

**DEEPHAVEN CITY COUNCIL MEETING
MONDAY, MARCH 16, 2009
MINUTES**

1. CALL MEETING TO ORDER: Mayor Paul Skrede called the meeting to order at 7:00 p.m.

PRESENT: Mayor Paul Skrede, Councilmembers Steve Adams and Keith Kask

ABSENT: Councilmembers Kim Crockett and John Wheaton

STAFF: Police Chief Cory Johnson and City Administrator Dana Young

2. PLEDGE OF ALLEGIANCE

The Council recited the Pledge of Allegiance.

3. APPROVE CONSENT AGENDA

Motion by Councilmember Kask to approve the Consent Agenda, consisting of the following items:

- A. March 2, 2009 Minutes
- B. Authorize Final Pay Request to Dock & Lift (\$106,500.00)

Seconded by Councilmember Adams. Motion carried 3-0.

4. MATTERS FROM THE FLOOR

There were no Matters from the Floor this evening.

5. UNFINISHED BUSINESS

A. Discuss Southshore Center Options

Mayor Skrede stated that the Shorewood City Council met on March 9th and outlined several issues regarding the Southshore Center that they would like addressed no later than April 30th. He stated that if these issues weren't resolved by this date, the Shorewood Council would seriously consider placing the center up for sale or exercising the "Shorewood Option" under the Cooperative Agreement.

The Council briefly reviewed the Shorewood Option, which is included in the Cooperative Agreement that states:

"At the termination of the lease term or termination by action and approval of the Cities, the Center may be sold subject to the following:

Shorewood Option. The City of Shorewood may retain the Center by repayment to each of the remaining Cities an amount equal to their original capital contribution. Shorewood may pay the remaining Cities in cash, or at its option, Shorewood may make installment payments to the Cities over

a period not to exceed ten (10) years payable in equal annual installments of principal and interest at the rate of eight percent (8%) per annum from and after the date of Termination.

Sale to Third Party. The Center may be sold to a third party for fair market value. In the event of sale to a third party, the City of Shorewood will assure adequate access to the Center. The proceeds of said sale shall be allocated and paid to each City proportionate to its original capital contribution as provided in the attached Exhibit A.

Proceeds from Future Gain. Should Shorewood sell the Center to a third party within ten (10) years of exercising alternative (a), the net proceeds of said sale beyond the original capital contribution paid by each of the Cities shall be allocated and paid to each City proportionate to its original capital contribution as provided in the attached Exhibit A.”

Mayor Skrede stated that the specific issues that the Shorewood City Council would like resolved by April 30th include:

- 1) Find a viable alternative for the operation, management and programming for the Center. This may involve one or more providers.
- 2) Agree to necessary amendments to the Cooperative Agreement.
- 3) Agreement by the cities to share equally (one-fifth) in the operational costs of the Center during the interim period ending April 30th with Shorewood dealing with the expenses. Shorewood will provide a full accounting of revenue and expenditures for the month of March and April.
- 4) Obtain a market appraisal on the building.

Mayor Skrede stated that while the motion to exercise the Shorewood Option failed by a 3-2 vote by the Shorewood City Council, he stated that he expects it to be reconsidered at a later date.

Councilmember Adams asked what was Shorewood’s motivation to consider the Shorewood Option?

Mayor Skrede stated that there was a certain sense of frustration at the glacial pace in determining what to do with the Southshore Center and the fact that the five cities appear incapable of developing a simple agreement on the ongoing funding for the Center.

Councilmember Adams noted that if Shorewood decided to exercise the Shorewood Option, Shorewood would be required to share in the proceeds from any third party sale of the building within a ten-year period. He added that he thought it would be a good idea to have the building appraised, even though he expected the market value of the building to be impacted by its location and present zoning classification.

Mayor Skrede stated that according to the Shorewood Option, the value of the building is \$311,000, which is the amount of each cities original capital contribution.

Councilmember Kask stated that he appreciates the fact that the solution to the Shorewood Center issue is contained in the Cooperative Agreement in the form of the Shorewood Option. He commended the Shorewood City Council for their courage in considering this option and that they may very well decide to continue to operate the Center as a community center.

