

CROSSLAKE UTILITIES COMMISSION/JOINT CITY COUNCIL MEETING  
TUESDAY, JULY 29, 2003  
CROSSLAKE CITY HALL

The Regular Meeting of the Crosslake Utilities Commission was called to order by Chairperson Ted Silva at 8:00 a.m. Members present: Ted Silva, Bill Smith, Hank Duitsman, Clyde Fish and Steve Roe. Members absent: Judy Cotten and Gerry Brine. Also present were General Manager Dennis Leaser, Office Manager Debby Floerchinger, Operations Manager Jared Johnson, Liaison Darrell Swanson, City Administrator Tom Swenson and Helen Fraser.

**Actions Taken:**

The Minutes of the June 24, 2003 Regular Meeting and July 14, 2003, Special Meeting were reviewed. Clyde moved to accept the Minutes. Second by Bill Smith. All in favor, motion carried.

The combined Telephone and Cable Financial and Statistical Reports for June 2003 were reviewed. Darrell asked about a cash flow statement. Debby said she would work with Sunnie on getting one put together. There was discussion on the InDemand pay-per-view purchases. Debby will review the purchases to determine how many customers are buying movies. This subject will be discussed at the next meeting. Hank Duitsman moved to approve the June 2003 combined Telephone and Cable Financial and Statistical Reports. Second by Bill Smith. All in favor, motion carried.

- 1) Outside Plant Update. Jared Johnson reported that this has been a very busy summer. In addition to our six man crew, we have added 7 employees from Norcon and 7 locators from Citi Lites daily to keep up. Bonnie Lakes Farm Road is done and Britta Lane is upcoming with a complete rebuild. In addition to the problems caused by the extremely cold winter and the increase in building permits, there are 3+ developments under way. The sewer project has also given us a good number of cuts. We now have a full time locator on the project with the costs being split with Crow Wing Power as well as a full time person from Norcon guarding our facilities. The cable plant has been placed into service at the SE Crosslake, Bonnie Lakes and Daggett to Dream Island sites. We still have Manhattan Beach, Anchor Point Road and Northgate Lane to complete.
- 2) Review of Previous Motions. Dennis reviewed the motions made at previous meetings which would be presented to the Council today. Those motions pertained to the creation of specific reserves, funding of those reserves and the operating transfers to the City. Hank Duitsman asked about the rate stabilization fund that had been discussed at earlier meetings. It was agreed that the Investment Committee would be reviewing it.
- 3) Review of Mission Statement. Dennis said we would review the mission statement at the next meeting.

## OTHER BUSINESS

- 1) **Open House.** Debby invited the Commission to the Annual Open House on Saturday, August 9<sup>th</sup> from 10:00 a.m. until 1:00 p.m. Our theme this year is "Your Hometown Choice providing Local Customer Service and Support."

The meeting was recessed at 8:50 for a short break.

Council members Irene Schultz, Dean Eggena and Dick Phillips joined the Commission for a Joint Council/Commission meeting. Chuck Miller was not present. Mayor Swanson called the Special Joint Council Meeting to order at 9:00 a.m.

The Commission meeting also resumed at 9:00 a.m. Cindy Holden joined the meeting. Ted Silva noted that everyone had been provided a packet of information earlier and had a short briefing.

- 1) **Proposed Reserve Funds.** Dennis Leaser reviewed the current reserves with the Council and Commission. He then reviewed the reserve funds proposed by the Utilities Commission as well as funding of the reserves. The proposal includes:

Establish a **Cable TV Operations and Maintenance Reserve** valued at 6% of total cable TV plant as per RUS guidelines. To be 100% funded from the Merrill Lynch account and maintained by the Cable TV "Depreciation Expense" in the future. (Basically for insuring we have enough funds available for maintaining the existing cable plant and headend equipment).

Establish a **New Central Office Reserve** for future switch replacement to be a maximum of \$1,100,000 over 10 years. To be accumulated at \$110,000 annually funded from "Telephone Depreciation Expense".

Establish a **Heavy Equipment Reserve** for future equipment replacement to a maximum of \$100,000 to be accumulated at \$20,000 annually funded from "Telephone Depreciation Expense". This heavy equipment consists of equipment such as borer, trenchers, etc. It would not include motor vehicles.

Establish a **New Technology Reserve** for implementing future technology projects such as being our own Internet Service Provider and Fiber to the Home (FTTH). This reserve of \$300,000 will be 100% funded from the existing Merrill Lynch account.

