this request: <input type="checkbox"/> Yes <input type="checkbox"/> No What is the total cost, with tax and shipping \$ _____ Is this budgeted? <input type="checkbox"/> Yes <input type="checkbox"/> No <u>Please Explain:</u>	

MEMO



TO: Mayor & Council

FROM: City Administrator Cassandra Torstenson
Finance Director Connie Hillman

DATE: August 28, 2019

RE: 2020 Budget and Levy

Attached you will find an updated overview of the 2020 budget and levy. It has been updated since what was presented at the August 26th workshop with the following:

- 27 sworn police officers effective March 1, 2020.
- 12% increase versus a 10% estimated for the Health Partners health insurance plan which is the plan that covers the majority of the employees.
- Using \$15,000 of fund balance for the 2020 election.
- Maintaining the increased funding to Sourcewell for continuation of the Riverfront Project with expanded duties to include comprehensive plan implementation and mobility and trails planning.

The overview shows, the Council would need to increase the levy by \$82,547 based on the current estimated revenues and expenditures, and the capital and debt planning as discussed at the workshop.

Capital Plan

As discussed at the August 26, 2019 workshop, the capital plan did not take into consideration funding for Memorial Park. Please see the attached agenda request from Parks Director Tony Sailer.

Levy Information

The chart below shows the history of the City's levy:

Levy Year Collected	Levy Amount	% Change
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	\$5,217,260	6.5%
2017	\$5,373,778	3.0%
2018	\$5,561,860	3.5%
2019	\$5,895,572	6.0%

The increase has been a little less than 4.1% per year over the last nine years.

Tax Rate Information

The City’s tax rate for 2019 is **80.385%**. The preliminary estimated market value shows an increase of 3.9%. The preliminary tax capacity is usually available in November. The change in tax capacity not only depends on the estimated market value, but also how property is classified. Staff tries very hard to give Council the best information so they can make the most informed decision. Staff recapped the change in estimated market value compared to the change in tax capacity for the last 5 years:

Pay Year	% Change in EMV	% Change in Tax Capacity	Difference in Change
2019	2.8%	2.1%	0.7%
2018	1.7%	0.5%	1.2%
2017	2.7%	2.7%	0.0%
2016	3.8%	2.3%	1.5%
2015	0.3%	-0.3%	0.6%
		Average	0.8%

The following tables present different scenarios using difference assumptions to the change in tax capacity.

Assumed Increase in Tax Capacity	3.100%	(TC increases .8% less than EMV)
Estimated Tax Rate		Dollar Change
1% Decrease in Levy	77.195%	(\$58,956)
.5% Decrease in Levy	77.586%	(\$29,478)
No increase in Levy	77.977%	\$0
1% Increase in Levy	78.758%	\$58,956
2% Increase in Levy	79.539%	\$117,911
3% Increase in Levy	80.320%	\$176,867
4% Increase in Levy	81.101%	\$235,823
5% Increase in Levy	81.882%	\$294,779
6% Increase in Levy	82.663%	\$353,734

2020 Levy Amount

The charge below is provided to assist with completing the attached resolution setting the City's preliminary levy:

Change in Levy	Preliminary Amount	Dollar Change
1% Decrease in Levy	5,836,616	(\$58,956)
.5% Decrease in Levy	5,866,094	(\$29,478)
No increase in Levy	5,895,572	\$0
1% Increase in Levy	5,954,528	\$58,956
2% Increase in Levy	6,013,483	\$117,911
3% Increase in Levy	6,072,439	\$176,867
4% Increase in Levy	6,131,395	\$235,823
5% Increase in Levy	6,190,351	\$294,779
6% Increase in Levy	6,249,306	\$353,734

Please let us know if you have any questions.

Enclosures

/clh

2020 Levy Overview
As of August 28, 2019

	<u>Actual 2018</u>	<u>Revised Budget 2019</u>	<u>Proposed Budget 2020</u>	<u>Difference in Budgets</u>
TOTAL OPERATING EXPENDITURES				
Personnel Services	6,334,650	6,805,000	7,211,356	406,356
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
Total Expenditures	<u>9,466,083</u>	<u>10,060,290</u>	<u>10,689,521</u>	<u>629,231</u>
TOTAL CAPITAL	847,134	1,155,927	1,155,927	-
TOTAL DEBT LEVY	1,600,886	1,264,850	1,167,451	(97,399)
OTHER LEVIES				
Perm Improvement	339,174	350,706	362,975	12,269
Hydrant	169,587	175,353	181,487	6,134
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
Total Other Levies	<u>1,032,782</u>	<u>1,063,805</u>	<u>1,094,875</u>	<u>31,070</u>
TOTAL ESTIMATED EXPENDITURES	<u>12,946,885</u>	<u>13,544,872</u>	<u>14,107,774</u>	<u>562,902</u>
TOTAL REVENUE - NON PROPERTY TAX				
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
Estimated Revenues	<u>(7,841,935)</u>	<u>(7,650,064)</u>	<u>(8,115,419)</u>	<u>465,355</u>
(USE)/ADDITION TO FUND BALANCE			(15,000)	15,000
Estimated Levy	<u>5,104,950</u>	<u>5,894,808</u>	<u>5,977,355</u>	<u>82,547</u>
Actual Levy	5,561,860	5,895,572		



