

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
WEDNESDAY, AUGUST 30, 2006
9:00 A.M. - CITY HALL

Pursuant to due notice and call, the Council for the City of Crosslake met in a Special Session on Wednesday, August 30, 2006 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, Police Sergeant Erik Lee, General Manager Paul Hoge and Clerk/Treasurer Darlene Roach. Also in attendance was Cindy Holden, Steve Roe and Mark Wessels.

1. Call to order -- Mayor Andolshek called the special meeting to order at 9:00 A.M.

2. Memo from Personnel Committee Regarding Non-Union Wage and Benefit Adjustment Recommendation for 2007 - City Administrator Tom Swenson commented that wages play an important part in each departments budget since the wage drives other elements such as FICA, PERA, disability and etc. and until the wage is set, it is difficult to determine the other components. Swenson read a memo from the Personnel Committee which recommends that a 3% increase be approved for the Police Officers, that the Council approve the Committee's proposed management salaries, that the City no longer continue reimbursing the \$15.00 co-pay effective January 1, 2007 and in turn add one personal holiday to all non-union employees with the exception of the City Administrator and General Manager. Councilmember Eggena asked what the two unions settled at and he was informed that both unions settled for a 3% cost of living increase for each of the 3 years of the contract. The union contracts eliminated the co-pay reimbursement effective July 1, 2006 and added an additional personal holiday for each of the three years beginning in 2006. Eggena then asked why the percentages were in the 6.4% - 6.7% range and Swenson stated they reflect a step increase in addition to the 3% cost of living increase. MOTION 08S1-01-06 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO ACCEPT THE PERSONNEL COMMITTEE'S RECOMMENDATION ON PROPOSED PAY INCREASES SINCE THEY ARE CONSISTENT WITH ALL OTHER CITY EMPLOYEES. Councilmember Curtis asked who was union versus non-union and commented that when you take a blanket percent across the board, there is no increase based on evaluation. City Administrator Swenson commented that not all of the increases are the same amount. He commented that in 2006, some department heads received a larger increase than others but the amount was not tied to the employee performance. Councilmember Phillips stated that the recommendation to the Council did, however, take into consideration that acceptable performance was met by all employees. General Manager Hoge explained that at the Telephone Company one employee was not given an increase in 2006 and another was given less than the other employees. Clerk Roach also noted that cities' are required to assign comparable worth points to positions and meet the pay equity requirements imposed by the State based on these points. MOTION CARRIED WITH ALL AYES.

