

CONTINUATION OF REGULAR COUNCIL MEETING OF 9/8/14
CITY OF CROSSLAKE
THURSDAY, SEPTEMBER 18, 2014
2:00 P.M. – CITY HALL

The Council for the City of Crosslake met to continue the Regular Council Meeting of 9/8/14 in the Council Chambers of City Hall on Thursday, September 18, 2014. The following Council Members were present: Mayor Darrell Schneider, Steve Roe, Gary Heacox, John Moengen and Mark Wessels. Also present were City Administrator/Consultant Dan Vogt, City Clerk Char Nelson, Finance Director/Treasurer Mike Lyonais, Public Works Director Ted Strand, General Manager Paul Hoge, and City Attorney Brad Person. There were approximately seven people in the audience.

1. Mayor Schneider called the meeting to order at 2:02 P.M. The Pledge of Allegiance was recited.
2. Mayor Schneider read a memo dated September 18, 2014 from the Mayor to the City Council regarding concerns of Crosslake Communications management. The memo summarized results from the recent studies conducted by Vantage Point and Charlesmead. A MOTION WAS MADE BY DARRELL SCHNEIDER AND SECONDED BY MARK WESSELS TO RETAIN A CONSULTANT, EXPERIENCED IN ACTUALLY OPERATING A SYSTEM, TO BECOME INVOLVED IN THE OPERATION OF THE CROSSLAKE COMMUNICATION SYSTEM AND DEVELOP ALTERNATIVE SYSTEMS OF OPERATION AT REDUCED COSTS THAT CAN BE TESTED FOR FINANCIAL PERFORMANCE ON A FIVE YEAR PLAN BASIS WITH AN EXTENSION TO SEVEN YEARS TO THE TIME OF COMPLETING OUR PAYMENTS ON THE OUTSTANDING BOND ISSUE. Mark Wessels stated that hiring a consultant was necessary but asked that the Council consider the proposals for services before voting on the motion. Darrell Schneider and Mark Wessels withdrew their motion.

John Moengen read proposals from Dennis Leaser and Consolidated Telecommunications Company for managerial services for Crosslake Communications. Dennis Leaser and Kevin Larson of CTC both worked as General Manager for Crosslake Communications in the past and both are well qualified. Both men believe that changes in management could increase revenue and decrease expenses. Dennis Leaser's agreement included an initial payment of \$2,000 for review of Crosslake Communications and a pay rate not to exceed current management pay rates. The day-to-day management from CTC would include access to a team of managers, including CFO Mark Roach and COO Kristi Westbrook. The proposed fee for CTC services was \$8,000 per month and a re-evaluation of fees and services after three months. John Moengen recommended that the Council hire CTC to manage Crosslake Communications because there is potential for a long-term commitment. Mr. Moengen stated that the City is not selling the company to CTC. CTC would run Crosslake Communications for the City of Crosslake. Steve Roe questioned why the two proposals listed different services. A lengthy discussion ensued regarding fiber vs. copper, long-term intentions from the consultants, start dates, and future plans. MOTION 09S2-01-14 WAS MADE BY DARRELL SCHNEIDER AND SECONDED BY MARK WESSELS TO RETAIN A

CONSULTANT, EXPERIENCED IN ACTUALLY OPERATING A SYSTEM, TO BECOME INVOLVED IN THE OPERATION OF THE CROSSLAKE COMMUNICATION SYSTEM AND DEVELOP ALTERNATIVE SYSTEMS OF OPERATION AT REDUCED COSTS THAT CAN BE TESTED FOR FINANCIAL PERFORMANCE ON A FIVE YEAR PLAN BASIS WITH AN EXTENSION TO SEVEN YEARS TO THE TIME OF COMPLETING OUR PAYMENTS ON THE OUTSTANDING BOND ISSUE. MOTION CARRIED 4-1 WITH COUNCIL MEMBER ROE OPPOSED.

MOTION 09S2-02-14 WAS MADE BY JOHN MOENGEN AND SECONDED BY GARY HEACOX TO HIRE CONSOLIDATED TELECOMMUNICATIONS COMPANY AS PER THE PROPOSAL DATED SEPTEMBER 15, 2014 FOR MANAGERIAL SERVICES FOR CROSSLAKE COMMUNICATIONS. Attorney Person stated that he would work with CTC to have an agreement to the Council at the next meeting. Steve Roe stated that the funds for this service should come from the City's General Fund and not from Crosslake Communications budget. Dan Vogt replied that it is logical to use the savings from the two open positions at Crosslake Communications to pay for CTC services. MOTION CARRIED 4-1 WITH COUNCIL MEMBER ROE OPPOSED.

