

BUDGET WORKSHOP
CITY OF CROSSLAKE
THURSDAY, SEPTEMBER 3, 2020
1:00 P.M. – CITY HALL

The Council for the City of Crosslake held a Budget Workshop on September 3, 2020. The following Council Members were present: Mayor Dave Nevin, John Andrews, Marcia Seibert-Volz, Aaron Herzog, and Dave Schrupp. Also present were City Administrator/Treasurer Mike Lyonais, City Clerk Char Nelson, Fire Chief Chip Lohmiller, Park Director TJ Graumann, Public Works Director Ted Strand, Police Chief Erik Lee, and Council Candidates Patty Norgaard and Catharine Funk. Attending via Zoom were Zoning Administrator Jon Kolstad, City Engineer Phil Martin and Echo Publishing Reporter Nancy Vogt.

Mayor Nevin called the meeting to order at 1:00 P.M. and turned the meeting over to Mike Lyonais. Mr. Lyonais reported that the Chamber has requested \$15,000 for 2021 fireworks display and \$3,500 for 2021 annual support, which is a \$1,000 increase from 2020. It was the consensus of the Council to include these amounts in the 2021 Budget.

Mr. Lyonais reviewed questions and answers that were sent to him via email by the Council since the last meeting. Some projects that were levied for in 2020 have been postponed to 2021 and those funds were identified in the proposed budget. Marcia Seibert-Volz suggested using a Capital Projects Fund to clearly identify those projects in the Budget so that the Council and the public know what has already been levied. MOTION 09SP1-01-20 WAS MADE BY MARCIA SEIBERT-VOLZ AND SECONDED BY AARON HERZOG TO ESTABLISH A CAPITAL PROJECTS FUND AND DESIGNATE THE CAPITAL PROJECTS THAT AREN'T SPENT IN THE SAME YEAR, THAT THEY ARE DESIGNATED FOR THAT PROJECT. Mr. Lyonais stated that the projects are being tracked and would not be in favor of creating new fund accounts. A discussion ensued regarding how to track capital projects. MOTION CARRIED 3-2 WITH SCHRUPP AND ANDREWS OPPOSED.

Mike Lyonais reported that he and Ted Strand met with Melissa Barrick of Crow Wing Soil and Water to discuss the storm water projects. Ms. Barrick informed staff that there is an opportunity for the City to get grant funds of approximately \$20,000 for a plow truck that monitors road salt usage. Ted Strand stated that he has found a demo of this type of truck at a cost of \$215,000. John Andrews stated that he is in favor of getting that type of truck as soon as possible so that it can be used this snow season. Ted Strand stated that the demo truck has less than 1,000 miles and that the State Contract price for the truck is \$250,000. Dave Nevin asked if any trucks could be used for a trade-in. Ted Strand replied that his used trucks would not be much value for a trade-in and would prefer to keep them as a backup. Marcia Seibert-Volz noted that there is \$50,000 in this year's budget for a sweeper. Ted Strand replied that the dealer suggested that the City wait to buy that until a better model is released.

Mr. Strand stated that he is also looking at purchasing a road patch machine at an estimated cost of \$40,000 rather than using cold patch to repair roads. Dave Nevin suggested that the City ask Anderson Brothers to repair minor areas on the roads. Ted Strand stated that he has gotten quotes from Anderson Brothers in the past and that it is very expensive to use them for minor repairs.

A discussion ensued regarding the stormwater project on County Road 66, the grant that was awarded for the project and the County's participation in the project. Mike Lyonais stated that the Council needs to decide whether or not to move forward with the project even if the sewer extension to Moonlite is not done next year. Ted Strand noted that the County has 1,900 feet of existing storm sewer pipe under the road that has reached its life expectancy and that the City should not be responsible for the cost to replace that. City Engineer Phil Martin stated that he is working with the County to determine when the project will be complete. The grant for this project is \$315,000 and the City and the County are required to provide a 25% match.

Mike Lyonais stated that a frequent question has been what the "extra" 3% of last year's levy has been used for. Mr. Lyonais replied that the funds were used on City Hall and provided the Council with a detailed list of change orders and additional purchases for the City Hall/Police Department project which have exceeded the 3%.

Mike Lyonais provided an email from Aaron Herzog stating that he is not in favor of purchasing a ladder truck. Chip Lohmiller explained that the 2021 Budget includes \$650,000 to replace the 1996 Engine 2. The demo truck with a ladder would be used for large commercial and storage buildings. Firefighters would need more training for a truck with a ladder and more inspections would be required. Aaron Herzog stated that a ladder truck would not work well in this area because there are too many trees and obstructions. Mr. Lohmiller noted that the Ideal Township ladder truck has been used for several fires in the last few years in Crosslake. Mr. Lohmiller stated that the truck with ladder is \$229,000 more than what the 2021 Budget has for Engine 2 replacement and that this is a very good deal.

Dave Schrupp asked why there was \$5,200 in the proposed budget for elections. Mike Lyonais stated that the City never knows whether there will be a special election. Marcia Seibert-Volz stated that a special election is unlikely and the funds should be removed from the budget.

Mike Lyonais stated that the reporting for the CARES Act funding is due September 9, 2020. Mr. Lohmiller provided the Council a list of expenses made to date and proposed purchases that would qualify to be used with the CARES Act funds. A lengthy discussion ensued regarding what the CARES Act funds should be spent on and how CARES Act purchases could reduce the 2021 Budget. Dave Schrupp suggested that staff prioritize the proposed purchases so that the Council can decide which to approve. MOTION 09SP1-02-20 WAS MADE BY DAVE SCHRUPP AND SECONDED BY JOHN ANDREWS TO APPROVE THE REPORTING OF \$40,645.26 ON PURCHASES THROUGH 8/6/20 AND \$14,000 FOR THE ANTENNA AT CITY HALL FOR THE CARES ACT FUNDING REPORT. MOTION CARRIED WITH ALL AYES.

A discussion ensued regarding the punch list for unfinished items at City Hall and whether some of the extra items should have been included in the contract price. Mr. Schrupp questioned the details of the firehall contract and whether the City will face the same problem.

Patty Norgaard of 37104 Bunkhouse Road suggested that if any CARES Act Funds were not spent, that the money be given to the Unified Fund for local businesses.

Marcia Seibert-Volz noted that the Budget included a 3% wage increase for employees and stated that with the current economy, Council should hold the line on wage increases due to the pandemic. Mike Lyonais noted that the labor unions have already negotiated wages for 2021. Ted Strand stated that he has worked for the City for 20 years and has received wage increases between 0-3% and noted that after a zero percent increase, there has never been a “catch-up” year when the economy is better. Dave Schrupp and John Andrews stated that it is important to retain good employees.

Dave Nevin stated that the Council is responsible to the tax payers and that he wants to keep the levy flat in 2021. Mike Lyonais stated that the proposed Budget keeps the levy flat and that the City can use CARES Act funds to purchase some of the capital equipment. Dave Nevin asked about road projects for next year. Ted Strand read the motion that was approved by the Public Works Commission on August 27th to complete road overlays in the amount of \$419,000 and to reconstruct roads in the amount of \$1,086,000 in 2021.

MOTION 09SP1-03-20 WAS MADE BY AARON HERZOG AND SECONDED MARCIA SEIBERT-VOLZ TO ADJOURN THE MEETING AT 3:33 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully Submitted,



Charlene Nelson
City Clerk