3. Review 2007 Department Budget Proposals – Since there was an individual in the audience who was present for the discussion on pre-existing lots, MOTION 08S1-02-06 WAS MADE BY DEAN SWANSON AND SECONDED BY JAY ANDOLSHEK TO MOVE ITEM NUMBER 4, DEALING WITH PRE-EXISTING LOTS TO THE NEXT ITEM UNDER DISCUSSION, MOTION CARRIED WITH ALL AYES. Councilmember Eggena stated that he had this item added to the agenda since there appears to be a misunderstanding from the last meeting when the issue was discussed. Eggena stated that the pre-existing lot rules should only be applied from the time the City started applying Planning and Zoning rules which was in 1972 when the State required cities to impose planning and zoning guidelines. After the regular meeting of August 14th where the Council made a motion to set the date for pre-existing lots at 1972, Community Development Director Ken Anderson was of the impression that an ordinance amendment was required which meant a public hearing needed to be held. Eggena disagreed with Anderson and stated that the date was just a clarification to the ordinance and not an ordinance amendment which has resulted in a problem with interpretation. Eggena stated that currently the ordinance reads “as of the date of this ordinance” and it was the Council’s intent to insert “1972” so a decision by the Council was requested as to whether the year should be added or if a public hearing was required. Councilmember Curtis commented that at the last meeting, the Mayor mentioned that the ordinance may need to be amended based on the letter sent to the DNR previously that the City would allow the 1972 rule to apply so he assumed now that the Council was clarifying the date, hence he did not see a reason for getting concerned. Curtis stated that it is his thought that these lots were considered conforming lots but still need to meet all the performance standards. Curtis stated that is why he supported sending a letter to the DNR. Curtis stated that the Ordinance Amendment drafted by City Attorney Sandelin for this meeting inserted the date “February 6, 1992” and asked if the Ordinance did not get changed to 1972 at the time the letter was sent to the DNR. Councilmember Swanson stated that he agreed that the letter sent to the DNR specified a date that we would honor. And since the DNR did not challenge the date, if the dates are wrong, we need to amend our ordinance. Councilmember Curtis again asked if it was a clarification or an ordinance amendment. If it is an ordinance amendment, we can do it in September. Mayor Andolshek stated that he placed the item of pre-existing lots on the agenda for the Regular Council Meeting on short notice with the understanding that it may need an ordinance amendment. Mayor Andolshek asked what the timetable would be for a public hearing by the Planning and Zoning Commission. Community Development Director Ken Anderson stated that the Commission could review this matter at the September 22nd meeting and make a recommendation to the City Council. Councilmember Eggena stated that when he spoke with Attorney Sandelin on the telephone, Sandelin stated that the Council could look at it as a clarification but Planning and Zoning apparently thinks differently. Eggena stated that we would be a weak Council if Planning and Zoning tells us what to do rather than us telling Planning and Zoning what to do. Eggena stated that he has a problem with this as an elected official and while the public can challenge the Council, the Staff can’t challenge the Council. Eggena stated that he wants to take a strong position that the Council is the definitive decision. Councilmember Swanson stated that he has a problem with the attorney, not with Planning and Zoning. He stated that the

Staff has to follow the Ordinance. Swanson stated that if we need an amendment, Staff is not the hang up. Councilmember Phillips stated that the problem appears to be a procedural process and we should let the property owner proceed. Councilmember Eggena stated that he's been here 35 years and this issue was not a problem until the past two years when we had someone bring up the fact that we weren't following the Shoreland Act, so we can instruct the Planning and Zoning Department to issue building permits today and we will clean up the ordinance. MOTION 08S1-03-06 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO INSTRUCT THE PLANNING AND ZONING DEPARTMENT TO ISSUE PERMITS EFFECTIVE IMMEDIATELY TO PROPERTY OWNERS WHERE THE LOTS WERE CREATED AND PLATTED SINCE 1972 UNTIL SUCH TIME AS AN ORDINANCE AMENDMENT IS ADOPTED TO CORRECT THE DATE. Councilmember Curtis commented regarding Council and Staff, that in principle he would agree but with respect for the process by the same token, would look to the City Attorney. Curtis stated that we're kidding ourselves regarding staff and that's a slippery slope to teeter on. Staff still has a job to do. Curtis stated that if Staff is reluctant to issue permits because of the ordinance amendment, if he was a property owner, he wouldn't be comfortable proceeding. Councilmember Eggena stated that there is no other authority to challenge this Council except through District Court. What the attorney is saying is if you want to defend your position in District Court, you need to change your ordinance. Eggena stated that if this motion passes, he hopes the public and Planning and Zoning Staff understands who runs the City. Mayor Andolshek stated that the Council needs to go into the public hearing with an open mind. Councilmember Curtis stated that he took a lot of public comment a year ago when this issue was discussed. With the consensus of the Council, Steve Roe addressed the Council and stated that changing the date is causing more confusion. Following this comment, there was considerable discussion regarding the date to use in the ordinance. MOTION CARRIED 3-2 WITH CURTIS, EGGENA AND PHILLIPS VOTING AYE AND ANDOLSHEK AND SWANSON VOTING NAY. Following this motion, MOTION WAS MADE BY DEAN EGGENA TO INSTRUCT THE CITY ATTORNEY TO CLEAN UP ANY DATES IN THE ORDINANCE CONFLICTING WITH THIS DATE BY WAY OF ORDINANCE AMENDMENT. MOTION WITHDRAWN. Following the withdrawn motion, MOTION 08S1-04-06 WAS MADE BY DEAN EGGENA AND SECONDED BY DEAN SWANSON TO INSTRUCT THE CITY ATTORNEY TO LISTEN TO THE DVD AND DRAFT AN ORDINANCE AMENDMENT AS DIRECTED BY THE COUNCIL. Mayor Andolshek commented that then the Council could review the Ordinance Amendment after the public hearing and change any words if necessary before final approval by the Council. MOTION CARRIED WITH ALL AYES.

