

BUDGET WORKSHOP
CITY OF CROSSLAKE
WEDNESDAY, NOVEMBER 17, 2021
1:00 P.M. – CITY HALL

The Council for the City of Crosslake held a Budget Workshop on November 17, 2021. The following Council Members were present: Mayor Dave Nevin, Marcia Seibert-Volz, John Andrews, Aaron Herzog and Dave Schrupp. Also present were City Administrator Mike Lyonais, City Clerk Char Nelson, Park Director TJ Graumann, Public Works Director Ted Strand, Police Chief Erik Lee, Fire Chief Chip Lohmiller and Planner-Zoning Coordinator Cheryl Stuckmayer. There was one person in the audience.

1. Mayor Nevin called the meeting to order at 1:00 P.M. Mayor Nevin read a letter from Labor Attorney Jessica Durbin stating that she sent the detailed statements to the Mayor and summary statements to the City Clerk. The Mayor gave the detailed statements to the City Clerk to be stored in a document safe until labor negotiations are completed.
2. Dave Nevin reported that he spoke with Sourcewell regarding the possibility of providing Planning and Zoning services to the City and was told that Sourcewell is having trouble with staffing and would not be able to offer services at this time. Mike Lyonais stated that he would invite a representative from Sourcewell to attend the next Council meeting to present the services they could offer in the future.

Mike Lyonais reported that he submitted wage information to the labor attorney for review for the Zoning Administrator position and is waiting to hear back from her before the employment ad is posted.

Mike Lyonais shared an email from Crow Wing County to Cheryl Stuckmayer noting that Cheryl has done an amazing job at preparing for the public hearings and asking for Cheryl's help in forming their process. Mike Lyonais recognized Ms. Stuckmayer for her work.

Mike Lyonais reported that Crow Wing County has notified the City that they will no longer review and approve septic designs nor conduct installation inspections as of January 1, 2022. The County has been providing this service free of charge to the City and applicant. Cheryl Stuckmayer explained that the City had two options. The City could hire a contractor to review and approve designs and to conduct septic installation inspections. The County currently pays \$215 to contract these services. Ms. Stuckmayer suggested that the City increase the cost of the septic permit should the City choose this option and stated that the upside of this is that the City maintains control over the process.

The other option would be to delete the septic section from the City Code and have the County take over the entire septic program for the City. The downside of this option is that the City may be delayed in issuing Land Use Permits for new construction, while waiting for County approval of septic permits. The timeliness of receiving this information would be dependent on their level of staffing and amount of applications.

Ms. Stuckmayer added that there could be issues on who would handle the approval of variance requests that include a setback for septic as well as other requests, noting that the City wouldn't want the applicant to have to pay for and attend two separate public hearings, one at the County and one at the City. Aaron Herzog asked if the quickest way to get approval would be to contract with someone ourselves and Ms. Stuckmayer stated it would be. Aaron Herzog stated that it would be best to keep the septic permitting at the City so that variances could be handles in the City. Cheryl Stuckmayer agreed that keeping the process in house in more convenient for residents. Marcia Seibert-Volz stated that the City should let the County take it over. Dave Schrupp stated that he thinks the City should continue permitting septic systems here. Dave Nevin suggested leaving the process at the City. Marcia Seibert-Volz questioned whether the process can be done with present staffing situation and Cheryl Stuckmayer replied that she is already doing it. MOTION 11SP1-01-21 WAS MADE BY AARON HERZOG AND SECONDED BY JOHN ANDREWS TO DIRECT MIKE LYONAIIS AND CHERYL STUCKMAYER TO GET QUOTE FROM GREG KOSSAN FOR SERVICES RELATED TO REVIEW AND APPROVAL OF SEPTIC DESIGNS AND INSTALLATION INSPECTIONS. MOTION CARRIED WITH ALL AYES.

Cheryl Stuckmayer provided a brief update on the septic at Manhattan Beach Lodge and stated that Northland Septic has disconnected the tanks from the drain field and that they are now meeting State Code.

