

BUDGET WORKSHOP
CITY OF CROSSLAKE
MONDAY, AUGUST 29, 2016
5:00 P.M. – CITY HALL

The Council for the City of Crosslake held a budget workshop on August 29, 2016. The following Council Members were present: Steve Roe, Brad Nelson, Mark Wessels, Gary Heacox, and Dave Schrupp. Also present were City Administrator/Consultant Dan Vogt, City Clerk Char Nelson, Finance Director/Treasurer Mike Lyonais, Public Works Director Ted Strand, Park Director Jon Henke, and EDA President Patty Norgaard.

1. Mayor Roe called the meeting to order at 5:00 P.M.
2. MOTION 08S2-01-16 WAS MADE BY STEVE ROE AND SECONDED BY BRAD NELSON TO APPROVE THE BILLS FOR APPROVAL IN THE AMOUNT OF \$42,805.05. MOTION CARRIED WITH ALL AYES.

The Council discussed the bills for approval presented by Crosslake Communications. The list included payments for final payroll wages, salary withholdings, bond defeasement and cash transfer to the City. MOTION 08S2-02-16 WAS MADE BY GARY HEACOX AND SECONDED BY BRAD NELSON TO APPROVE CROSSLAKE COMMUNICATIONS' BILLS FOR APPROVAL IN THE AMOUNT OF \$1,525,917.25. MOTION CARRIED WITH ALL AYES.

3. MOTION 08S2-03-16 WAS MADE BY GARY HEACOX AND SECONDED BY MARK WESSELS TO ACCEPT THE DONATION FROM THE CROSSLAKE/IDEAL LIONS IN THE AMOUNT OF \$5,000 FOR THE MN DESIGN TEAM VISIT. MOTION CARRIED WITH ALL AYES.
4. The Council reviewed an agreement related to water contamination in the well at Crosslake Communications. Brad Nelson explained that soil and water samples were taken after an old fuel tank was removed from the site. The presence of Trichloroethene, Tetrachloroethene, and trans-1, 2-Dichloroethene was found in the ground water. The amount detected was 5.14. State standards recently changed from 6.0 to 5.0. Mr. Nelson stated that there is no danger to humans and that a filter on the tap can block the chemical. Because the City of Crosslake has owned the land, MPCA holds the City responsible for any claims. MOTION 08S2-04-16 WAS MADE BY MARK WESSELS AND SECONDED BY DAVE SCHRUPP TO APPROVE THE AMENDMENT NO. 1 TO ASSET PURCHASE AGREEMENT AND ENVIRONMENTAL INDEMNIFICATION AND HOLD HARMLESS AGREEMENT BETWEEN THE CITY OF CROSSLAKE AND TRI-CO TECHNOLOGIES LLC. MOTION CARRIED WITH ALL AYES.
5. MOTION 08S2-05-16 WAS MADE BY MARK WESSELS AND SECONDED BY DAVE SCHRUPP TO CLOSE CROSSLAKE COMMUNICATIONS' RESERVE BANK ACCOUNTS AND TO TRANSFER FUNDS TO THE CITY OF CROSSLAKE ACCOUNT. MOTION CARRIED WITH ALL AYES.

6. MOTION 08S2-06-16 WAS MADE BY GARY HEACOX AND SECONDED BY MARK WESSELS TO APPROVE THE ENGAGEMENT LETTER BETWEEN OLSEN THIELEN & CO. LTD AND THE CITY OF CROSSLAKE FOR AUDIT OF CROSSLAKE COMMUNICATIONS' AUDIT AT A COST NOT TO EXCEED \$29,000. Mike Lyonais noted that the same amount of work is performed for an audit of 8 months or 12 months. MOTION CARRIED WITH ALL AYES.
7. Ted Strand presented the Council with a proposal from WSN to do the wetland delineation and corresponding report for Tamarack Road. This road is in the schedule to be realigned and reconstructed in 2017. The delineation has to be done while vegetation is still in leaf and before October 1st. MOTION 08S2-07-16 WAS MADE BY MARK WESSELS AND SECONDED BY BRAD NELSON TO APPROVE THE NECESSARY DELINEATION WORK BY WSN IN AN AMOUNT NOT TO EXCEED \$2,000. MOTION CARRIED WITH ALL AYES.
8. Dan Vogt reported that the Council must adopt a preliminary levy by September 15th. The final levy must be adopted by the end of December. Once the preliminary levy is set, the Council can reduce the levy, but cannot raise the levy. Mr. Vogt noted that funding requests were received from the Chamber of Commerce and the MN Design Team Committee. The budget already includes \$14,000 for the 2017 fireworks. The Chamber also requested that the City increase its support of the Welcome Center by \$500 for 2017. The MDT Committee asked that the City consider updating the Comprehensive Plan to incorporate the projects that will be suggested by the MN Design Team in September 2016.

