

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
FRIDAY, DECEMBER 20, 2002
1:00 P.M. – CITY HALL

The Council for the City of Crosslake met in the Council Chambers of City Hall on Friday, December 20, 2002 at 1:00 P. M. The following Councilmembers were present: Mayor Darrell Swanson, Sandy Eliason, Chuck Miller, Irene Schultz and Dean Swanson. Also present was City Administrator Tom Swenson, City Attorney Paul Sandelin, City Engineers Dave Reese and Mark Hallan and Clerk/Treasurer Darlene Roach. Also in attendance were Councilmember's Elect Dean Eggena and Dick Phillips. There were approximately thirty-eight individuals in the audience.

1. Call to Order - Mayor Swanson called the special meeting to order at 1:00 P.M. and turned the meeting over to City Administrator Tom Swenson who presented the items to be considered by the Council.

2. Review/approve bids for Wastewater Treatment Plant – City Engineer Mark Hallan presented the results of the bid opening, which was held on Wednesday, December 18th. Bids were opened in the Council Chambers of City Hall for the contracts that were out for public bids for a treatment plant and collection system. Five bids were received for Contract #1 which was for the treatment plant. WSN reviewed each bid in detail to ensure that all bids submitted addressed the two addendums, contained bid bonds, and complied with Article 15 of the instruction to bidders. KHC Construction of Marshall was the lowest bidder at \$2,161,000.00. Grider Construction was the second lowest bidder at \$2,191,000. KHC Construction was contacted to review any questions or comments on specifications to make sure everything was covered. KHC did not exercise their right to withdraw the bid within 24 hours, so if the Council so wishes to award the bid, it would be the recommendation of WSN to award the bid to KHC Construction for Contract #1.

Contract # 2 was for the collection system and nine bids were received for this project, which was a unit price bid job. Hammerlund Construction of Grand Rapids was the low bidder at \$2,725,000.00 with Randy Kramer Excavating the second lowest bidder at \$2,746,887.18. All bidders recognized the two addendums, submitted required bid bonds and submitted information required by Article 15 of the instructions to bidders. Since this is a unit price bid, all bid quantities were tabulated by WSN for each contractor. It was pointed out that on the bid form for Hammerlund Construction, under mobilization, the bid runner (the person who brings the bid over) moved a decimal point over in quickly writing the number down. The total bid of \$2,725,000 did include the correct amount of \$75,000 for mobilization, not the \$7,500 number that was written in. If the totals were summed up for each of the quantities the number would have been \$2,656,975, however it is the recommendation of WSN to award the bid to Hammerlund Construction for the bid amount of \$2,725,000 if the Council chooses to award the bid. This situation was reviewed with the City Attorney prior to presentation to the Council. The City did not receive a notice from

Hammerlund Construction withdrawing their bid within the allowed twenty-four hour time period.

City Engineer Mark Hallan updated the Council on the work to date on this project. The Environmental Assessment Worksheet that was completed by the City this past spring and submitted to the MPCA has been reviewed and approved since the MPCA found no significant environmental impacts. After this review, the MPCA started the NPDES/SPS permit process and held the required thirty-day public review comment period which was completed this past summer. After this process was completed, the City was issued Permit Number MN 0064882 on September 10, 2002. This permit is good for the period through August 31, 2007. This is the major permit, which allows the City to begin construction and start operation. Once the MPCA has approved the permit, the plans and specifications for both contracts are reviewed thoroughly. This is only a review process based on the City's already having received approval to proceed.

City Administrator Tom Swenson presented the financial aspect of the project. Based on construction contingencies, engineering estimates, legal expenses, easements, and plant equipment, the project cost is estimated between \$5.9 - \$6.2 million.

City Attorney Paul Sandelin stated that based on the City Engineer's presentation and the documents which were provided to the Council, the Council is in a position to award the bids this date. In awarding the bids, a resolution needs to be approved for each contract and is subject to a written agreement from each contractor.

MOTION 12S1-01-02 WAS MADE BY DEAN SWANSON AND SECONDED BY CHUCK MILLER TO APPROVE RESOLUTION NO. 02-78 ACCEPTING BID FROM KHC CONSTRUCTION FOR THE CROSSLAKE WASTEWATER TREATMENT PLANT – CONTRACT NO. 1. MOTION CARRIED WITH ALL AYES.