4. At 10:15 A.M., the Council resumed discussion of the 2007 Department Budgets starting with Administration. City Administrator Swenson noted that now that the wages have been approved, the other items such as PERA, FICA, and disability can be calculated since they are a percent of wages paid. Regarding health insurance, which is an unknown until renewal in April, an increase of 12% was used in all departments for budget purposes. It was recommended that the newsletter expense be moved into general government since it is mostly utilized

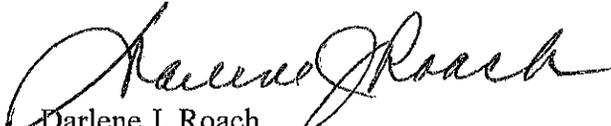
by the Park Department. There was some discussion as to how each department's budget should be considered and approved. Public Works Director Ted Strand asked the Council if they would consider approval of the bills at this time rather than waiting until the end of the meeting. MOTION 08S1-05-06 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO APPROVE THE BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNT OF \$20,210.87. Councilmember Eggena asked if the City was going to be reimbursed for the expenses incurred on East Shore Road. City Administrator Swenson stated that all the bills have been received with the exception of the bill from Anderson Brothers for paving. Councilmember Eggena stated that he would like this item to come back to the Council for consideration. MOTION CARRIED WITH ALL AYES. The proposed administration budget is \$269,451. Since there will be no election in 2007, a minimal amount of \$500 is proposed under this category. Under Audit/Legal, proposals were received by Larson Allen in the amount of \$21,500 and Beinhorn Porter and Mayer in the amount of \$6,500 to conduct the 2006 audit. Councilmember Eggena commented that since the Council just received the packet last night, he really hasn't had time to review the budget in detail but a preliminary review indicates a 9% increase over last year. Eggena stated that he could not agree with this percent of increase. Eggena stated that he would have a problem with anything over 4.5% taking into account the 3% approved for labor. Eggena stated that he would like to see \$100,000 cut in the budget. The other factor he will take into consideration is the slowdown the City will be experiencing in projects, which could result in his being even more conservative. Councilmember Curtis questioned the amount budgeted for legal and what the Council expects out of the City Attorney. It was noted that the League of Minnesota Cities Insurance Trust furnishes the City with attorney services in the event of a lawsuit. This area will be reviewed at a later meeting. The Council reviewed the proposed changes in the Planning and Zoning and General Government Department's. Chief Bob Hartman stated that his budget has increased due to wages and benefits and the need to budget money for ammunition and two new computers. Hartman is also looking at replacing the 2003 Crown Victoria squad rather than the 2002 Ford Explorer since the 2003 has high miles. The \$46,000 budgeted on the revenue side for coverage in Mission Township pays for a new car each year for the department. The department dedicates 24 hours a week to patrol Mission Township utilizing the officer on duty in Crosslake for this coverage. The purchase of in squad computers will allow the officer to conduct license plate checks, determine validity of drivers licenses, stolen vehicles, warrants and etc. and is a very valuable tool in the field for the officer. Councilmember Eggena stated that he has done some calculations and based on the number of hours in a year versus the number of full time officers, feels the department can be covered 24/7 without utilizing part time help. Eggena asked how we justify part time help with five officers and stated that the Police Department budget is second highest to Public Works. Eggena stated that the part-time officers were put in place when the 2:00 A.M. closing went into effect. Since this later closing has not generated any additional problems for the department, he doesn't feel the part-time officers are needed any longer. Eggena stated that he has a problem with \$20,000 for part-time help. Councilmember Swanson stated that the Council shouldn't micro manage the department. Swanson stated that the Police Department is doing a good job. Councilmember

