

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
MONDAY, JULY 17, 2000
2:00 P.M. – CITY HALL

The Council for the City of Crosslake met in City Hall on Monday, July 17, 2000 at 2:00 P.M. The following Councilmembers were present: Mayor Darrell Swanson, Irene Schultz, Dean Swanson, Charles Miller and Richard Upton. Also present was City Administrator Thomas Swenson, City Attorney Paul Sandelin, Lake Country Echo Reporter Betty Ryan and Deputy Clerk Darlene Roach. There were approximately eight individuals in the audience.

1. Call to Order - Mayor Swanson called the special meeting to order at 2:00 P.M.
2. Bills for Approval – MOTION 07S1-01-00 WAS MADE BY RICHARD UPTON AND SECONDED BY DEAN SWANSON TO APPROVE THE BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNT OF \$19,194.98. MOTION CARRIED WITH ALL AYES.
3. On Sale Liquor License - Mayor Swanson stated that two requests have been submitted for on sale liquor licenses. Sundance, Inc. and Ox Lake Tavern both have submitted requests. City Attorney Sandelin, in a letter dated July 17th, stated that under Chapter 4 of the City Code all current on sale and off sale liquor licenses have been issued. The on-sale licenses issued by the City total the number of licenses allowed under State Statute. In order to issue additional licenses, a general or special election would need to be held to authorize the issuance of a specific number of additional on-sale liquor licenses, or an unlimited number which could then be issued by the City Council. Attorney Sandelin further stated that the purpose of this special meeting was for the Council to decide if they wanted to place a question, regarding additional licenses, on the ballot. Mayor Swanson read Chapter 340A Subd. 3 dealing with a referendum for additional on-sale licenses. This section of the Statute provides verbage regarding the question that can be placed on the ballot. City Attorney Sandelin stated that a majority vote of the Council would be required to place a question on the ballot. Councilmember Swanson stated that he was in favor of putting the question on the ballot and was in favor of a question which would allow the City Council to issue on sale licenses for the sale of intoxicating liquor at retail in excess of the number permitted by law. He stated that he would like to see the Council have the ability to cater towards liquor at a fine restaurant serving food. Councilmember Miller wondered why the Council would spend taxpayers money to put a question on the ballot. In response to a question regarding limiting business, Councilmember Miller stated that liquor business is dictated by the City under the direction of the State Liquor Control Board. Councilmember Upton asked how the City got to the point of having seven licenses when State Statute only allows four. City Attorney Sandelin stated that when North Crosslake and Crosslake were combined, the number totaled six and a referendum was held to add a seventh license. Councilmember Upton asked City Attorney Sandelin if a number such as "3" was

approved, whether the Council could promise the license to someone at a later date. City Attorney Sandelin replied that the Council could not reserve a license but it could be issued with conditions. Councilmember Swanson stated that was another reason for not limiting the number of licenses. If someone applies for a license that fits the criteria that the Council establishes, the Council could then issue a license. Councilmember Upton asked how the City could be restrictive. City Administrator Swenson stated that issuance could be tied to gross receipts of food such as is done for wine licenses. City Attorney Sandelin stated that in all fairness to existing license holders they would be grandfathered in. Mayor Swanson stated that in a survey he has taken, the majority of the residents felt that the voters should decide whether more licenses should be issued. Councilmember Upton stated that he would not vote for issuance of more licenses, but would favor a question on the ballot.

Mayor Swanson stated that this meeting was not a public hearing and any input from the audience would require the consensus of the Council. The Council agreed to take comments from the audience. Scott Cordahl addressed the Council and wondered how any business in town could meet a 60% food requirement and wondered how the City would regulate such a requirement. He was not in favor of grandfathering existing businesses where they would be exempt from this requirement. Stuart Swenson of Sundance, Inc. stated that they would take possession of a license as soon as one was available. Mayor Swanson stated that a license holder needs a place of business in order to be issued a license. City Attorney Sandelin agreed since the license is assigned to an individual(s) at a premise. City Administrator asked if a license could be issued to a business under construction and City Attorney Sandelin stated that you could not issue a license to something that doesn't exist. Councilmember Upton stated that in this type of situation, Question #2 would work where the number of licenses would be determined by the governing body. Councilmember Miller expressed a concern with businesses selling licenses and while he agreed that the City is a tourist area, for the balance of the year the residents are bound by the number of licenses issued. Bill Reed addressed the Council and questioned why the Council couldn't issue a license for a building under construction. He wondered why anyone would construct a building if they were not assured of getting a license. Councilmember Miller stated that that is the way the law is written. City Attorney Sandelin stated that the Council could approve with conditions. Bill Reed asked if going to Planning and Zoning with a plan, getting permits and etc. would show good faith. City Attorney Sandelin stated that it would. Councilmember Upton asked whether the license could be sold if the building site did not come to completion. City Attorney Sandelin stated that the City could place a timeframe and conditions on the license where the license would go back to the City if the conditions were not met. Roger Roy addressed the Council and stated that as far as restaurants go, maybe there could be a seating requirement. He felt that additional licenses would be okay. He felt that after a nice dinner, people generally like an after dinner drink. MOTION 07S1-02-00 WAS MADE BY DEAN SWANSON AND SECONDED BY RICHARD UPTON TO PLACE A QUESTION ON THE BALLOT ALLOWING A NUMBER OF ON SALE INTOXICATING LIQUOR LICENSES IN EXCESS OF THE NUMBER PERMITTED BY LAW

