

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
WEDNESDAY, AUGUST 17, 2011
9:00 A.M. - CITY HALL

The Council for the City of Crosslake met in a Special Session on Wednesday, August 17, 2011 at City Hall. The following Council Members were present: Mayor Darrell Schneider, Steve Roe, Dean Swanson, John Moengen and Rusty Taubert. Also present was City Administrator Tom Swenson, Clerk/Treasurer Jenny Max, Community Development Director Ken Anderson, Park and Recreation Director Jon Henke, Public Works Director Ted Strand, Police Chief Bob Hartman and General Manager Paul Hoge. Also in attendance was Echo Publishing Reporter Katie Anderson. There were two people in the audience.

1. Call to order – Mayor Schneider called the special meeting to order at 9:00 A.M.
2. City Administrator Swenson stated that a letter from Couri, Macarthur & Ruppe informed the City that their hourly rate for 2012 will remain unchanged at \$145 per hour for general legal work and \$160 per hour for all development work. The City Council meeting rate will remain the same at a flat fee of \$350 per Council meeting.

A letter from Johnson, Killen & Seiler informed the City that their hourly rate for 2012 will remain unchanged at \$185 per hour for labor negotiations and at \$195 for other labor and employment matters.

A letter from the Initiative Foundation contained a funding request of \$1,100 for 2012. This donation would include a dollar-for-dollar match from the McKnight Foundation.

A letter from Ruth Ann Hanson of the Brainerd Lakes Area Chamber of Commerce requested a donation of \$2,000 for the upkeep and maintenance of the Crosslake Welcome Center. A second request from the Chamber was for funding in the amount of \$10,000 for the 2012 fireworks.

3. The Council reviewed the expenditure budgets by department and compared the proposed 2012 expenditures with the 2009 actual expenditures, 2010 actual expenditures and 2011 budgeted amounts. There was no change to the Council budget of \$30,666 from 2011. City Administrator Swenson noted an increase in all of the department budgets for workers compensation insurance and that was due to the City's experience mod increasing from 1.0 to 1.21. The Administration budget decreased from \$317,278 to \$311,271 with decreases being attributed to health insurance premium reductions and capital outlay. The election budget will increase from \$250 in 2011 to \$4,300 in 2012 since 2012 is an election year. Audit/Legal decreased from \$45,000 in 2011 to \$43,000 in 2012. The Planning and Zoning Department's budget decreased from \$281,210 in 2011 to \$276,194 in 2012. Major changes to Planning and Zoning were an increase to health insurance due to a change in family status, decreases in engineering, legal fees and capital outlay. The General Government budget decreased from \$159,635 in

2011 to \$146,750 for 2012. The General Government budget reflects an increase in sign expense of \$500 to update the sign in front of City Hall, a decrease in codification expense as the project will be finalized in 2012 and a decrease in general property insurance. The 2012 proposed budget also includes \$10,000 towards the fireworks cost for the Chamber. In capital outlay for General Government, \$10,000 was included for siding reserve, \$7,500 for land acquisition and \$1,500 for miscellaneous expenses.

Councilmember Swanson noted if the City is looking to make budget cuts then the fireworks should be taken out of the budget because it's a lot of cost for a short time. Ruth Ann Hanson stated that she does not foresee the fireworks taking place in Crosslake if the City is not able to help fund the cost and added that they are truly enjoyed by the whole community. Councilmember Roe noted that the fireworks have been in Crosslake for approximately 40 years and it would be hard to get the message out to those who plan their 4th of July holiday around them that they won't be in Crosslake anymore. Councilmember Moengen noted he believes there are businesses in the community who would step up and help contribute to the fireworks but that the Council should look at the whole budget first to see where everything is at before making any decisions.

The Police Department budget decreased from \$516,660 in 2011 to \$515,221 for 2012 with decreases being attributed to capital outlay, undercover supplies and health insurance. The Police capital outlay includes \$2,000 for computer equipment and software. The capital expenditures also included \$29,000 for a squad and Chief Hartman noted that the Ford Crown Victoria will not be available for 2012 and that there are a few other options available. The 2007 squad that would be up for replacement currently has 100,000 miles and by the time a new one would be available it would have approximately 115,000 miles on it. If the Council waits another year to replace the 2007 squad Chief Hartman noted it would have almost 130,000 miles on it and then it poses a safety risk if it has to be driven at high speeds. Chief Hartman also noted that he has always considered the money received from the Mission Township contract as a way to cover the cost of the squad cars. Councilmember Roe noted it's not a money saver to risk a potential major repair cost of a squad and it's important to consider the quality of service and safety provided to the community. The Fire Department budget decreased from \$176,239 in 2011 to \$170,764 in 2012 mainly due to decreases in insurance and capital outlay. The ambulance budget will remain the same in 2012 as in 2011 at \$13,736.

The Public Works Department showed an increase from \$701,066 in 2011 to \$715,955 for 2012 as a result of increased crack fill needed for road maintenance and budgeting for reconstruction of Daggett Pine Road. City Administrator Swenson noted that the overall budget for road projects is budgeted at \$260,000 which will cover most of the cost of the 2012 Daggett Pine Road improvements without having to issue bonds. Other increases for 2011 were in health insurance with changes in employees' status, fuels expense and signs expense due to the new retro-reflectivity laws. Councilmember Roe questioned the need for street striping and Mr. Strand noted that when constructing roads the City Engineer incorporates the necessary striping but he is not aware of the criteria that

determine the striping. The Cemetery budget showed a decrease from \$5,560 in 2011 to \$4,00 in 2012 with the decrease being attributed to operating supplies and capital outlay.

