

SPECIAL JOINT COUNCIL MEETING
CITY COUNCIL AND CROSSLAKE COMMUNICATIONS ADVISORY BOARD
TUESDAY, MARCH 6, 2012
CROSSLAKE CITY HALL

The Regular Meeting of the Crosslake Communications Advisory Board was called to order at 8:00 am by Chair John Moengen. Members present: John Moengen, Mike Myogeto, Kristi Kraemer, Jim Talbott and Randy Young. Members absent: Fran Dolan, and Alternate Ann Schrupp. Also present were General Manager Paul Hoge, City Administrator Tom Swenson, Mayor Darrell Schneider, Office Manager Debby Floerchinger, Accountant Cyndi Perkins, Network Engineer Paul Davis and Operations Manager Jared Johnson

Actions Taken:

1. **The Advisory Board recommends to the City Council approval of the 2011 List of Professional Organizations assisting Crosslake Communications.**
2. **The Advisory Board recommends to the City Council that a Broadcast TV Surcharge be added to the customer's cable TV bills in the amount of \$2.91.**
3. **The Advisory Board recommends to the City Council approval of the 2011 Financial Audit.**

The Minutes of the January 31, 2012 meeting were reviewed. Kristi Kraemer moved to accept the January 31, 2012 Minutes as presented. Second by Mike Myogeto, all in favor, motion carried.

The January 2012 Financial Statements were reviewed. Paul Hoge reported that the revenues were down over last year and the expenses were up. Paul noted that some of the decrease in revenues was due to computer sales which we quit last year, an adjustment in accrual and a decrease in network access revenue. Randy Young moved to accept the January, 2012 Financial Statements as presented. Second by Mike Myogeto. All in favor, motion carried.

The January 2012 Check Disbursements were reviewed. Mike Myogeto moved to accept the January 2012 Check Disbursements. Second by Jim Talbott. All in favor, motion carried.

COMMUNICATIONS

- 1) 2012 List of Professional Organizations Assisting Crosslake Communications. This list for 2012 was reviewed by the Advisory Board. Randy Young moved to recommend to the City Council approval of the 2012 List of Professional Organizations assisting Crosslake Communications. Second by Jim Talbott. All in favor, motion carried.
- 2) Cable TV Programming Costs. Paul reviewed a spreadsheet of the 2012 rates for programming. Paul pointed out that the impact of the network channel increases this year is \$3.60. Paul recommended raising rates \$3.00

across the board to offset this increase. Randy asked why we lost customers last year. Paul said it was a combination of satellite, people who didn't give reasons and possibly our "chicken" problem. Paul said that Charter is increasing their rates \$2.00. They also have a Broadcast TV Surcharge that they are increasing 48 cents. We are recommending that we separate out the broadcast channel charges, or at least a portion of the costs, similar to what Charter does. The Board feels it would be helpful to identify the charge using the description of Local Channels or actually naming the channels. Paul said he would check with Moss & Barnett about listing the stations by ABC, CBS, NBC and Fox. Debby said it would also be determined by the length of the description that will fit on the customer's bills. It was suggested that the customers be notified of the new surcharge in the newsletter and a bill insert. Kristi Kraemer moved to recommend to the City Council that a Broadcast TV Surcharge be added to the customer's bills in the amount of \$2.91. Second by Jim Talbott, all in favor, motion carried.

- 3) CBS HD. Paul reported that we have begun negotiations with CBS to add CBS to our HD programming. We have included the fee of \$0.86 in the programming costs. We counter offered \$0.43 and are waiting to hear back from CBS.
- 4) Father Foley. Paul reported that TDS had placed an article in the Northland Press that they were upgrading the Father Foley area. Paul and John Moengen both contacted staff at TDS and were told that they do not have plans to upgrade anything east of Hwy 371. Paul stated that we would be going to the City Council today to see if they would like to upgrade the Father Foley area.
- 5) USF ICC Update. Paul reported that Onvoy said that when the FCC made the ruling on dropped calls, the dropped calls decreased considerably. If we find this happens, we track it and report them. We don't have high cost loop or a safety net. Changes they are talking about should affect us less than \$10,000. This doesn't take into effect the Interstate Common Carrier calls.
- 6) CSAH3 Paul said that Fran suggested at the last meeting that there might be reimbursement money from the State. Paul has checked with our attorneys and Widseth Smith and Nolting and they said we could not be reimbursed for anything. They are not giving us the plans until 2013 and they want everything done in 2014. This could be a high expense for us.
- 7) Charter Termination. Paul reported that we received a bill from Charter for \$25,000 for early termination. Paul called the attorneys. As of about three weeks ago, we didn't owe anything. Charter dropped the termination fee completely, all should be fine now.
- 8) Bond. Paul reported that we are looking at refinancing our bond. Tom said we had a conference call with Moody's rating last week. We have a straight revenue bond. We will need to make some adjustments to lower our debt service reserves. Originally we were taking about saving \$179,000 but now it looks more like \$145,000. Tom said they are going to the rating committee today so we should have something later today.

