

BUDGET WORKSHOP  
CITY OF CROSSLAKE  
THURSDAY, SEPTEMBER 9, 2021  
2:00 P.M. – CITY HALL

The Council for the City of Crosslake held a Budget Workshop on September 9, 2021. The following Council Members were present: Mayor Dave Nevin, Marcia Seibert-Volz, and Dave Schrupp. John Andrews and Aaron Herzog attended via Zoom. Also present were City Administrator/Treasurer Mike Lyonais, City Clerk Char Nelson, Public Works Director Ted Strand, Police Chief Erik Lee, and Zoning Administrator Jon Kolstad. There were four people in the audience and on Zoom.

Mayor Nevin called the meeting to order at 2:00 P.M.

Harlan and Keegan Johnson of Harlan V Johnson Agency appeared before the Council with an update on health insurance rates for 2022. Harlan Johnson stated that he had good news because the City's health insurance premium only increased 3%. Mr. Johnson reminded the Council that the City belongs to Resource Training Services (RTS), which is a service cooperative for schools, cities and counties to create a self-insured health insurance pool that helps gain better pricing. RTS negotiates statewide pricing and creates a large, diverse membership that reduces costs for everyone. RTS went out for bids this year and Medica will be the new provider.

Marcia Seibert-Volz asked if the 3% increase was for a plan with a \$3,000 deductible. Mr. Johnson said it was. Ms. Seibert-Volz asked what the quote was for a \$5,000 deductible plan. Mr. Johnson stated that there are several plans with deductibles ranging from \$3,500 to \$10,000, but that changing the deductible also changes the level of benefits, which are negotiated with the unions. Ms. Seibert-Volz stated that the Council still needed the information regarding higher deductibles provided to them. Mr. Johnson stated that the premium may be less, but the benefits are less too. Ms. Seibert-Volz asked when RTS needed to know which plan the City intended to go with. Mr. Johnson replied October 1-15.

MOTION 09SP3-01-21 WAS MADE BY MARCIA SEIBERT-VOLZ AND SECONDED BY JOHN ANDREWS TO SET THE DATE FOR THE PUBLIC INFORMATION MEETING REGARDING FINAL 2021 LEVY COLLECTIBLE IN 2022 AND THE CITY'S 2022 BUDGET ON MONDAY, DECEMBER 13, 2021 AT 6:00 P.M. IN CITY HALL. ROLL CALL VOTE WAS TAKEN AND MOTION CARRIED WITH ALL AYES.

Mike Lyonais noted that he received two pages of questions on the Budget from Tom Swenson last night but did not have time to review them before the meeting. Mr. Lyonais was hopeful that by the end of today's meeting, the Council may be ready to approve the preliminary levy, which needs to be certified to the County by September 30. Mr. Lyonais gave a brief update on the funds set aside for the 2022 road projects which started at \$458,000 and has a current balance of approximately \$280,000. Although the Council added \$89,000 to that amount from Small City Assistance Grant from the State, which must be used for road improvements, the funds were used for other matters, including the Perkins Road settlement and crosswalk upgrades. The road

improvement projects for 2022 will cost approximately \$821,000 and Mr. Lyonais stated that the Council may not want to bond for those.

The Park Department is requesting permission to hire an intern next summer to plan and implement unique and engaging activities for Crosslake youth. The cost to the City will be approximately \$6,240. Two funding sources for this internship position include Sourcewell through their internship reimbursement program and the PAL Foundation. MOTION 09SP3-02-21 WAS MADE BY MARCIA SEIBERT-VOLZ AND SECONDED BY DAVE SCHRUPP TO APPROVE REQUEST FROM PARK DEPARTMENT TO HIRE INTERN FOR YOUTH PROGRAMMING AND TO ADD \$6,240 TO THE PARK'S 2022 BUDGET. ROLL CALL VOTE WAS TAKEN AND MOTION CARRIED WITH ALL AYES.

Marcia Seibert-Volz asked why there was \$175,000 in the sewer budget for land. Ted Strand replied that the engineer identified the land behind the sewer plant as property the City should acquire for future expansion of the plant. Dave Nevin questioned whether the land needed to be purchased in 2022 and suggested the Council put the purchase off another year. Dave Schrupp suggested putting \$50,000 in the budget in 2022 for the land. MOTION 09SP3-03-21 WAS MADE BY MARCIA SEIBERT-VOLZ AND SECONDED BY DAVE NEVIN TO REMOVE \$175,000 FROM THE 2022 PUBLIC WORKS BUDGET. A lengthy discussion ensued regarding when the land should be purchased, how to pay for it and the biosolids project. Mike Lyonais stated that if the City does not buy the land, the biosolids project would not move forward. Dave Schrupp stated that the MPCA would most likely give the City more than a year's notice when the biosolids system needed to be upgraded. Ted Strand stated the Pine River Area Sanitary District, where the City's sludge currently is hauled, wants to get out of the sludge disposal business but no timeline has been given and that when the sewer extension is complete, the plant will have more biosolids to dispose of. Tom Swenson of the Public Works Commission stated that the City should plan to purchase the land because it could be sold. Dave Schrupp suggested combining the 2022 Road Improvements with the sewer extension project and adding the cost of the land to that bond. Aaron Herzog stated that the Council should leave the \$175,000 in the budget for now and that it could be removed before the final levy is approved if necessary. ROLL CALL VOTE WAS TAKEN AND MOTION FAILED 2-3 WITH SCHRUPP, HERZOG AND ANDREWS OPPOSED.