The Park and Recreation budget showed a decrease from \$386,974 in 2011 to \$372,539 in 2012 due to a decrease in health insurance, not needing to budget for donation expenditures and decreases to various repair and maintenance accounts. City Administrator Swenson stated that \$22,000 was budgeted in capital outlay and that includes \$10,000 for the tennis courts, \$10,000 for the garage expansion and \$2,000 for fitness equipment. Park Director Henke provided a staff report to the Council regarding the status of the tennis court reconstruction project and noted that the tennis court reserve fund is approximately \$15,000 short of reaching their goal in order to submit a grant to the United States Tennis Association (USTA) and request the remaining funding for the project. The current estimated project cost for the tennis courts is \$152,544 and funds received to date are \$106,597. Included in the funds received amount is a \$10,000 grant received from the USTA Northern Office. Mr. Henke noted if the project is not started by the end of 2011 the City may have to forfeit the \$10,000 as the grant requires the project to begin in 2011. Mr. Henke inquired if the Council would like to move forward with submitting the grant to the USTA National Office and if so, the Council would need to commit the remaining funds of \$15,438 in order for him to proceed. City Administrator Swenson noted that \$10,000 is already included in the 2012 budget so the only shortfall at this point would be the \$5,438 remaining, which is not a significant amount of money. If the grant is approved it would provide an additional \$30,509 towards the project and bring the total grant funds received to \$40,509. MOTION 08S1-01-11 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO AUTHORIZE CITY STAFF TO SUBMIT A GRANT APPLICATION TO THE USTA NATIONAL OFFICE FOR THE TENNIS COURT CONSTRUCTION PROJECT AND COMMIT THE NECESSARY FUNDING REQUIRED TO SUBMIT THE GRANT. The Council continued to discuss various items on the tennis project. Mr. Henke noted that City staff would be able to do a lot of excavation work and clearing out of the old tennis courts which would save a lot of money on the project and also thanked Jim Anderson of Anderson Brothers for his help in moving this project forward. Councilmember Roe asked what the utilization is of the tennis courts and Mr. Henke noted that it is the highest used outdoor activity at the Community Center and that many times people have to wait to use the courts because they are so busy. Councilmember Moengen asked if this project could be phased in. Mr. Henke noted that was looked at but the cost of duplication with bringing in equipment and trying to tie in two phases would be very difficult and result in a much higher overall cost. Mayor Schneider asked what material currently makes up the sub base and Mr. Henke noted that no borings have been completed yet but that it was his intention to completely remove all of the sub-base and replace it with fill that is already on-site. Mr. Henke noted the USTA has a large manual on specifications that would need to be adhered to if they were to receive the grant and those would be followed as required. Following discussion, MOTION CARRIED 3:1 WITH COUNCILMEMBER MOENGEN OPPOSED, MAYOR SCHNEIDER ABSTAINED FROM VOTING.

City Administrator Swenson noted the City has been contacted by Rebecca Zilka regarding a property located next to the Community Center that she is interested in selling. Ms. Zilka has not told the City what her asking price is yet and Mr. Swenson will keep the Council updated when there is more information.

The Library Budget decreased from \$52,818 in 2011 to \$47,237 for 2012. City Administrator Swenson noted that only the Library Coordinator position and communications expense has been budgeted and the operating supplies will be covered through donations. The Recycling Budget decreased slightly from 2011. Debt Service expenditures are based on the bond payments that are payable in 2012. City Administrator Swenson informed the Council that the City will be making the final payment on the 2001 Series A Improvement bond issue in 2012. The Sewer Operating Fund decreased from \$198,621 in 2011 to \$194,706 in 2012. The biggest decrease was due to a decrease in health insurance expense. Capital expenditures included \$2,500 for replacement of a pump/motor.

4. Projected revenues for 2012 were reviewed with the Council and reflected decreased budget estimates in revenue in planning and zoning permits and fees from 2011 due to decreased activity in the current year. A decrease of \$8,000 was budgeted for Police Contracts which Chief Hartman noted has been sent to Mission Township for consideration. City Administrator Swenson also informed the Council that the City would not need to levy for the loss of market value homestead credit as a new method of calculation was passed into law for 2012 which will replace the market value homestead credit program. Overall the proposed levy would decrease from 2011 by 2.4% to \$2,719,916 and the proposed expenditure budget would decrease from 2011 by approximately \$125,000 to \$3,792,234.

It was the consensus of the Council to schedule the next budget meeting on August 23rd at 9:00 A.M. to continue discussion for the 2012 budget.

There being no further discussion, MOTION 08S1-02-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY STEVE ROE TO ADJOURN THIS SPECIAL MEETING AT 11:33 A.M. MOTION CARRIED WITH ALL AYES.

Respectfully submitted by,



Jennifer Max
Clerk/Treasurer

Deputy Clerk/Minutes/8-17-11 Special.doc