

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
THURSDAY, NOVEMBER 20, 2014
6:00 P.M. – CITY HALL

The Council for the City of Crosslake met in a Special Session on November 20, 2014 for the purpose of discussing the 2015 Budget. The following Council Members were present: Mayor Darrell Schneider, Steve Roe, Gary Heacox, and Mark Wessels. John Moengen was absent. Also present were City Administrator/Consultant Dan Vogt, Finance Director/Treasurer Mike Lyonais, City Clerk Char Nelson, Public Works Director Ted Strand, Police Chief Bob Hartman, Fire Chief Chip Lohmiller, Park and Recreation Director Jon Henke, EDA President Patty Norgaard, and Council Member Elect Dave Schrupp. There were no public attendees.

Mayor Schneider called the Special Council Meeting to order at 6:00 P.M. and turned the meeting over to Finance Director/Treasurer Mike Lyonais. The Council reviewed an updated draft of the 2015 Budget. There is approximately \$346,000 undesignated that could be used to start a Capital Expenditure Fund for future capital expenditures. The Council reviewed proposed tax rates from the County. The proposed tax rate for the City of Crosslake increased 0.689% over last year.

Dan Vogt read a memo dated November 20, 2014 regarding employee benefit and pay adjustments. Mr. Vogt reviewed the proposed changes to health insurance benefits by using a High Deductible Health Plan with a fully funded Health Savings Account component. Mr. Vogt proposed for the first year that the City fund the HSA \$3,000 for singles and \$6,000 for families and that the City slowly decrease that contribution over 3 years. Union employees were not willing to commit to changes outside their contract which expires December 31, 2015.

Dan Vogt reported that he met with non-union employees and that they have agreed to contribute 20% of the health insurance premiums in exchange for an annual adjustment to cover the insurance premium as well as an additional one-time adjustment to their base pay totaling \$5,000. The estimated savings after making all of the adjustments is approximately \$24,000.

A discussion ensued regarding when the HSA contributions should be distributed to employee accounts. If the distribution is on a quarterly basis, the Council would guarantee early distribution of the HSA funds if an employee had a medical emergency. MOTION 11SP-01-14 WAS MADE BY GARY HEACOX AND SECONDED BY MARK WESSELS TO APPROVE A ONE-TIME ADJUSTMENT TO THE BASE PAY TOTALING \$5,000 FOR NON-UNION EMPLOYEES, TO APPROVE CHANGING THE CURRENT HEALTH INSURANCE PLAN TO A HIGH DEDUCTIBLE HEALTH PLAN, AND TO APPROVE FUNDING OF \$3,000/SINGLE OR \$6,000/FAMILY FOR A HEALTH SAVINGS ACCOUNT FOR ALL EMPLOYEES. THE HSA CONTRIBUTION FOR NON-UNION EMPLOYEES WILL DECREASE ACCORDINGLY: \$2,500/\$5,000 FOR 2016 AND \$2,000/\$4,000 FOR 2017. THE FIRST DISTRIBUTION OF HSA FUNDS WOULD BE IN THE AMOUNT OF \$1,500 ON JANUARY 1. MOTION CARRIED WITH ALL AYES.

Mike Lyonais reported that a new server at City Hall was included in the proposed budget and asked that the council consider a maintenance agreement with CTC I.T. at a cost of \$500 per month for maintenance of the server and backups.

The Council discussed the funding of road projects and new fire equipment. These items could be on hold for many years if the Council does not want to incur debt. Fire Chief Chip Lohmiller addressed the Council regarding the purchase of a new fire truck and reported that the City's ISO rating is currently a 7, which keeps homeowners insurance rates down. ISO ratings are based partly on the age/condition of equipment that fire departments use. Mr. Lohmiller stated that the Fire Relief Association could make a contribution towards the purchase. There would be some revenue from the sale of the old fire truck.

Ted Strand addressed the Council and reported that Dream Island Bridge repairs and the relocation of the wastewater plant at the campground were two unexpected projects that should be included in the Budget. The approximate cost for these two items is \$25,000.

Mike Lyonais recommended that the Council close out the Library Building Project which still shows a shortage of \$51,142. Park Dedication funds were to be used to offset this balance; however, very few Park Dedication funds have been generated.

Mark Wessels proposed that the \$23,000 for the 2015 EDA budget be reduced to zero. Mr. Wessels noted that the EDA will have approximately \$10,000 left in the 2014 Budget and that those funds should be carried over to 2015. Patty Norgaard argued that \$23,000 is a minimal amount of the City's budget and that the EDA's goals of increasing tourism and business growth are important to the City. MOTION 11SP-02-14 WAS MADE BY MARK WESSELS AND SECONDED BY DARRELL SCHNEIDER TO REDUCE THE EDA BUDGET BY \$23,000 FOR THE 2015 BUDGET. Gary Heacox stated that it was difficult to justify the EDA Budget when staff is requesting funds for repairs, equipment and projects. MOTION CARRIED 3-1 WITH STEVE ROE OPPOSED.

There being no further business at 8:10 P.M., MOTION 11SP-03-14 WAS MADE BY MARK WESSELS AND SECONDED BY STEVE ROE TO ADJOURN THE MEETING. MOTION CARRIED WITH ALL AYES.

Respectfully submitted by,



Charlene Nelson
City Clerk

Deputy Clerk/Minutes/11-20-14