Phillips stated this is the reason for his wanting to see graphs comparing the various police activities to determine where the focus needs to be. Phillips stated that he wants to see how the overall dollars are spent. Phillips supported a small increase in the budgets. Councilmember Eggena asked what the cost was for the take home squads and how many miles are being put on going back and forth to work. Phillips feels a lot of money is being spent in areas where we are over serviced. Councilmember Curtis stated that he wouldn't undermine the exercise the Council goes through to save money. He stated that his employer spends an extra \$100,000 when gas goes up a nickel so it is important for the Council to determine how to save tax dollars. City Administrator Swenson stated that he has not had an opportunity to meet with Fire Chief Keith Anderson regarding the Fire Department budget but stated it will be available for the next meeting. Regarding the Public Works Department, wages and benefits result in an increase for the department as well as the need to include funds for payment of principal and interest on the new truck that the Council recently approved. Swenson stated that he has been working with Northland Securities on the 2006 Road Improvement Bonds and would like Monte Eastvold to attend the next Budget Meeting to discuss financing the truck and weight room equipment by way of an Equipment Certificate through Northland Securities. It was the consensus of the Council to proceed with the bonding for the road projects and have Mr. Eastvold present details regarding Northland Securities utilizing an Equipment Certificate for the truck and weight room equipment. Councilmember Eggena stated that he is reluctant to budget \$65,000 into roads. He feels the taxpayers should get a break since they have been paying for roads since the road improvement projects began. Swenson stated that he will look at the Public Works Department Budget in the area of crack filling and overlays. Park and Recreation Director Jon Henke discussed the increase in the Park Department Budget and the effect that the 17,908 square foot addition will have on the Department's overall expenses. Henke is requesting \$9,100 in additional funds to cover the Library expenses. Henke is recommending that the Library be included in the Park and Recreation Department Budget since they are sharing a facility. Regarding the equipment for the new weight room, Henke stated that there will be revenues in the form of fees to offset some of the cost of the equipment. Councilmember Eggena commented that Jon Henke will be coming before the Council at some point in time asking for an increase in staffing funds because the volunteers will eventually go away. Henke stated that he is looking at crack filling the tennis courts in 2007 which would buy two additional years and then re-do the courts in 2009. The last time the courts were crack filled was in 2002. It was noted that the courts were built in 1977. Henke stated that the base on the courts are good, only the materials are wearing out. Councilmember Curtis stated that he would like to see the changes in the Park Dedication language recently adopted by the State Legislature come before the Council. City Administrator Swenson stated that he would like to schedule another budget meeting on Friday, September 8th in addition to the one already scheduled for Wednesday, September 6th. The Council should then be in a position to adopt the expenditure and revenue budgets and levy at the Regular Council Meeting on September 11th. MOTION 08S1-06-06 WAS MADE BY DEAN EGGENA AND SECONDED BY JAY ANDOLSHEK TO SCHEDULE AN ADDITIONAL BUDGET MEETING FOR FRIDAY SEPTEMBER 8, 2006. MOTION CARRIED WITH ALL AYES.

Park and Recreation Director Henke informed the Council that Ken and Virginia Merrill would like to make a donation to the Park Department for the purchase of a golf cart for use by City employees on the trail system. Henke was informed that the price of the cart will be increasing soon and he would like to take advantage of the lower price. It was the consensus of the Council that the equipment could be purchased either by the Merrill's or by the City with the donated funds.

MOTION 08S1-07-06 WAS MADE BY DEAN EGGENA AND SECONDED BY JAY ANDOLSHEK TO ADJOURN THIS SPECIAL MEETING AT 12:25 P.M. MOTION CARRIED WITH ALL AYES.

