

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
TUESDAY, AUGUST 16, 2005
1:00 P.M. – CITY HALL

Pursuant to due notice and call, the Council for the City of Crosslake met in a Special Session on Tuesday, August 16, 2005 at City Hall. The following Councilmember's were present: Mayor Jay Andolshek and Councilmembers Terry Curtis, Dean Eggena, Dick Phillips and Dean Swanson. Also present was City Administrator Tom Swenson, Community Development Director Ken Anderson, Park and Recreation Director Jon Henke, Public Works Director Ted Strand, Police Chief Bob Hartman and Clerk/Treasurer Darlene Roach. Also in attendance was Darrell Swanson, Ruth Ann Hansen representing the Brainerd Lakes Area Chamber of Commerce, Cindy Holden, Darrell Schneider and Renee Richardson of the Brainerd Dispatch.

1. Call to order – Mayor Andolshek called the special meeting to order at 1:00 P.M.
2. Update on Informational Meeting regarding County-Wide Sewer District – Darrell Swanson addressed the Council representing the Pine River Watershed Foundation who are sponsoring an Informational Meeting on Monday, August 22, 2005 at 6:00 P.M. at the Ideal Town Hall. This meeting is being held to provide an update on a pilot project authorized by State Legislature to implement a sewer district plan in 2006. County Commissioner Ed Larsen will present the County plan which has been developed with the assistance of a consulting firm, Ayres Associates. The County Board did approve the County Wide Sewer Plan but because Crosslake is a municipality, it would be a policy decision as to whether the City does their own inspections or utilizes the County's plan. The Council was invited to attend this meeting. Another meeting will be held in mid-September which will address maintenance of individual systems. Swanson stated that it's a pilot program and the City could opt in or observe to see how the program works. A notice will be posted advising the public that a quorum of the Council may be in attendance at the meeting.
3. 2006 Preliminary Budget Review and Discussion – Ruth Ann Hansen, Crosslake Director of the Brainerd Lakes Area Chambers of Commerce was present to request a \$2,000 contribution from the City towards fireworks and another \$2,000 towards the upkeep and maintenance of the Crosslake Welcome Center. The Chamber has agreed to provide their own mowing/landscaping/snow removal services which would be offset by the \$2,000 donation. Councilmember Phillips stated that he is opposed to the \$2,000 contribution and feels the City should evaluate their position in regards to the Chamber. Phillips showed an insert of the Lake Country Echo which showed who contributed to the fireworks. Although the City contributed \$2,000 no reference was made to the City donation. Ruth Ann Hanson stated that the insert was included exclusively by the Lake Country Echo and was not a Chamber Ad so she was unaware that the insert was being included in the newspaper and had no input to the contents. Councilmember Curtis asked for an explanation of the City's membership and whether Crosslake Communications was a member. City Administrator Swenson stated that in the past the City has been a member of the Chamber and did include in each years

