



CITY OF GRAND RAPIDS

Meeting Agenda Full Detail

City Council Work Session

Monday, April 13, 2015

4:00 PM

City Hall Conference Room 2A

CALL TO ORDER: Pursuant to due notice and call thereof a Special Meeting/Worksession of the Grand Rapids City Council will be held on Monday, April 13, 2015 at 4:00 p.m. in City Hall, Conference Room 2A, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

CALL OF ROLL: On a call of roll, the following members were present:

Discussion Items

1. [15-1229](#) Conduct Oath of Office for newly appointed Council Member, Rick Blake.
2. [15-1075](#) Conference call with Loren Solberg
3. [15-1242](#) Insights to comparing cities presentation.
Attachments: [Cities are Not Apples](#)
4. [14-0789](#) Review 5:00 PM Regular Meeting

ADJOURN

Attest: Kimberly Gibeau, City Clerk



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Legislation Details (With Text)

File #: 15-1229 **Version:** 1 **Name:** Council Oath of Office
Type: Agenda Item **Status:** CC Worksession
File created: 4/7/2015 **In control:** City Council Work Session
On agenda: 4/13/2015 **Final action:**
Title: Conduct Oath of Office for newly appointed Council Member, Rick Blake.
Sponsors:
Indexes:
Code sections:
Attachments:

Date	Ver.	Action By	Action	Result
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Conduct Oath of Office for newly appointed Council Member, Rick Blake.



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Legislation Details (With Text)

File #: 15-1075 **Version:** 1 **Name:**

Type: Agenda Item **Status:** CC Worksession

File created: 1/21/2015 **In control:** City Council Work Session

On agenda: **Final action:**

Title: Conference call with Loren Solberg

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
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Conference call with Loren Solberg



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Legislation Details (With Text)

File #: 15-1242 **Version:** 1 **Name:**

Type: Agenda Item **Status:** CC Worksession

File created: 4/9/2015 **In control:** City Council Work Session

On agenda: 4/13/2015 **Final action:**

Title: Insights to comparing cities presentation.

Sponsors:

Indexes:

Code sections:

Attachments: [Cities are Not Apples](#)

Date	Ver.	Action By	Action	Result
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Insights to comparing cities presentation.

Cities are Not Apples

Insights to “Comparable” Cities

Comparisons

- Cities often get compared to one another to determine which are more cost effective.
- With the development of the internet access to government data, this has become easier.
- Access to this data is wonderful.
- However, it is important when attempting to compare cities, that the person fully understands the data.

From the State Auditor – 2012 data

City	Total Operating Expenditures	Total Capital Outlay	Debt Service Principal Payment	Debt Service Interest Payment	Total Expenditures	Total Expenditures (less Capital)
Bemidji	10,079,811	1,858,970	7,341,916	1,044,287	20,324,984	18,466,014
Brainerd	12,183,478	10,460,703	1,677,843	535,272	24,857,296	14,396,593
Grand Rapids	9,691,437	7,640,161	3,239,850	938,656	21,510,104	13,869,943
Hibbing	15,369,284	3,594,215	834,746	149,928	19,948,173	16,353,958

What makes up Total Expenditures?

- **Operating Expenditures** are the amount of financial resources it took to operate the city on a day to day basis.
- **Capital Outlay** is the investments in public infrastructure that were made in that specific year.
- **Debt Service Principal and Interest Payments** are like home loans. They are typically paying off previously constructed streets and public buildings.
- **Total Expenditures = Operating, Capital, Principal + Interest.**

Differences in Operating Expenditures

- No two cities provide or account for operating expenses the same.
- Examples:
 - Bemidji/Brainerd are members of Kitchigame Regional Library System. The operating expenses are levied over a five-county tax base. As a result:
 - Bemidji paid \$163,554 in 2012
 - Brainerd paid \$143,028 in 2012
 - Grand Rapids is a member of the Arrowhead Regional Library System. The operating expenses are not levied over the multi-county tax bases. As a result:
 - Grand Rapids paid \$524,716.

