

**OFFICIAL PROCEEDINGS
OF THE COUNTY BOARD
LAKE COUNTY, MINNESOTA**

Tuesday, December 13, 2016. Law Enforcement Center, 613 Third Avenue, Two Harbors, Minnesota. Commissioners Present: Goutermont, Hurd, Jones, Sve, Walsh. Commissioners. Absent: None. Others absent: Laurel Buchanan, Clerk of the Board. Also present: Acting Clerk of the Board / County Administrator Matthew Huddleston.

Meeting was called to order at 6:00 p.m. by Chairperson Rich Sve. Unless otherwise stated, all actions have been approved by unanimous yeas vote. Members of the public were present.

Lake County Board of Commissioners Chairperson Rich Sve welcomed everyone and provided an introduction of Representative Rob Ecklund, who represents District 03A in the Minnesota House of Representatives. Representative Ecklund was in attendance at this public hearing and regular board meeting.

MOTION HURD, SECOND JONES: 01 – Approve agenda. Absent: None

A public hearing was held on the proposed final 2017 budget and tax levies. Constituent Craig Guzzo discussed concern with regard to Minnesota's Fiscal Disparities Tax redistribution, stating that Lake County is impacted negatively by this program. Mr. Guzzo also discussed the state general tax. County Administrator Huddleston provided a budget presentation on the 2017 Lake County budget and tax levies. Market values shown on Truth and Taxation notice are final and not a subject for the hearing tonight. Values for the 2016 assessment (taxes payable in 2017) were discussed and established at the local Boards of Review and the County Board of Equalization held earlier this year. Mr. Huddleston described the assessment cycle as sales October 2014 through September 2015 to set 2016 market values for taxes payable in 2017. The purpose of this hearing is to explain the proposed budget and proposed tax levy for 2016 and to obtain public feedback on the same.

Mr. Huddleston gave a brief overview of the budget development timeline. In June and July, County Officials begin work on budget for the following year. In August and September, budget work sessions are held. By September 30th, the proposed budget was announced and the preliminary levy was set. In October and November, continued budget work sessions were held and the truth-in-taxation notices were mailed. On December 13th, the budget hearing is held, and the 2017 budget will be adopted at the December 20th board meeting.

A significant portion of the County's budget is used to provide programs and services mandated by the state and federal government. Lake County's 2017 preliminary tax levy was set at a 6% increase from 2016, and is included in the final budget. Lake County's broadband project Lake Connections is estimated to need \$6 million in capital investment to finalize the last two percent of network construction and to continue customer connections.

A brief overview of 2017 taxes payable was provided of the major property types: residential homestead, seasonal residential recreation, rural vacant land, commercial / industrial, and residential non-homestead.

Several impacts to the 2017 budget were discussed. There are a number of items impacting some important revenue streams to the county. Sequestration has reduced federal revenues to Lake County for the last three years in the amount of approximately \$540,000, and it is anticipated that the sequestration will continue for 2017 which has a negative impact on revenue in the amount of approximately \$180,000. Secure Rural Schools (SRS), Taconite Production, and sequestration revenue decreases are equal to about 5% of the levy.

Lake County Ambulance Service (LCAS) funding level for 2017 has been set at \$500,000, which represents a \$190,000 increase over 2016. LCAS is a critical service to Lake County. The increase in support represents 1.9% of levy.

The County received a 12.7% health insurance premium increase. This item represents an approximate \$160,000 increase in the 2017 budget. Classification and Compensation Study is in process. The plan is for the study to be complete in January / February 2017. Labor contracts for wages beyond 2016 have not been negotiated.

Regarding the Taconite Production Tax, Lake County is budgeting for a \$206,000 reduction in revenue due to decrease in production of taconite. The 2017 budget includes a .6 FTE increase of probation officer through Arrowhead Regional Corrections (ARC).

Affecting the Road and Bridge budget, the Secure Rural Schools Funding (SRS) was not reauthorized. We estimate this is a direct impact to the road and bridge budget of \$115,000. (Note that the school district will also have the same impact as this revenue is split.) The fleet plan is to continue the budget leveling strategy of rotating snowplow replacement and crushing contracts for the next few years. Road and Bridge project priorities were discussed, funded by various funding streams, such as Local Road Improvement Grant, state aid funds, federal funds, sales tax proceeds, and pending state bridge bonding.

