

COUNCIL PROCEEDINGS  
CITY OF CROSSLAKE  
SPECIAL SESSION June 24, 1987  
7:00 p.m. at City Hall

The City Council of Crosslake Minnesota met in a special session on Wednesday, June 24, 1987 in the Council Chambers of City Hall. The following members were present: Mayor Oliver Courts, Councilmembers Elizabeth Andolshek, Lyle Arends, Diana Gallaway and Oliver Yates. There were approximately 5 members of the community present.

Mayor Courts called this special council meeting to order at 7:00 p.m.

The first item for discussion was the Urban Development Action Grants (UDAG). Mayor Courts called upon Councilman Arends because Councilman Arends requested this item be heard. Councilman Arends introduced Mr. Pete Ranum who briefed the Council on the purpose of the grants. Mr. Ranum stated that the grants are given to local governments by the federal government to lend to businesses which are starting up or expanding. Some of the requirements which have to be met by the businesses are creating a given number of new jobs, increase tax revenues to the City, a business or developer with a project that is ready to proceed, at least \$2.50 of private funds for every \$1.00 of UDAG funds sought, firm and private financing commitments for the other private financing, and evidence that the project needs UDAG financing and will not proceed with UDAF assistance.

Mr. Ranum said that Mr. John Swanson from the HUD office will come and talk to the Council if they would like him to. Mr. Ranum said he thought both Crosby and Emily have given out business loans but he was not sure if they were UDAG or a state grant. Mr. Ranum suggested that the Council do the preliminary work by filling out the application to see if Crosslake is eligible for a grant. A City must generally be considered to be economically depressed. MOTION NO. 6S-01-87 WAS MADE BY COUNCILMEMBER ARENDS AND SECONDED BY COUNCILMEMBER GALLAWAY TO HAVE THE CITY CLERK FILL OUT THE APPLICATION FORMS TO DETERMINE IF CROSSLAKE IS ELIGIBLE TO RECEIVE URBAN DEVELOPMENT ACTION GRANTS FOR LOCAL BUSINESSES. MOTION PASSED UNANIMOUSLY.

Mr. Don Engen, City Financial Advisor for Crosslake, proceeded to review the 1986 annual audit with the Council. Mr. Engen said basically the City of Crosslake is in very good shape financially. The City was under budget by \$35,010.68 for expenditures and over on projected income by \$66,057.94. Mr. Engen stated that the City has three fund balances at present with \$390,759.38 in the General Fund, \$74,915.81 in the Revenue Sharing Fund and <\$199,517.54> in the Road Project Fund. Mr. Engen said he would like to see the City of Crosslake get a computer which would keep track of each fund separately instead of all together the way they are kept now. He would like to have a separate balance sheet and separate accounting. Mr. Engen said the Council should be aware they have some major expenditures which they are committed to which include the moving of City Hall to the Unique Boutique building, the road grader which was recently purchased, computers, and the road project if the Council decides to proceed with it. The City will also have a loss of revenue from interest and Mr. Engen feels the purchase of the

road grader will increase the street department expenditures by ten fold. Mr. Engen said the City of Crosslake's typical expenditures for one year are approximately \$340,000 which means we have a one year surplus in the general fund. He said school systems generally like to have a three month to six month reserve. Mr. Engen reiterated to the Council that the Revenue Sharing monies must be spent or we will lose them.

Mr. Engen said he would like to see the City begin an inventory system by location and have it completed by December 1987. Every item should be listed and each year with the aid of a computer printout, the inventory should be taken on December 31st. Mr. Engen said every department head should make a list of everything in his building or his department. Appraisal would be very costly so Mr. Engen suggested using the original cost of items and depreciating them. He said his office has a list of capitol outlay items and would work with city employees in the inventory process.

Mr. Engen said the telephone company and cable television funds are incorporated in the audit even though his office did not do their audit because they are assets of the City. He said the Telephone Company has retained earnings in excess of \$2,000,000.00 and Cablevision has a negative of \$90,000.00. Mr. Engen said the City has the right to increase or to stop the dividend from the Telephone Company subject to some provisions of REA.

Mr. Engen said he would also like to see the City prepare a five-year capitol/debt plan. He said his office would be very happy to work with the City in establishing this plan. The capitol plan should incorporate all items needed or wanted by department. It could help balance budgets with car or major item expenditures by spreading it over a three to five year plan. The plan should include some ideas of what roads will be done with the road grader and any other capitol improvements pending.