Mike Lyonais reviewed the proposed budget for 2017 which has a 5% increase over 2016. Two major expenditures in the proposed budget that the Council has not yet approved are a new dump/plow truck at a cost of \$225,000 and the 6-foot wide trail on Anchor Point Road at a cost of \$231,000. The road projects would be paid for with road reconstruction bonds. A lengthy discussion ensued regarding whether or not to do all of the road projects in the 5-year Capital Plan because interest rates are low. Dave Schrupp stated that the Public Works Commission looked at road conditions and that they seem to be in good shape. Mr. Schrupp was not in favor of doing all of the road projects in one year. Brad Nelson noted that the City would have to pay cash in 2017 for all of the trails that are proposed in the plan which could be costly.

Dave Schrupp reported that he contacted many surrounding cities and was told that all have some type of equipment replacement reserve accounts. Mike Lyonais stated that many cities include the reserve funds in the annual budget. Mr. Schrupp asked why the 2015 expenditures were \$251,000 over budget. Dan Vogt stated that neither the fire truck nor the equipment purchased through the equipment certificates were included in the 2015 budget.

Dan Vogt asked the Council to consider hiring a full time administrator or retaining his consulting services. A full time administrator would be an additional 5% increase in the levy. Dave Schrupp replied that Mr. Vogt has done a good job for the City but that the consulting services should be on a short-term basis. Mr. Schrupp suggested that the administrator could

also be the finance officer and have a combined title. Mark Wessels stated that hiring a full time administrator would be going backwards and that he has received many comments that people are happy with the organization of the City. Brad Nelson stated that this is an important issue but would not be decided tonight.

The discussion regarding road projects was restarted. It was the consensus of the Council that a 5% increase in the Budget was okay to start with for the preliminary levy and that only the 2017 road projects should be completed in 2017. Gary Heacox stated that he is in favor of updating the comprehensive plan because the current one is 11 years old. Dan Vogt stated that staff would incorporate the requests from the MDT Committee and the Chamber into the budget and that the Council would approve a preliminary budget at the 9/12/16 meeting.

Dan Vogt reported that he received a quote from Springsted in the amount of \$8,525 to conduct a job classification and compensation study. The City has not done this review in over 20 years. The 2017 budget includes \$12,000 for the study but there could be funds in 2016. The study will take approximately 4 months to complete. The study could help the Council determine what type of administrator is needed. It was the consensus of the Council that staff should engage Springsted to begin the study.

Dan Vogt reported that department heads were having issues with employees not answering their personal cell phones. The City currently pays employees \$16 per month if they wish to have their personal phone number in the Crosslake Directory. This practice was started long ago and Mr. Vogt suggested that it be eliminated during the next union negotiations. The employee manual allows management to pay \$30 per month to essential employees for personal cell phone use for work related issues. It was the consensus of the Council to allow all employees that use their personal cell phone for work to receive \$30 per month per City policy.

9. There being no further business at 7:00 P.M., MOTION 08S2-08-16 WAS MADE BY DAVE SCHRUPP AND SECONDED BY STEVE ROE TO ADJOURN THE MEETING. MOTION CARRIED WITH ALL AYES.