budget \$2,000 for fireworks and \$2,000 for operation of the welcome center. Councilmember Swanson stated that the Chamber is an asset to the community and this amount of money is not a big deal in this size budget. MOTION 08S2-01-05 WAS MADE BY DEAN SWANSON AND SECONDED BY JAY ANDOLSHEK TO CONTINUE THE \$2,000 DONATION FOR FIREWORKS AND THE \$2,000 DONATION FOR OPERATION OF THE WELCOME CENTER. Councilmember Phillips asked if each line item in the budget would be voted on individually based on the motion on the floor. Phillips stated that he does not agree with donating to the Chamber since it would be like any fraternal organization or church. Swanson stated that we give to the high schools for their after graduation party activities (Grad Blast). Councilmember Eggena stated that maybe the City shouldn't donate to those events either. Eggena stated that in the City there are 5000 taxpayers and 125 businesses. The Chamber represents the business community so why should taxpayer dollars be used to support business when it should be used for public health, safety, roads and etc. Hansen stated that without strong and healthy businesses, what would Crosslake be. When the businesses close, residents will have to drive to Brainerd or St. Cloud or wherever to obtain services they can get today in Crosslake. So, working together with the Chamber is a benefit to everyone, not just the business community. Councilmember Swanson stated that the \$4,000 represents less than a dollar per taxpayer and doesn't feel anyone would complain about that small amount of money. Councilmember Eggena stated that people moved here 40 years ago and since then the Chamber has been promoting more people which causes the demand to go up and values go up and property owners are forced to sell their property. We can argue that they may have paid \$40,000 for their property which is worth a million dollars today but they don't want to sell it. As our values keep going up the city gets a third, the school district gets a third and the County gets a third. Eggena stated that he is tired of paying a disproportionate share. Hansen stated that you can't stop growth. Eggena disagreed and while he doesn't support stopping growth, believes it can be done. Eggena stated that State and Federal agencies don't contribute to chambers, high schools and etc. so why should cities. There should be a separation between government and business. Councilmember Swanson stated that the Chamber didn't change the prices, sales did. Councilmember Curtis stated that he disagrees with both issues. There is poverty in our community and he doesn't subscribe to the elite society that everyone thinks there is in Crosslake and that growth can be controlled. Curtis stated that the City has some connection with the Chamber but the question becomes where do you draw the line. Curtis stated that he doesn't have a problem with the City supporting the fireworks since it is a community event, but thinks this is the complicated part since we do need a "give and take" working relationship. As a business representative, Curtis stated that he has the authority to support special events. Councilmember Eggena stated that he could vote to fund the fireworks in its entirety, but wants the break between business and government. Eggena stated that as a business owner he has never seen the value of the Chamber. Curtis stated that the request from the Chamber should be broken into two items. Mayor Andolshek asked if Councilmember Swanson wished to rescind his motion and he stated no, call for the question. MOTION FAILED 3-2 WITH CURTIS, EGGENA AND PHILLIPS VOTING NAY AND ANDOSHEK AND SWANSON VOTING AYE.

MOTION 08S2-02-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO LOOK AT THE ENTIRE BUDGET BEFORE WE LOOK AT AT ANY ONE ITEM. MOTION CARRIED WITH CURTIS, EGGENA AND PHILLIPS VOTING AYE AND ANDOLSHEK AND SWANSON VOTING NAY. A request in the amount of \$1,850 was received from BLADC. Councilmember Eggena asked what the City gets for this money and City Administrator Swenson stated that BLADC works closely with local banks in the Revolving Loan Fund Applications. Curtis stated that they were also involved in the assisted living negotiations. Swenson stated that the City relies on them as their economic development director for SBA Loans and etc. The Initiative Foundation is requesting \$1,000 from the City. Grants have been received from the Initiative Foundation for water study funding, \$10,000 towards the Healthy Community Partnership Program and etc. City Administrator Swenson noted that two letters from the Department of Revenue were included in the packet which informed the City that the market value homestead credit reduction of \$49,939 was extended in 2006 but that the City will receive \$12,210 in LGA funds. Swenson stated that the market value homestead credit was to sunset in 2006, but has been extended for two more years. These changes mean a net loss to the City of approximately \$38,000. A letter from County Auditor Roy Luukkonen informed the City that the preliminary figures related to new construction will generate \$92,671 dollars additional tax dollars based on the 2005 Crosslake Tax Rate. This is good news for the City. Some of these dollars could represent development in Town Square, which is under TIF, so a conservative number of \$80,000 will be used for projection purposes.

4. 2006 Department Budgets – City Administrator Swenson stated that the Personnel Committee met to review wages and salaries and a motion was approved to approve increases as reflected for all departments with the exception of the police officers. The increases reflect a \$1,500 increase for salaried employees which would represent increases in the range of 2.1% - 3.5%. The hourly wages are dependent on the negotiated AFSCME contract which is up for renewal at the end of 2005. For purposes of budget, a 2006 step increase plus a 2% cost of living adjustment was included. This would bring proposed hourly wage increase of 2% - 6% depending on what step the employee was on. FICA and Medicare percentages remain the same in 2006. Dental and life insurance decreased. PERA increased from 5.5% to 6% per Legislative action and the cost of medical coverage is unknown but for budget purposes was increased 15%. The capital expenditures for Administration include a fireproof cabinet, computer equipment and a reserve amount for copier replacement for a total amount of \$4,200. The proposed Budget for Administration for 2006 is an increase of 6.7% over 2005.