Mr. Engen talked briefly on contract monies from the Fire Department and user monies from the Park. He said it is his feeling that all these monies should be placed in the general fund. Mr. Engen said if he understands the legislative action correctly, there will be another twenty percent increase in taxes for non-resident owners and that could create a real estate crisis. He said the city may have many citizens looking over shoulders during the budgeting process. He said the City will probably need these revenues to help to balance the budget with the new road grader. Councilmember Andolshek asked if the park auxillary needed to turn their coupon book and fund raising monies over to the City and Mr. Engen said no that was something different but City employees should not be involved in handling the money. Mr. Engen said the same is true for the Firemen's Dance and the Firemen's Wives Tea. That money belongs to the organization to spend as they see fit but Mr. Engen suggested that the department heads see that items purchased are properly covered by insurance as his office does not have the value of the items on file.

Councilmember Gallaway said the reason for the dedicated funds was to set money aside for such things as road work and large expenditures. Mr. Engen said he understood that, but a five-year plan is really the answer as far as he is concerned. Mr. Engen suggested that each department start the five

year plan by making a list and prioritizing it. A five year plan would spread receipts and disbursements over a few years and would help to keep the City within budget every year, according to Mr. Engen.

Mayor Courts said he would like to have all department heads have their preliminary budgets ready for the regular council meeting in July. Then on August 1st Mayor Courts would like to have the Council meet with the department heads and recommend revisions and have the proposed budget ready for the September Council meeting.

Mr. Engen said that the operating budget and the capitol plan budget are two different budgets. The 1988 operating budget should include only that portion of the capitol plan that belongs in 1988 and that would be in the capitol outlay portion.

Mr. Engen said he was recommending that the Council write off a \$500.00 receiveable on the books from 1983 for an accident. MOTION NO. 6S-02-87 WAS MADE BY COUNCILMEMBER ARENDS AND SECONDED BY COUNCILMEMBER ANDOLSHEK TO WRITE OFF THE ACCOUNTS RECEIVEABLE IN THE AMOUNT OF \$500.00 FROM AN ACCIDENT IN 1983 INVOLVING THE CITY DUMP TRUCK. MOTION PASSED UNANIMOUSLY.

Mayor Courts indicated that department heads should call special meetings of their commissions if necessary for the budgeting process. Clerk Buchite indicated she had copies of the last three years expenditures for each department head to use for budgeting since there are no print outs available for 1987 as yet. Clerk Buchite indicated that she and Councilmember Gallaway had input the year end audit adjustments into the computer and for some reason the balance sheet was way off. Mr. Engen said he would have his office staff in touch with Clerk Buchite to find out what the problems were. Mayor Courts said he wanted to see the audit back to the City before June from now on so department heads know where they are with their budgets before half the year is ended.

MOTION NO. 6S-03-87 WAS MADE BY COUNCILMEMBER GALLAWAY AND SECONDED BY COUNCILMEMBER ANDOLSHEK TO KEEP CONTRACT MONIES AND RECEIPTS WITHIN THE GENERAL FUND AND PLANS BE MADE TO INCLUDE LARGE EXPENDITURES IN A FIVE YEAR CAPITOL PLAN. MOTION PASSED UNANIMOUSLY.

Computers - Councilman Arends said he did not feel that it is necessary for the police department to have a computer. Mayor Courts said he felt the department needed one to keep the patrolmen on the streets and not doing bookwork. Mr. Arends said he felt they should be able to use the Clerk's computer if they needed one.

Councilmember Gallaway said she had concerns regarding the duplication of the general ledger and the bookkeeping system the City was currently using. Mayor Courts said that the letter he received from Bluewater Computers, Inc. indicated they would give us anything we needed and wanted as well as complete support for one full year. Ms. Gallaway said she would like to have the same identical format that we have at present which shows the month to date and year to date expenditures and variances in the budget. Ms. Gallaway also said she would like to get the City Clerk up and running on the computer before purchasing one for the police department. Ms. Gallaway also indicated

she would like some consideration given to the needs of the planning and zoning office. Mayor Courts said the bids received by the City were for the police department and the city clerk's office at present.

