

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
WEDNESDAY, AUGUST 19, 2009
9:00 A.M. - CITY HALL

Pursuant to due notice and call, the Council for the City of Crosslake met in a Special Session on Wednesday, August 19, 2009 at City Hall. The following Councilmember's were present: Mayor Jay Andolshek, John Moengen, Steve Roe, Dean Swanson and Rusty Taubert. Also present was City Administrator Tom Swenson, Community Development Director Ken Anderson, Park and Recreation Director Jon Henke, Public Works Director Ted Strand, Police Chief Bob Hartman, General Manager Paul Hoge and Clerk/Treasurer Darlene Roach. Also in attendance was Ruth Ann Hanson of the Brainerd Lakes Area Chamber of Commerce.

1. Call to order – Mayor Andolshek called the special meeting to order at 9:00 A.M.
2. Bills for Approval – MOTION 08S-01-09 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO APPROVE THE BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNT OF \$26,745.23. MOTION CARRIED WITH ALL AYES.
3. Mayor Andolshek commented that the process for reviewing the budget would be for the Council to review what is being proposed, engage in discussion and provide comments but hold voting on items until the entire budget is reviewed. The exception would be wage information that could be approved at this meeting since other parts of the budget such as PERA, FICA, disability and etc. are based on a percent of wage.
4. City Administrator Swenson stated that a letter was received from Crisis Line and Referral Service which requested that \$250 be included in the 2010 budget as a donation to the organization. Chief Hartman stated that the Police Department does use the service and they have been very helpful.
5. An email from Couri, Macarthur & Ruppe informed the City that they will retain the same hourly rate for 2010 as in 2009.
6. A funding request from Brainerd Lakes Area Development Corporation (BLADC) proposed a decrease of 5% for 2010 due to the financial challenges facing local units of government. With the 5% reduction, \$2,075 is being requested for BLADC operations and \$475 for the 2020 program for a total of \$2,550.
7. A letter from the Initiative Foundation contained a funding request of \$1,000 for 2010. This amount has remained the same for several years. This donation would include a dollar-for-dollar match from the McKnight Foundation.
8. A memo dated August 18, 2009 from the Personnel Committee contained a recommendation to the Council to adopt the 2010 Management Salaries as proposed and the estimated wages for AFSCME and Teamster Employees be

included in the proposed 2010 budget. The AFSCME Contract expired on December 31, 2008, so the 2010 proposed budget took into account a 1% COLA for 2009 and a 1% COLA for 2010 in addition to any step increases an employee may be eligible for. This number was used since it was the offer made to both IBEW and AFSCME and will be used for the Teamsters, whose contract expires December 31, 2009. In the Public Works Department, on call and overtime estimates were included in the budget. In the Police Department, shift differential for officers working the night shift and estimated overtime was included. For management wages, it was recommended that a 1% increase be approved. With the reduction taken by management in 2009, the 1% increase in 2010 represents a very minimal amount over the amount budgeted in 2009. MOTION 08S-02-09 WAS MADE BY DEAN SWANSON AND SECONDED BY JAY ANDOLSHEK TO APPROVE THE WAGES AS RECOMMENDED BY THE PERSONNEL COMMITTEE IN A MEMO DATED AUGUST 18, 2009 FOR MANAGEMENT WAGES FOR 2010 AND TO USE THE ESTIMATED WAGES FOR HOURLY EMPLOYEES FOR PURPOSES OF THE BUDGET. MOTION CARRIED WITH ALL AYES.

9. Ruth Ann Hanson of the Brainerd Lakes Area Chamber of Commerce requested a donation of \$2,000 for the upkeep and maintenance of the Crosslake Welcome Center. Hanson stated that signage needs to be upgraded and landscaping work completed to create a more welcoming site. The Crosslake Center employs one and one-half employees with Annie Woog working full time and Ruth Ann Hanson splitting her time between Crosslake and Pequot Lakes. Hanson stated that membership has decrease by 10% due to the economy. A second request from the Chamber was for funding in the amount of \$10,000 for the 2010 fireworks which Hanson states is a huge event in the City. In addition to the St. Patrick's Day parade event, the Chamber is also looking at taking over Winterfest activities. Considerable discussion ensued regarding the cost of the fireworks, what benefit it provides to the community and how other funds could be raised to assist in the cost. The Council informed Ms. Hanson that they would review the entire budget before taking a position on funding to the Chamber.
10. The Council reviewed the expenditure budgets by department and compared the proposed 2010 expenditures with the 2007 actual expenditures, 2008 actual expenditures and 2009 budgeted amounts. The Council budget of \$30,881 will remain the same in 2010 as in 2009. Swenson noted that the biggest increase in all of the department budgets was health insurance premiums. Since premiums are based on age, and since several employees and their spouses move into the next age group in 2010, the premiums increase accordingly. For 2010, a 10% increase in health premiums is being budgeted. There was some discussion regarding looking for other options and Swenson stated that the three Union Contracts specify Medica Choice Select or equal. General Manager Hoge commented that the Telephone Company contacted three other companies for rates and these comparisons either did not result in savings or the company was not willing to insure the group. The Administration budget will increase from \$294,276 to \$306,658 with the major increase being health insurance. Since there will be an election in 2010, an increase of \$5,050 was included in the election budget. Audit/Legal remained the same in 2010 as in 2009. The majority of the