3. TJ Graumann stated that many requests have come in requesting that the City plow walking paths and asked the Council for direction. Mr. Graumann stated that he does have staff and equipment to do this. Dave Nevin stated that he supports only plowing the trail on Daggett Pine Road. Marcia Seibert-Volz stated that she has received many emails from residents living on West Shore Drive asking that the trail there be plowed. A discussion ensued regarding which trails should be plowed, which department should plow them, and the priority to get them plowed. MOTION 11SP1-02-21 WAS MADE BY DAVE SCHRUPP AND SECONDED BY MARCIA SEIBERT-VOLZ TO DIRECT STAFF TO PLOW THE TRAILS ON WEST SHORE DRIVE, DAGGETT PINE ROAD, AND COUNTY ROAD 3 NEAR WHITEFISH AT THE LAKES SENIOR LIVING AND TO DIRECT STAFF TO STOP PLOWING IF THE PROCESS IS NOT WORKING. MOTION CARRIED 4-1 WITH NEVIN OPPOSED.

Aaron Herzog suggested that staff work together to figure out the manpower and suggested that a letter be mailed to the residents along the trails. MOTION 11SP1-03-21 WAS MADE BY MARCIA SEIBERT-VOLZ AND SECONDED BY DAVE NEVIN TO PUT THE PUBLIC WORKS DEPARTMENT IN CHARGE ON CLEARING THE WEST SHORE DRIVE AND COUNTY ROAD 3 TRAILS AND THE PARK DEPARTMENT IN CHARGE OF PLOWING THE DAGGETT PINE ROAD TRAIL. Staff suggested putting a notice on the webpage and responding to the emails, rather than mailing a letter. MOTION CARRIED WITH ALL AYES.

Dave Nevin noted that the proposed Park Department budget included \$75,000 for a new 40x60 garage. Mr. Nevin visited the park grounds and agreed that additional storage is needed, but thought the estimate is low. Mr. Nevin stated that the City should finish negotiations with the County on the Public Works Facility before making improvements at the park. John

Andrews asked if the project could be postponed until next year. Mr. Graumann replied that it could be postponed a short time and invited the Council to visit the park to see the issues. Mike Lyonais stated that the cost of the project would have no effect on the budget because they are proposing to use park dedication funds to pay for the building. MOTION 11SP1-04-21 WAS MADE BY DAVE SCHRUPP AND SECONDED BY JOHN ANDREWS TO DIRECT STAFF TO OBTAIN A DESIGN AND ESTIMATE FOR PROPOSED BUILDING NOT TO EXCEED \$2,000 BY THE OF FIRST QUARTER 2022. Dave Nevin stated that if the County moves out of the Public Works Facility at the end of the lease in 2023, the City will have a lot of storage space. Ted Strand stated that the County has no desire no move out at this time and it leaning towards obtaining a new lease with the City. Ted Strand stated that the County is considering adding on to the existing building, which would be cheaper than building new. Marcia Seibert-Volz stated that the City should not make a decision until we know what the County is going to do. Mike Lyonais stated that a plus of having the County shop located in Crosslake is that roads in Crosslake get plowed first. Ted Strand stated that the County is not ready to meet with the City regarding the facilities. MOTION FAILED 2-3 WITH SEIBERT-VOLZ, NEVIN, AND HERZOG OPPOSED.

Tom Swenson of 35533 Sand Pointe Drive stated that Simonson Lumber will make a building design for free. Dave Nevin stated that there is a cost involved with that service. Tom Swenson cautioned the Council that using park dedication for a maintenance building could be controversial. Mike Lyonais stated that he would get a legal opinion.

Mike Lyonais presented the updated 2022 Budget, noting that not much has changed. Mr. Lyonais reviewed Pay 2021 tax rate from Crow Wing County and school/county/city/township comparisons. Mr. Lyonais reported that he reviewed that ARPA funding restrictions and that there is nothing stating that the funds could not be used for the Clarifier Project.