MOTION 09S2-03-14 WAS MADE BY MARK WESSELS AND SECONDED BY JOHN MOENGEN TO ADD TO THE CTC AGREEMENT THAT CTC IS IN CHARGE OF CROSSLAKE COMMUNICATIONS AND THAT PAUL HOGE WILL REPORT TO CTC MANAGEMENT. DAN VOGT, BRAD PERSON, AND JOHN MOENGEN WILL MEET WITH PAUL HOGE AND KEVIN LARSON TO DETERMINE THE COMPOSITION OF THE MANAGEMENT TEAM. MOTION CARRIED 4-1 WITH COUNCIL MEMBER ROE OPPOSED.

3. Dan Vogt reported that Department Heads have submitted 5-Year plans for capital expenditures totaling \$1,520,672 for 2015. Mike Lyonais removed the fire truck and road projects expenses from the draft budget dated 9/18/14, bringing the 2015 proposed capital expenses to \$523,672. If the Council added these expenses to the budget, the levy would increase 2% from last year. A lengthy discussion ensued regarding ways to fund a fire truck and road projects without including the entire expense in the budget. If the Council decided to remove the operating transfer from Crosslake Communications, the levy would raise to 9.8%. Steve Roe suggested that the Council phase out the transfer slowly. Staff will meet in October to evaluate health insurance plans and costs. A lengthy discussion ensued regarding expenses and revenues. Steve Roe asked that the Department Heads cut 20% of the capital expenses. Ted Strand replied that he has no room in his budget to cut 20%. MOTION 09S2-04-14 WAS MADE BY MARK WESSELS AND SECONDED BY GARY HEACOX TO ADOPT RESOLUTION NO. 14-06 APPROVING THE PRELIMINARY 2014 TAX LEVY COLLECTIBLE IN 2015 IN THE AMOUNT OF \$2,912,000. MOTION CARRIED 4-1 WITH COUNCIL MEMBER ROE OPPOSED. Steve Roe urged the Council to meet again in September so that the Council could consider raising the levy further.

MOTION 09S2-05-14 WAS MADE BY JOHN MOENGEN AND SECONDED BY STEVE ROE TO SET THE DATE OF THE 2015 BUDGET/LEVY PUBLIC INPUT MEETING

FOR MONDAY, DECEMBER 22, 2014 AT 7:00 P.M. MOTION CARRIED WITH ALL AYES.

4. MOTION 09S2-06-14 WAS MADE BY JOHN MOENGEN AND SECONDED BY MARK WESSELS TO APPROVE THE BILLS FOR PAYMENT IN THE AMOUNT OF \$23,220.61. MOTION CARRIED WITH ALL AYES.

MOTION 09S2-07-14 WAS MADE BY JOHN MOENGEN AND SECONDED BY DARRELL SCHNEIDER TO APPROVE THE 2015 SAFETY TRAINING CONTRACT WITH MMUA IN THE AMOUNT OF \$\$9,900. MOTION CARRIED WITH ALL AYES.

Jon Henke reported that there is an issue with the septic system being located too close to the well at the Park Department maintenance building. Funds dedicated to correct the problem were used on the parking lot project. Staff is not drinking the water but would have to use it in case of a medical emergency. A MOTION WAS MADE BY DARRELL SCHNEIDER AND SECONDED BY STEVE ROE TO REPLACE AND RELOCATE THE WELL. Mark Wessels requested more information to determine if the septic or well should be replaced. Jon Henke stated that he would provide more information at the next regular meeting. Darrell Schneider and Steve Roe withdrew their motion.

5. There being no further business, MOTION 09S2-08-14 WAS MADE BY JOHN MOENGEN AND SECONDED BY DARRELL SCHNEIDER TO ADJOURN THE MEETING AT 4:50 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully submitted by,



Charlene Nelson
City Clerk
Deputy Clerk/Minutes/9-18-14

RESOLUTION NO. 14-06
RESOLUTION APPROVING PRELIMINARY 2014 TAX LEVY
COLLECTIBLE IN 2015

Be it resolved by the Council of the City of Crosslake, County of Crow Wing, Minnesota, that the following sums of money be levied for the current year, collectible in 2015, upon taxable property in the City of Crosslake, for the following purposes:

General Property Tax Levy	2,407,237
EDA – Operating Levy	23,000
2006 Series B	136,746
2012 Series A	<u>345,017</u>
Total Levy	2,912,000

The Finance Director/Treasurer is hereby instructed to transmit a certified copy of this resolution to the County Auditor of Crow Wing County, Minnesota.

Adopted by the City Council on September 18, 2014.



Darrell Schneider
Mayor



Michael R. Lyons
City Finance Director/Treasurer