WITH THE PROPER WORDING OF THE QUESTION PROVIDED BY THE CITY ATTORNEY. MOTION CARRIED WITH COUNCILMEMBER MILLER OPPOSED. It was the consensus of the Council that the question be placed on the November ballot which would not incur any additional cost to the taxpayers.

4. Off Sale Liquor Licenses – City Attorney Sandelin stated that the City Council decides how many off sale licenses they want to have in the City. Additional licenses do not require a referendum. The decision the Council needs to make is either to change the number available for issuing or leave the Ordinance as it exists today. Councilmember Miller stated that he received a call from Paul McCulloch who was turned down previously asking to be considered for a license if additional licenses are issued. Councilmember Swanson felt the Council should consider increasing the number. Councilmember Upton stated that he would be opposed to increasing the number. Mayor Swanson stated that he has heard comments on both sides and would like to hold a public hearing to air both sides. Councilmember Swanson supported a public hearing. Mayor Swanson stated that he would like to see the business community go on record with a recommendation. City Attorney Sandelin stated that while a public hearing is not required, it would be a good idea to hold one. Councilmember's Miller and Upton asked Chief Hartman for any comments he might have regarding additional licenses. Chief Hartman responded by stating he doesn't have any opposition, but would prefer to stay neutral since the Police Department hasn't had many problems with off sale licenses.

It was again the consensus of the Council to let the public speak. Marty Reed asked for clarification as to whether a public hearing was required and whether the decision was still up to the Council if the public hearing proved positive. The answer was restated that the decision rested with the Council. Bill Reed stated that he felt Paul McCulloch had every right to come back to the Council to request a new license if that was his choice. However, when Paul McCulloch had made a previous request to the City Council it was for the transfer of a license from an existing establishment and was not a request for a new license. Bill Reed stated that this confirmed that transfers are allowed under the Ordinance. City Attorney Sandelin stated that the City Council is currently looking at restricting the transferring of licenses. Lonna Andolshek stated that the City currently has three separate standalone establishments within one mile of each other. She stated that these three exist for eight weeks out of the year and for the other 10 months, they co-exist. She felt that other types of business should be promoted in Crosslake. Roger Roy agreed with Ms. Andolshek. He stated that with the lack of snow for the past three years, customer count is down. He felt that the pie is being cut too thin and some businesses will make it and some won't. He agreed that the business community should be polled. He stated that since alcohol is the number one killer in America, the Council wouldn't be setting the right example by authorizing additional licenses. Mayor Swanson stated that the Council needed to consider the non-voting residents and suggested that a date and time be set for a public hearing. MOTION 07S-03-00 WAS MADE BY DEAN SWANSON AND SECONDED BY IRENE SCHULTZ TO SET THE DATE FOR A PUBLIC HEARING TO OBTAIN INPUT ON THE ISSUANCE OF ADDITIONAL OFF

SALE LICENSES FOR AUGUST 28, 2000 AT 7:00 P.M. MOTION CARRIED
THREE TO TWO WITH COUNCILMEMBERS MILLER AND UPTON
OPPOSED.

