

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
MONDAY, AUGUST 20, 2018
6:00 P.M. – CITY HALL

The Council for the City of Crosslake met for a budget workshop Monday, August 20, 2018. The following Council Members were present: Mayor Patty Norgaard, Gary Heacox, Dave Schrupp, Dave Nevin and Brad Nelson. Also present were City Administrator Mike Lyonais, City Clerk Char Nelson, Public Works Director Ted Strand, Police Chief Erik Lee, Park Director TJ Graumann, Fire Chief Chip Lohmiller, Engineer Mike Rardin, Council Candidates Aaron Herzog and John Andrews, Northland Press Reporter Bill Monroe and David Drown of David Drown Associates. There were three people in the audience.

The Mayor called the meeting to order at 6:00 P.M. and turned the meeting over to City Administrator Mike Lyonais.

Mike Lyonais reviewed the timeline for certifying the levy and reminded the Council that once the preliminary levy is approved on September 10th, the amount could be decreased but not increased. The draft 2019 levy assumed a 5% increase over 2018, while the tax rate remained stable. The proposed budget included a slight reduction in EDA budget and a sixth full-time officer beginning mid-year in 2019. Mr. Lyonais suggested that the Council consider an increase to sewer usage rates. Health insurance rates for 2019 will be available at the end of the week.

David Drown addressed the Council and reported that the cost of the 2018 road projects was approximately \$1,200,000. The City has an estimated \$500,000 cash for the project, leaving \$700,000 to be paid with reserves or bonds. The base work for the bonds is complete. Mr. Drown suggested using the same banker as the last bond issue in order to save costs. MOTION 08S1-01-18 WAS MADE BY DAVE SCHRUPP AND SECONDED BY PATTY NORGAARD TO DIRECT DAVID DROWN TO MOVE FORWARD WITH BONDING PACKAGE AND TO BRING FINAL BOND RESOLUTION TO SEPTEMBER MEETING FOR APPROVAL. Dave Nevin asked how the Council will know when the City has accrued too much debt. David Drown replied that when a bank no longer loans money to the City, the City has too much debt. Mr. Drown noted that the City only has three issues now and that the debt rate is very low. MOTION CARRIED WITH ALL AYES.

Mr. Lyonais noted that the draft budget includes \$2,853,264 in capital expenditures/projects. The sewer extension from City Hall to County Road 16, at an approximate cost of \$1.2M, is included in that number. Ted Strand reported that he received the sewer extension study from Bolton & Menk late Friday and has not completed reviewing it. The report offered three options for types of systems. The estimated City share for the extension is \$850,000. The report included a sample assessment policy. Dave Nevin asked if the City should pay cash or levy for the project. A lengthy discussion ensued regarding connection fees, assessment policies for roads and sewer, and timeline for construction.

Dave Schrupp stated that he would be agreeable to the proposed preliminary 5% increase if the quote for the sewer extension was reliable. Bolton & Menk stated that they would have more

information for the next meeting. MOTION 08S1-02-18 WAS MADE BY DAVE SCHRUPP AND SECONDED BY DAVE NEVIN TO CONSIDER A 7% INCREASE OVER 2018 FOR THE PRELIMINARY LEVY WHICH WILL BE ADOPTED 9/10/18. MOTION CARRIED WITH ALL AYES. Brad Nelson noted that a 7% increase in the levy only changes the tax rate by 1.13%.

Dave Schrupp asked when the Council would have to make a decision regarding the sewer extension project in order for it to take place in 2019. Mike Rardin stated that if the Council approves plans by the end of 2018, bids could go out in April and construction could begin in May 2019.

Mike Lyonais reported that staff met with 5 Bugles architects and a preliminary report for the building needs assessment should be available in 2-3 weeks.

The Council set the next budget meeting for Monday, August 27th at 4:00 P.M.

MOTION 08S1-03-18 WAS MADE BY DAVE SCHRUPP AND SECONDED BY GARY HEACOX TO ADJOURN THE MEETING AT 7:10 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully Submitted,



Charlene Nelson
Administrative Assistant/City Clerk