

SPECIAL COUNCIL MEETING  
CITY OF CROSSLAKE  
WEDNESDAY, AUGUST 24, 2005  
1:00 P.M. – CITY HALL

Pursuant to due notice and call, the Council for the City of Crosslake met in a Special Session on Wednesday, August 24, 2005 at City Hall. The following Councilmember's were present: Mayor Jay Andolshek and Councilmembers Terry Curtis, Dean Eggena, Dick Phillips and Dean Swanson. Also present was City Administrator Tom Swenson, Community Development Director Ken Anderson, Park and Recreation Director Jon Henke, Public Works Director Ted Strand, Police Chief Bob Hartman, General Manager Dennis Leaser, Network Engineer Paul Davis, Clerk/Treasurer Darlene Roach and Renee Richardson of the Brainerd Dispatch. There were approximately 8 other individuals in the attendance.

1. Call to order – Mayor Andolshek called the special meeting to order at 1:00 P.M.
2. A memo dated August 23, 2005 from General Manager Dennis Leaser requested Council approval to sell Internet Services to Emily Cooperative Telephone Company. This contract would result in additional income for Crosslake Communications of \$61,000 annually. The contract would extend for a period of three years with renewable options. Crosslake Communications has extra Internet capacity and can accommodate the additional bandwidth and support required to handle the needs of Emily Cooperative Telephone Company. There will be approximately \$20,000 in cost for equipment needed to connect the two companies on the OC-48 ring. There is language in the contract that allows Crosslake Communications to increase the monthly amount billed if unforeseen traffic causes increased cost. MOTION 08S2-01-05 WAS MADE BY TERRY CURTIS AND SECONDED BY DICK PHILLIPS TO APPROVE THE SALE OF INTERNET SERVICES TO EMILY COOPERATIVE TELEPHONE COMPANY AS PROPOSED. MOTION CARRIED WITH ALL AYES.
3. A letter to Mayor Andolshek dated August 4, 2005 from the Department of the Army, St. Paul District Corps of Engineers requested connection to the City of Crosslake's Wastewater Treatment System under the terms of the City's Sewer Ordinance. Mayor Andolshek requested that a meeting be scheduled to meet with the Corps regarding their request and to discuss connection fees. Councilmember Phillips asked if it was the intent of the Corps to go on line now, or whether the City would be firm and not allow connection. City Administrator Swenson stated that during the design phase of the Sewer Project when the City was working with the Corps of Engineers, the local manager and his supervisor were of the opinion that the Campground was hooking up to the Municipal System. Towards the end of the Project, the Corps sent a document consisting of about 40 pages laying out their terms for connection. The City took a firm position that this utility is no different than their connecting to any other utility such as electric service. After the Corps reviewed their options with two attorneys in the Contracting Division, a decision was made that they would re-build their own system. Now, a year later, they've determined what it will cost to rebuild and operate the plant, and they want to opt in to the City's system. Swenson stated that the City has gotten

information on their DMR sheets as to what they dump into their station and their phosphorous levels are very high. Councilmember Phillips asked if we are confident in our ordinance and Swenson stated that the City can amend the Sewer Ordinance according to the City Attorney to address a seasonal campground. There are issues that need to be worked out between both parties since the issue isn't just ERU's based on flow but also concentrations. Ted Strand has been working with WSN regarding the Corps' levels and he needs more time to evaluate the situation. Councilmember Eggena stated that he'd like to review this issue and see where the Council stands before meeting with representatives from the Corps. Councilmember Swanson stated that the fact that they are an RV dump site needs to be taken into consideration. This is not waste that can be metered from the standpoint of water usage like the commercial businesses since none of this is dependent on water. Councilmember Eggena stated that the letter appears to indicate that the Corps is ready to go to Court. There was some discussion regarding the situation with Golden Rule and the Corps and they are different in that ownership is separate in Golden Rule. Councilmember Phillips stated that the City needs to get their ducks in order before they meet with the Corps and it was agreed that the Council would meet with WSN and the City Attorney prior to setting a meeting with the Corps of Engineers. A meeting was set for 2:00 P.M. on August 31<sup>st</sup> to further discuss the City's options. A meeting with the Corps will be set for a later date.