MOTION 12S1-02-02 WAS MADE BY SANDY ELIASON AND SECONDED BY CHUCK MILLER TO APPROVE RESOLUTION NO. 02-79 ACCEPTING BID FROM HAMMERLUND CONSTRUCTION FOR THE CROSSLAKE WASTEWATER COLLECTION SYSTEM – CONTRACT NO. 2. Mayor Swanson commented that both resolutions will receive his vote since he feels it is the best long term solution for the citizens of Crosslake. Councilmember Eliason stated that she believes the people opposed to the project do not have the majority of the people on their side because the lakes are very important to the seasonal property owners and the future of Crosslake. Councilmember Miller stated that the project was embarked on eight years ago. The opposition is four years too late. He stated that many public meetings have been held and he has felt from the beginning that the municipal sewer is in the best interest of Crosslake. He stated that former mayor Dave Kolesar ran on the basis that Crosslake needed a sewer system and he won the election on that premise. Councilmember Miller further stated that no one was opposed until now and yet in each election prior to the

current one comments regarding sewer were answered by the candidates. Councilmember Schultz stated that she agrees with all of the comments that have been made by the other Councilmembers and supports the project. MOTION CARRIED WITH ALL AYES.

3. Review/approve Resolutions for 2003 Road Projects – Public Hearings were held on December 11, 2002 for four proposed road improvement projects – As a result of these hearings the following action is being taken.
 - ABC DRIVE - MOTION 12S1-03-02 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO APPROVE RESOLUTION NO. 02-80 ORDERING IMPROVEMENT AND PREPARATION OF PLANS FOR ABC DRIVE. MOTION CARRIED WITH ALL AYES.
 - WILDWOOD DRIVE - MOTION 12S1-04-02 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO APPROVE RESOLUTION NO. 02-81 ORDERING IMPROVEMENT AND PREPARATION OF PLANS FOR WILDWOOD DRIVE. MOTION CARRIED WITH ALL AYES.
 - BRITA LANE – A letter received December 20, 2002 from Jason Amsden and Cassandra Goddard was read into the record by City Administrator Tom Swenson. In the letter, the property owners expressed a concern with the appropriate runoff area for water. They stated that the lowest area on Brita Lane, if not corrected, will run off into their yard and on their septic system. They requested that the runoff problem be solved in the planning and construction stages and not as an after thought or by sump pumps. City Engineer Dave Reese addressed the Council and stated that this issue was raised during the Improvement Hearing and the engineers will focus on this during the design process. MOTION 12S1-05-02 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO APPROVE RESOLUTION NO. 02-82 ORDERING IMPROVEMENT AND PREPARATION OF PLANS FOR BRITA LANE NOTING THAT A LETTER WAS RECEIVED REGARDING A POSSIBLE DRAINAGE PROBLEM WHICH WAS BROUGHT TO THE ATTENTION OF THE CITY ENGINEER. MOTION CARRIED WITH ALL AYES.
 - GREER LAKE ROAD – MOTION 12S1-06-02 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO APPROVE RESOLUTION NO. 02-83 ORDERING IMPROVEMENT AND PREPARATION OF PLANS FOR GREER LAKE ROAD. MOTION CARRIED WITH ALL AYES.
4. Review/approve Engineering Agreements for 2003 Road Projects – A letter dated December 13, 2002 presented a proposal for design survey, plans, specifications and bidding for the four 2003 road projects as well as a proposal for construction staking and observation for the same four projects. MOTION 12S1-07-02 WAS

MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO APPROVE ENGINEERING DESIGN/CONSTRUCTION OBSERVATION SERVICES FOR THE 2003 ROAD IMPROVEMENTS WITH COSTS NOT TO EXCEED \$7,000 FOR ABC DRIVE, \$13,500 FOR WILDWOOD DRIVE, \$14,500 FOR BRITA LANE/ PINEVIEW LANE AND \$16,500 FOR GREER LAKE ROAD FOR DESIGN SURVEY, PLANS, SPECIFICATIONS AND BIDDING AND COSTS NOT TO EXCEED \$7500 FOR ABC DRIVE, \$16,000 FOR WILDWOOD DRIVE, \$15,500 FOR BRITA LANE/PINEVIEW LANE, AND \$17,700 FOR GREER LAKE ROAD FOR CONSTRUCTION STAKING AND OBSERVATION SERVICES. MOTION CARRIED WITH ALL AYES.