PERSONNEL

- 1) Job Position Opening. Paul reported that Nate has left us for Seven Sigma which is an advancement for Nate. We are recommending to the City Council that we advertise in the papers. Randy Young moved that we recommend to the City Council that we advertise to fill the Internet Help Desk Technician position. Second by Kristi Kraemer. All in favor, motion carried.

OTHER BUSINESS

- 1) Northland Press Editorial. Paul reported on an editorial in the Northland Press regarding the bidding of the air conditioner we replaced last year.
- 2) AFC. Paul reported that we have replaced the final AFC in our plant. We no longer have any AFCs and are now on E5's.

The meeting was recessed at 9:04 am for a short break.

Council Members Steve Roe, Dean Swanson and Rusty Taubert joined Council Member John Moengen, Mayor Darrell Schneider and the Advisory Board for a Joint Advisory Board/City Council Meeting. Mayor Darrell Schneider called the meeting to order at 9:11 a.m. Also present were Jenny Max, Jon Henke, Ken Anderson, and Bob Hartman.

The Advisory Board meeting resumed at 9:11 am. Pat Powers from Olsen Thielen Co., Ltd. joined the meeting.

- 1) Review/Approve 2011 Crosslake Communications Audit. Pat Powers from Olsen Thielen was present to review the 2011 Audit for Crosslake Communications. Pat stated that his firm audits about 100 telecommunications companies. As part of what they do, they are a member of an association across the country that audits telecommunications companies (Telergee Peer Group). Included in the recap were comparisons of Crosslake Communications with the Telergee Peer Group. Pat stated that we are depreciating more than we are putting into plant. The remaining life of our plant continues to drop. Our Minutes of Use are dropping and will continue to drop. Cell phones are a big component. If they terminate on our switch, they pay at a much lower rate. Pat also talked about some of the other changes coming from the FCC orders. He said that traditionally we have had Universal Service Fund. It was based on access lines and minutes of use. The feds have been looking and pushing to build broadband to everyone in the US. In reality, the FCC has issued an order saying that they are taking us off the old system and helping support to build out broadband. In the last year ICLS will be frozen at the current level and actually phased down by 5% annually. That will be replaced with a recovery mechanism, Connect America Fund (CAF). LSS will be eliminated and replaced by the short term CAF. NECA administers the pooling and has estimated the impact for Crosslake Communications to be \$13,000. Pat stated that we are in pretty good shape compared to other companies. State access revenues, currently at 7 cents/minute, will be frozen. Interstate access will eventually be phased down to 0 in nine years.

Another charge coming is the Access Recovery Charge which will start out at 50 cents starting in July of this year.

Randy Young moved to recommend to the City Council approval of the Independent Auditor's Report dated December 31, 2011. Second by Kristi Kraemer. All in favor, motion.

MOTION 03S2-01-12 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO APPROVE THE 2011 AUDIT FOR CROSSLAKE COMMUNICATIONS AS PRESENTED. MOTION CARRIED WITH ALL AYES.

- 2) Father Foley upgrade approval. Jared Johnson made a presentation to the Council. He explained that we have serviced County Road 1 and Father Foley with cable TV for over 25 years. Our current feed is under water. We currently offer cable TV only. There are 220 homes in the area and 30 we don't have services to. We currently have 84 customers and have had 47 disconnected who have had service in the past. We are operating at a financial loss. Installing new plant would allow us to provide two-way plant giving us the opportunity to sell broadband and VOIP services. Jared stated that we are estimating \$165,000 total cost. Paul Hoge said that the funds would come from cash flow and that no new debt would be used for the project.