4. Community Development Director Anderson stated that Staff would like to schedule a meeting with the Council regarding the site of the proposed 54 unit hotel in Town Square. Councilmember Curtis asked if this should go to the Planning and Zoning Commission first and Anderson stated that the issues with the Master Plan developed in the late 90's would require a new SIP which will eventually require Council approval. Input from the Planning and Zoning Commission will be obtained at their meeting on Friday, August 26<sup>th</sup> for review at the Council level. It was agreed that this item will be added to the agenda for the August 31<sup>st</sup> special meeting.
5. A memo dated August 24<sup>th</sup> from Ken Anderson requested Council approval on plans and specifications for Eagle Pass Plat; allow grading, utility and street construction work to commence; authorize the Mayor and City Administrator to sign the Development Agreement Utility Extension Agreement and approve WSN's proposal for Project Observation Services. Rick Carlson was present to answer any questions the Council may have regarding this request. WSN has reviewed the plans and specifications and City Engineer Dave Reese recommends approval. Mr. Carlson is requesting that the City allow him to proceed with clearing and grubbing since the window is closing in and he would like to accept bids and start construction by mid September. Mr. Carlson stated that he is in agreement with the Utility Extension Agreement but a few minor changes need to be made to the Developers Agreement by the City Attorney. Mr. Carlson stated that the mortgage closed yesterday and a letter of credit was furnished to the City in the amount of \$297,258.50. Anderson stated that the park dedication fees have been paid in full and a \$5,000 deposit for engineering and attorney fees is on deposit with the City. Councilmember Swanson asked if the road base would go through a season before the road is put in and Carlson stated that he doesn't think the City should worry about that but is willing to work with the City. City Administrator Swenson recommended that the road bed sit for one freeze/thaw

season before putting the bituminous coat on to allow settling to take place to locate and to replace any soft spots in the road. Councilmember Curtis asked why the City would care and Swenson stated that based on experience you achieve a better quality finished product if it goes through a freeze/thaw cycle. Councilmember Eggena stated that it's up to whoever does the work to determine when they want to put the final coat on. If they're willing to take the risk, we shouldn't stop them. If it fails, they break it up and re-do it. City Administrator Swenson noted that Pioneer Drive, Duckwood Lane and Silent Oaks all had roads with soft spots. Mr. Carlson stated that he doesn't have a problem either way, but he is paying for the Utilities in the road and thinks the City should accept the utilities and reimburse him for the costs expended by him otherwise the City is delaying him for a whole year. City Administrator Swenson commented that the City could reduce the utilities portion on the letter of credit if they wanted to do so. Councilmember Eggena stated that he doesn't think Staff can make that decision. Until he sees Staff holding engineering degrees, let the contractors, inspectors and soil test engineers make the determination. Councilmember Curtis asked Mr. Carlson what his wishes were. Carlson stated he put roads in all the time and is responsible for them. Ken Anderson asked if he would be turning the road over to the City this Fall and Carlson stated he would try to do so, but the turf may not get established by then. MOTION 082-02-05 WAS MADE BY DEAN EGGENA AND SECONDED BY TERRY CURTIS TO APPROVE THE PLANS AND SPECIFICATIONS FOR EAGLE PASS PLAT; ALLOW GRADING, UTILITY AND STREET CONSTRUCTION WORK TO COMMENCE BY DEVELOPER/ CONTRACTOR SUBJECT TO THE COMMENTS AND APPROVAL OF THE COUNTY AND CITY ENGINEER; AND AUTHORIZE THE MAYOR AND CITY ADMINISTATOR TO SIGN THE PLANS AND SPECIFICATIONS AS NECESSARY INCLUDING THE DEVELOPMENT AGREEMENT; UTILITY EXTENSION AGREEMENT SINCE IT IS CONTIGUOUS TO THE PHASE I SEWER AREA AND THE WSN PROPOSAL FOR PROJECT OBSERVATION SERVICES SUBJECT TO FINAL REVIEW AND APPROVAL OF THE CITY ATTORNEY. MOTION CARRIED WITH ALL AYES.

