

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
WEDNESDAY, AUGUST 15, 2012
9:00 A.M. - CITY HALL

The Council for the City of Crosslake met in a Special Session on Wednesday, August 15, 2012 at City Hall. The following Council Members were present: Mayor Darrell Schneider, Steve Roe, Dean Swanson, John Moengen and Rusty Taubert. Also present was City Administrator Tom Swenson, Clerk/Treasurer Jenny Max, Community Development Director Ken Anderson, Park and Recreation Director Jon Henke, Public Works Director Ted Strand, Police Chief Bob Hartman, Fire Chief Chip Lohmiller and General Manager Paul Hoge. There were no public attendees.

1. Call to order – Mayor Schneider called the special meeting to order at 9:00 A.M.
2. City Administrator Swenson stated that a letter from Couri & Ruppe informed the City that their hourly rate for 2012 will remain unchanged at \$145 per hour for general legal work and \$160 per hour for all development work. The Planning and Zoning Commission meeting rate is proposed to increase from a flat fee of \$350 to a flat fee of \$700 per meeting. The City Council meeting rate will remain unchanged at \$350 per Council meeting.

A letter from Johnson, Killen & Seiler informed the City that their hourly rate for 2013 is proposed to be \$195 per hour for labor negotiations and at \$205 for other labor and employment matters.

A letter from the Initiative Foundation contained a funding request of \$1,100 for 2013. This donation would include a dollar-for-dollar match from the McKnight Foundation.

A letter from Cindy Myogeto of the Brainerd Lakes Area Chamber of Commerce requested a donation of \$2,000 for the upkeep and maintenance of the Crosslake Welcome Center. A second request from the Celebrate America Crosslake Committee was for funding in the amount of \$5,000 for the 2013 fireworks.

A memo dated August 13, 2012 from the Personnel Committee regarding a 1.00% increase in wages for 2013 was included in the packet for Council review. City Administrator Swenson noted that a 1.00% wage increase has been negotiated for IBEW employees for 2013 and the Personnel Committee recommended the same percentage increase for management and non-union employees. The AFSCME union contract expired in 2011 and the Teamsters union contract will expire in 2012. No negotiations have been scheduled at this time and Mr. Swenson noted he budgeted for a 1.00% increase to be consistent with the other employee groups. MOTION 08S1-01-12 WAS MADE BY DEAN SWANSON AND SECONDED BY JOHN MOENGEN TO ADOPT A 1.00% INCREASE IN MANAGEMENT WAGES FOR 2013 AS PROPOSED AND TO USE A 1.00% INCREASE FOR UNION EMPLOYEES FOR BUDGETING PURPOSES AS WELL AS ANY

STEP INCREASES FOR ANY EMPLOYEE NOT ON STEP 10. MOTION CARRIED WITH ALL AYES.

3. The Council reviewed the expenditure budgets by department and compared the proposed 2013 expenditures with the 2010 actual expenditures, 2011 actual expenditures and 2012 budgeted amounts. The Council budget increased slightly from \$30,666 in 2012 to \$30,776 in 2013. City Administrator Swenson noted a decrease in all of the department budgets for health insurance due to a premium decrease of 4% from 2012. The Administration budget decreased from \$311,271 to \$308,761 with decreases being attributed to health insurance premium reductions. The election budget will decrease from \$4,300 in 2012 to \$250 in 2013 as 2013 is not an election year. Audit/Legal increased from \$43,000 in 2012 to \$45,000 in 2013 due to rate increases and additional legal work the City has needed this past year. The Planning and Zoning Department's budget increased from \$276,194 in 2012 to \$279,590 in 2013. Major changes to Planning and Zoning were increases in legal and engineering fees. The General Government budget increased from \$146,750 in 2012 to \$154,600 for 2013 due to an increase in capital outlay for a potential land purchase next to the Public Works facility.