The bid from Computer One was for \$6,078.90 and included only ten hours of support service and the bid from Bluewater Computers, Inc. was for \$7,578.00 and included all the support necessary for one full year. The estimate of support time needed by Computer One was for 100 hours at \$30.00 per hour which would be an additional \$3,000.00. MOTION NO. 6S-04-87 WAS MADE BY COUNCILMEMBER ANDOLSHEK AND SECONDED BY COUNCILMEMBER YATES TO PURCHASE THE COMPUTER PACKAGE CONSISTING OF THE POLICE DEPARTMENT FOR \$3,045.00 AND THE CITY CLERK'S OFFICE FOR \$4,533.00 FOR A TOTAL OF \$7,578.00 FROM BLUEWATER COMPUTERS, INC. MOTION PASSED WITH COUNCILMEMBER ARENDS VOTING NAY.

Charitable Gambling Ordinance - Clerk Buchite read the proposed Charitable Gambling Ordinance as prepared by City Attorney James Gammello. The ordinance states that fifty percent of the profit must be spent for Crosslake. Councilman Arends said he felt that Ideal might not like that since it is the Crosslake-Ideal Lion's Club. Councilmember Andolshek said she felt the people who conduct the gambling should be present to voice their feelings on the ordinance before it is accepted or rejected. Mr. Pete Ranum said he had a June copy of the Charitable Gambling News and it stated that a City cannot use the condition of spending a percentage of the money in the City as a condition of licensing. It was the consensus of the Council to set a public hearing for July 13, 1987 at 7:30 p.m. preceeding the regular council session for public input regarding the proposed ordinance. It was also stated to think about changing the ninety percent meeting factor since many of the Lion's Club meetings are held in Ideal.

Ziegler Contract - Mayor Courts informed the Council that the Contract from Ziegler for the purchase of the road grader indicated only the powertrain is warranted for one full year. Salesman Mike Hayes had agreed to include the electrical system in the one year warrenty so Clerk Buchite will add the coverage and send it back to Zieger for signatures. MOTION NO. 6S-05-87 WAS MADE BY COUNCILMEMBER ARENDS AND SECONDED BY COUNCILMEMBER YATES TO ADD ELECTRICAL COMPONENTS TO THE ONE YEAR WARRANTY ON THE CONTRACT AS SUBMITTED BY ZIEGLER CORPORATION AND HAVE THE MAYOR AND CLERK SIGN AND RETURN THE CONTRACT ALONG WITH A CHECK FOR \$10,000.00 FOR THE DOWN PAYMENT. MOTION PASSED UNANIMOUSLY.

Charitable Gambling at Exchange - Mayor Courts informed the Council that David Savoie from Camp Confidence had come to his home to have him sign an application to renew their license at the Exchange. Mayor Courts also indicated that the Firemen's Relief Association had filed an application for gambling at the Exchange with the City Clerk. After a bried discussion MOTION NO. 6S-06-87 WAS MADE BY COUNCILMEMBER ARENDS AND SECONDED BY COUNCILMEMBER ANDOLSHEK TO GRANT THE FIREMEN'S RELIEF ASSOCIATION A CHARITABLE GAMBLING LICENSE AT THE EXCHANGE AND TO WAIVE THE THIRTY DAY WAITING PERIOD. MOTION PASSED UNANIMOUSLY. Clerk Buchite was instructed to write a letter to the Gambling Board denying the license application by Camp Confidence as signed by Mayor Courts.

Clerk Buchite said she had received a call regarding placing an ad in a magazine which was sponsored by Crow Wing County Sherrif Frank Ball. Clerk Buchite said she had asked Chief Backdahl to check it out to see if it was legitamate or not and asked the Council if the City would want to place the ad which was sponsoring child fingerprinting and the boy's camp. The Council will make a decision after Chief Backdahl has checked to see if it is a legitimate organization.

MOTION NO. 6S-07-87 WAS MADE BY COUNCILMEMBER ARENDS AND SECONDED BY COUNCILMEMBER GALLAWAY TO ADJOURN THIS SPECIAL COUNCIL SESSION AT 9:23 P.M. MOTION PASSED UNANIMOUSLY.

Recorded and transcribed by: .

*Arlene A. Buchite*

Arlene A. Buchite  
City Clerk/Treasurer