6. A letter dated August 10, 2005 from City Attorney Kirk Adams informed the City that the County Attorney is not willing to undertake criminal prosecution of zoning violations for the City of Crosslake. This was in response to a request by the Council to turn the Robert Bouten zoning violation over to the County Attorney for action. Mr. Bouten has a brush pile which is visually offensive to the neighboring property owner, Buck Garin. Despite repeated notices from the Planning and Zoning Department to Mr. Bouten, no action has been taken regarding its removal. At a previous meeting, the Planning and Zoning Department requested Council approval to turn the issue over to the City Attorney for enforcement. The City Attorney informed the Council, at the same meeting, that the Council could also proceed with either criminal or civil action and the Council chose to pursue criminal action through the County Attorney. Since the County Attorney is not willing to undertake this, the City still has the option of civil prosecution or contracting with a private attorney. City Attorney Kirk Adams has contacted Attorney Matthew Mallie of Brainerd who indicated he would be willing to handle these matters for the City. This would be on an hourly rate of \$125.00 per hour. Community Development Director Ken Anderson

stated that there is a possibility of recovering costs if the Court rules in favor of the City. Councilmember Eggena stated that he received a telephone call from Mr. Bouten informing him that he has burned the brush pile on his property. There are other items remaining on the property such as a pile containing stumps and dirt, a garage and an abandoned vehicle, but the Council did not take any action regarding these items. Councilmember Curtis asked if the County Attorney was refusing to accept this particular request by the City or if it included all zoning violations and City Administrator Tom Swenson stated that the County Attorney's Office is not staffed to do zoning violations for cities. The question arose whether they would charge the City if they did agree to prosecute and Swenson stated that if there was a fine imposed, the payment would more than likely be split between the Court Administrator's Office, the County and the City. Councilmember Eggena noted that the Council could still pursue a civil prosecution, but the question remains as to how many tax dollars should be expended on these types of issues. Councilmember Swanson suggested removing these types of nuisance's from the ordinance and requested review by the Planning and Zoning Commission. Councilmember Curtis stated that he feels the City needs a mechanism to protect the public from items considered obnoxious and did not support eliminating brush piles, yard waste and etc. from the Ordinance. Councilmember Eggena felt that it should be removed since the City is not a fix all for everyone. City Administrator Swenson asked what action the Council was taking in regards to the Bouten violation since the adjacent property owner would be looking for a resolution. It was the consensus of the Council that because Mr. Bouten burned the brush pile, the issue is resolved. Councilmember Phillips asked if the City should consider contracting with Mr. Mallie for future use. It was agreed that this could be reviewed at another Council meeting after the City receives a proposal from Mr. Mallie.

7. Bills for Approval – MOTION 08S2-03-05 WAS MADE BY DEAN EGGENA AND SECONDED BY JAY ANDOLSHEK TO APPROVE THE BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNT OF \$64,444.08. Councilmember Phillips asked for a clarification of the reimbursement to Ace Hardware to bring sewer to the property line and Tom Swenson explained that when Ace Hardware was ready to connect to the sewer system, there was a section that did not get a sewer stub installed to the property line during the project and the cost to add a stub is being reimbursed to the property owner. MOTION CARRIED 4-1 WITH COUNCILMEMBER CURTIS ABSTAINING FROM THE VOTE. Councilmember Swanson asked Curtis why he abstains and Curtis stated that he was abiding by the Conflict of Interest Statute being an employee of Anderson Brothers Construction who has bills for payment on the agenda.
8. Continue Review/Discussion of 2006 Preliminary Budget - City Administrator Swenson stated that the proposed revenue and expenditure budget represents a 5% increase over 2005 for a total of \$3,329,210. Swenson explained the market value reduction of \$49,939 by the State and the payment of Local Government Aid of \$12,210. Taxes from new construction will generate \$80,000 in tax revenue for the City. The compilation of revenue against expense provides an overview of where the levy stands going into the meeting.

A letter dated August 16, 2005 from Tom Koop of Larson Allen projects a cost of \$17,000 to assist the City in preparation of the Financial Statement. A letter dated August 14, 2005 from Judith A. Moravec of Mathias C. Justin estimates the cost of providing three years of audit at \$7,500 for 2005, \$7,700 for 2006 and \$7,700 for 2007. Based on this being an increase of \$3,000, City Administrator Swenson recommended that the Council consider obtaining additional proposals for the audit.

The next two items consisted of a copy of State Statute 412.261 dealing with Tax Anticipation Certifications and a listing of AFSCME employees with Job Titles. Councilmember Eggena stated that there was some discussion at the last meeting regarding whether a City can borrow money until such time as a City receives their tax settlement. The City currently has seven to eight months of reserves and the Auditor recommends a minimum of six months reserve. Regarding the Union Contract, Eggena stated that either party can call for negotiations and the City should negotiate so budgets aren't being set on unknowns. Councilmember Swanson stated that he has been through two negotiation sessions and this Union is not easy to deal with so let them come forward. City Administrator Swenson stated that no matter who initiates the negotiations, the contract will not be settled by September 15<sup>th</sup>. Swenson stated that he wouldn't recommend going into negotiations without a labor attorney. Councilmember Phillips stated that he doesn't have a problem with settling the contract before budget meetings, but asked Councilmember Eggena where he was coming from on this and Eggena stated that we're putting a 2% increase and a step increase into the budget and we could just give them that. Phillips stated that maybe this could be done in future years, but not this year. Phillips stated that he was very comfortable with the way negotiations were handled last time. He stated that the only hold out was with health insurance. Swenson stated that every three years the wages for the Union Employees are an unknown but in the second and third year, you know what to budget because the wages are set by contract.

