

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
TUESDAY, JUNE 17, 2003
1:00 P.M. - CITY HALL

Pursuant to due notice and call, the Council for the City of Crosslake met on Tuesday, June 17, 2003 at 1:00 P.M. at City Hall. The following Councilmembers were present: Mayor Darrell Swanson, Dean Eggena, Chuck Miller, Dick Phillips and Irene Schultz. Also present was City Administrator Tom Swenson, City Attorney Paul Sandelin, Clerk/Treasurer Darlene Roach, Planner-Zoning Coordinator Nancy Vernon and Attorney Paul Rievers.

Mayor Swanson called the Special Meeting to order at 1:00 P.M.

MOTION 06S1-01-03 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO CLOSE THE MEETING FOR THE PURPOSE OF DISCUSSING ONGOING ALLEGATIONS RELATED TO THE JOHNSON VARIANCE APPEAL WITH ATTORNEY PAUL RIEVERS, WHO IS THE ATTORNEY REPRESENTING THE CITY IN THE LAWSUIT. MOTION CARRIED WITH ALL AYES.

Attorney Paul Rievers addressed the Council and stated that he has been retained by the League of Minnesota Cities to handle the defense for the City in the Johnson Variance Appeal to District Court. Attorney Rievers updated the Council on the action taken by the Planning and Zoning Commission, the action taken by the City Council in upholding the decision of the Planning and Zoning Commission which has resulted in the Johnson's appealing the decision to District Court. Attorney Rievers stated that he is very confident that the case will be upheld in Court in favor of the City.

Attorney Rievers stated that the City is being required to attend a mediation session prior to appearing before the court and approval was requested for representation from the City at this hearing. It was the consensus of the Council that City Administrator Swenson be the City's representative at the mediation along with Attorney Rievers.

MOTION 06S1-02-03 WAS MADE BY DICK PHILLIPS AND SECONDED BY IRENE SCHULTZ TO ADJOURN THE CLOSED MEETING AT 1:25 P.M. MOTION CARRIED WITH ALL AYES.

MOTION 06S1-03-03 WAS MADE BY DEAN EGGENA AND SECONDED BY IRENE SCHULTZ TO TAKE A FIVE MINUTE RECESS BEFORE COMMENCING THE REMAINDER OF THE SPECIAL COUNCIL MEETING. MOTION CARRIED WITH ALL AYES.

At 1:32 P.M., the meeting reconvened.

The first item of business was to review the recommendations of the Planning and Zoning Commission regarding staffing and ordinance revisions – Councilmember Eggena stated that the Council directed the Planning and Zoning Staff to identify various pressure points within the department for review by the Planning and Zoning Commission and by

the City Council. These pressure points were identified in a memo dated June 4, 2003 from Nancy Vernon and reviewed by the Planning and Zoning Commission at a special meeting held on June 16, 2003. At this special meeting, several motions were approved by the Planning and Zoning Commission for recommendation to the City Council. The first motion requested that the City Council take immediate action to fill the current vacancy of Community Development Director. The Commission feels that enforcement is the biggest issue and Staff needs more help. The second motion was to direct the City Administrator to look at the nature and function of the current budgeted fourth person. This is the position that is budgeted 50 percent administration and 50 percent planning and zoning. The third motion was to present the June 4, 2003 Memo from Nancy Vernon to the City Council and the fourth motion was for the Planning and Zoning Liaison to present the memo to the City Administrator to add to the agenda for the Special Council Meeting on June 17, 2003. Councilmember Eggena stated that the position taken by the Planning and Zoning Commission Members is that Staff needs more help. Councilmember Phillips stated that there is no doubt that more help is needed, but before we approve one or possibly two individuals maybe we need to look at the amount of time it takes to generate the approximately 2.6 permits issued on a daily basis according to the statistics provided by Nancy Vernon. While he realizes that these permits range from easy to difficult, maybe we need to look at the overall time taken. He further stated that he would be agreeable to hiring one individual in the Department, but not two. Councilmember Schultz stated that all of this is not so cut and dry based on the statistics provided. City Administrator Swenson stated that he would not recommend hiring the fourth person in the Department. He stated that the City is losing approximately \$60,000 in MV homestead credit and does not feel it would be prudent to hire an additional person. He does feel that the Community Development Director position does need to be filled, however. Mayor Swanson stated that the Community Development Director has to be a working manager who rolls up his sleeves and works along with Staff. Mayor Swanson stated that it was the position of the Planning and Zoning Commission that a lot of the work is not getting done especially in the area of enforcement and, while the Ordinances can be changed especially in the area of variances and conditional use permits, he would support replacing the Community Development Director and keeping the staff at the current size. Councilmember Eggena stated that his concern is with the City's debt load and stated that we cannot continue to grow the budget the way it has been increasing over the past few years. He stated that he has contacted the Crow Wing County Assessor's Office and was told that the City will only be receiving \$47,000 in additional tax money based on increased market value in 2004, yet our budget is increasing by 15% each year. He stated that it was his hope that this would be a way of saving some money. He also expressed concerns with the City enforcing rules established by the DNR, FEMA, and MPCA when they all have their own budgets. Councilmember Schultz commented that with the State cuts, more and more work is being passed on to the cities. Mayor Swanson stated that the work being done for these agencies is only to the extent that they affect Crosslake. Nancy Vernon stated that when the City adopted the Shoreland Management Act, they took on the responsibility of administration and enforcement. City Attorney Sandelin stated that some of the regulations of these agencies are written so that the City is charged with enforcement. One example of this is Chapter 7080 where the State requires City's to be the administrator. Councilmember Eggena stated that these types of items are what he would like to see reviewed. Councilmember Miller stated that he is bewildered by the conversation that he is hearing. He stated "this isn't budget cutting - this is people

