

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
THURSDAY, APRIL 28, 2022
10:00 A.M. – CITY HALL

The Crosslake City Council held a Special Meeting on Thursday, April 28, 2022. The following Council Members were present: Mayor Dave Nevin, Aaron Herzog, Marcia Seibert-Volz, John Andrews and Dave Schrupp. Also present were City Administrator Mike Lyonais, City Clerk Char Nelson, Police Chief Erik Lee, Fire Chief Chip Lohmiller, Zoning Administrator Peter Gansen, Heavy Equipment/Sewer Operator Nate Deshayes and City Engineer Phil Martin. Bond Advisor Jason Murray, Bond Counsel Mary Ippel, City Attorney Brad Person, Northland Press Reporter Paul Boblett, and Echo Journal Reporter Nancy Vogt attended via Zoom. There were approximately thirty-five audience members in City Hall and on Zoom.

Dave Nevin called the meeting to order at 10:00 A.M. Dave Nevin asked Phil Martin to give an update on sewer connection charges for the project. Phil Martin replied that all charges except for Moonlite Bay, Moonlite Square, and Car Wash are standard per the City Ordinance. These three are high water users and connection charges are determined differently. According to the Ordinance, the connection fee for a restaurant can be determined by the number of seats. Moonlite Bay had approximately 220 seats in 2019. The Ordinance states that one connection charge would be charged per 8 seats, which would be \$175,500 for Moonlite Bay. In 2019 Phil Martin suggested tracking the water usage of these businesses to get a better idea of how much they use so the City installed water meters to track this information. Based on flow data that was collected in the summer of 2019 and winter of 2022, the connection charge for Moonlite Bay was calculated at approximately \$65,000. Calculations for Moonlite Square and the Car Wash were also provided. Mr. Martin would like to continue to monitor these flows throughout the summer and determine a final cost in September when these three businesses actually hookup to the system.

Dave Nevin stated that the Council has worked on the assessment policy for about two and a half years and that he disagrees with it. Mr. Nevin reported that he and Council Member Marcia Seibert-Volz met and reworked the proposed assessments for the project. Marcia Seibert-Volz stated that they based their proposed assessments on how land is used rather than how it is zoned. Ms. Seibert-Volz noted that this option is described in Chapter 50 of the City Code, Section 50-576 – User Categories and reads: “(a) Users of the city wastewater treatment works shall be identified as belonging to one of the following user classes: residential, commercial, industrial, institutional, governmental or combination commercial and residential. (b) The determination of users to these categories for the purpose of assessing user charges and debt service charges shall be the responsibility of the city. Allocation of users to user classes shall be based on the substantive intent of the definitions of these classes contained herein.”

Bond Counsel Mary Ippel stated assessments must be based on the benefit received from the project. City Attorney stated that the Council cannot treat a church differently than other properties in the same zoning class. Marcia Seibert-Volz stated that they wanted to base the assessments on user-type. Attorney Person stated that a property owner needs to have their property rezoned in order to change their assessment and that the language in the Ordinance is illegal. Pastor Mark Holmen of the Log Church stated that the attorney was incorrect and that other cities in the state treat churches differently. Dave Nevin showed two examples of assessment proposal from Council Member Seibert-Volz and himself. Mr. Nevin stated that he held a listening session at Moonlite

Bay last week and approximately 150 people attended and approximately 120 signatures were obtained from people that agreed with the Mayor that assessments need to be changed. The petition was not presented to the Council.

Bill Terry, co-owner of Moonlite Bay, read a lengthy letter written by Richard and Jessica Eide, also co-owners of Moonlite Bay, regarding their disappointment with the Council in the proposed assessments and timing of the project. Shawn Peterson of 66 Marine stated that the construction will basically shut his business down. Cindy Myogeto of the Chamber stated that the sewer system is important to keep our lakes clean and this extension is the last of the businesses on this side of the lake and asked the Council not to charge assessments on this project.

Dave Nevin stated that everyone in the City benefits from the sewer even if they are not hooked up to it and stated that the 36 property owners in this phase should not be burdened with the cost of the project. A discussion ensued regarding connection charges and assessment charges and what each type of charge is used for.