5. Review/approve Survey Agreements for EDA, Substation and Wastewater Treatment Plant Parcels – A contract for Professional Land Survey Services from WSN dated December 13, 2002 was presented to the Council for approval. MOTION 12S1-08-02 WAS MADE BY IRENE SCHULTZ AND SECONDED BY SANDY ELIASON TO APPROVE THE CONTRACT FOR PROFESSIONAL LAND SURVEY SERVICES FROM WSN. It was noted that part of the reason for the survey is to be able to deed the property to the Economic Development Authority. MOTION CARRIED WITH ALL AYES.
6. Recommendation for Sewer Committee appointment – At a meeting held on December 17, 2002, the Sewer Committee approved a motion to recommend that Dean Swanson be appointed to the Sewer Committee as a citizen representative. MOTION 12S1-09-02 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO APPOINT DEAN SWANSON TO THE SEWER COMMITTEE. MOTION CARRIED WITH COUNCILMEMBER SWANSON ABSTAINING.
7. Review/approve snowmobile trail letter of support – Carol Ottoson addressed the Council representing business owners in support of safe, groomed trails. The City recently lost $\frac{3}{4}$ of a mile of trail that the Snowmobile Club is trying to regain and support from the City was requested. Mayor Swanson prepared a letter of support to the Ideal Sno-Goers for which he requested Council approval to send. Mayor Swanson read the letter of support into the record. MOTION 12S1-10-02 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO APPROVE THE MAYOR SENDING A LETTER OF SUPPORT TO THE IDEAL SNO-GOERS FOR THE TRAIL SYSTEM. MOTION CARRIED WITH ALL AYES.
8. Review/approve combining ledgers of Telephone and Cable TV Companies – At the December Regular Council Meeting, the City Attorney was directed to draft a Resolution authorizing the combining of the general ledgers for the Telephone and Cable Company's. City Attorney Sandelin stated that he has reviewed all of the Ordinances and they are in line with the Council taking this action. MOTION 12S1-11-02 WAS MADE BY DEAN SWANSON AND SECONDED BY CHUCK MILLER TO APPROVE RESOLUTION 02-84 AUTHORIZING THE COMBINATION OF GENERAL LEDGERS FOR CROSSLAKE COMMUNICATIONS. MOTION CARRIED WITH ALL AYES.

9. Recommendation to approve Crosslake Communications/IBEW Local 949 Labor Agreement – A contract agreement has been reached and approval was requested. MOTION 12S1-12-02 WAS MADE BY DEAN SWANSON AND SECONDED BY CHUCK MILLER TO APPROVE THE THREE YEAR CONTRACT WITH IBEW, LOCAL 949 AT CROSSLAKE COMMUNICATIONS. MOTION CARRIED WITH ALL AYES.
10. Recommendation from Personnel Committee regarding non-union 2003 wages/probationary status/Park Department Staff/Police salary schedule adjustment – At a meeting held on December 16th, the Personnel Committee approved motions to recommend wage increases for non-union employees for 2003. The Personnel Committee reviewed these wages prior to inclusion in the 2003 budget, which was adopted by the Council on December 9, 2002. MOTION 12S1-13-02 WAS MADE BY CHUCK MILLER AND SECONDED BY SANDY ELIASON TO APPROVE THE RECOMMENDED WAGE INCREASES FOR NON UNION PERSONNEL PER THE MEMO DATED DECEMBER 17, 2002 FROM THE PERSONNEL COMMITTEE. MOTION CARRIED WITH ALL AYES.

The Personnel Committee recommends adding two steps to the Police Officer wage schedule based on the same percent of increase negotiated by AFSCME for union employees and to provide the same percent of coverage on health and dental insurance as negotiated by AFSCME. MOTION 12S1-14-02 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO APPROVE THE ADDITION OF TWO ADDITIONAL (50 CENTS) STEPS TO THE POLICE WAGE SCHEDULE AND TO INCLUDE THE SAME PERCENT OF INCREASE TO THE SCHEDULE PER THE AFSCME/CITY NEGOTIATED CONTRACT FOR WAGES AND HEALTH/DENTAL INSURANCE. MOTION CARRIED WITH ALL AYES.