MOTION 03S2-02-12 WAS MADE BY STEVE ROE AND SECONDED BY DEAN SWANSON TO UPGRADE THE FATHER FOLEY AREA AND NOT INCUR ANY ADDITIONAL DEBT. MOTION CARRIED WITH ALL AYES.

- 3) Approval of Job Description for Internet Help Desk position. Paul Hoge reported that Nate Plante has taken a job with Seven Sigma. We are asking for approval of the job description. Minor changes were made to the job description, therefore it did not go to the personnel committee. The revised job description did not change the comparable worth points.

MOTION 03S2-03-12 WAS MADE BY JOHN MOENGEN AND SECONDED BY STEVE ROE TO APPROVE THE REVISED INTERNET HELP DESK JOB DESCRIPTION AS PRESENTED WITH NO CHANGE IN COMPARABLE WORTH POINTS. MOTION CARRIED WITH ALL AYES.

- 4) Approval of Advertising to fill Internet Help Desk position. Paul Hoge requested approval to advertise the position.

MOTION 03S2-04-12 WAS MADE BY JOHN MOENGEN AND SECONDED BY STEVE ROE TO APPROVE ADVERTISING TO FILL THE INTERNET HELP DESK POSITION. MOTION CARRIED WITH ALL AYES.

Mike Myogeto moved to adjourn the Advisory Board meeting at 10:37 a.m. Second by Jim Talbott. All in favor, motion carried.




Debby Floerchinger

5. Bills for Approval – MOTION 03S2-05-12 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO APPROVE THE BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNT OF \$47,952.28. MOTION CARRIED WITH ALL AYES.
6. City Administrator Tom Swenson noted there is currently a parcel of property for sale adjacent to the Community Center on Trail Head Lane. The property is owned by Rebecca Zilka and is integral to the future development of the park and the Community Center. Councilmember Swanson noted this purchase would be a positive move for the City. Following discussion, MOTION 03S2-06-12 WAS MADE BY DEAN SWANSON AND SECONDED BY STEVE ROE TO AUTHORIZE STAFF TO NEGOTIATE A PURCHASE PRICE WITH MS. ZILKA FOR THE SALE OF LAND ADJACENT TO THE COMMUNITY CENTER AND TO DRAFT A PURCHASE AGREEMENT FOR REVIEW BY THE COUNCIL. MOTION CARRIED WITH ALL AYES.
7. A memo dated March 6, 2012 from Jenny Max regarding setting a time and date for a special Council meeting for the 2011 audit presentation was included in the packet for Council review. MOTION 03S2-07-12 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO SET A DATE OF WEDNESDAY, APRIL 11, 2012 AT 9:00 A.M. FOR THE PRESENTATION OF THE 2011 YEAR-END AUDIT. MOTION CARRIED WITH ALL AYES.

There being no further business, MOTION 03S2-08-12 WAS MADE BY JOHN MOENGEN AND SECONDED BY STEVE ROE TO ADJOURN THIS SPECIAL CITY COUNCIL MEETING AT 10:43 A.M. MOTION CARRIED WITH ALL AYES.