5. Discussion of possible amendments to the current Liquor Ordinance – City Attorney Sandelin stated that three areas of the Ordinance were under review. These areas are transfers, the surrender of licenses and the number of licenses. Councilmember Upton felt that any action should be held until after the public hearing on August 28th. Mayor Swanson asked if the Council should wait until after the election. Councilmember Upton felt that all action regarding liquor licenses should be made at one time after the public hearing. It was reiterated that under the current Ordinance, transfers are allowed. Bill Reed addressed the Council and wished to discuss moving licenses. He stated that Seeker's Off Sale wished to move their license to a new location. There was some discussion regarding what a transfer involves. A change in ownership or location is considered a transfer. Lonna Andolshek felt that licenses were tied together. City Attorney Sandelin stated that a license is limited to a location and is issued to a name. Bill Reed stated that a license was split twenty-five years ago so a precedent has been set. Roger Roy stated that since the Exchange has an off sale license, they could build an off sale store.
6. Discussion of revised purchase agreement with Dan Steffen - Councilmember Swanson stated that the Council had previously approved purchasing two lots adjacent to the Community Center. One parcel was for sale by Harry and Lois Steffen and an agreement was made with Dan Steffen to purchase his parcel for \$45,000. Dan Steffen did locate another lot to move to, however, he does not feel that he can move and rebuild for \$45,000. He has counter-offered with \$47,500 and requested that the closing date be extended. The Council disapproved of any counter offer. They felt that a good faith verbal agreement was reached between the City and the real estate company. City Administrator Swenson felt that the City should still proceed, however, to purchase the front lot that was listed. MOTION 07S1-04-00 WAS MADE BY RICHARD UPTON AND SECONDED BY IRENE SCHULTZ TO APPROVE EXTENDING THE CLOSING DATE ON PARCEL A (DAN STEFFEN'S PROPERTY), HOWEVER THE JULY 10TH OFFER OF \$45,000 STANDS AS THE FINAL PURCHASE PRICE OR THE OFFER WILL BE TERMINATED. MOTION CARRIED WITH COUNCILMEMBER SWANSON OPPOSED.

MOTION 07S1-05-00 WAS MADE BY RICHARD UPTON AND SECONDED BY IRENE SCHULTZ THAT IN THE EVENT THE PURCHASE OF PARCEL A IS NOT CONSUMMATED, THE CITY WILL CONTINUE WITH THE PURCHASE OF PARCEL B ELIMINATING THE CONTINGENCY STIPULATED IN THE JULY 10TH MOTION. MOTION CARRIED WITH ALL AYES.

7. Discussion of supplemental or reassessment of a parcel on Ox Lake Road – City Administrator Swenson stated that last fall when assessment hearings were held there was a concern from a property owner on the number of equivalent lot units assigned

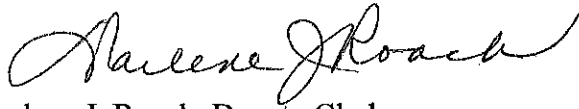
on a metes and bounds parcel. Originally, three equivalent lots were assigned to the property, but after a visit to the site by City Administrator Swenson and Pat Hoag, it was recommended that the assessment be reduced to two lots. The property owner has now questioned whether or not the property contains two buildable lots. Community Development Director looked at the mapping of the area and visited the site and is of the opinion that the property does not contain two buildable lots due to the wetlands that are actually part of the lake. In order to change the assessment, a supplemental assessment would need to be certified to the County. In order to change the assessment, a public hearing would be required. MOTION 07S1-16-00 WAS MADE BY DEAN SWANSON AND SECONDED BY RICHARD UPTON TO CONSIDER A SUPPLEMENTAL ASSESSMENT HEARING FOR THE LEE PROPERTY AT 6:30 P.M. ON AUGUST 14, 2000. MOTION CARRIED WITH ALL AYES.

7. Paul Larson – Discussion of P&Z, Administration and Police computer network system – Paul Larson stated that he has been working with Micronet on problems with the City's in house network. The City does not currently have a server and employees are sharing files by way of a wire connection. Due to the number of employees using the system, file sharing is no longer effective and is causing a number of problems with access to the computer and in printing jobs. Paul Larson has spoken with Kevin Larson and it appears that DSL service may solve the City's problems. In order to install DSL, a fire wall is needed to block other users from accessing the City's computers. An estimate has been obtained from Micronet to install a firewall, to terminate ends and wires on the current system and to connect the City's computers to DSL. The estimated cost for this work is \$1142.96. MOTION 07S1-07-00 WAS MADE BY RICHARD UPTON AND SECONDED BY DEAN SWANSON TO AUTHORIZE THE EXPENDITURE OF \$1142.96 TO MICRONET FOR DSL UPGRADE. MOTION CARRIED WITH ALL AYES.
8. Other Business – Councilmember Swanson informed the Council that City Administrator Swenson, Mayor Swanson and himself met with George Riches regarding expansion of the City Hall building. George Riches stated that a property survey would be needed before any plans could be discussed. WSN has agreed to do the survey for the City.

Community Development Director Paul Larson stated that a request was received for dredging between Lower Whitefish and Trout Lake. The permits that have been issued in the past, have been issued to the City upon approval by the Mayor. The DNR has requested that the City again authorize this dredging and be the holder of the permit. Mayor Swanson requested that a letter be sent from WAPOA stating that they will pay for the dredging and that the City will not be held liable for any expenses.

MOTION 07S1-08-00 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO ADJOURN THIS SPECIAL COUNCIL MEETING AT 3:49 P.M. MOTION CARRIED WITH ALL AYES.

Recorded and transcribed by,

A handwritten signature in cursive script that reads "Darlene J. Roach". The signature is fluid and elegant, with the first and last names being more prominent than the middle initial.

Darlene J. Roach, Deputy Clerk