The Police Department budget decreased from \$515,221 in 2012 to \$510,843 for 2013 with decreases being attributed to capital outlay and health insurance, as well as a small increase in motor fuels cost. The Police capital outlay includes \$15,000 to put into a vehicle replacement account. Chief Hartman noted that the 2008 squad does not have many miles on it and the next squad purchased will cost more money as it will not be a Crown Victoria, so it is important to put some money aside to relieve some of the burden of the new squad in 2014. The Fire Department budget increased from \$170,764 in 2012 to \$173,819 in 2013 mainly due to an increase in the Fire Chief's wages from \$1,800 per year to \$3,000 per year, as well as a small increase in workers compensation insurance, repair and maintenance and operating supplies. The ambulance budget will remain the same in 2013 as in 2012 at \$13,736. The Council discussed the status of the ambulance addition including the timing, cost and benefit to the community. Fire Chief Lohmiller noted he is looking into grant options to help offset the cost of the project, currently estimated at approximately \$200,000 which includes remodel expenses for the Police department evidence room. Administrator Swenson noted the City currently has reserves of approximately half of the project cost and can budget over the next few years to repay the general fund for the additional cost that does not get covered through grants or donations. It was the consensus of the Council to move forward with the ambulance addition.

The Public Works Department showed an increase from \$715,955 in 2012 to \$763,045 for 2013 mainly due to an increase in capital outlay for the scheduled Bonnie Lakes Road project that is included in the 5-year capital improvement plan. City Administrator Swenson noted other increases to the budget included engineering fees, fuels and repair and maintenance. There were also decreases to signs and crack fill for 2013. The Cemetery budget showed a decrease from

\$4,060 in 2012 to \$3,060 in 2013 with the decrease being attributed to capital outlay.

The Park and Recreation budget showed an increase from \$372,539 in 2012 to \$388,285 in 2013 due to an increase in capital outlay to repay the general fund for the purchase of the Zilka property. Other increases to the Parks budget for 2013 include aerobic instruction, fuels, sales tax and weight room expense. The Library Budget showed a slight increase from \$47,237 in 2012 to \$47,698 for 2013. City Administrator Swenson noted that only the Library Coordinator position and communications expense has been budgeted and the operating supplies will be covered through donations. The Recycling Budget remained the same for 2013 at \$32,440. Debt Service expenditures are based on the bond payments that are payable in 2013. City Administrator Swenson informed the Council that the final figures for the bond payments are not yet available due to the bond refinance and that he and Clerk Max are working with Northland Securities on getting the final numbers. The Sewer Operating Fund remained the same with \$194,706 budgeted in 2012 to \$194,718 for 2013. There were decreases in the Sewer budget for health insurance and tires expense but also increases in lab testing, sludge disposal and capital outlay. City Administrator Swenson noted that \$5,000 has been budgeted to be put in a vehicle replacement account to help pay for a new truck that will be needed in the next year or two.

4. Projected revenues for 2013 were reviewed with the Council and reflected increased budget estimates in revenue in planning and zoning permits and fees from 2012 due to increased activity in the current year. A decrease was noted for Fire contracts due to a decrease in tax capacity. The new Silver Sneakers program that began in July 2012 has been budgeted for \$1,000 of revenue for 2013. For the Sewer fund, City Administrator Swenson noted he budgeted for a slight increase in the operating transfer from the sewer project fund to net the revenues with the expenditures. It was noted that there is approximately \$20,000 in the construction account that can be used to help offset expenses. The Council questioned how much revenue would be generated based on a \$1 increase in sewer rates. Administrator Swenson noted a \$1 rate increase generates approximately \$5,000 in revenue. There is also approximately \$300,000 in the sewer connection account that can be used to cover the costs of any capital improvements that may be needed in the next few years as the sewer plant is now almost 10 years old. The money in this account is from bond pre-payments that were made five years early and now any remaining connection fees that are paid are transferred into this account. The fund has built approximately \$40,000 per year but there are only three years left of payment plans, so there will be a cap on the amount of money that goes into the fund. Mayor Schneider noted in his experience it is better to show small rate increases each year rather than larger increases every few years. The Council discussed what rate increase would be appropriate for 2013 and following discussion, it was the consensus of the Council to have Administrator Swenson prepare a resolution for a \$1 sewer rate increase for 2013 for consideration at the September regular Council meeting.

City Administrator Swenson noted he would have the overall budget and levy figures available for the Council at the next budget meeting.

It was the consensus of the Council to schedule the next budget meeting on August 22nd at 9:00 A.M. to continue discussion of the 2013 budget.

There being no further discussion, MOTION 08S1-02-12 WAS MADE BY JOHN MOENGEN AND SECONDED BY DEAN SWANSON TO ADJOURN THIS SPECIAL MEETING AT 10:58 A.M. MOTION CARRIED WITH ALL AYES.

Respectfully submitted by,



Jennifer Max
Clerk/Treasurer

Deputy Clerk/Minutes/8-17-11 Special.doc