Respectfully submitted by,


Jennifer Max
Clerk/Treasurer

Deputy Clerk/Minutes/03-06-2012 Joint Meeting.doc

BILLS FOR APPROVAL
March 6, 2012

VENDORS	DEPT	AMOUNT
Ace Hardware, primer	P&R	4.80
Ace Hardware, batteries for tac light	Police	23.49
Ace Hardware, paint, rollers	P&R	45.14
Ace Hardware, electrical supplies	PW	28.31
Ace Hardware, torque wrench, fan, hitch pins	PW	122.10
Ace Hardware, screws, zip ties	Police	3.77
Ace Hardware, grease	P&R	3.61
Ace Hardware, pliers	P&R	15.49
Ace Hardware, plumbing parts	P&R	0.64
Ace Hardware, pencil, cleaner, lighter	PW	16.85
Ameripride, mats	PW	110.32
Avenet, custom graphic web design package	Gov't	3,205.00
AW Research, water test	Sewer	113.40
AW Research, water test	Sewer	113.40
AW Research, water test	Sewer	113.40
AW Research, water test	Sewer	113.40
Award A Memory, tags	Fire	97.77
Banyon Data Systems, backup storage	Admin	137.87
Brainerd Overhead Door, door repair	PW	119.93
California Contractors, socket set	PW	238.00
Chemsearch, cleaner	PW	270.89
City of Crosslake, sewer utilities	PW/Gov't	108.00
Clifton Larson Allen, government training academy registration	Admin	100.00
Clifton Larson Allen, progress billing 1 for financial statements	Gov't	2,900.00
Couri & Ruppe, legal fees	ALL	2,861.25
Crosslake Communications, phone, fax, cable, internet	ALL	1,607.77
Crosslake Portable Welding, snow plow repair	PW	130.00
Crow Wing County Attorney, nov and dec fines	Gov't	615.04
Crow Wing County Highway Dept, fuel	ALL	4,874.09
Crow Wing County Sheriff, alarm renewal fee	P&R/Gov't	40.00
Dacotah Paper, tissue, towels, cleaners	P&R	393.72
Darrell Schneider, reimburse mileage	Council	89.90
Diamond Industrial Cleaning, scrub free wash	PW	427.45
Foreman Fire Service, akron seal kit	Fire	132.67
Grand Forks Fire Equipment, boots	Fire	341.19
Guardian Pest Solutions, pest control	ALL	82.94
Gull Lake Glass, plexiglass	Admin	142.62
Hawkins, ferric chloride, aqua hawk	Sewer	825.42
Heartland Tire Service, 8 tires	P&Z	832.38
Jefferson Fire & Safety, patches	Fire	98.82
Jefferson Fire & Safety, hoods	Fire	322.98
Jon Henke, reimburse mileage	P&R	111.00
Krause Lock & Key, rekey locks	Police	268.55
Magnum Fitness Systems, belt, bushings, bearings	P&R	113.90
Magnum Fitness Systems, link, bushings	P&R	65.00

Marco, copier lease	ALL	pd 2-23	414.72
Med Compass, scba user medical exams	Fire		1,966.50
Metro Fire, gloves	Fire		149.73
Metro Fire, gloves	Fire		149.73
Mike's Electric, time clock for skating rink	P&R		357.00
Mike's Electric, replace outlet	Sewer		89.50
Napa Auto Parts, motor oil, washer fluid, hose	PW		189.99
Northland Fire Protection, extinguisher service and maintenance	ALL		1,378.34
Northland Press, meeting notice of 2/24	P&Z		128.00
Northland Press, meeting notice of 3/5	P&Z		64.00
Northland Press, ad for bids for road project	PW		156.00
Northwood Turf and Power, oil, chain	PW		38.81
Northwood Turf and Power, replace clutch spring	PW		154.28
Parts City, belt, wiper blades	PW		61.85
Parts City, belt	PW		14.84
RDJ Specialists, fire cooler	Fire		364.66
RF Backflow, back flow repair	PW		504.54
Road Equipment Parts, filter	PW		18.16
Road Equipment Parts, filters	PW		37.27
Sandia Card Solutions, library cards	Library		795.00
Simonson Lumber, 1x4 pine, stripping, screws	PW		32.56
Simonson Lumber, stripping	PW		7.18
Simonson Lumber, screws	PW		16.14
Squad Pro, install prisoner transport seat	Police		80.16
Steam Brothers, carpet cleaning	Library		320.61
Stonemark Land Surveying, survey of manhattan drive lot	Gov't		1,300.00
The Office Shop, prong fasteners	P&Z		18.56
The Office Shop, binding combs	Admin		27.78
The Office Shop, pens	P&Z		17.94
The Office Shop, ink cartridge	Admin		29.91
Uline, fire safe cabinet	Fire		780.48
US Bank, administration fees	Gov't		1,293.75
Verizon, air card and ipad charges	ALL		302.18
Waste Partners, trash removal	ALL		217.52
Whitefish Auto, mount and balance tires	Police		20.00
WSN, engineering fees	ALL		13,310.70
Xcel Energy, gas utilities	PW/Sewer		761.62
TOTAL			47,952.28