Lake Connections has changed management of network. A loan restructure with the U.S.D.A. Rural Utilities Service (RUS) is anticipated to be finalized in January. This will defer principal payments on RUS loan to provide the opportunity for the county to continue customer connections. Plans are underway to finance 2017 capital needs with a tax abatement bond and capital equipment note. Funds would be used to finish final network construction, mainly in the Fall Lake Township area, and construction of drops and installation, customer connections.

Mr. Huddleston provided an update on the Tax Forfeit Fund. Lake County has been successful in land sales over the last few years to pay back investments made in the purchase of the Clair Nelson Memorial Forest. Timber sales revenue in 2016 will exceed our expectations and hit levels we have not seen since 2008. Our 2017 budget may be conservative for timber sales revenue. Another positive land sale, coupled with higher timber revenue and reduction in staffing, could lead to another year of apportionment. This not only helps the county pay for the Clair Nelson Memorial Forest, it helps the school district and other local governments.

Several 2017 capital initiatives were discussed. A six percent preliminary levy has been carried forward in the final proposed 2017 budget due to all of these factors. We are working hard to find the right balance between keeping our reserved at appropriate levels and implementing the minimum levy necessary.

It was discussed how classifications and valuations impact taxes but that does not change the total amount that the County will receive in levy. There was a discussion on ambulance service impacts to the county budget. There was a discussion about the programs providing Payments in Lieu of Taxes (PILT), both Federal PILT and State PILT. Additionally, Boundary Waters Canoe Area (BWCA) funds and Secure Routes to School (SRS) programs were discussed. Constituents voiced concerns discussed about broadband project funding, expenditures and capital. Constituents articulated specific concerns regarding their estimated tax notice. The public hearing was closed at 7:55 p.m.

MOTION JONES, SECOND WALSH: 02 – Recess the County Board meeting at 7:55 p.m. Absent: None

The Board of Commissioners' regular meeting was reconvened at 8:07 p.m. with all present.

County Auditor Linda Libal appeared before the Board of Commissioners to request that the Board be fair and equitable and set the County Auditor's 2017 salary at the average above the minimum. Land Commissioner Nate Eide discussed a property in question for possible repurchase. The property in question is surrounded by County Land. County Administrator provided an update on several areas of county business. Representative Ecklund provided an update on items related to legislature. County Environmental Services Director Christine McCarthy discussed a letter to Representative Ecklund regarding landfill issues. Ms. McCarthy also discussed fee schedule changes and Recycle Dr. issues.

MOTION JONES, SECOND WALSH: 03 – Approve Consent Agenda as follows:

1. Approve County Board of Commissioners' meeting minutes from November 22, 2016.
2. Approve meeting minutes from November 15, 2016 public hearing.
3. Authorize Board Chair or County Administrator to sign sales and use tax notification letter to Minnesota Department of Revenue.
4. Approve batch 1 claims in the amount of \$72,330.85.
5. Approve batch 2 claims in the amount of \$19,361.68.
6. Approve Health and Human Services claims payments in the following amounts:
 - a. Region III Adult Mental Health Initiative payments \$ 207,959.41
 - b. Administrative payments \$ 30,268.55
 - c. Arrowhead Health Alliance payments \$ 505.87
 - d. Special payments \$ 7,776.41
7. Adopt the Lake County Lactation Support Policy for Breastfeeding Employees.
8. Approve the re-appointment of Jennifer Bushmaker from District 1 to the Lake County Extension Committee, effective January 1, 2017 – December 31, 2010.
9. Approve the appointment of Julie Peters from District 4 to the Lake County Extension Committee, effective January 1, 2017 – December 31, 2010.
10. Authorize purchase of Infinivault Maintenance for the Model 30 Network Attached Storage from Hybridge Imaging and Document Management Solutions for a total of \$4,489.00.
11. Approve and authorize the Lake County Board Chair to sign Amendment #1 to the Purchase of Service Agreement with Dr. Jonathan Beyer for Mental Health Services for the period of January 1, 2016 through December 31, 2016.
12. Approve and authorize the chair to sign the next Firewise Coordinator Service Agreement (to include Stevens Grant management) with Nadarra Forestry LLC, at a rate of \$27.00 per hour, for up to \$25,000 through December 31, 2017.

