CROSSLAKE COMMUNICATIONS ADVISORY BOARD/COUNCIL
MEETING
THURSDAY, February 24, 2011
CROSSLAKE CITY HALL

The Regular Meeting of the Crosslake Communications Advisory Board was called to order at 8:30 am by Chair John Moengen. Members present: John Moengen, Mike Myogeto, Kristi Kraemer, Armond Gease, and alternates Jim Talbott and Ann Schrupp. Members absent: Fran Dolan and Randy Young. Also present were General Manager Paul Hoge, City Administrator Tom Swenson, Mayor Darrell Schneider, Office Manager Debby Floerchinger, Accountant Cyndi Perkins, Network Engineer Paul Davis, Council Member Steve Roe, Clerk/Treasurer Jenny Max, and Dennis Leaser.

Actions Taken:

1. **The Advisory Board recommends to the City Council approval of the 2011 List of Professional Organizations assisting Crosslake Communications.**
2. **The Advisory Board recommends to the City Council that the hourly rate for technicians and computer techs be $75/hour.**
3. **The Advisory Board recommends to the City Council approval of the 2010 Financial Audit.**

Board Oath: Crosslake City Clerk/Treasurer Jenny Max swore in the Advisory Board members in attendance.

The Minutes of the January 25, 2011 meeting were reviewed. Kristi Kraemer moved to accept the January 25, 2011 Minutes as presented. Second by Armond Gease, all in favor, motion carried.

The January 2011 Financial Statements were reviewed. Paul Hoge reported that the revenues were up over last year and the expenses were down. He also noted that last year's investment income was due to Crow Wing Power credits. The decrease in expenses was due to the agreement made with Nickelodeon and Spike. Cyndi also pointed out that some of the decrease in expenses was due to how the labor on the E-5s was capitalized and the decrease in the health insurance which took effect January 1st. Mike Myogeto moved to accept the January, 2011 Financial Statements as presented. Second by Armond Gease. All in favor, motion carried.

The January 2011 Check Disbursements were reviewed. Kristi Kraemer moved to accept the January 2011 Check Disbursements. All in favor, motion carried.

COMMUNICATIONS

1) 2011 List of Professional Organizations Assisting Crosslake Communications. This list for 2011 was reviewed by the Advisory Board. Armond Gease moved to recommend to the City Council approval of the 2011 List of Professional Organizations assisting Crosslake Communications. Second by Mike Myogeto. All in favor, motion carried.

2) Hourly Rates. Paul reported that Cyndi had put together a spreadsheet of our computer revenues and expenses. We have done research on what others are charging for computer repairs. We are currently charging $65 per hour. Paul suggested that we charge $75 per hour. Paul said we would be charging about what our neighboring companies are charging and a little less than Brainerd charges. Mike Myogeto moved to recommend to the City Council that we make the hourly rates of our technicians and computer techs at $75/hour. Second by Kristi Kraemer. All in favor, motion carried.

3) Cable TV Programming Costs. Paul reviewed a spreadsheet of the 2011 rates for programming. Paul pointed out that with the plant costs and programming, we are making money on all packages except for the Digital Plus. If we include depreciation, we are losing money. The plant costs for the fiber areas are not included in these numbers. Paul said that we discussed raising rates and then offering a discount to the customers who have service for 12 months. If we give 10% raise and then give them a 10% discount. We also talked about after 11 months of service, they get the 12th month free. From our standpoint we don't lose anything. Our rates are right across the board with everyone else in the area. Dennis asked about our costs to offer HD. Paul explained that we don't charge the customers a programming fee for HD but an equipment fee. The DVRs cost us about $550 each box and that is the only way we can recoup the cost of the box. There were questions about the amount of channels that Dish and Direct offer compared to us. Paul explained that they have a lot of duplicate programming and shopping channels. John said that Dish and Direct are becoming very competitive in their pricing. Ann asked how many new people sign up each year. Ann suggested that maybe we need to incent new customers rather than rewarding the long term customers. John suggested maybe we should look at including HD in our Expanded Basic and raise the price to include it. Tom questioned would people leave if there is a rate increase and not wait around for the 12th month for a discount. We would have to do a really good marketing job on it. Mike asked if we require any contracts. Paul said we aren't big enough to track that and there is no way to enforce it. Paul asked everyone to send him e-mails or call him with ideas or suggestions. No decision was made on the pricing, we will put this on the agenda again next month.

4) Packet Distribution. Paul asked if anyone would like to have their packet e-mailed out. Kristi and Ann said they would pick up their packets at the office, John Moengen asked to have his complete packet e-mailed and everyone else asked to have theirs mailed by USPS.

5) Customer Satisfaction Postcards. Paul reported that every time a technician makes a service call, they leave a blue customer satisfaction postcard behind. Debby tallied up the results for the Board. The results indicate that the employees are doing a great job of customer service. Dennis Leaser mentioned that he attended a BLADC meeting and sat with a representative from NY Mint. The representative had excellent remarks for all of the service that Crosslake Communications provided to them.

