

CROSSLAKE COMMUNICATIONS ADVISORY BOARD/CITY COUNCIL
MEETING
TUESDAY, FEBRUARY 26, 2008
CROSSLAKE CITY HALL

The Regular Meeting of the Crosslake Communications Advisory Board was called to order at 7:30 a.m. by Chair Rusty Taubert. Members present were Dave Fischer, Mike Winkels, Jeff Kittleson, Kristi Kraemer, Armond Gease and Alternate Mike Myogeto. Absent was Alternate Tony Maucieri. Also present were General Manager Paul Hoge, City Administrator Tom Swenson, Office Manager Debby Floerchinger, Accountant Cyndi Perkins, Network Engineer Paul Davis, Operations Manager Jared Johnson and Helen Fraser.

Actions Taken:

- 1) **The Crosslake Communications Advisory Board recommends to the City Council that we upgrade the cable TV in the Mission area and the first half of Melinda Shores.**
- 2) **The Crosslake Communications Advisory Board recommends to the City Council that the new Safety Manual be adopted.**
- 3) **The Crosslake Communications Advisory Board recommends to the City Council approval of the 2007 audit.**

The Minutes of the January 29, 2008 meeting were reviewed. Dave Fischer moved to approve the January 29, 2008 Minutes as presented. Second by Mike Winkels. All in favor, motion carried.

The January 2007 Financial Reports were reviewed. Paul Hoge reviewed a few of the variances in the reports between 2007 and 2008. He also indicated that he and Cyndi would like to re-design the Income Statement. They feel it would be easier for the Board and Council to review if it was laid out differently. Armond Gease moved to approve the January 2008 Financial Reports as presented. Second by Mike Myogeto. All in favor, motion carried.

COMMUNICATIONS

- 1) **Outside Plant and ABC Drive.** Jared reported that we have been working on ABC Drive. It is up and running and we have converted 5 residents. We are experiencing that half of them are taking the full package of phone and internet in addition to their cable service. The staff has also been busy working with Crosslake Drug on their move to Town Square. We have approximately 47 customers left to cut over to the fiber in Phase II.
- 2) **CATV Expansion.** Paul reported that we now have 14 customers with HDTV and 29 DVRs out. We have sent in all of the contracts for

additional digital and HD programming and are just waiting for authorization.

- 3) Melinda Shores. Last month we talked about an upgrade to the Cable TV in the Melinda Shores area. The Board had questioned whether we could do the upgrade in two parts. Jared has put together the numbers to upgrade the service over two years. The first phase would cost \$165,348 and the second phase would cost \$180,562.
- 4) Mission Cable TV. We have taken many calls from the Mission area both in regard to the service problems and the fact that they cannot receive all the channels (or HDTV) that the Crosslake cable customers receive. Jared and Bill Gordon have come up with a solution which would transmit the channels in an all-digital format. This would require that all TV's in the home have a digital converter box. The cost to do an upgrade in the Mission area including the converter boxes would be \$92,650. The labor to splice over the homes would add approximately \$8,000 to \$12,500. This would bring this upgrade cost to approximately \$100,000. Paul feels that we can afford the Mission upgrade and part of the Melinda Shores Phase I upgrade with a shortage of approximately \$100,000. We feel that we may be able to move some monies around from the budget to cover both projects.

Mike Winkels moved to recommend to the City Council that we upgrade the cable TV in the Mission area and the first half of Melinda Shores. Second by Armond Gease. All in favor, motion carried.

- 5) Depreciation on Computers. Paul reported that in the past we depreciated our computers over five years. We are going to drop our depreciation on the computers down to three years.
- 6) Meet the Manager at Pine Peaks. Paul reported that we will be holding another "Meet the Manager" in late April.
- 7) Safety Book. Paul reported that the MTA has provided a CD with the safety materials on it. We have reviewed each chapter and prepared the ones that are appropriate to our business. The information has been compiled into a book which will be placed in the employee break room. This book has also been placed on the company's server so that all employees can access it from their desk. Dave Fischer recommended to the City Council that the new Safety Manual be adopted. Second by Mike Winkels. All in favor, motion carried.