Brainerd City Council Agenda Request

Requested Meeting Date: September 3, 2019

Title of Item: 2020 Memorial Park Capital Improvement request

<input type="checkbox"/> INFORMATION ONLY <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> P&F COMMITTEE <input type="checkbox"/> SPW COMMITTEE <input checked="" type="checkbox"/> MAIN AGENDA	Action Requested: <input type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft) <i>*provide copy of published hearing notice</i> <input checked="" type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing* <input type="checkbox"/> Ordinance 1 st Reading
Submitted by: Tony Sailer	Department: <h2 style="text-align: center;">Parks and Recreation</h2>
Presenter (Name & Title): Tony Sailer, Parks and Recreation Director	Estimated Time Needed: <h2 style="text-align: center;">5 minutes</h2>
Summary of Issue: <p>At its Aug. 27 meeting the Park Board voted to request \$2.5 million in Capital Improvement funds for the Memorial Park redesign project. The Park Board cited that it is working with WSN to further scope the project and, in doing so, needs to know what funds will be available for the project to move forward. WSN's initial estimate for the three-year, three-phase project was \$2.5 million but indicated that could fluctuate depending on the scope of the project. The Parks Department will lose the use of Mill Avenue Park following the 2020 summer season and the 2020-2021 winter season. This includes the loss of use of an adult softball field, two hockey rinks, a pleasure rink and a warming house.</p>	
Alternatives, Options, Effects on Others/Comments: <ul style="list-style-type: none"> - Bond for \$2.5 million in 2020 to begin moving the project forward. - Separate the cost over a three-year period, i.e. bond for a determined amount in each of the next three years. - Bond for a higher or lesser amount. - Take a different route and provide staff with direction on what funds may be available to enable it to work with WSN on the scope of the project and to move the project forward. 	
Recommended Action/Motion: <p>Staff would like to have direction on what funds may be available to move forward with the Memorial Park redesign project.</p>	
Financial Impact: <p>Is there a cost associated with this request: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>What is the total cost, with tax and shipping \$ <u>2.5 million</u></p> <p>Is this budgeted? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><u>Please Explain:</u></p>	



324 East River Road
Brainerd, MN 56401

Phone: 218/828-3705
Fax: 218/828-8817

August 29, 2019

Mayor Menk and City Council Members
501 Laurel Street
Brainerd, MN 56401

Dear Honorable Mayor Menk and City Council Members:

The purpose of this letter is to request the 2020 Brainerd Housing and Redevelopment Authority (HRA) operating levy. The Brainerd HRA has three funds: General Fund, Public Housing and Housing Choice Voucher. Our levy dollars go into the General Fund and support our rehab and redevelopment initiatives. Attached is a copy of preliminary General Fund budget.

I have also attached the Brainerd HRA's 2019/2020 Strategic Plan.

General Fund

The levy dollars allow us the opportunity to administer other programs that benefit Brainerd residents, to increase the value of the property in the City of Brainerd and assist in redevelopment projects. To address these needs, the HRA created or participated in a number of programs:

Brainerd Oaks/Serene Pines/Dal Mar Estates

The Brainerd HRA in cooperation with the Crow Wing County (CWC) HRA successfully negotiated a Purchase and Redevelopment Agreement with a developer (Paxmar-Brainerd LLC) to purchase 113 lots in three tax forfeited subdivisions (Brainerd Oaks, Serene Pines and Dal Mar Estates). These subdivisions have been tax forfeited for several years. The County agreed to convey the land to the CWC HRA, the city of Brainerd agreed to waive the special assessments in lieu of the proceeds of the sale of the lots (minus the direct costs of the CWC HRA) and the CWC HRA agreed to hold the land while the lots are purchased by Paxmar-Brainerd LLC. The developer has agreed to purchase between 10-30 lots per year with at least two lots in Brainerd Oaks to every one in Serene Pines or Dal Mar Estates. The developer must keep \$1.5 million in construction going at all times. To date, the developer has purchased 32 lots in Brainerd Oaks (25 completed and sold, 1 home for sale, and 4 homes in progress) and 11 lots in Serene Pines (8 homes completed and sold.)