PERSONNEL

1) Paul Hoge 5 Year Anniversary. John Moengen presented Paul Hoge with a plaque for 5 years of service. The Advisory Board congratulated Paul on his years of service.

The next regular meeting of the Crosslake Communications Advisory Board will be April 1, 2011 at 8:00 am at Crosslake Communications.

The meeting was recessed at 9:47 am for a short break.

Council Members Steve Roe, Dean Swanson and Rusty Taubert joined Council Member John Moengen, Mayor Darrell Schneider and the Advisory Board for a Joint Advisory Board/City Council Meeting. Mayor Darrell Schneider called the meeting to order at 10:00 a.m. Also present were Jenny Max, Jon Henke, Ken Anderson.

The Advisory Board meeting resumed at 10:05 am. Pat Powers from Olsen Thielen Co., Ltd. joined the meeting.

1) Review/Approve 2010 Crosslake Communications Audit. Pat Powers from Olsen Thielen was present to review the 2010 Audit for Crosslake Communications. Pat reported that they were up here mid January and the audit went very well. There were no adjustments. The staff was well prepared and had everything ready. Pat stated that his firm audits about 100 telecommunications companies. As part of what they do, they are a member of an association across the country that audits telecommunications companies (Telergee Peer Group). Included in the recap were comparisons of Crosslake Communications with the Telergee Peer Group. Pat also reviewed accompanying letters regarding internal control. He reminded the Council and Board that they have a role in overseeing those types of activities in the financial side. He also said that it is their role to question the budget and the financial statements to make sure they make sense to help mitigate the fact that we do have a small staff. During the audit, Pat stated that they do samplings and then verify the information with outside sources. To wrap up, Pat feels it is important to do long range planning. What they are seeing with everything happening on the regulatory side changing from a phone company to a broadband company, bandwidth needs will go up. Having the fiber footprint will help. When the economy went south, the government focused on broadband. They are likening it to electricity and that's why there is so much focus on getting broadband out there. Mike Myogeto moved to recommend to the City Council approval of the Independent Auditor's Report dated December 31, 2010. Second by Armond Gease. All in favor, motion.

MOTION 02S2-01-11 WAS MADE BY JOHN MOENGEN, SECONDED BY RUSTY TAUBERT TO APPROVE THE 2010 AUDIT FOR CROSSLAKE COMMUNICATIONS. MOTION CARRIED WITH ALL AYES.

Kristi Kraemer moved to adjourn the Advisory Board meeting at 11:00 a.m. Second by Armond Gease. All in favor, motion carried.

Debby Floerchinger

Debby Floerchinger

Mayor Schneider resumed the meeting at 11:00 A.M.

1. Bills for Approval – MOTION 02S2-02-11 WAS MADE BY DEAN SWANSON AND SECONDED BY JOHN MOENGEN TO APPROVE THE BILLS FOR PAYMENT AS SUBMITTED WITH THE EXCEPTION OF THE NORTHWOOD TURF AND POWER BILL IN THE AMOUNT OF $7,866.01. MOTION CARRIED WITH ALL AYES.

   Tom Swenson discussed the current situation with the mechanical broom that the Park Department is using. In 2010 the broom needed major repairs which were done by the Park staff. However, the broom is again having problems and repairing it isn't a good option at this point. In looking at options to replacing the broom it was discussed that a hydraulic broom would last longer than a mechanical broom and the hydraulic broom could be attached onto the main mower that is used by the Park. There was also discussion on trading in the mule which has not been a reliable piece of equipment for quite a few years. Mr. Swenson noted the mule was purchased in 2002 for $8,500 and right now Northwood Turf and Power has offered $5,800 for the mule as a trade-in if the City were to purchase another piece of equipment. The Park Department has been looking at a John Deere Gator which would cost approximately $19,000. The City currently has three Park Reserve Fund accounts which include the Park Donation account which has a balance of $2,423.19, the Park Office Remodel account which has a balance of $13,225.84 and the 80 Acre account which has a balance of $5,268.51. The total for these three Reserve accounts is $20,917.54. Jon Henke noted that the Park does not currently have any equipment that allows the staff to get out on the trails and do maintenance. The gator would allow the staff to easily move small tools and would allow the staff greater flexibility in completing their work. Mr. Henke also noted that the trade-in price for the mule is a great value and if the mule breaks down, it will be worth nothing. Councilmember Roe expressed his concern over buying light-duty equipment when it seems to be apparent that heavy-duty equipment is needed to get the job done right. Councilmember Moengen stated that the City should get a lot of longevity out of the gator if it is used properly. Mr. Henke also pointed out that his main concern is the protection of the 1565 mower that the City originally paid $36,000 for and making sure they don't put too many hours on that piece of equipment which will wear it out rather quickly. Mayor Schneider stated that it's important to have proper transportation for the staff to work and it's not an ideal situation but appears to be a reasonable approach towards a solution. There being no further discussion, MOTION 02S2-03-11 WAS MADE BY DEAN SWANSON AND SECONDED BY DARRELL SCHNEIDER TO APPROVE THE PURCHASE OF A JOHN DEERE GATOR XUV AND THE HYDRAULIC BROOM FOR THE JOHN DEERE 1565 FOR A TOTAL COST OF $19,722.71 AND FUNDING FROM THIS PURCHASE WILL COME FROM PARK DEPARTMENT RESERVE ACCOUNTS. MOTION CARRIED 4:1 WITH COUNCILMEMBER ROE OPPOSED.