Since there was no election in 2005 and the Council approved a second precinct for 2006, the proposed budget for elections is \$13,450. This would include a precinct counter and voting booths for the second precinct as well as the required handicap accessibility equipment which is being mandated for both precincts. The proposed capital expenditures total \$9,300.

Audit/Legal will be firmed up at the next budget meeting when proposals are received from the two auditing firms. A proposal on civil legal fees will also be obtained.

Planning and Zoning – Community Development Director Ken Anderson explained that the categories from wages through benefits were explained by City Administrator Swenson based on recommendations from the Personnel Committee. The overall proposed budget reflects a 5.2% increase over 2005. Legal fees and recording fees are the two categories reflecting significant increases. State Statute increased all filing fees from \$19.00 to \$46.00 per document in 2006. Proposed capital expenditures include a fireproof file, computer equipment and \$1,000 for copier replacement reserve for a total of \$3,200.

General Government - The overall proposed budget for 2006 reflects a decrease of 2.7%. There was some discussion regarding animal control and what is being budgeted versus what is kept in reserves. The proposed capital expenditures in General Government include a set aside for a generator, carpet for the council room, an air conditioner unit, a building siding reserve, land replenishment and miscellaneous for a total of \$34,500.

Police Department – Chief Hartman distributed a 2005 hourly wage comparison among area cities. This comparison shows the Chief and the three police officers below the average annual wage paid comparable positions in Breezy, Nisswa and Crosby. Comp time, overtime and benefits were also compared. The proposed capital expenditures include computer equipment and a squad car including equipment for a total of \$31,500. The overall proposed budget increased 5.7%. Councilmember Phillips stated that he would rather pay the officers than put money into capital equipment. Wages included in the proposed budget for officers included a step increase plus a 2% COLA increase and an adjustment to the salary schedule to drop the bottom two steps and add two additional steps.

Ambulance Services remain the same for 2006 as in 2005.

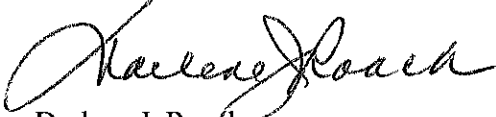
Park and Recreation – Park and Recreation Director Jon Henke stated that his proposed 2006 budget reflects a 5% increase over 2005. There was discussion regarding wages and benefits paid to the Park employees. An increase from \$7.50 to \$7.75 is being proposed for the rink attendants and building assistants. Discussion ensued regarding the condition of the tennis courts, the proposed playground equipment and how long the City will be receiving park dedication fees.

Public Works – Public Works Director Ted Strand stated that the wages in this department include his and those of the Heavy Equipment Operator as proposed by the Personnel Committee. The proposed Capital Expenditure budget include a tractor, crackfilling, overlay and road construction funds for a total of \$156,000. There was considerable discussion regarding the cat loader which will be paid off in early 2006. A proposal was received from Zeigler to replace this loader with a new loader at a cost of \$110,000 with a trade in value for the current loader of

\$67,000. The net cost of \$45,000 would be financed and included in the budget over five years. This new loader would have a full warranty for five years. Cost versus dependability was discussed. Further discussion regarding the 2006 budget will take place on Wednesday, August 24th at 1:00 P.M. at City Hall.

MOTION 08S2-03-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO ADJOURN THIS SPECIAL MEETING AT 4:00 P.M. MOTION CARRIED WITH ALL AYES.

Recorded and respectfully submitted by,

A handwritten signature in cursive script, appearing to read "Darlene J. Roach".

Darlene J. Roach
Clerk/Treasurer

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