City Administrator Swenson proceeded through the remaining items in the budget not reviewed at the meeting on August 16<sup>th</sup>. Swenson stated that Audit/Legal increased by \$1,000; \$20,000 was budgeted in General Government for the Wastewater Management District; donations were reduced from \$4,000 to \$700 removing the donation to the Chamber, and the \$15,000 annual amount set aside to replenish money spent for land was eliminated.

In the Police Department Budget, the Cellular Communications budget was increased by \$400 for additional costs for the air cord. The Fire Department budget was reviewed and the major increase was the principal and interest payment for the new fire truck. The State Aid was increased, but this is a pass thru revenue from the State. In the Public Works Department, the payment on a new loader was deleted, but the repair and maintenance budget was increased from \$5,000 to \$6,000. Swenson stated that the budget contains \$10,000 in vehicle replacement, but he would like to see that increased to \$20,000 since the cost to replace a dump truck is in the area of \$140,000. Councilmember Eggena stated that he reviewed the man-hours between Public Works and Sewer which

was provided by Ted Strand at the last meeting and feels that we should transfer some of the Sewer budget into Public Works. Eggena stated that it takes one person to run the Sewer and 3 to run Public Works. Swenson stated that Ted Strand could be allocated to Sewer and the other three employees to Public Works. It was agreed that this would be done. The Cemetery budget is decreasing from \$6,700 to \$4,150. In the Park Department, the tennis court fund was decreased from \$20,000 to \$10,000 but based on a meeting of the Park Advisory Board on Monday, August 22<sup>nd</sup>, \$3,000 for landscaping around the playground was added. Recycling remains the same as in 2005. Each of the bond payments was reviewed. Some of the payments increased while others decreased. The Library Fund remained at \$2,500 annually. The 2005 Sewer Operating Fund will be more reflective of actual cost since it will have been online for one full year. The new expenditure budget, with the changes noted, is \$3,329,210.

The revenue budget was reviewed. Increases are reflected in zoning permits as a result of the new fee schedule and a decrease will be realized in fire protection since Timothy Township will no longer contract with Crosslake for this service. An additional \$5,000 will be requested from Crosslake Communications from subscriber fees. Tom Swenson complemented Char Nelson on the good job she does in tracking the outstanding assessments for purposes of budgeting. In the Sewer Fund, \$2,000 is projected from late charges on sewer payments. In order to balance the budget, revenues of \$3,329,210 are being projected. Councilmember Curtis asked what the City's debt was at the end of 2004 and Swenson stated that City's indebtedness is approximately \$10,747,000. Councilmember Swanson thanked Tom Swenson for a good report. Mayor Andolshek asked the Council where they wanted to go from here and Councilmember Eggena stated that he would like to take the information and review it and schedule another meeting. Eggena stated that the \$20,000 for the Wastewater Management District may not be needed based on the recent meeting with the County. Eggena commented that at the previous meeting there was considerable discussion regarding funding to the Chamber and he stated that he is not in favor of supporting the Chamber, who represent the business community, but would support the taxpayers funding the 4<sup>th</sup> of July fireworks. Councilmember Curtis stated that he differed with Eggena that it is a special interest group since we receive benefit from the Chamber through regional efforts of economic growth. Curtis stated that he is here because of business growth in the community. Curtis stated that he can see the City belonging to or working with the Chamber just as the City would work with BLADC and the Initiative Foundation. What Curtis stated he would have a problem with is spaghetti feeds, fireman's dances and support of non-profits and stated he's not sure if he would understand the public's perception of sponsoring a fireworks event. Curtis stated that there is a constituency of business taxpayers just as there is a constituency of residential taxpayers. Councilmember Eggena stated that he sees a difference between BLADC and the Chamber. He stated that we have a lot of realtors in the City who belong to realty organizations and we wouldn't donate to those organizations. Curtis stated that we support the businesses we have by supporting the Chamber. City Administrator Swenson stated that the fireworks could cost the taxpayers in the range of \$15,000. Swenson stated that if the City didn't have the Information Center which is supported by the Chamber, City Hall would be

the information center for tourists and visitors so the Center does provide a benefit to the City. Councilmember Swanson asked if the cities who do sponsor fireworks get any kind of donations to assist in the cost. Councilmember Phillips asked how some donations can be left in and others not. Councilmember Phillips stated that he would like to go through each line item in the budget again before making any decision.