Councilmember Eggena asked if we had done any projections on the earnings on the reserves. Dennis Leaser said we had not. Mayor Swanson stated that the Utilities Commission has requested a cash flow statement to make sure there is enough cash to fund the reserves.

Dennis said that these reserves will "future proof" Crosslake Communications. Councilmember Eggena asked if these reserves would be established without a rate increase. Dennis said there would not be a rate increase.

MOTION 07S2-01-03 WAS MADE BY DEAN EGGENA AND SECONDED BY IRENE SCHULTZ TO APPROVE THE ESTABLISHMENT AND FUNDING OF THE ADDITIONAL RESERVES AS DESCRIBED ABOVE. MOTION CARRIED WITH ALL AYES.

- 2) **Operating Transfers to the City.** Dennis explained that the Utilities Commission has worked on this issue for over a year. The problem with the subscriber fee was it only related to one part of the business (the telephone service). The Commission's recommendation to transfer annually an amount not to exceed 8% of gross revenues looks at the company's revenue as a whole. The subscriber fee would be removed from the customer billing and a statement would be included on the bill stating "Crosslake Communications is owned by the City of Crosslake and makes a financial contribution to the City's budget which helps offset the costs of city services." Dennis stated that the recommended revisions to Article VII of the Crosslake Utility Commission's Guide would be effective July 29, 2003, to commence January 1, 2004. (See attached revisions)

Dennis stated that he supports the recommendations.

MOTION 07S2-02-03 WAS MADE BY IRENE SCHULTZ AND SECONDED BY DEAN EGGENA TO APPROVE THE CHANGES RECOMMENDED IN THE UTILITIES COMMISSION GUIDE, SECTIONS 7.01, 7.02 AND 7.03. MOTION CARRIED WITH ALL AYES.

- 3) **Review of 2003 Budget.** Dennis reviewed the capital portion of the 2003 Telephone and Cable budgets to date with the Council and Commission.

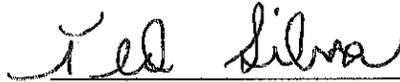
Councilmember Chuck Miller joined the Joint Meeting at 9:35 a.m.

Dennis said that Crosslake Communications has purchased a couple of large pieces of equipment considerably under budget. This is attributed to the current economy. He also reported that the Central Office Switch replacement will be approximately \$128,000 under bid. Some of the savings will be put toward Crosslake Communications related costs of the sewer project.

**The next Regular Utilities Commission Meeting will be held on Tuesday, August 26, 2003 at 7:30 a.m. at Crosslake Communications.**

**The September Regular Utilities Commission Meeting will be September 30, 2003 beginning at 7:30 a.m. at the Community Center. The Council will join the Commission at 9:00 a.m. for a Five-Year Joint Commission/Council Planning Meeting.**

A motion was made by Clyde Fish and second by Hank Duitsman to adjourn the Utilities Commission meeting at 9:47 a.m.



Ted Silva, Chairman

After a ten minute recess, the Council reconvened to discuss additional business.

A memo from Clerk Roach detailed a request by Zorbaz of Crosslake for approval of a temporary one-day license to serve beer on their grounds during the Chili Cook- Off on Saturday, August 9<sup>th</sup>. A snow fence will be installed as a barrier to prevent persons from consuming alcohol anywhere else on the grounds. Approval by the local municipality would fall under the "Community Festival" portion of State Statute. If the Council concurs with Zorbaz's request, approval should be contingent upon verification from Zorbaz's insurance company that their liquor liability insurance would cover any incident outside the main establishment. MOTION 07S2-03-03 WAS MADE BY DEAN EGGENA AND SECONDED BY CHUCK MILLER TO GRANT A TEMPORARY PERMIT TO ZORBAZ TO SERVE INTOXICATING BEER BETWEEN THE HOURS OF 10:00 A.M. – 6:00 P.M. ON SATURDAY, AUGUST 9<sup>TH</sup> CONTINGENT UPON CONFIRMATION FROM THEIR INSURANCE COMPANY THAT THEIR LIQUOR LIABILITY INSURANCE COVERS THE GROUNDS. MOTION CARRIED WITH ALL AYES.