MOTION 09SP3-04-21 WAS MADE BY MARCIA SEIBERT-VOLZ AND SECONDED BY DAVE SCHRUPP TO REMOVE THE \$175,000 FROM THE PUBLIC WORKS BUDGET AND ADD THE \$175,000 FOR LAND ACQUISITION TO THE SEWER EXTENSION PROJECT BOND. ROLL CALL VOTE WAS TAKEN AND MOTION CARRIED WITH ALL AYES.

Dave Nevin asked why the EDA had a proposed budget of \$19,100. Mike Lyonais explained that the City's payment to BLAEDC comes from the EDA budget and that the EDA was starting to update the Comp Plan in 2022. Mike Lyonais stated that he could have Tyler Glynn of BLAEDC give a presentation to the Council about how those funds are used. Dave Schrupp suggested leaving the EDA budget as is and lowering it in November if the Council decided it was necessary.

Marcia Seibert-Volz asked why there was \$6,000 in the budget for donations. Mike Lyonais replied that the City gives contributions to other entities including the Initiative Foundation, the Food Shelf and the Chamber. Dave Schrupp stated that year to date numbers are not good to use

to determine what will be spent by year end. Aaron Herzog stated that using 2020 numbers may not be good because 2020 was such an odd year. Marcia Seibert-Volz asked why the police department budget had \$20,000 for repair and maintenance supply. Erik Lee stated that this is where they are tracking the costs for warranties, Cloud storage, squad and body camera support and record management support. Ms. Seibert-Volz suggested that these items have their own line item in the budget so it is easier to identify.

Marcia Seibert-Volz asked why the cost of road striping increased for 2022. Ted Strand stated that the 2022 budget includes striping for town square. Ms. Seibert-Volz asked why there were engineering fees in the public works budget. Mike Lyonais replied that not all engineering fees are project-related.

Marcia Seibert-Volz asked why the 2022 budget had increases for sewer chemicals and lab testing. Ted Strand replied that he has been told that these will be going up 25%. Ms. Seibert-Volz asked if the upgrades to the clarifiers would require less chemicals. Ted Strand replied that they should.

Marcia Seibert-Volz suggested using designated funds to lower the levy. Mike Lyonais stated that the Council packet for Monday will include the designated fund information and that he will bring an updated resolution for the Council to consider to set the preliminary levy.

Mike Lyonais stated that the proposed budget does not include VRBO compliance costs. If Council wants to be more restrictive than the County, an extra administrative person may need to be hired. This person could help in other departments as well. A lengthy discussion ensued regarding VRBO compliance and regulations. Dave Nevin stated that he would like the Council to take time to discuss this and consider ways for the City to generate money, possibly by issuing penalties to those who are not registered.

Tom Swenson asked staff to address the need for a skid steer and snow blower at a cost of \$112,000. Ted Strand replied that the equipment was in the 2021 budget and the Council moved it out another year. Mr. Strand stated that he planned to give the bob cat in public works to the park department so that they had a piece of equipment to handle heavy snow. Marcia Seibert-Volz stated that the park does not have an employee qualified to run it. Tom Swenson suggested buying only the blower and putting it on the existing skid steer. Ms. Seibert-Volz suggested putting the purchase of the skid steer off another year. Mr. Strand stated that the purchase has been in the 5-year plan. Dave Nevin stated that staff should pull out whatever they can of the 2022 budget. Ms. Volz noted that the budget included the purchase of a one-ton truck, plow and sander and asked what piece of equipment was being replaced. Ted Strand stated that the 2008 one-ton needed to be replaced. MOTION 09SP3-05-21 WAS MADE BY DAVE NEVIN AND SECONDED BY MARCIA SEIBERT-VOLZ TO REMOVE THE PURCHASE OF THE SKID STEER AND BLOWER FROM THE 2022 PUBLIC WORKS BUDGET. ROLL CALL VOTE WAS TAKEN AND MOTION FAILED 2-3 WITH SCHRUPP, ANDREWS, AND HERZOG OPPOSED.

MOTION 09SP3-06-21 WAS MADE BY MARCIA SEIBERT-VOLZ AND SECONDED DAVE SCHRUPP TO ADJOURN THE MEETING AT 4:00 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully Submitted,

*Charlene Nelson*

Charlene Nelson

City Clerk