Addition of Park Department Personnel – MOTION 12S1-15-02 WAS MADE BY CHUCK MILLER AND SECONDED BY SANDY ELIASON TO APPROVE THE HIRING OF LAUREL HULTGREN AS A PART-TIME BUILDING ASSISTANT AT \$7.00 PER HOUR AND CHARLES MCMAHON AND MATTHEW SAMS AS WARMING HOUSE ATTENDANTS AT \$7.00 PER HOUR. MOTION CARRIED WITH ALL AYES.

Removal of employees from Probationary Status at Crosslake Communications – MOTION 12S1-16-02 WAS MADE BY DEAN SWANSON AND SECONDED BY SANDY ELIASON TO APPROVE REMOVING MARK JOHNSON FROM PROBATIONARY STATUS AS CABLE TV TECHNICIAN EFFECTIVE DECEMBER 20, 2002 AND BE GRANTED FULL TIME STATUS PER THE UNION CONTRACT. MOTION CARRIED WITH ALL AYES.

MOTION 12S1-17-02 WAS MADE BY SANDY ELIASON AND SECONDED BY DEAN SWANSON TO APPROVE REMOVING SUNNIE ENGSTROM FROM PROBATIONARY STATUS AS BOOKKEEPER AND PLACED ON

REGULAR FULL TIME STATUS EFFECTIVE DECEMBER 20, 2002 AND TO BE MOVED FROM STEP 4 (\$13.98) TO STEP 5 (\$15.26) OF THE UNION WAGE SCHEDULE. MOTION CARRIED WITH ALL AYES.

11. Bills for Approval – MOTION 12S1-18-02 WAS MADE BY SANDY ELIASON AND SECONDED BY IRENE SCHULTZ TO APPROVE THE BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNTS OF \$5,630 AND \$993.35. MOTION CARRIED WITH ALL AYES.

12. Year End Transfers – A memo dated December 18, 2002 from City Administrator Swenson recommended several year end fund/account transfers and account designations. MOTION 12S1-19-02 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO APPROVE THE YEAR END FUND TRANSFERS AS LISTED ON THE MEMO DATED DECEMBER 18, 2002 FROM CITY ADMINISTRATOR TOM SWENSON ITEMS # 1- 18. MOTION CARRIED WITH ALL AYES. Approval was requested to name Merrill Lynch as an official depository for the City authorizing the Mayor, Acting Mayor, City Administrator and Clerk/Treasurer as signatories on the City Merrill Lynch Account. A memo dated December 20, 2002 from General Manager Dennis Leaser was read into the record by City Administrator Swenson. The memo stated that the Utilities Commission approved a motion at a meeting held on December 20th to transfer \$2,500,000 from the Crosslake Communications Stock Sale Investment Account to the City of Crosslake Sewer Project Fund designated for the construction of the municipal sewer system. MOTION 12S1-20-02 WAS MADE BY IRENE SCHULTZ AND SECONDED BY SANDY ELIASON TO APPROVE MERRILL LYNCH AS AN OFFICIAL DEPOSITORY FOR THE CITY AND TO NAME THE MAYOR, ACTING MAYOR, CITY ADMINISTRATOR AND CITY CLERK/TREASURER TO SERVE AS OFFICIAL SIGNATORIES. MOTION CARRIED WITH ALL AYES.

MOTION 12S1-21-02 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO ADJOURN THIS SPECIAL COUNCIL MEETING AT 1:40 P.M. MOTION CARRIED WITH ALL AYES.

Recorded and transcribed by,



Darlene J. Roach, Clerk/Treasurer

**CITY OF CROSSLAKE
COUNTY OF CROW WING
STATE OF MINNESOTA**

RESOLUTION NO. 02-78

**RESOLUTION ACCEPTING BID FOR THE CROSSLAKE
WASTEWATER TREATMENT PLANT – CONTRACT NO. 1**

WHEREAS, pursuant to an advertisement for bids for the improvement of the City of Crosslake Wastewater Treatment Plant, bids were received, opened and tabulated according to law, and the following bids were received complying with the advertisement:

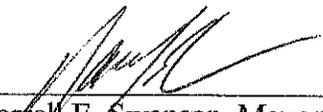
See attached correspondence from Widseth Smith Nolting dated December 20, 2002.