Tax Forfeit Property Policy

As a result of the success of the Brainerd Oaks project, the Brainerd HRA created a Tax Forfeit Property program where we can purchase tax forfeited properties from the County for \$1. The lots are then sold to a non-profit developer for 25% of the estimated market value or to a for-profit developer for 50% of the estimated market value. We hope to assist the City with this program in 2020.



Rehab Programs

The Brainerd HRA, on behalf of the City of Brainerd, has applied for and received three Small Cities Development Program grants through the Department of Employment and Economic Development (DEED). Our hope is that not only will this improve the properties that receive the funds but also result in increasing values and neighborhood improvements.

SE Brainerd: We received a SCDP grant from DEED for \$715,000 for an owner-occupied and commercial rehab program in Southeast Brainerd. We rehabilitated 32 owner-occupied homes and six commercial properties.

Downtown Brainerd: The Brainerd HRA received a SCDP grant for a rental and commercial loan program for downtown Brainerd which will result in over \$1 million in rehab: \$650,105 in SCDP, \$100,000 in program income and \$265,000 in owner match. We have successfully rehabbed ten (10) commercial properties and 44 rental units. We currently have two commercial properties in construction and have completed the rental portion of the program.

NE Brainerd: The Brainerd HRA applied for a received a SCDP grant \$638,338 for an owner-occupied and renter-occupied rehab program in Northeast Brainerd. In addition, we applied for one commercial property downtown Brainerd which will rehab 9 rental units and one commercial property. We currently have 2 owner-occupied in the bidding process and the one commercial project is in construction and 9 rental units are bidding.

Brainerd Revolving Loan Program

The Brainerd HRA worked with the City of Brainerd to create guidelines for the new Brainerd Revolving Loan Program using old Community Development Block Grant program income and SCDP local income. These funds are available to property owners in the River to Rail project area for rehab/redevelopment of property. In addition, the funds are available city-wide to property owners who have received a citation for a code violation to repair the items they are cited for.

Scattered Site Replacement Program

The purpose of the Scattered Site Replacement Program's (SSRP) is to replace older, dilapidated houses with newer, higher valued owner-occupied homes. As a result, the HRA partnered with the Healthy Community Partnership (HCP) Housing Task Force to create the SSRP, to remove those homes that are beyond repair, clear the lot and sell the lot to either a non-profit or a builder/buyer team. To date, the Brainerd HRA purchased and demolished five houses and sold all five properties for the construction of new owner-occupied house. Those properties are located at: 509 E Street, 1321 Norwood, 614 Tamarac, 1504 8th Avenue and 728 4th Avenue NE. We were able to leverage \$100,000 for this program from other sources such as the Minnesota Housing Finance Agency, Greater Lakes Realtors Association and the Crow Wing County HRA. In 2018, we worked with City staff to purchase 601 South 10th Street and we have sold that property to a private developer. We continue to work with City staff to identify future SSRP properties.

Federal Funds: Public Housing and Housing Choice Voucher

The Brainerd HRA operates two federal programs which are funded by the Department of Housing and Urban Development (HUD). The HRA owns and/or manages 325 units of affordable housing in the City of Brainerd and we provide approximately 320 Housing Choice Voucher's (HCV) to our residents.

We continue to see cuts in our federal funds to administer the HCV and Public Housing Programs. In 2019, our public housing funding was cut by approximately 15% and our HCV administrative fees were cut 20%. The funds we received in 2019 are just slightly above the amounts they were 10 years ago although costs continue to increase.

Every three years, the Brainerd HRA is scored by HUD on how we manage our programs. I am proud to report that the Brainerd HRA received 97 out of 100 on our public housing (PHAS) score for 2018. The national average PHAS score is 90 and the regional average is 92. HUD also scored us on the management of the HCV program and we received 100%. These scores reflect the hard work and dedication of our Board and staff and benefit our community and our residents.

Although the levy funds are less than 5% of our overall budget, these funds are critical. They allow us to continue to provide affordable housing for approximately 900 Brainerd residents and assist in the rehab and redevelopment needs in the City of Brainerd. The Brainerd HRA is requesting the City Council approve the full HRA levy which is .0185% of the estimated market value which will be approximately \$130,430 for 2020.

Thank you for your continued support of the Brainerd HRA and considering our request for the 2020 levy.

Sincerely,



Jennifer Bergman
Executive Director



324 East River Road
Brainerd, MN 56401

Phone: 218/828-3705
Fax: 218/828-8817

Brainerd HRA 2019–2020 Strategic Plan Goals and Action Steps

Mission

Providing affordable housing and redevelopment opportunities to strengthen our neighborhoods and community.