cutting". He stated that in years past, the City spent \$70,000 to fix a machine worth \$100,000 because the push was on to keep the budget increase around 2%. Now we are paying for this type of mentality. Councilmember Schultz stated that taxes within the City of Crosslake have not gone up that much. Councilmember Eggena disputed this statement. Councilmember Miller stated that the City has attracted several good people in the Planning and Zoning Department over the years but they have left because the workload is too large and the wages are too low. A memo from George Riches dated June 14, 2003 supported replacing the Community Development Director position and was included in the information provided to the Council. MOTION 06S1-04-03 WAS MADE BY IRENE SCHULTZ AND SECONDED BY CHUCK MILLER TO APPROVE THE HIRING OF KEN ANDERSON AS COMMUNITY DEVELOPMENT DIRECTOR. Councilmember Eggena stated that he doesn't feel the job has been done that we said we should do. Mayor Swanson stated that he has read the memo from Staff, the Planning and Zoning Commission has made it clear that additional staff is needed and would support the hiring of a Community Development Director. Councilmember Phillips stated that he hopes the Director will look at the department for streamlining. MOTION CARRIED 4-1 WITH COUNCILMEMBER EGGENA VOTING NAY.

The Park Dedication Fee for Lakeside Scenic Villas, tabled from the Regular Council Meeting on June 9th, was discussed. Nancy Vernon stated that the applicant applied for a PUD which was approved by the Planning and Zoning Commission. Park dedication fees must be approved by the City Council. Staff has reviewed the park dedication language in the Ordinance, specifically within the Planned Unit Development section, and have determined that park dedication does apply whether or not a subdivision of property takes place. The applicant has requested that they pay ½ of the park dedication fee prior to the first building permit and the balance once city sewer is operational and they apply for the building permit for the second building. Staff recommends that cash be collected for park dedication in the amount equal to \$10,320 prior to any building permits being issued. Gerry Brine, attorney for the applicant, addressed the Council. Councilmember Eggena asked Staff if park dedication fees have been collected in the past on PUD's and Nancy Vernon stated that they have been collected in the past. Attorney Brine stated that the applicant does not deny what the ordinance states, however the applicant choses to fall under MN Statute 515B which calls the individual rentals "units". The applicant does not feel that they should pay the \$10,320, but should pay \$5,000. He stated that the applicant does not have to use units, but could have used suites, however, units is easier to understand. Nancy Vernon stated that the Ordinance states lots/units and feels it is a question of interpretation. City Attorney Sandelin asked how the units would be sold and Gerry Brine stated that a cooperative owns the property and the property owner buys a share of an undivided interest in the cooperative. Discussion continued regarding verbage in the ordinance. City Attorney Sandelin stated that the applicant is using a method to skirt paying the \$10,320 versus \$5,000. Councilmember Eggena stated that each time a family moves to town you provide parkland. He asked if these were four family dwellings. Nancy Vernon stated that there were four dwellings. The density only allowed for 3.47 units, but the Planning and Zoning Commission allowed a four unit development since it could be more aesthetically designed. MOTION 06S1-05-03 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO UPHOLD THE PARK DEDICATION FEE AS RECOMMENDED BY STAFF IN THE AMOUNT OF \$10,320. City Administrator Swenson commented that the applicant has requested paying half the amount prior to the

first permit and the remaining amount later. Nancy Vernon stated that under the Park Dedication section of the Ordinance, it states fees must be paid before any zoning permits can be issued. MOTION CARRIED WITH ALL AYES.