Mr. Lyonais asked the Council if they were comfortable with the proposed budget and Aaron Herzog, Dave Schrupp and John Andrews stated that they were. Dave Schrupp stated that there may be minor adjustments but the Council shouldn't nitpick over estimates in the budget and suggested that the Council not spend down cash.

4. Mike Lyonais briefly reviewed the impact of bonding for projects and the future debt levies. Current interest rates are about 0.9% but may increase next year.

Marcia Seibert-Volz asked what the expense of \$157,000 in Public Works was. Mike Lyonais replied that was for the Perkins Road settlement.

5. Mike Lyonais presented Fund Balances through 10/31/21. Marcia Seibert Volz stated that there is a fund balance of \$170,885 in Police Equipment and the 2022 Budget includes \$66,000 for Police Equipment and stated that is not right to continue to levy funds if they aren't being used. Mike Lyonais replied that the six squad cars are replaced on a five year rotation and that two squads need to be purchased in one year. So the City has been levying a small amount each year and setting it aside for when the year comes that two squads are needed. Mr. Lyonais noted that the \$170,885 represents the total amount of funds at the beginning of 2021 and that \$125,000 has been spent to date, leaving a balance \$30,000. MOTION 11SP1-05-21 WAS

MADE BY MARCIA SEIBERT-VOLZ AND SECONDED BY DAVE NEVIN TO CHANGE THE REPLACEMENT ROTATION OF SQUADS TO EVERY SIX YEARS. John Andrews stated that changing the policy would be micromanaging staff. MOTION FAILED 2-3 WITH HERZOG, ANDREWS, AND SCHRUPP OPPOSED.

MOTION 11SP1-06-21 WAS MADE BY AARON HERZOG AND SECONDED BY DAVE SCHRUPP TO MOVE THE BALANCE OF \$30,000 IN THE POLICE EQUIPMENT FUND TO THE 2022 FUND BALANCE ACCOUNT. MOTION CARRIED WITH ALL AYES.

Chief Erik Lee stated that if one of the squads can go six years, he will absolutely keep it and he will do what is best for the City.

Mike Lyonais reviewed the different types of fund balances and reviewed the balances in the Road Project Fund. Marcia Seibert-Volz asked whether the City should keep the skid steer that is being replaced since it has a trade-in value of \$30,000. Ted Strand stated that if he ordered a new skid steer today, it would be delivered in 6-9 months and added that the Park Department needs the skid steer. Dave Nevin stated that if the Park Department takes the skid steer, they will need a bigger garage. Mr. Nevin added that the Park Department wanted to upgrade an employee to a higher class and questioned if staff needed to get everything on their list. A MOTION WAS MADE BY MARCIA SEIBERT-VOLZ TO REDUCE THE LEVY BY \$29,000 BY TRADING-IN THE OLD SKID STEER, RATHER THAN GIVING IT TO THE PARK DEPARTMENT. Aaron Herzog stated that he disagreed. Dave Schrupp stated that they should listen to and trust staff. Motion died for lack of a second.

Tom Swenson addressed the Council and stated that he reviewed the proposed budget and found about \$40,000 to cut. Mr. Swenson stated that the Council should not spend down cash and that it is keeping the levy flat is a good idea. Mr. Swenson stated that he was not saying that the levy should be lowered but the amounts in the line items should make sense. Mr. Swenson stated that the Public Works Commission discussed increasing the sewer usage fee but no decision was made.

MOTION 11SP1-07-21 WAS MADE BY MARCIA SEIBERT-VOLZ AND SECONDED BY JOHN ANDREWS TO INCREASE THE SEWER USAGE FEE BY \$3.00 PER RESIDENTIAL UNIT OR PER \$8,000 ON COMMERCIAL UNITS OR PER ERU ON MULTI-UNIT COMPLEXES. MOTION CARRIED WITH ALL AYES.

6. MOTION 11SP1-08-21 WAS MADE BY AARON HERZOG AND SECONDED JOHN ANDREWS TO ADJOURN THE MEETING AT 3:50 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully Submitted,



Charlene Nelson
City Clerk