

CONTINUATION OF REGULAR COUNCIL MEETING OF 5/12/14
CITY OF CROSSLAKE
TUESDAY, MAY 27, 2014
4:00 P.M. – CITY HALL

The Council for the City of Crosslake met to continue the Regular Council Meeting of 5/12/14 in the Council Chambers of City Hall on Tuesday, May 27, 2014. The following Council Members were present: Mayor Darrell Schneider, Steve Roe, Gary Heacox, John Moengen and Mark Wessels. Also present were City Administrator/Consultant Dan Vogt, City Clerk Char Nelson, Finance Director/Treasurer Mike Lyonais, Public Works Director Ted Strand, Crosslake Communications Staff Paul Hoge, Paul Davis, Jared Johnson, Cyndi Perkins, and Debby Floerchinger, Northland Press Reporter Paul Boblett, and Echo Publishing Reporter Chelsey Perkins. There were approximately seven people in the audience.

Mayor Schneider called the meeting to order at 4:00 P.M. The purpose of the meeting was to review an option to engage a consultant to help improve operations and efficiencies of Crosslake Communications.

John Moengen reported that he has contacted Frank Gallagher of Charlesmead Advisors LLC located in Baltimore, MD. Mr. Moengen read a letter to the Council dated May 21, 2014 from Mr. Gallagher to Mr. Moengen which included background information on his company and what his company is able to provide to the City of Crosslake and Crosslake Communications. The cost of Charlesmead Advisors LLC consulting services would be \$40,000. Staff from Charlesmead could begin work within 30 days and complete the review in 60-90 days.

A lengthy discussion ensued regarding the benefits of hiring a consultant and whether changes could be made without their help to improve efficiency of Crosslake Communications. Arguments were made that the City could benefit from the advice of a consultant to determine whether the Crosslake Communications is running as well as it can and what the future of the company could be. Mike Lyonais noted that Crosslake Communications has operated at a loss seven of the last ten years before the operating transfer was made to the City. The Council agreed that the main concern is customer service and doing what is in the best interest of the citizens.

Paul Hoge reported that service to customers is the same whether they have fiber or coax. A discussion ensued regarding the 5-year plans of Crosslake Communications and the FCC. Complaints were raised regarding poor internet connections on holidays and for customers that have coax connections. The cost to finish laying fiber in the City could cost millions of dollars.

Mark Wessels stated that Crosslake Communications employs 13 people and that the salaries and benefits for them are approximately 1.1 million dollars. Five of the 13 employees are managers. Mark Wessels stated that \$40,000 is a lot of money to spend but he understands that the review could help the future of the company. A discussion ensued regarding where the \$40,000 would come from in the budget.

The Mayor noted that there were members of the Crosslake Communication's Advisory Board in attendance and asked if any of them wanted to comment. Former Crosslake Communications

General Manager Dennis Leaser addressed the Council to express his concerns of hiring a consultant and concerns of the management at Crosslake Communications. Mr. Leaser stated that 24 hour customer service should be a main goal.

Crosslake Communications Advisory Board Member Ann Shrupp addressed the Council and asked why the Council obtained only one bid for services, whether the Council checked the references of Charlesmead and whether Charlesmead would consider running Crosslake Communications in the future. John Moengen replied that Charlesmead was chosen because it was the only company that had experience with telecommunications that he required. Mr. Moengen stated that Charlesmead is not in the business of running companies and would not take over operations at Crosslake Communications. Mr. Moengen added that checking references is a good idea and he would make some calls.

Steve Roe asked where the funding would come from to pay the \$40,000. Mike Lyonais stated that the Council has options of having Crosslake Communications pay for the consultant and then reducing the operating transfer by that amount, spending down City reserves, or spending money that was earmarked for another project. Mr. Lyonais noted that there is \$50,000 in the budget to conduct a sewer study.

MOTION 05R-11-14 WAS MADE BY JOHN MOENGEN AND SECONDED BY MARK WESSELS TO HIRE CHARLESMEAD ADVISORS LLC AT A COST OF \$40,000 TO HELP IMPROVE CROSSLAKE COMMUNICATIONS OPERATIONS AND EFFICIENCIES AND TO USE \$40,000 EARMARKED FOR THE SEWER STUDY TO PAY FOR THE REVIEW. MOTION CARRIED 4-1 WITH STEVE ROE OPPOSED.

There being no further business at 5:30 P.M., MOTION 05S-12-14 WAS MADE BY JOHN MOENGEN AND SECONDED BY GARY HEACOX TO ADJOURN THE MEETING. MOTION CARRIED WITH ALL AYES.

Respectfully Submitted,



Charlene Nelson
City Clerk