Mary Ippel stated that there are three different types of bonds that the City could issue to pay for the project: 1) Assessment Bonds that required at least 20% of the project be assessed to benefited property owners. 2) General Obligation Sewer Revenue Bonds that must be repaid by revenue and assessments 3) Disposal Bonds that the City would repay 100% with levy. Ms. Ippel suggested that the Council assess more than 20% if they issue 1. Tom Swenson of 35533 Sand Pointe Drive asked if a referendum was required and what happens if the assessment is challenged and total assessment falls below 20%. Mary Ippel replied that these bonds do not require a referendum and that if a property owner wins an appeal to their assessment and the assessment falls below 20%, the City would have to pay the difference.

Dave Schrupp stated that there are approximately 500 customers on the sewer system now and everyone in Crosslake has been paying for the system and will continue to pay for it forever. Mr. Schrupp questioned whether the Council was ready for an assessment hearing and suggested that they hold a workshop first. MOTION 04SP2-01-22 WAS MADE BY DAVE SCHRUPP AND SECONDED BY DAVE NEVIN TO HOLD A COUNCIL WORKSHOP ON WEDNESDAY, MAY 11, 2022 AT 2:00 P.M. TO DISCUSS THE ASSESSMENT POLICY AND TO CANCEL THE ASSESSMENT HEARING SCHEDULED FOR MAY 9, 2022 AT 5:00 P.M. Aaron Herzog asked how much money the City received from a grant for Phase 1 of the municipal sewer. Tom Swenson stated that the City did not receive a grant and that \$3,500,000 was issued in General Obligation bonds, \$1,500,000 was issued in Revenue bonds and \$1,000,000 was used from the sale of stock of the phone company. MOTION CARRIED WITH ALL AYES.

Dave Nevin stated people in town are very upset about the signage that went up stating that the road will be closed starting May 16. Phil Martin stated that the contractor is required to provide early signage and gave a brief update on the timing of project and detours. Chip Lohmiller stated that the City should send a press release out so that everyone can prepare. Mr. Lohmiller stated that trucks should be routed through Fifty Lakes rather than West Shore Drive. Mark Holman stated that there will be 300 cars coming to church on Sundays and he will need help from the City to get the church's back road prepared for usage. Cindy Myogeto questioned the timing of the project during the busiest season and stated that all drivers should be able to use the detour through Old Log Landing. Phil Martin stated that the contractor was given a date when the project needed to be completed and the contractor could not start early due to road restrictions. Ms.

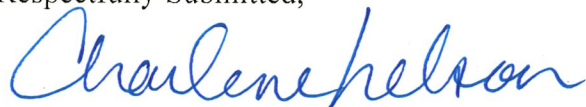
Myogeto suggested that the signage change from road "closed" to "detour" so visitors don't think Crosslake is closed. Pat Netko of Lake Country Crafts and Cones stated that this was unacceptable and that the Council needs to start talking to the business owners. Ms. Netko questioned the timing of the project and what it will do to Moonlite Bay's business. Ms. Netko stated that the Council should all just go and that the signage needed to be changed today. Mark Holmen told the Council that it is their job to listen and that they should reconsider the assessments and timing of the project. Pat Netko stated that the timing of the project is horrific. Phil Martin stated that the project requires 65 working days which does not include weekends or holidays and is dependent on weather. Crow Wing County requires the road to be paved by October 15.

MOTION 04SP2-02-22 WAS MADE BY DAVE SCHRUPP AND SECONDED BY DAVE NEVIN TO CHANGE THE DATE OF THE WORKSHOP TO WEDNESDAY, MAY 4, 2022 AT 2:00 P.M. AND TO HOLD THE ASSESSMENT HEARING ON MONDAY, MAY 9, 2022 AT 5:00 P.M. AS PLANNED. MOTION CARRIED WITH ALL AYES.

Josh Sitarz of Camp Knutson stated that he was concerned with response times from emergency services. Chip Lohmiller stated that they will work with the engineer and contractor to be able to get access through the construction. Mr. Lohmiller noted that emergency calls are normally higher in the fall than in the summer. Pat Netko stated that the signs need to be fixed immediately.

MOTION 04SP2-03-22 WAS MADE BY DAVE NEVIN AND SECONDED BY AARON HERZOG TO ADJOURN THE MEETING AT 12:00 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully Submitted,



Charlene Nelson
City Clerk