13. Approve and authorize the chair to sign the next Metal Roof Project Coordinator Service Agreement with Randall Walz, at a rate of \$21.00 per hour, for up to \$14,000 through December 31, 2017.
14. Approve and authorize the chair to sign the next Project Coordinator Service Agreement with Todd Armbruster, at a rate of \$27.00 per hour, for up to \$11,800 through December 31, 2017.
15. Authorize payment in the amount of \$43,128.00 to Otis-Magie Insurance Agency, Inc. (Invoice No. 61988) for renewal of fidelity bond insurance policy effective December 1, 2016, through December 1, 2017.
16. Authorize payments in the following amounts to Lindquist & Vennum, LLP for legal services through October 31, 2016: \$17,674.80 (Invoice 716988-0325) and \$7,796.75 (Invoice 716990-0325).
17. Authorize payment in the amount of \$2,750.00 to Arrowhead Regional Development Commission – Arrowhead Counties Association for 2017 Lobbying Fees and Dues.
18. Approve and authorize the Lake County Board Chair to sign the Aitkin County Memorandum of Agreement to provide Environmental Health Services for the period of January 1, 2017 through December 31, 2017.
19. Approve and authorize the Lake County Board Chair to sign the Purchase of Service Agreement with Dr. Jonathan Beyer to provide Mental Health Services for the period of January 1, 2017 through December 31, 2017, in an amount not to exceed \$20,000.00.
20. Approve and authorize the Lake County Board Chair to sign the Purchase of Service Agreement with Budd House B and L, LLC, to provide Board and Lodging Services for the period of January 1, 2017 through June 30, 2017.
21. Approve and authorize the Lake County Board Chair to sign the Purchase of Service Agreement with the Center for Drug and Alcohol Treatment for Chemical Health Services for the period of January 1, 2017 through December 31, 2017, in an amount not to exceed \$10,000.00.
22. Approve and authorize the Lake County Board Chair to sign the Purchase of Service Agreement with Faith Clark, MSW, LGSW, LADC, to provide Chemical Dependency Assessments for the period of January 1, 2017 through December 31, 2017, in an amount not to exceed \$6,500.00.
23. Approve and authorize the Lake County Board Chair to sign the Purchase of Service Agreement with Molly Gadsby, PHN, to provide Registered Nursing services for the period of January 1, 2017 through June 30, 2017, in an amount not to exceed \$10,000.00.
24. Approve and authorize the Lake County Board Chair to sign the Purchase of Service Agreement with the Lake County Developmental Achievement Center for the period of January 1, 2017 through December 31, 2017, in an amount not to exceed \$12,000.00.

25. Approve and authorize the Lake County Board Chair to sign the Purchase of Service Agreement with Lake View Memorial Hospital to provide Women, Infants and Children's (WIC) program services for the period of January 1, 2017 through December 31, 2017, in an amount not to exceed \$5,040.00.
26. Approve and authorize the Lake County Board Chair to sign the Agreement to Provide Services with Kerry and DuWayne Larson to provide Janitorial Services at the Lake County Service Center, Silver Bay, for the period of January 1, 2017 through December 31, 2017, in an amount not to exceed \$6,600.00.
27. Approve and authorize the Lake County Board Chair to sign the Memorandum of Agreement with Amanda Lufholm, LPCC, to provide Children's Mental Health Case Management Clinical Supervision for the period of January 1, 2017 through June 30, 2017, in an amount not to exceed \$2,500.00.
28. Approve and authorize the Lake County Board Chair to sign the Purchase of Service Agreement with North Shore Horizons for the period of January 1, 2017 through December 31, 2017, in an amount not to exceed \$14,000.00.
29. Approve and authorize the Lake County Board Chair to sign the Purchase of Service Agreement with Christine Oliver-Kneebone to provide Mental Health Services for the period of January 1, 2017 through December 31, 2017, for an amount not to exceed \$15,500.00.
30. Approve and authorize the Lake County Board Chair to sign the Purchase of Service Agreement with Jacquelin Sebastian, D/B/A Mediation Consulting Initiative, for the period of January 1, 2017 through December 31, 2017, in an amount not to exceed \$10,000.00.
31. Approve and authorize the Lake County Board Chair to sign the Purchase of Service Agreement with the Volunteer Attorney Program to provide Volunteer Attorney services to Lake County residents for the period of January 1, 2017 through December 31, 2017, in an amount not to exceed \$3,000.00.
32. Resolution updating the Lake County 2017-2021 five-year construction plan for federal, state-aid, and county road and bridge improvements.
33. Resolution adopting the 2016 Lake County bridge priority list and seeking federal/state funding for rehabilitation or replacement of identified structures within the next five years.
34. Approve payment of \$3,780.00 to Greg Colvin for the homeowner portion of FEMA Fire Resistant Roofing Grant 1 installation, pending reimbursement to Lake County from FEMA Hazard Mitigation Grant Program DR-1982.07.
35. Approve payment of \$7,500.00 to Bill Forsberg for the homeowner portion of FEMA Fire Resistant Roofing Grant 2 installation, pending reimbursement to Lake County from FEMA Hazard Mitigation Grant Program DR-4113.09.