WHEREAS, it appears that KHC Construction of Marshall, Minnesota is the lowest responsible bidder,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF CROSSLAKE, MINNESOTA:

1. The Mayor and City Administrator are hereby authorized and directed to enter into a contract with KHC Construction of Marshall, Minnesota in the name of the City of Crosslake for the improvement of the City of Crosslake Wastewater Treatment Facility Plant according to the plans and specifications therefore approved by the City Council and on file in the office of the city clerk.
2. The City Administrator is hereby authorized and directed to return forthwith to all bidders the bid bonds submitted with their bids, except that the bid bond of the lowest bidder and the next lowest bidder shall be retained until a contract has been executed by all parties.
3. The bid of KHC Construction is accepted subject to completion of all items identified in this resolution, including execution of a contract.

Adopted by the City Council this 20th day of December 2002.



Darrell E. Swanson, Mayor



Thomas N. Swenson, City Administrator

**CITY OF CROSSLAKE
COUNTY OF CROW WING
STATE OF MINNESOTA**

RESOLUTION NO. 02-79

**RESOLUTION ACCEPTING BID FOR THE CROSSLAKE WASTEWATER
COLLECTION SYSTEM – CONTRACT NO. 2**

WHEREAS, pursuant to an advertisement for bids for the improvement of the City of Crosslake Wastewater Treatment Collection System, bids were received, opened and tabulated according to law, and the following bids were received complying with the advertisement:

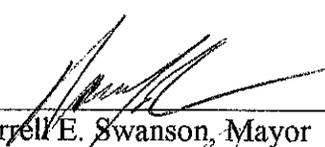
See attached correspondence from Widseth Smith Nolting dated December 20, 2002.

WHEREAS, it appears that Hammerlund Construction of Grand Rapids, Minnesota is the lowest responsible bidder,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF CROSSLAKE, MINNESOTA:

1. The Mayor and City Administrator are hereby authorized and directed to enter into a contract with Hammerlund Construction of Grand Rapids, Minnesota in the name of the City of Crosslake for the improvement of the City of Crosslake Wastewater Treatment Collection System according to the plans and specifications therefore approved by the City Council and on file in the office of the city clerk.
2. The City Administrator is hereby authorized and directed to return forthwith to all bidders the bid bonds submitted with their bids, except that the bid bond of the lowest bidder and the next lowest bidder shall be retained until a contract has been executed by all parties.
3. The bid of Hammerlund Construction is accepted subject to completion of all items identified in this resolution.

Adopted by the City Council this 20th day of December 2002.



Darrell E. Swanson, Mayor



Thomas N. Swenson, City Administrator

CITY OF CROSSLAKE
RESOLUTION NO. 02-80

RESOLUTION ORDERING IMPROVEMENT AND PREPARATION OF PLANS

WHEREAS, a Resolution of the City Council adopted the 14th day of October, 2002, fixed a date for a Council Hearing on the proposed improvement of ABC Drive from the intersection of C.S.A.H. 16, north, approximately 1130 feet, by constructing road and drainage improvements,

WHEREAS, ten days' mailed notice and two weeks' published notice of the hearing was given, and the hearing was held thereon on the 11th day of December, 2002, at which all persons desiring to be heard were given an opportunity to be heard thereon,

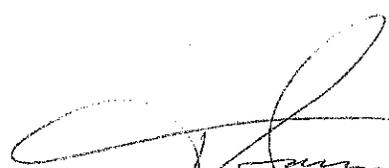
NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF CROSSLAKE, MINNESOTA;

1. Such improvement is necessary, cost-effective, and feasible as detailed in the Feasibility Report.
2. Such improvement is hereby ordered as proposed in the Council Resolution adopted the 10th day of June, 2002.
3. Widseth Smith Nolting is hereby designated as the engineer for this improvement. The engineer shall prepare plans and specifications for the making of such improvement.

Adopted by the Council this 20th day of December, 2002.