increase in the Planning and Zoning Department was health insurance. The General Government budget reflects a decrease for Animal Control from \$5,000 to \$4,500. There was considerable discussion how dangerous dogs are handled and the cost for contracting with Hart and Don Hannah's for animal control. In Capital Outlay for General Government, \$10,000 was included for siding reserve, \$20,000 for land acquisition and \$1,500 for miscellaneous expenses. Staff and Council engaged in a discussion regarding the need to find a place for composting and tree cleanup in the event of a storm. If the Council agrees to fund \$10,000 for fireworks, the 2010 budget in General Government will increase from \$139,800 in 2009 to \$148,150 in 2010. In the Police Department, the major increase was insurance. The Capital Outlay reserve included \$5,000 for radios due to upcoming change in radio frequency to 800 megahertz. This change will be mandatory no later than 2013. The capital expenditures also included \$29,000 for a squad and Chief Hartman requested Council approval to order the 2010 squad prior to August 31, 2009 in order to receive 2009 pricing. Delivery would be in 2010. MOTION 08S-03-09 WAS MADE BY STEVE ROE AND SECONDED BY RUSTY TAUBERT TO APPROVE THE ORDERING OF THE 2010 SQUAD NO LATER THAN AUGUST 31, 2009 TO OBTAIN 2009 PRICING. MOTION CARRIED WITH ALL AYES. Councilmember Moengen presented the Fire Department budget. With Jeff Cripps retiring from the department and his having the expertise to work on the equipment, it is felt that the Department needs to initiate a maintenance contract for its vehicles. With the hundred's of thousands of dollars in Fire Department assets, plus the liability involved, it is necessary to insure that the equipment is properly maintained so an increase from \$3,000 in 2009 to \$7,500 in 2010 is included for this purpose. With the ability to fill SCBA units on site with the new truck, only one SCBA unit is being budgeted in 2010. Other capital items include turnout gear, boots, helmets, hose and air bottles. The ambulance budget will remain the same in 2010 as in 2009 at \$13,736. Public Works Director Ted Strand stated that the Public Works Department included an increase of \$35,000 as a result of insurance premiums, electric utilities, engineering fees and capital expenditures. Strand stated that an energy audit was conducted by Crow Wing Power which showed that replacement of the 50 halogen light fixtures in the Joint Public Works Facility with a high base fluorescent fixture at a cost of \$20,000 would result in a payback within three to four years. The Council discussed the option and agreed to include an additional \$10,000 in the budget for this switchover. It was noted that the County would pay 53% of the cost of the expense to change out the lights. Considerable discussion ensued regarding replacement of the New Holland tractor. If a new tractor is purchased for the Public Works Department, a decision needs to be made as to whether the Park receives the older tractor that is being replaced or whether it should be used as a trade-in against the new tractor. It was agreed that \$10,000 should be left in the Capital Outlay budget and a decision made next year. Strand stated that the Cemetery budget would remain close to the same as in 2009, however an additional \$1500 was included for seed, trees and irrigation. Strand commented that the City received a considerable donation in 2008/2009 of trees for the Cemetery that need to be preserved. Parks and Recreation Director Jon Henke stated that the Park and Recreation budget shows an increase of \$820 overall from 2009 and the Library Budget remains the same as 2009. With the fundraising activities conducted by the PAL Foundation and

the Library Fundraising Committee, many of the capital projects have been funded by donations from the Community. The Recycling Budget remains the same as in 2009. Debt Service expenditures are based on the bond payments that are payable in 2010. Swenson informed the Council that the City will be making the final payment on the 1999 Series B bond issue in 2010, however no revenue will be levied for this payment. The Debt Service reserves contain the funds for this final payment. Public Works Director Ted Strand informed the Council that the Sewer Operating Fund shows an increase of \$18,000 due to increased costs for chemicals, electric utilities, laboratory testing and sludge removal. Strand also stated that the City's permit fee to the MPCA for the treatment facility may increase considerably in 2010 due to a mandate by the State to make the MPCA self supporting. Capital expenditures include half the cost of a printer and \$2500 for replacement of a pump/motor.

11. Projected revenues for 2010 were reviewed with the Council and reflected a considerable decrease in revenue in planning and zoning permits and fees. In the Sewer Operating Fund, imposing a \$2.00 monthly increase in sewer charges will leave a deficit in the Sewer Operating Fund of \$12,473 due to the increases in expenditures identified earlier in the meeting by Public Works Director Strand. Discussion ensued regarding how to cover the cost of operation and what plans are being considered for expansion. It was noted that the Public Works Commission will be reviewing a feasibility study being prepared by WSN which will include a recommendation to the City Council regarding expansion of municipal sewer. City Administrator Swenson stated that the deficit in the Sewer Operating Fund could be subsidized with an operating transfer from the Sewer Project Fund in 2010 but when these funds are depleted, the general fund would need to absorb the subsidy unless rates are increased. Swenson also informed the Council that the City would also need to levy for the loss of \$28,729 in market value homestead credit that was lost when the un-allotment was imposed by Governor Pawlenty. The Council engaged in discussion regarding the sewer rates and it was agreed that the Council would engage in further discussion at the next Special Council Meeting set for August 26th at 9:00 A.M. There being no further discussion, MOTION 08S-04-09 WAS MADE BY JAY ANDOLSHEK AND SECONDED BY STEVE ROE TO ADJOURN THIS SPECIAL MEETING AT 12:24 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully submitted by,



Darlene J. Roach
Clerk/Treasurer

BILLS FOR APPROVAL
19-Aug-09

[illegible]