Recorded and respectfully submitted by,


Darlene J. Roach
Clerk/Treasurer

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BILLS FOR APPROVAL

30-Aug-06

VENDOR	DEPT	AMOUNT
Abra True Value, ring terminals, cable, wire	PW	36.00
Abra True Value, dbl blt snaps	PW	16.77
Abra True Value, box fan	P&R	15.17
Abra True Value, adapter, pvc	PW	3.68
Ace Hardware, quick air	P&R	1.91
Ace Hardware, concrete	P&R	25.50
Ameripride, mats	PW	106.38
Ancom Communications, spare battery	Fire	132.59
Anderson Brothers, class 5, class 1	PW	834.96
AW Research, sludge testing	Sewer	406.95
AW Research, water testing	Sewer	118.80
Banyon Data Systems - Payroll/Fund Acct Maintenance	Adm	1,560.02
Blake Drilling Company, dewatering e shore blvd	PW	6,887.00
Buck Buchite - reimb payment to K&M Signs	Library	261.00
Business Forms and Accounting, utility bill forms	Sewer	222.72
Cascade Computers - repair Router	Adm/P&Z/PD	77.82
Char Nelson, reimburse mileage	Election	51.62
Country Works - copies	Library	11.72
Crow Wing County Highway Dept, fine bituminous	PW	14.21
Darlene Roach, reimburse mileage	Election	15.58
Demco, tape, covers	Library	269.42
Display Sales, flags	Gov't	249.21
Door Service, adjustment to door	P&R	420.00
Echo Publishing, notice of filing	Election	35.00
Echo Publishing, public hearing notice of 8/25	P&Z	84.00
Hawkins Water Treatment, ferric chloride, aqua hawh	Sewer	848.18
Ikon Office Solutions, fax maintenance contract	P&Z/Admin	154.87
Krause Lock & Key	PW	12.78
Mastercard, Batteries Plus, batteries	PW	23.28
Mastercard, Best Buy, digital camera, memory, warranty	P&R	259.87
Mastercard, Fleet Farm, winch	PW	117.03
Mastercard, Northern Tool, hoist	Sewer	214.07
Mastercard, Office Max, mouse, duster	PW	53.22
Mastercard, Sears, battery, grease gun	P&R	275.76
Mastercard, Valley Pool, sand filter, skimmer	Sewer	523.86
MCS Cleaning, august cleaning	Gov't	772.13
Metro Fire, bracket	Fire	121.18
MN State Fire Chiefs Assn, annual conference	Fire	150.00
Oreck, pedal, pivot assembly	P&R	49.05
Pepsi, pop	PW	22.21
Quill, timie cards, message pads	Admin	34.41
Reed's Market, sentence to serve	PW	43.46
Reed's Market, sentence to serve	PW	103.10
Reed's Market	PW	69.40
Royal Chemical, degreaser	PW	394.78
Simonson Lumber, treated wood, nails	Cemetery	240.67
Simonson Lumber, drill bit, 2x4's, screws, joists	Fire	90.27

State Chemical Mfg	PW	811.00
Strategic Equipment, detergent	P&R	86.20
Unicel, cell phone charges	PW	106.29
Unicel, cell phone charges	Police	294.65
UPS, postage	Police	40.88
USA Bluebook, sections, ball bearing	Sewer	254.33
Xcel Energy, gas utilities	PW/Sewer	58.66
Xcel Energy, gas utilities	P&R	148.86
Xcel Energy, gas utilities	Warm House	27.47
Xcel Energy, gas utilities	ESC	41.55
Xcel Energy, gas utilities	P&R	79.84
Zee Medical, replenish first aid kit	PW	48.19
Ziegler, mirror	PW	39.36
Zoll Medical, battery, electrodes	Fire	1,741.98
TOTAL		20,210.87