Darrell E. Swanson
Mayor



Thomas N. Swenson
City Administrator

CITY OF CROSSLAKE
RESOLUTION NO. 02-81

RESOLUTION ORDERING IMPROVEMENT AND PREPARATION OF PLANS

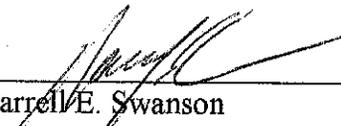
WHEREAS, a Resolution of the City Council adopted the 14th day of October, 2002, fixed a date for a Council Hearing on the proposed improvement of Wildwood Drive from the intersection of C.S.A.H. 3 to the end of the road (Block One, Lot 19) Whitebirch Lane from the intersection of Wildwood Drive (Block One, Lot 7) to the intersection of Wildwood Drive (Block One, Lot 18) and Wildwood Trail from the intersection of Wildwood Drive to the end of the road (Block Four, Lot 9), by constructing road and drainage improvements,

WHEREAS, ten days' mailed notice and two weeks' published notice of the hearing was given, and the hearing was held thereon on the 11th day of December, 2002, at which all persons desiring to be heard were given an opportunity to be heard thereon,

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF CROSSLAKE, MINNESOTA;

1. Such improvement is necessary, cost-effective, and feasible as detailed in the Feasibility Report.
2. Such improvement is hereby ordered as proposed in the Council Resolution adopted the 8th day of July, 2002.
3. Widseth Smith Nolting is hereby designated as the engineer for this improvement. The engineer shall prepare plans and specifications for the making of such improvement.

Adopted by the Council this 20th day of December, 2002.



Darrell E. Swanson
Mayor



Thomas N. Swenson
City Administrator

CITY OF CROSSLAKE
RESOLUTION NO. 02-82

RESOLUTION ORDERING IMPROVEMENT AND PREPARATION OF PLANS

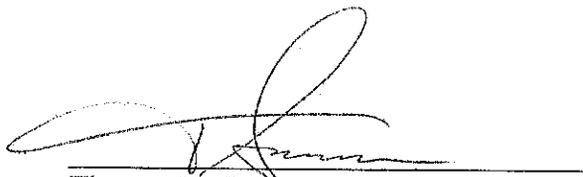
WHEREAS, a Resolution of the City Council adopted the 14th day of October, 2002, fixed a date for a Council Hearing on the proposed improvement of Brita Lane from the intersection of C.S.A.H. 36 to the intersection of Pine View Lane, the entire length of Pine View Lane, and approximately 200 feet of Shafer Road from intersection of Pine View Lane, west, to the existing bituminous surface, by constructing road and drainage improvements,

WHEREAS, ten days' mailed notice and two weeks' published notice of the hearing was given, and the hearing was held thereon on the 11th day of December, 2002, at which all persons desiring to be heard were given an opportunity to be heard thereon,

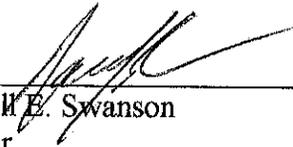
NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF CROSSLAKE, MINNESOTA;

1. Such improvement is necessary, cost-effective, and feasible as detailed in the Feasibility Report.
2. Such improvement is hereby ordered as proposed in the Council Resolution adopted the 9th day of September, 2002.
3. Widseth Smith Nolting is hereby designated as the engineer for this improvement. The engineer shall prepare plans and specifications for the making of such improvement.

Adopted by the Council this 20th day of December, 2002.



Thomas N. Swenson
City Administrator



Darrell E. Swanson
Mayor

CITY OF CROSSLAKE
RESOLUTION NO. 02-83

RESOLUTION ORDERING IMPROVEMENT AND PREPARATION OF PLANS

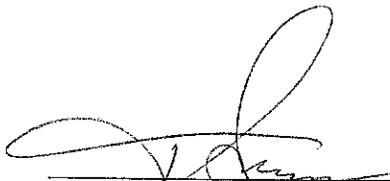
WHEREAS, a Resolution of the City Council adopted the 14th day of October, 2002, fixed a date for a Council Hearing on the proposed improvement of Greer Lake Road from the east boundary of section 36 to the end of the road abutting lot 18, Greer Lake Homesites Plat (that portion of the road currently maintained by the City of Crosslake), by constructing road and drainage improvements,

WHEREAS, ten days' mailed notice and two weeks' published notice of the hearing was given, and the hearing was held thereon on the 11th day of December, 2002, at which all persons desiring to be heard were given an opportunity to be heard thereon,

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF CROSSLAKE, MINNESOTA;

1. Such improvement is necessary, cost-effective, and feasible as detailed in the Feasibility Report.
2. Such improvement is hereby ordered as proposed in the Council Resolution adopted the 8th day of July, 2002.
3. Widseth Smith Nolting is hereby designated as the engineer for this improvement. The engineer shall prepare plans and specifications for the making of such improvement.