36. Approve payment of \$7,500.00 to Robert Gibson for the homeowner portion of FEMA Fire Resistant Roofing Grant 2 installation, pending reimbursement to Lake County from FEMA Hazard Mitigation Grant Program DR-4113.09.
37. Approve and authorize the Chair to sign the Amended and Restated Joint Powers Agreement (JPA) of the Lake Superior Drug and Violent Crime Task Force.
38. Authorize payment for an amount not to exceed \$16,687.00 to Mid-America Business Systems for annual Imaging System software maintenance and support. The agreement covers the time period of 1/24/2017 to 1/23/2018.
39. Authorize payment in the amount of \$22,285.87 to Emergency Automotive Technologies for final equipment costs and installation of equipment for the 2016 patrol vehicles. Previous board approval was obtained to order the equipment prior to install. This request is for the final cost to order and install the equipment and any necessary equipment changes that were made.
40. Approve recommend changes to the Lake County Health and Human Services (LCHHS) Burial Policy and Procedure.
41. Authorize payment in the amount of \$6,750 to Lockridge Grindal Nauen, for October through December 2016 (Invoices 83134 and 83135).
42. Authorize payment to Legg Strategies for invoice #1241, expenses in the amounts of \$587.08 and \$278.23, and for invoice #1236, consulting services for October 16 – November 15, 2016, in the amount of \$5,000.
43. Authorize payment in the amount of \$3,640.00 to Conrow Law Office (Invoice Number: 10246) for services rendered between November 1, 2016, and November 30, 2016., in the matter of the fiber network.
44. Authorize payment in the amount of \$3,445.65 to Graybar, for fiber jumpers / Invoice 988356554.
45. Authorize payment to Innovative Systems for the following invoices:
 - a) INV#30099, November 2016 postage in the amount of \$1,484.35
 - b) INV#29909, November billing of software monthly maintenance fee in the amount of \$5,370.47
46. Authorize payment in the amount of \$39,056.54 to Lake Communications, Inc. (LCI) for labor to November 25, 2016, mileage, cell phone allowance, payroll taxes and benefits, for the Lake County Fiber to the Home Project (Invoice 120).
47. Authorize payment in the amount of \$131.70 to Lake Communications, Inc. (LCI) for hosted PVX service (telephone services) at 409 17th Avenue, 11/21/2016 to 11/30/2016 (Invoice 121).
48. Authorize payment in the amount of \$394.75 to Lake Communications, Inc. (LCI) for hosted PVX service (telephone services) at 409 17th Avenue, 12/1/2016 to 12/31/2016 (Invoice 122).

49. Authorize payment to Jordan Drilling Solutions LLC in the amount of \$10,562.50 for fiber drops (INV 5689 and INV 5684). Absent: None

MOTION JONES, SECOND HURD: 04 – Adjourn meeting at 8:57 p.m. Absent: None

The Lake County Board of Commissioners will hold regular board meetings in the Lake County Service Center, Split Rock River Room, 616 Third Avenue, Two Harbors, Minnesota, on December 20, 2016, at 2:00 p.m., and on December 27, 2016, at 2:00 p.m.

ATTEST:

Matthew Huddleston
Acting Clerk of the Board

Rich Sve, Chairperson
Lake County Board of Commissioners