Five-Year Vision

Become the preeminent development organization:

- In partnership with the City of Brainerd, BLAEDC and EDA
- As an integral part of community success
- Through collaborative efforts with other community agencies
- Doing development in the city of Brainerd
- By remaining a high performer on Federal programs
- By assisting more people than ever before

Goals and Action Steps

1. Continue the redevelopment and rehabilitation of commercial, rental and owner-occupied properties in the City of Brainerd.
 - Explore funding for rehab around schools.
 - Work with ISD 181 to identify homes being purchase and assist families in staying within the City of Brainerd.
 - Support the River to Rail initiative and provide a quarterly update.
 - Assist new or existing businesses to acquire funds for gap funding including BUF, IF and City Revolving Loan Program.
 - Support the Brainerd Industrial Center and the NP Center in redevelopment initiatives.
2. Continue providing high quality, safe and affordable housing for existing and potential residents and participants.
 - Continue to assist the City with revising the Rental Housing Maintenance Code.
 - Apply for VASH vouchers.
 - Continue to monitor and fully fund the Housing Choice Voucher program to maintain our utilization at 100%.
 - Explore repositioning public housing options.
 - Maintain a high performer status in PHAS.



3. Enhance collaboration and communication with partners and the public to support neighborhood growth and development.
 - Continue to identify and communicate with our partners on HRA projects.
 - Explore the Housing Supports program with Crow Wing County and Lutheran Social Services.
 - Support the Brainerd Riverfront Committee's plaza.
 - Annually review and monitor management agreements with CWC HRA, Crosby HRA, and the City of Brainerd.
 - Explore efficiencies with other HRA's in Crow Wing County.
4. Lead the revitalization efforts in downtown Brainerd.
 - Identify and support signature projects in downtown Brainerd.
 - Solicit and support developers for downtown Brainerd.
 - Support a downtown coordinator position.
 - Continue to support Brainerd Restoration efforts.
 - Assist and financially support existing and new downtown businesses through rehab, acquisition and other programs.
5. Continue to maintain and grow the overall health of the organization.
 - Review policies annually to ensure they are up to date.
 - Explore staffing needs and capacity.
 - Plan for succession and cross training.

General Fund Comparative Budget

Brainerd Housing Authority
 324 E River Rd
 Brainerd, MN 56401

Fiscal Year 12/31/2020

Account Title	2019 YTD Actual	2019 Budget	2020 Budget	Difference	% Difference
Revenues:					
City Tax Levy	68,893	126,895	130,430	3,535	3%
Management Fees	116,998	199,000	289,000	90,000	45%
TIF Revenue	25,916	40,970	43,660	2,690	7%
Operating Transfer	0	6,450	7,000	550	9%
SCDP Admin Fee	1,417	54,000	55,840	1,840	3%
Other Income	57,976	82,000	76,000	(6,000)	-7%
Total Revenues	271,200	509,315	601,930	92,615	18%

Expenditures:

Administrative

Salaries	115,817	218,150	274,010	55,860	26%
Employee Benefits	58,103	100,045	132,335	32,290	32%
Travel	428	2,500	2,450	(50)	-2%
Staff Training	5,562	6,000	10,000	4,000	67%
Audit Cost	6,700	6,700	6,700	0	0%
Legal	0	10,500	6,500	(4,000)	-38%
Other Administrative Costs	6,007	8,030	11,490	3,460	43%
Contract Costs	21,484	64,860	67,010	2,150	3%
Total Administrative	214,101	416,785	510,495	93,710	22%

General Expenditures

TIF Expense	230	200	230	30	15%
Insurance	2,695	4,140	4,790	650	16%
Debt Service	51,358	51,370	52,530	1,160	2%
Other Programs	2,000	102,900	70,885	(32,015)	-31%
Total General Expenditures	56,283	158,610	128,435	(30,175)	-19%

Total Expenditures	270,384	575,395	638,930	63,535	11%
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Designated Fund Balance	0	66,080	37,000	(29,080)	
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Cash Flow from Operations	816	0	0	0	
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R E S O L U T I O N
NO. ____:19

WHEREAS, the Brainerd City Council is required to set a Preliminary Levy by September 30, 2019; and

WHEREAS, the Brainerd City Council held a Budget Workshop on August 26, 2019; and

WHEREAS, the Brainerd City Council, during the Special Meeting, discussed the overall budget process, the overall expenditures and the debt service of the City;

NOW, THEREFORE BE IT RESOLVED by the City of Brainerd, County of Crow Wing, State of Minnesota that the following sums are the preliminary levy for the taxes payable in the year 2020:

\$_____ plus \$130,426 for the HRA.

Adopted this ____ day of _____, 2019

GABE JOHNSON
President of the Council

Approved this ____ day of _____, 2019

EDWIN L. MENK
Mayor

ATTEST: _____
CASSANDRA TORSTENSON
City Administrator