

CITY BUDGETS

Rising costs force small towns into some tough spots



AARON
BROWN
Columnist

Compared to the average small town, Grand Rapids, Minn., is doing well. This past year, the northern city with a population just over 11,000 saw a record number of building permits.

A \$10 million, 63-unit apartment complex is springing up along the banks of the Mississippi River this summer, along with a 132-unit complex slated to begin construction next month. Regional store chain L&M Supply built a \$55 million warehouse near the airport last year, not far from where Amazon started building a delivery center last month. Two cannabis companies plan large grow operations in or near the city, pending state permitting.

And yet the town is struggling to keep its library open.

The city announced last week that if they can't negotiate a joint powers agreement with Itasca County, they would need to cut more than \$300,000 from the library budget. That would mean potentially dropping service to one or two days a week.

"We're in a boom, but we're cutting the budget," said city administrator Tom Pagel.

It's a paradox. In this, Grand Rapids is not alone. Small towns across the state are skidding past a fiscal cliff as labor costs, infrastructure burdens and expensive state mandates force tough choices.

"Cities are facing a tremendous amount of financial pressure, and they're trying to balance a lot of conflicting needs with legislation that is impacting them," said Luke Fischer, executive director of the League of Minnesota Cities.

Fischer cited the cost of anti-DEAS regulations on

and county each to contribute a nearly equal minimum amount to the library. Dating back two decades, the county has mostly stuck to the minimum while the city has paid for the inflationary growth in running the library. All the while, usage increased.

Today, 65% of library users live outside Grand Rapids city

and the potential loss of cannabis tax revenue to the state when towns are asked to enforce local cannabis regulations. But mostly, the same inflation that affects your household is hitting towns, too.

"As residential property values have risen, the tax revenue is shifting from commercial to residential, which is more pronounced in small cities," said Fischer. "Homeowners' income hasn't kept pace with resulting tax shifts, so small cities are forced to make really hard decisions about what to pay for."

My family has a special relationship with the Grand Rapids Area Library. My wife and I raised our kids in a rural township north of town. When I was a remote-working father of three elementary students, this library was the only place where we could go between school and evening activities. I used the Wi-Fi to work. My wife enjoyed a moment to update her professional blog, which aided her return to the workforce a few years later. The kids scoured the shelves with the assistance of a children's librarian who knew all their names.

Libraries are free to use, open to everyone and safe for all. Even as our media habits change, a public space dedicated to educational resources, entertainment and community gathering is vital to civic life.

Few oppose that argument. More than 200 people packed the Itasca County Boardroom on May 27 when the city proposed a joint powers agreement to county commissioners. All but one supported the proposal.

"How often do you fill up a boardroom with people who want a service and to raise their taxes to do it?" wondered Pagel.

But the fix isn't so easy.

In Grand Rapids, the problem with the library started years ago with a funding imbalance between the city and county. Itasca County has several city-run libraries, but none as large or well-used as the one in Grand Rapids. In fact, it's the busiest library north of Duluth.

State law requires the city

ers about 15% of the library budget. That's something that former Minnesota Revenue Commissioner Matthew Smith, now an adjunct public administration instructor at Hamline University, calls "municipal overburden."

He said financial conditions like these are forcing small towns to find alternatives.

"The most common strategy that you see over time, and it can be really painful, is some sharing or consolidation of services," said Smith. "The advantage is that you get economies of scale and better cost certainty, but the trade-off is some loss of local control."

One of the most expensive items in any city or county budget is law enforcement. Trained officers are in short supply, so they require higher wages and benefits than ever. That's why a lot of small towns are pairing with neighbors to create shared police forces.

This year, the south-central Minnesota towns of Winsted and Lester Prairie used a joint powers agreement to launch a shared police department. The Iron Range towns of Hoyt Lakes and Aurora formed the East Range Police Department more than a decade ago. It's also common for towns to contract with county sheriff's departments to patrol their communities.

Why not forge a similar model of cooperation for libraries? Of course, much is dependent on local political dynamics. Itasca County commissioners aren't yet sold on the notion that they should join with the Grand Rapids to equally fund the library.

"I'm an optimist," said Tasha Connelly, mayor of Grand Rapids. "I believe in cooperation and what our city and county have figured out in the past. I can't foresee people being OK with the library being open two days a week, or one day. We'll see. It's tough."

Tough times mean that communities must prioritize what's most important to them. Shared values, not the status quo, must guide our search for solutions.

aaron.brown@startribune.com