Community Development Director Ken Anderson joined the meeting and addressed the Lommel Violation, which was tabled at the Regular Council Meeting of July 14<sup>th</sup>. Mr. Lommel was in violation of City Ordinance by renting his property more than four times per year. Since the Planning and Zoning Department could not resolve the matter with Mr. Lommel, the Council turned the violation over to the City Attorney for resolution through the court system. After the matter was heard in District Court, a judgment was imposed against Mr. Lommel in the amount of \$1,836.61. The City's legal expenses to date total \$1,817.67. In a conversation with City Attorney Steve Qualley, Anderson was told by Qualley that he had sent a letter to Mr. Lommel suggesting that if Mr. Lommel would submit payment in the amount of \$1,500, the City would not incur any additional expenses and the matter could be resolved. On June 1, Mr. Lommel sent a check to the City Attorney in the amount of \$750. Community Development Director Anderson stated that he has spoken to Mr. Lommel regarding the matter and Mr. Lommel indicated that he would liked to have been in attendance at this meeting since he feels he is being singled out unfairly by the City. Because Mr. Lommel was unable to attend the meeting, he was planning on sending a letter stating his position, but prior to the meeting in a telephone call to Ken Anderson he requested that a previous letter sent in November, 2002 be provided to the Council. Councilmember Miller stated that Mr. Lommel has waited too long to plead his case and whether or not he feels he is being singled out, he is still in violation of City Ordinance. After some discussion by the Council, MOTION

07S2-04-03 WAS MADE BY DEAN EGGENA AND SECONDED BY CHUCK MILLER TO CONTINUE TO PURSUE COLLECTION OF THE \$1,836.61. The Council stated that they are aware that the City may incur additional expenses in the attempt to collect the money but felt the matter should be pursued. MOTION CARRIED WITH ALL AYES.

Community Development Director Ken Anderson stated that the Long Range Capital Planning Commission met on July 23<sup>rd</sup> to review its purpose and discuss future projects and work plan. After much discussion, the Commission approved a motion to request City Council direction to authorize the Commission to develop a Capital Improvement Plan and seek input from the City Administrator and other departments/commissions where assistance is required. In the past the Commission has looked at long range projects and were less involved in the funding portion, however with the continued influx in population, levy limits could be imposed on the City once the population exceeds 2500 and a plan needs to be put in place to work within these limits. City Administrator Swenson stated that he would not be opposed to this approach by the Commission but felt they should be looking out five years versus the ten years referenced in the minutes. Swenson stated that in the six years he has been with the City, the City has been playing catch up by adding staff and upgrading equipment. In the past, funds were not designated for future expenditures and any excess funds not used were left in the General Fund rather than designated for future improvements in a Capital Improvement Fund. Since 1997, a Capital Fund has been in place. While Swenson stated he is not opposed to the plan, he did express concerns with the mechanics as to how it could be accomplished. Councilmember Eggena stated that the members are not sure what their purpose is and whether they should be Long Range Planning or Long Range Capital Planning and the mission came to a head at the last meeting. Councilmember Eggena asked if anyone has assessed how long the newly paved roads will last, what the cost per mile is and whether anyone is planning ahead to set aside money when they are in need of repair. He stated that while we don't want more bureaucracy, we can do research and report or disseminate information out five or ten years. He stated that the City's infrastructure is growing very rapidly and future plans need to be put in place for repair and replacement. Councilmember Phillips asked how this Commission could expect to determine how to fund everything and why the department heads wouldn't be held accountable for future projects and expenditures. Councilmember Miller stated that the Commissions are included in the process of determining needs and making recommendations to the Council after considerable review. Councilmember Eggena stated that the Commission would not be involved in the day to day expenses such as salary and etc., but rather the long range plans for the City. He stated that the City should have an operating budget and a capital budget. City Administrator Swenson stated that we need to figure out the right mix. Mayor Swanson stated that the idea is a good one, but we can't over burden Tom and his Staff or the Commissions. Councilmember Eggena maintained that we need to study what it is going to cost to repair and replace the infrastructure be it in ten or twenty years from now. The life expectancy of items such as the Sewer Facility and the Public Works Facility needs to be looked at for a life expectancy. Mayor Swanson suggested that the Council go through the upcoming budget process and then decide what needs to be done. City Administrator Swenson stated that one of the items that the Long