Respectfully Submitted,



Charlene Nelson
City Clerk

BILLS FOR APPROVAL
August 29, 2016

VENDORS	DEPT		AMOUNT
AW Research, water testing	Sewer		687.60
Baker and Taylor, books	Library		1,325.46
Batteries Plus, bulbs, socket	PW		142.22
Bob Hartman, reimburse for uniform	Police	pd 8-25	55.10
Brd Lakes Area Dev Corp, marketing and website development	EDA		4,000.00
Brock White, culverts	PW		1,570.92
BSN Sports, soccer balls, striping paint, roller	Park		995.75
Crow Wing County Highway Dept, fuel	ALL		2,237.22
Crow Wing County Landfill, trash removal	Library		60.00
Crow Wing Power, electric services	ALL	pd 8-23	7,132.59
Dacotah Paper, janitorial supplies	Park		307.00
Dacotah Paper, janitorial supplies	Gov't		134.86
East Side Oil, filter recycling	Gov't		50.00
Fire Insutruction and Rescue, turn out gear	Fire		1,552.67
Follett, labels	Library	pd 8-25	259.92
Fyles, portable restrooms at pig roast	Fire		175.00
Leah Heggerston, reimburse for mdt tshirts	MDT	pd 8-25	189.86
Mail Finance, postage meter rental	Gov't		236.49
Mastercard, Facebook, registration discount	Park	pd 8-23	15.00
Mastercard, Holiday, ice cubes and water	PW	pd 8-23	8.57
Mastercard, Lake Country Crafts and Cones, primary election	Elections	pd 8-23	51.00
Mastercard, Pickleball Central, pickle balls	Park	pd 8-23	89.97
Mastercard, Raffertys, primary election	Elections	pd 8-23	55.16
Mastercard, Reeds Market, childrens program	Library	pd 8-23	15.57
Mastercard, Road ID, race supplies	Park	pd 8-23	21.84
Mastercard, Road ID, race supplies	Park	pd 8-23	20.42
Mastercard, Sports Award, medallions	Park	pd 8-23	395.01
Mastercard, Super America, reimb personal expense	PW	pd 8-23	21.89
Mastercard, Walmart, election supplies	Elections	pd 8-23	53.54
Mikes Electric, replace metal halide ceiling fixtures	Park		4,920.00
Mills Motors, replace water pump	PW		1,487.15
MN Police & Peace Officer Assn, body camera issues	Police	pd 8-15	150.00
MN State Fire Chiefs Assn, conference registrations	Fire		1,500.00
MR Sign, e911 address signs	PW		45.89
MR Sign, e911 address sign	PW		25.77
Napa, air filters, oil filter, fuel filter, hydraulic filter	PW		110.94
Napa, bulb	Fire		1.99
Napa, fuel filter	Fire		18.99
Northland Press, meeting notice of 8/26	PZ		80.75
Premier Auto, oil change	Police		31.39
Premier Auto, oil change	Police		31.39
Premier Towing, forfeiture	Police		140.00
RDJ Specialties, fire education supplies	Fire		579.78
RDJ Specialties, fire education supplies	Fire		727.82
RDJ Specialties, fire education supplies	Fire		725.89

Crosslake Communications

Bills For Approval 08.30.2016 & 08.31.2016

Check #	Payee	Amount	Purpose
2402	Schmidt, Ronald	\$ 12,237.90	Final Payroll Check/Unused Benefits
2403	Floerchinger, Deborah	\$ 43,611.68	Final Payroll Check/Unused Benefits/Retention
2404	Straka, Pamela	\$ 5,201.91	Final Payroll Check/Unused Benefits
2405	Orlando, Lydia	\$ 2,196.54	Final Payroll Check/Unused Benefits
2406	Harrell, Joan	\$ 4,021.58	Final Payroll Check/Unused Benefits
2407	Perkins, Cynthia	\$ 43,449.97	Final Payroll Check/Unused Benefits/Retention
2408	Internal Revenue Service	\$ 34,571.53	Federal Withholdings & Payroll Taxes
2409	PERA	\$ 1,330.52	PERA
2410	Minnesota Department of Revenue	\$ 5,074.33	State Withholdings
2411	Minnesota Deferred Compensation	\$ 48,998.16	Deferred Compensation
2412	US Bank Trust N.A.	\$ 248,500.00	Transfer Debt Service Reserve For Bond Defeasance
32636	City of Crosslake (Wire)	\$ 1,076,678.13	Transfer Balance of 4-M Account to City
In-Process	City of Crosslake	\$ 45.00	August 216 Sewer Billing
Total		\$ 1,525,917.25	