Park and Recreation Director Jon Henke stated that the Park Commission has been working on the playground project and meeting with manufactures and the Lions Club and they would like to get the project completed yet this year so asked if this item could be included on the agenda for the meeting on August 31<sup>st</sup>. The Council agreed to hear a presentation.

Continued discussion of the 2006 Budget will take place on August 31, 2005 at 2:00 P.M.

MOTION 08S2-04-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DEAN SWANSON TO AJDOURN THIS SPECIAL COUNCIL MEETING AT 3:37 P.M. MOTION CARRIED WITH ALL AYES.

Recorded and respectfully submitted by,



Darlene J. Roach  
Clerk/Treasurer

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**BILLS FOR APPROVAL**  
**24-Aug-05**

VENDOR	DEPT	AMOUNT
A-1 Steam Brothers, clean shop carpets	PW	106.50
Ace Hardware, salt pellets, adapter, bolts	PW	44.90
Ace Hardware, level, pliers, iso-temp set	PW	47.15
Ace Hardware, reimburse to bring sewer to property line	Sewer	1,196.00
Ace Hardware, reflector bulb	P&R	5.53
Ace Hardware, battery	P&R	13.98
Anderson Brothers, class 5	PW	32.99
Anderson Brothers, class 5	PW	642.92
Business Forms, utility bills	Sewer	222.05
Char Nelson, reimburse mileage	PW	24.71
Crosslake Portable Welding, weld on loader	PW	85.00
Crow Wing Power, electric service	ALL	4,154.07
Echo Publishing, meeting notice 8/26	P&Z	83.85
Echo Publishing, annual disclosure	TIF	58.05
Echo Publishing, ordinance 208	P&Z	25.80
Ehlers & Associates, tif reporting	TIF	875.00
Eric Swanson, reimburse travel expenses	Police	269.72
Federal Signal Corporation, sirens	Gov't	42,360.38
Hach Company, cables, membrane kit, electrolyte kit	Sewer	345.06
Hawkins Water Treatment, aluminum sulfate, aqua hawk	Sewer	747.64
Hawkins Water Treatment, aluminum sulfate, aqua hawk	Sewer	886.20
Ken Stoltman, roof and ceiling repairs on old garage	PW	1,226.00
Mastercard, x10.com, xcam video camera	Admin	49.99
Mastercard, fitnessequipment.com, leg curl extension	P&R	365.28
Mastercard, meal for class	PW	26.54
Mastercard, twins tickets	P&R	357.00
Mastercard, travel expenses	Police	129.15
Mastercard, Initiative Foundation, conservation workshop	P&Z	180.00
Mathias Justin, 2004 city audit	Gov't	4,500.00
Menards, flourscent bulbs	PW	69.01
Minnesota Telecom Alliance, safety program dues	Gov't	1,390.00
Napa Auto Parts, fuel pump	PW	61.74
Northeast Technical Services, water test	Sewer	108.80
Northeast Technical Services, water test	Sewer	182.54
Northeast Technical Services, water test	Sewer	108.80
Pequot Auto Parts, battery	PW	109.64
Pequot Auto Parts, bulb	PW	42.21
Public Safety Center, spanner, adapter	Fire	113.39
Quill, ink cartridges	PW/Police	101.58
Quill, ribbon, binders, folders, rubber bands	P&Z/Admin	43.56
Reichert Enterprises, bus rental	P&R	640.25
Samaritan Tire, tires	Police	244.17
Shorewood Ceramic Tile, replace carpet in lobby area	Gov't	1,457.50
Simonson Lumber, nutsetter bit	PW	15.29
Simonson Lumber, treated lumber	PW	6.70
Sioux Valley Environmental, phosphorus meter	Sewer	250.88
Unicel, cell phone charges	PW	106.46
USA Bluebook, strobe light, Imi repair kit, beacon light	Sewer	330.10
<b>TOTAL</b>		<b>64,444.08</b>