Adopted by the Council this 20th day of December, 2002.



Thomas N. Swenson
City Administrator



Darrell E. Swanson
Mayor

**RESOLUTION NO. 02-84
RESOLUTION AUTHORIZING THE
COMBINATION OF GENERAL LEDGERS
FOR CROSSLAKE COMMUNICATIONS**

**CITY OF CROSSLAKE
COUNTY OF CROW WING
STATE OF MINNESOTA**

WHEREAS, the City of Crosslake has received a request from the Crosslake Utilities Commission, based upon a recommendation of Olsen Thielen & Co., Ltd., to combine the general ledgers of Crosslake Communications-Telephone Fund and the Crosslake Communications-Cablevision Fund effective January 1, 2003; and

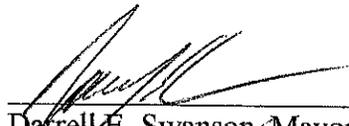
WHEREAS, attached as **Exhibit A** to this resolution is a letter from Olsen Thielen & Co., Ltd. dated December 9, 2002 identifying the purpose and benefit of the proposed action; and

WHEREAS, the City of Crosslake duly considered the recommendation from the Crosslake Utilities Commission at its regular Council Meeting on December 9, 2002; and

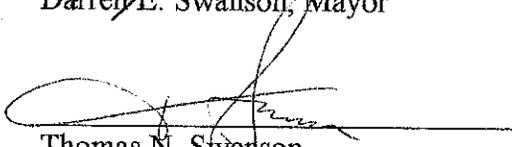
NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CROSSLAKE, MINNESOTA:

1. That effective January 1, 2003 the general ledgers of Crosslake Communications-Telephone Fund and the Crosslake Communications-Cablevision Funds shall be combined.
2. It shall be the responsibility of Crosslake Communications to ensure that there is a proper separation of regulated telephone operations from non-regulated telephone operations.
3. That Crosslake Communications provide a financial report to the City indicating separate telephone and cable expenses and income.

Adopted by the Council this 20th day of December, 2002.



Darrell E. Swanson, Mayor



Thomas N. Swenson
City Administrator



OLSEN THIELEN & CO., LTD.

Certified Public Accountants & Consultants

December 9, 2002

Ted Silva, Chair
Croslake Utilities Commission
P.O. Box 70
Croslake, MN 56442-0070

We have discussed with the Utilities Commission their plan to combine the general ledgers of the Croslake Communications - Telephone Fund and the Croslake Communications - Cablevision Fund effective January 1, 2003.

In regards to this action, we are not aware of any regulatory or accounting issues with the combination of these two funds. However, there are some items to keep in mind as the process goes forward.

- CATV Franchise - You may wish to have your attorney review the franchise granted for the CATV system in the city and who's name is on the franchise agreement. If it is the City of Croslake, there should not be a problem, but you will need to change it if it is in the name of Croslake Cablevision.
- Approval of Combination - You may also wish to check with your attorney regarding the legal method to accomplish this combination of funds. The question is whether City Council approval is enough or if there needs to be an ordinance or statute to combine the books and operations.
- Agreements - You will want to review your affiliate agreements for signal purchases as they come due and make sure they are in the name of Croslake Communications or the City of Croslake vs. Croslake Cablevision Company as in the past.
- Separation of Regulated and Non-regulated Activities - Once the general ledgers are combined, you will need to make sure that there is a proper separation of regulated telephone operations from non-regulated operations is maintained. This should not be a drastic change from the way transactions are accounted for on the Telephone Fund currently but the need to maintain this integrity needs to be considered as the new procedures are set up.

If you have any questions, or would like to discuss further, please do not hesitate to contact us.

Sincerely,

Olsen Thielen & Co., Ltd.

Olsen Thielen & Co., Ltd