2. City Administrator Swenson discussed a recommendation from the Personnel Committee regarding the probationary status of Kim Larson. Ms. Larson has been an employee of the City on probationary status for six months. MOTION 02S2-04-11 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO APPROVE REMOVING KIM LARSON FROM PROBATIONARY STATUS AND PLACING HER ON REGULAR, FULL-TIME STATUS EFFECTIVE ON HER ANNIVERSARY DATE OF FEBRUARY 23, 2011. MOTION CARRIED WITH ALL AYES.

City Administrator Swenson next discussed a recommendation from the Personnel Committee regarding implementing an employee recognition policy. Mr. Swenson noted that Crosslake Communications has been giving plaques to employees for many years in recognition of their service. The plaques are given in five-year increments on an employee's anniversary date. The City had not previously adopted an employee recognition policy because up until a few years ago this was not considered an acceptable use of public funds by the State. Mr. Swenson noted that he had been previously questioned by Councilmember Moengen as to why the City did not have a similar policy like the Phone Company. Mr. Swenson stated he felt the issue should be addressed by the Personnel Committee now that it is considered an acceptable use of City funds. The Personnel Committee is recommending the City implement an employee recognition policy where an employee of the City will receive a plaque every five years on their anniversary date and that any current employee with at least five years of service who leaves the City who has not received a plaque will get one upon termination. All other employees will receive a plaque on their next five-year anniversary. MOTION 02S2-05-11 WAS MADE BY DARRELL SCHNEIDER AND SECONDED BY DEAN SWANSON TO APPROVE IMPLEMENTING AN EMPLOYEE RECOGNITION POLICY FOR THE CITY OF CROSSLAKE AS PRESENTED. MOTION CARRIED WITH ALL AYES.

There being no further business, MOTION 02S1-06-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY DEAN SWANSON TO ADJOURN THIS SPECIAL CITY COUNCIL MEETING AT 11:57 A.M. MOTION CARRIED WITH ALL AYES.

Respectfully submitted by,

Jennifer Max

Jennifer Max
Clerk/Treasurer

Deputy Clerk/Minutes/2-24-11 Special.doc

BILLS FOR APPROVAL
February 24, 2011

VENDORS		DEPT		AMOUNT
Ace Hardware, batteries		Police		4.80
AW Research, water test		Sewer		113.40
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Bryan Hargrave, reimburse travel expenses		P&Z		124.70
Chief Supply, safegrip powder		Police		39.26
Couri MacArthur Ruppe, legal fees		ALL		1,497.50
Crosslake Fire Relief Assn, city contribution		Fire		15,600.00
Dacotah Paper, can liners		Gov't		66.55
Fyles Jet Flush, thaw roof ice		Gov't		437.00
Galls, delivery system		Fire		1,345.33
Grand Forks Fire Equipment, boots		Fire		334.97
Hawkins, ferric chloride, aqua hawk		Sewer		831.52
Hawkins, aqua hawk		Sewer		280.02
Holden Electric, replace gfi receptacle and ballast		Gov't		219.05
Jefferson Fire & Safety, turnout gear		Fire		6,367.19
Keepers, uniform		Police		370.99
Larson Allen, conference		Admin		100.00
League of MN Cities, patrol subscription		Police		595.00
Marco, copier lease		ALL		396.42
Mastercard, Barnes and Noble, books		Library		295.27
Mastercard, LA Police Gear, uniform		Police		7.98
Mastercard, Newegg.com, monitor		Police		139.99
Menards, cabinet, chest		PW		1,098.00
Meyer Midwest, spring		PW		46.66
Northland Fire Protection, fire extinguisher recertification		ALL		963.71
Northland Press, meeting notice of 2/25		P&Z		60.00
Northwood Turf and Power, replace bearing		P&R		403.30
~~Northwood Turf and Power, sweepster, broom~~		~~PW~~		~~7,866.01~~
Northwood Turf and Power, shaft		PW		415.81
Paper Storm, record retention disposal		Gov't		286.23
POST Board, license renewals		Police		270.00
Public Safety Center, hood, emergency blanket, gloves		Fire		519.54
Public Safety Center, helmet clip		Fire		45.70
Southern MN Inspection, auto lift inspections		PW		479.67
State of MN - BCA, remote access device		Police		180.00
The Office Shop, tape, clips, sealer		P&Z/Admin		38.40
The Office Shop, large mailing envelopes		P&Z/Admin		105.88
Valley Pool & Spas, soda ash		Sewer		403.86
Ziegler Cat, repair fuel system, injection pump, maintenance		PW		3,046.69
TOTAL				45,509.80