PERSONNEL

- 1) **Medica Rate Increase.** Paul reported that our medical insurance rate increase for 2008 is 13.4%.

The Meeting was recessed at 8:22 am for a short break.

Council members Jay Andolshek, and Steve Roe joined Rusty Taubert and the Advisory Board for a Joint Advisory Board/City Council meeting. Mayor Andolshek called the Council Meeting to order at 9:00 a.m.

The Advisory Board meeting resumed at 9:00 a.m. Kristi Kraemer left the meeting. Pat Powers from Olsen Thielen Co., Ltd. joined the meeting.

1) **REVIEW/APPROVE 2007 CROSSLAKE COMMUNICATIONS AUDIT**

Pat Powers from Olsen Thielen was present to review the 2007 Audit for Crosslake Communications. Pat reported that it was a clean audit with no irregularities. Pat also reviewed accompanying letters regarding control deficiencies. Pat indicated that the company is in a very good financial position. He pointed out the decrease in access revenue which is a trend that will continue. Our expenses decreased last year with the biggest driver being the accelerated depreciation we have experienced because of the plant upgrades. Pat reviewed a letter prepared by Olsen Thielen indicating that the operating transfers to the City for 2008 would not exceed \$291,000. Armond Gease moved to recommend to the City Council approval of the 2007 Audit. Second by Dave Fischer. All in favor, motion carried.

MOTION 02S1-01-08 WAS MADE BY STEVE ROE, SECOND BY RUSTY TAUBERT TO APPROVE THE 2007 AUDIT. MOTION CARRIED WITH ALL AYES.

Mike Winkels moved to adjourn the Advisory Board meeting at 9:47 a.m. Second by Armond Gease. All in favor, motion carried.

2) **REVIEW/APPROVE A PROPOSAL FROM LMCIT FOR FINAL SETTLEMENT OF HUMMEL VS CITY OF CROSSLAKE**

Tom Swenson reviewed a letter dated February 19, 2008 from Attorney Jeff Egge, regarding litigation between the City and Mr. Hummel. MOTION 02S1-02-08 WAS MADE BY STEVE ROE, SECOND BY RUSTY TAUBERT, TO ACCEPT THE RECOMMENDATION OF ATTORNEY JEFF EGGE THAT THE CITY WILL NOT TAX COSTS RELATED TO THIS MATTER, CONTINGENT ON THE PLAINTIFF AGREEING TO NOT APPEAL THE DISTRICT COURT DECISION. MOTION CARRIED WITH ALL AYES.

3) APPROVE DATE AND TIME FOR LOCAL BOARD OF REVIEW

A letter from Crow Wing County Assessor establishing Thursday, April 17th at 10:00 am for the Local Board of Appeal and Equalization of the City of Crosslake. MOTION 02S1-03-08 WAS MADE BY RUSTY TAUBERT, SECOND BY JAY ANDOLSHEK, SETTING APRIL 17TH AT 10:00 A.M. AS THE LOCAL BOARD OF APPEAL AND EQUALIZATION FOR THE CITY OF CROSSLAKE. MOTION CARRIED WITH ALL AYES.

4) DECLARE CANON IMAGERUNNER 400S IN THE POLICE DEPARTMENT AS EXCESS EQUIPMENT

A memo from Chief Bob Hartman requesting approval to declare the Canon Imagerunner 400S copier in the Police Department as excess equipment. With the replacement of the copier in City Hall, the Police Department has decided to take possession of the Sharp Copier which was previously declared surplus equipment by the City Council. The Sharp Copier can be networked with the Police Department computers. MOTION 02S1-04-08 WAS MADE BY RUSTY TAUBERT, SECONDED BY STEVE ROE, THAT THE CANON IMAGERUNNER 400S COPIER IN THE POLICE DEPARTMENT BE DECLARED AS EXCESS EQUIPMENT. MOTION CARRIED WITH ALL AYES.

MOTION 02S1-05-08 WAS MADE BY JAY ANDOLSHEK AND SECONDED BY STEVE ROE TO ADJOURN THIS SPECIAL MEETING AT 9:54 A.M. MOTION CARRIED WITH ALL AYES.

Respectfully submitted by,



Debby Floerchinger
Crosslake Communications Office Manager