

BUDGET WORKSHOP  
CITY OF CROSSLAKE  
MONDAY, SEPTEMBER 11, 2017  
6:00 P.M. – CITY HALL

The Council for the City of Crosslake met for a Budget Workshop on September 11, 2017. The following Council Members were present: Mayor Patty Norgaard, Gary Heacox, Brad Nelson, Dave Schrupp, and Dave Nevin. Also present were City Administrator/Treasurer Mike Lyonais, City Clerk Char Nelson, Public Works Director Ted Strand, Police Chief Erik Lee, Park Director Jon Henke, City Engineer Mike Rardin, Northland Press Reporter Bill Monroe and Echo Publishing Reporter Theresa Rourke.

Mayor Norgaard called the meeting to order at 6:00 P.M. and turned the meeting over to Mike Lyonais. Mr. Lyonais reviewed the changes that were made from the draft 8/21/17 budget proposal. The proposed budget presented at this meeting included a 7% increase from 2017. Mr. Lyonais shared a graph depicting debt obligations through the year 2028. The 2015 Equipment Certificates will be paid off in 2020.

Mr. Lyonais presented a list of projects and capital items that could be removed from the proposed budget to bring the increase down to 0-5%. Dave Nevin suggested using the proceeds from the sale of Crosslake Communications to pay for the entire sewer project at a cost of \$2.5 Million. Dave Schrupp questioned where the cash was from the 2017 Public Works and Sewer Department's capital budget that was not used in 2017. Mr. Lyonais reminded the Council that the 2017 Road Improvements were to be paid with cash that was not used for prior years projects. Gary Heacox asked why the EDA needed a budget of \$12,500. Mr. Lyonais stated that the EDA has not spent money this year other than for the BLAEDC contract. The Council could eliminate the 2018 EDA budget and still have cash left over from 2017 to pay the 2018 BLAEDC contract. The impact on the overall budget would be minimal.

Dave Schrupp stated that he would like the budget increase to be no more than 5%. Mayor Norgaard stated that 5% would be good, but that she is not opposed to a 7% increase because the City needs to make up for projects not completed in the past and the residents should know that they can't live here at a flat rate. Dave Nevin asked if the monthly sewer rates could increase to help pay for sewer improvements. Mike Lyonais reported that a study of sewer rates was done in 2015 and it concluded that the rates would need to be almost \$200 per month per home to break even on sewer operating costs. Dave Schrupp stated that he did not want to cut any projects from the proposed budget and suggested that the City use more proceeds from the sale of Crosslake Communications to bring the budget increase down to 5%. It was the consensus of the Council to direct staff to research the impact on the budget if the City used \$1.6 Million rather than \$1.5 and to set the Preliminary Levy using the proposed budget with the intent of lowering it by December.

Mike Lyonais reported that the Personnel Committee reviewed the health insurance renewal from Resource Training Solutions (RTS). The City policy increased 17.2% for 2018. The average small group policy increased 28.8%. MOTION 09S1-01-17 WAS MADE BY DAVE SCHRUPP AND SECONDED BY GARY HEACOX TO ACCEPT THE 2018 BLUE CROSS BLUE SHIELD

HEALTH INSURANCE RENEWAL THROUGH RTS. MOTION CARRIED WITH ALL AYES.

Jon Henke presented proposals to appraise a parcel on Perkins Road, which would be necessary for the proposed new road to the South Bay Park development. Gary Heacox stated that the City has spent a lot of money so far for nothing. Dave Nevin questioned if the project is ever going to happen. Brad Nelson agreed with both Heacox and Nevin but thought this appraisal could help determine whether the City should continue its quest to build a new road to South Bay Park. MOTION 09S1-02-17 WAS MADE BY DAVE NEVIN AND SECONDED BY BRAD NELSON TO AWARD THE PROJECT FOR APPRAISAL OF PID #120311100A00009 TO LOW BIDDER BILL LUDENIA APPRAISALS, INC. AT A COST OF \$2,500. MOTION CARRIED WITH ALL AYES.

There being no further business, MOTION 09S1-03-17 WAS MADE BY DAVE SCHRUPP AND SECONDED BY DAVE NEVIN TO ADJOURN THE MEETING AT 7:00 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully Submitted,



Charlene Nelson  
City Clerk