Differences in Operating Expenditures

- More examples:
 - Bemidji's airport is operated by an airport authority which has separate levy authority. As a result:
 - Bemidji's audited expenses do **not** include the airport.
 - Grand Rapids/Itasca County Airport is jointly owned by the City and County but operated by the City. As a result:
 - In Grand Rapids the operating, capital, and debt services payments show up as 100% expenses on the City's audit even though the County pays 50%.

There are many other examples like: how utilities are managed, who owns ice rinks (city, school district, or universities), etc.

Capital Outlay

- **Capital Outlay** can vary greatly for a city from one year to another depending on many variables. Examples of variables:
 - Does the City value maintaining its streets and buildings?
 - Did the City receive federal & state grants to assist in the construction cost?
 - Brainerd in 2012 received \$14,179,847 from non-city granting sources.
 - Grand Rapids in 2012 received \$5,497,883 from non-city granting sources.
 - As a result you see large variance in capital outlay expenditures.

Debt Service

- Cities issue debt (bonds) to pay for capital projects.
- Some cities issue more because:
 - They put high priority on maintaining their infrastructure
 - They don't receive as much non-local funding on an annual basis.
 - Examples would be differences in LGA or Mining Impact revenue (discussed later)

Basic Benchmarking – Still not apples to apples

City	2012 Population	Per Capita Operational Expense	Road Miles in City	Per Road Mile Operational Expense	Area of City in Acres	Per Acre Operational Expense
Bemidji	13,560	\$743	86.6	\$116,395	9,408	\$1,071
Brainerd	13,621	\$894	85.25	\$142,915	5,376	\$2,266
Grand Rapids	10,906	\$889	93	\$104,209	15,613	\$621
Hibbing	16,299	\$943	213.12	\$72,116	116,288	\$132

Benchmarking Continued

- Variable to consider when benchmarking
 - Does the city have a university where students are included in the population?
 - What is the makeup of the road mileage? Urban, rural, paved, gravel?
 - Does the entire area of the city receive day to day services? Large undeveloped tracts of property?
 - Have the operating expenses been adjusted to bring the comparisons closer to two apples?

Local Government Aid (LGA) – 4 factors that determine LGA

City	% Housing pre 1940	% Housing 1940 -1970	Jobs per Capita	Population per Square Mile
Bemidji	17.71	28.11	0.94	950
Brainerd	21.82	37.19	0.79	1076
Grand Rapids	11.36	36.13	0.86	445
Hibbing	32.19	34.76	0.56	88

The factors then determine the per capita aid

City	Housing pre 1940 \$ Aid	Housing 1940 -1970 \$ Aid	Jobs per Capita \$ Aid	Sparsity Adjustment	Total Aid per Capita
Bemidji	81.27	17.49	160.54	0	259.29
Brainerd	100.13	23.13	134.55	0	257.82
Grand Rapids	52.12	22.47	144.87	0	219.46
Hibbing	147.77	21.62	94.31	100	363.70

Which then results in total LGA per city

City	2012 LGA Received	2012 Tax Rate	GR Tax Rate with Bemidji LGA
Bemidji	\$2,906,194	46.050%	
Brainerd	\$3,637,320	54.240%	
Grand Rapids	\$963,410	69.485%	41.788%
Hibbing	\$7,994,316	82.440%	

So is current LGA formula fair?

City	Median Household Income	Per Capita Income	Average Household Size	Residents Living in Poverty	Labor Force	Unemployment August 2014
Bemidji	33,323	18,870	2.2	24.7%	7,256	506 / 7%
Brainerd	29,146	19,059	2.2	28.3%	7,137	515 / 7.2%
Grand Rapids	41,004	24,823	2.2	12.5%	5,472	359 / 6.6%
Hibbing	37,940	22,450	2.2	17.2%	8,259	459 / 5.6%

Questions?