

BUDGET WORKSHOP
CITY OF CROSSLAKE
THURSDAY, NOVEMBER 19, 2020
2:00 P.M. – CITY HALL

The Council for the City of Crosslake held a Budget Workshop on November 19, 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, Zoning Administrator Jon Kolstad, Park Director TJ Graumann, Public Works Director Ted Strand, and Police Chief Erik Lee. There was one member in the audience.

Mayor Nevin called the meeting to order at 2:02 P.M. and turned the meeting over to Mike Lyonais. Mr. Lyonais stated that he tried to capture the changes that the Council requested since the last budget meeting and stated that he would address the bond balances and reserves which the Council has questioned. Using the Public Works Department as an example, Mr. Lyonais showed the beginning budget amount of \$1,766,280 for 2020 and the expenses of \$1,271,450 to date. This would leave a balance of \$668,300, however, there have been unforeseen expenses in an amount of \$504,278. There is also pending litigation on the Perkins Road and Manhattan Point/County Road 66 Stormwater Project regarding the value of the land taken by the City. Although the Public Works budget is over, other departments are under, keeping the budget balanced. The Council needs to decide whether to carry over funds to 2021 for Public Works projects that weren't done and equipment that wasn't purchased.

Mr. Lyonais reviewed the status of the sewer fund. There has been a deficit in the sewer fund since the day it went online. Up until 2008 the City collected substantial sewer connection payments. That money was used to pay off part of the bond. Once all the connection payments were paid off in 2014, there was no money coming in other than user charges to pay for the operations. At the end of each year, the City transfers money from the general fund to the sewer fund to make it balance. There are no levy dollars in the sewer fund to reserve.

Mike Lyonais reported that the current balance in the general fund is approximately \$6,900,000 and there are no restricted funds, only assigned funds. Mr. Lyonais reviewed the Crow Wing County Usage Classification Report of Real and Personal Property and City Calculations Report that the County recently sent.

The Council had many questions regarding possible bonds for 2021, assessment revenue, fire relief association, the pedestrian study, and funds levied for projects. Dave Nevin asked if there was enough money in the 2021 Budget for operating next year. Mike Lyonais replied that there was. Dave Schrupp noted that the auditors suggest that the City have at least 6-months of operating cash in the bank at any one time and Mr. Lyonais confirmed that is still the practice. Aaron Herzog stated that \$230,000 should be reserved in an emergency fund and that the City should reserve money for building maintenance. Marcia Seibert-Volz stated that she was not in favor of the City budgeting for emergencies.

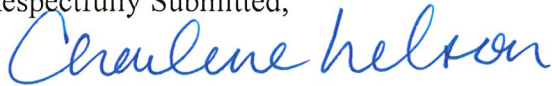
Tom Swenson of 36036 West Shore Drive addressed the Council with many questions regarding the budget. Mr. Swenson questioned whether \$150,000 was levied in 2020 for biosolids. The funds were levied but not specifically for biosolids. That money is in the general fund. Mr. Swenson stated that staff is moving money around without Council approval.

MOTION 11SP2-01-20 WAS MADE BY DAVE SCHRUPP AND SECONDED BY AARON HERZOG TO TABLE THE DISCUSSION AT 3:35 P.M. AND OPEN THE NEXT SPECIAL MEETING SCHEDULED FOR 3:00 P.M. MOTION CARRIED WITH ALL AYES.

The Council resumed the budget workshop at 4:00 P.M. because Tom Swenson had more questions and comments. Mr. Swenson reviewed many specific line items in the revenue and expense budget and questioned whether they should be higher or lower.

MOTION 11SP2-02-20 WAS MADE BY AARON HERZOG AND SECONDED MARCIA SEIBERT-VOLZ TO ADJOURN THE MEETING AT 4:38 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully Submitted,



Charlene Nelson
City Clerk