MOTION 06S1-06-03 WAS MADE BY DEAN EGGENA AND SECONDED BY CHUCK MILLER TO DEFER 50% OF THE PARK DEDICATION FEE UNTIL SUCH TIME AS ISSUANCE OF THE SECOND PERMIT IS REQUESTED. MOTION CARRIED WITH ALL AYES.

City Attorney Paul Sandelin stated that the developer of Crosswoods Development has requested that the City finalize the Development/Business Subsidy Agreement for TIF District 1-8. Attorney Sandelin gave a brief synopsis of the details surrounding TIF District 1-7 and TIF District 1-8 for the Council. He also explained how the project is a pay-as-you-go project with the developer being reimbursed 90% of the incremental value up to approximately \$143,000 for site improvement costs. There is a requirement under the Business Subsidy Law, that if the increment exceeds \$100,000, a public hearing is required. Mayor Swanson commented that the original district was approved in July of 1999 and 18 months ago, this district was decertified and a new district was certified. Mayor Swanson suggested that City Attorney Sandelin provide a chronological history of the TIF project for review at the public hearing. One of the reasons that approval of the Developer's Agreement took this long was due to a request by the County for reimbursement of \$100,000 for road improvements on County Road #3. A letter dated March 2003 from the County rescinded this request for reimbursement when it was determined that the expansion was not as extensive as originally thought. A public hearing was set for July 9th at 9:00 A.M. at City Hall. Sid Inman of Ehlers & Associates will be present at the hearing.

The Council reviewed setting a date for a Special Council Meeting/Working Session to review the 2:00 A.M. closing time, license fees and minimum seating requirements. The Council also agreed to consider changing the current 12:00 Sunday opening to 10:00 A.M. This meeting will be held on July 9th at 10:00 A.M. following the public hearing.

Park and Recreation Director Jon Henke requested approval to hire Valley Green Companies to perform repairs on the park softball field at a cost of \$3,121.57. The 2003 budget included \$6,600 for repairs to the sprinkler system, however when the Truth-in-Taxation Reports were generated the field aggregate budgeted amount of \$1000 and the sprinkler system repair amounts were inverted in error. Three quotes were received for this repair and Valley Green Companies was the lowest quote. MOTION 06S-07-03 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO APPROVE THE QUOTE FROM VALLEY GREEN COMPANIES IN THE AMOUNT OF \$3,121.57 FOR REPAIRS TO THE PARK SOFTBALL FIELD. MOTION CARRIED WITH ALL AYES.

Judy Moravec of Mathis Justin, LTD, auditing firm for the City for the 2002 Audit, presented the results of the audit as it related to the government, fiduciary and component unit funds. Ms. Moravec stated that the City's cash has increased by \$2,511,299 over 2001, which represents sufficient reserves for the City. Revenues and expenditures were reviewed by category for the General Fund, Debt Service Fund, Capital Projects Fund, Fiduciary Fund, and Telephone Fund. A transfer of \$2,500,000 in equity was transferred

between the Telephone Fund and the City of Crosslake's Project Fund in 2002 for the sewer project. Ms. Moravec complimented City Administrator Swenson and Clerk Roach on the job they did in regards to the City's financial reporting despite the volume of work the City is engaging in. MOTION 06S1-08-03 WAS MADE BY IRENE SCHULTZ AND SECONDED BY CHUCK MILLER TO ACCEPT THE 2002 CITY FINANCIAL STATEMENTS. MOTION CARRIED WITH ALL AYES.

MOTION 06S-09-03 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN EGGENA TO ADJOURN THIS SPECIAL MEETING AT 3:38 P.M. MOTION CARRIED WITH ALL AYES.

Recorded and transcribed by,



Darlene J. Roach
Clerk/Treasurer

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