Range Planning Commission could focus on would be implementation of the new Comprehensive Plan. This may involve working along side other Advisory Commissions to develop plans. Some of these items could include the need for a public beach, affordable housing and assisted living. Councilmember Phillips stated that he looks at the Long Range Capital Planning Commission as the "dream team" and the department heads as being responsible for repair and replacement of items under the control of their department. MOTION 07S2-05-03 WAS MADE BY DEAN EGGENA AND SECONDED BY IRENE SCHULTZ TO DIRECT THE LONG RANGE CAPITAL PLANNING COMMISSION TO DIRECT THEIR MISSION ON THE FUTURE NEEDS OF THE CITY INCLUDING THE IMPLEMENTATION OF THE COMPREHENSIVE PLAN AND NOT ON CAPITAL EXPENDITURES OR BUDGETING AT THIS TIME. MOTION CARRIED WITH ALL AYES.

Approval of bills – MOTION 072S-06-03 WAS MADE BY IRENE SCHULTZ AND SECONDED BY DICK PHILLIPS TO APPROVE THE BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNT OF \$7,783.76. MOTION CARRIED WITH ALL AYES.

MOTION 072S-07-03 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN EGGENA TO ADJOURN THIS SPECIAL COUNCIL MEETING. MOTION CARRIED WITH ALL AYES.

Recorded and transcribed by,



Darlene J. Roach  
Clerk/Treasurer

07-29-03 Joint Meeting Minutes

**BILLS FOR APPROVAL**  
**29-Jul-03**

| <b>VENDORS</b>   | <b>DEPT</b> | <b>AMOUNT</b>   |
|--|-------------|-----------------|
| Ace Hardware, batteries, key, hose                               | PW          | 29.96           |
| Ace Hardware, clamp, bolts                                       | P&R         | 5.92            |
| Anderson Brothers, patch on sandra road                          | PW          | 145.00          |
| Anderson Brothers, class 5                                       | PW          | 373.33          |
| Anderson Brothers, asphalt                                       | PW          | 264.24          |
| Brainerd Medical, drug screening                                 | PW          | 40.58           |
| Brandnger Office Supply, name plate                              | P&Z         | 16.91           |
| Cellular One, cell phone charges                                 | PW          | 27.17           |
| Cellular One, cell phone charges                                 | Adm/Police  | 207.01          |
| Chief Supply, goggles, flares, mini helmets                      | Fire        | 231.84          |
| Chuck Miller, lock work  | Police      | 223.92          |
| Complete Title, nelson closing costs                             | Gov't       | 304.95          |
| Complete Title, brita lane owner and encumbrance                 | PW          | 75.00           |
| Crosslake Polaris, saw chains                                    | P&R         | 18.05           |
| Crosslake Rolloff, recycling                                     | Gov't       | 2,450.00        |
| Crow Wing Power, electric  | ALL         | 1,120.62        |
| Echo Publishing, 7/25 public hearing                             | P&Z         | 81.00           |
| Echo Publishing, business cards                                  | P&Z         | 41.93           |
| Election Systems & Software, receipt books                       | Admin       | 58.50           |
| Houston Ford, oil change, tire rotation                          | Police      | 38.78           |
| Johnson, Killen & Seiler, general personnel matters              | Gov't       | 238.00          |
| Mastercard, Days Inn, lodging expense for class                  | PW          | 292.92          |
| Mastercard, Office Max, micro cassettes                          | Police      | 12.77           |
| Mastercard, Walmart, micro cassettes, batteries, tapes           | Police      | 44.09           |
| Minnesota County Attorneys Assoc., drug and dui forfeiture forms | Police      | 24.50           |
| Office Max, aper, receipts, folders, ink                         | P&R         | 76.62           |
| Reed's Market, sentence to serve                                 | Fire        | 43.31           |
| Reed's Market, sentence to serve                                 | Fire        | 29.34           |
| Reed's Market, sentence to serve                                 | PW          | 24.53           |
| Simonson Lumber, wood for press box                              | P&R         | 153.56          |
| Simonson Lumber, nutsetter bit                                   |             |                 |
| Ted Strand, reimburse mileage                                    | PW          | 121.68          |
| The Office Shop, folders   | Admin       | 12.44           |
| The Office Shop, paper, tapes, post its                          | P&Z/Admin   | 568.57          |
| The Office Shop, label maker tape                                | Admin       | 18.44           |
| Triangle Oil Company, 55 gallon drum                             | PW          | 286.43          |
| Viking Coca Cola, pop  | P&R         | 81.85           |
| <b>TOTAL</b>   |             | <b>7,783.76</b> |