Motion by Councilmember Kask to authorize participating with the cities of Shorewood, Excelsior, Tonka Bay and Greenwood in one-fifth of the operational costs of the Center during the interim period ending April 30th, to authorize staff to write a letter to South Shore Senior Partners (SSSP) stating that the City of Deephaven does not accept the existing rental contract between the Friends and SSSP, and that City of Deephaven would recommend a commercial appraisal of the Southshore Center and would agree to pay its proportional share of the appraisal cost. Seconded by Councilmember Adams. Motion carried 3-0.

B. Other

Mayor Skrede asked Police Chief Johnson if he was still planning to provide the Council with information concerning the option of Administrative Fines.

Police Chief Johnson stated that he was still planning to present this information to the Council.

6. NEW BUSINESS

A. Adopt Resolution No. 08-09, Approving Seal Coating Bid

Administrator Young stated that three bids were received on the 2009 Bituminous Seal Coat Project:

Contract Item	Pearson Bros., Inc.	Allied Blacktop Company	ASTECH Corp.
Mobilization	0.00	2,500.00	5,000.00
Bituminous Seal Coat	89,888.40	92,028.60	114,144.00
Total Bid Price	89,888.40	94,528.60	119,144.00
Unit Cost per Square Yard	\$1.26	\$1.29	\$1.60

He stated that the 2009 Bituminous Seal Coat Project has been budgeted within the Capital Improvement Fund at \$110,000 and includes seal coating of the following streets, parking lots and walking trails:

Streets

Minnetonka Blvd
 Jericho Road
 Leroy Street
 Therese Street
 Lowell Street
 Highland Avenue

Parking Lots

Chowen’s Corner Parking Lot
 City Hall Parking Lot
 Carson’s Bay Parking Lot

Trails

Thorpe Park
 City Hall

Mayor Skrede noted that the lower than anticipated bid might enable the City Council to consider expanding the scope of the street overlay project.

Motion by Councilmember Adams to adopt Resolution No. 08-09, A Resolution Approving Bids & Awarding a Contract to Pearson Bros., Inc. in the amount of \$ 89,888.40 for the 2009 Seal Coating Project. Seconded by Councilmember Kask. Motion carried 3-0.

B. Accept Resignation of Officer Matt Carns

The Council thanked Officer Matt Carns for nine years of outstanding service with the Deephaven Police Department.

Motion by Councilmember Kask to accept the resignation of Officer Matt Carns effective March 18, 2009. Seconded by Councilmember Adams. Motion carried 3-0.

C. Authorize Hiring a New Police Officer

Discussion was held on the proposed hiring process.

Police Chief Johnson stated that the Police Hiring Committee had several interviews last December and developed a top 5 list of candidates. He stated that the top candidate was hired at that time but the no. 2 candidate is still available.

Mayor Skrede stated that the Hiring Committee, of which he is a member, believes that the hiring list is still fresh enough particularly since some of the top 5 candidates are still available.

Councilmember Adams stated that the Department will continue to work from the existing hiring list and would only start the hiring process over if all the remaining top candidates are unavailable.

Motion by Councilmember Adams to authorize hiring a new Police Officer to replace Officer Matt Carns. Seconded by Councilmember Kask. Motion carried 3-0.

D. Discuss the Installation of Rub Rails on St. Louis Bay Dock

Pete Onstad, Chairman of the Boat Committee, was present to discuss whether the Council would be interested in installing rub rails on the recently constructed St. Louis Bay dock. He stated that leaseholders are currently installing their own rub rails, which could destroy the integrity of the new docks and detract from the aesthetics of the new docks.

He stated that before the start of the 2009 Boating Season, the Boat Committee would like to have the Council weigh in on whether:

1. To prohibit any leaseholder from installing rub rails on the new city docks.
2. To require leaseholder's to adhere to established specifications on the type and style of rub rails.
3. The City should purchase and install rub rails on each of the 53 slips in St. Louis Bay.
4. To continue to allow each leaseholder to install their own rub rail.

Mayor Skrede stated that rub rails might be cheap insurance for maintaining the life of the new docks.

Councilmember Adams stated that rub rails mainly work to protect the boat rather than the dock. He added that he didn't think that the City should bear the cost of installing rub rails and would prefer that the leaseholder install their own rub rail unless the funding for the rub rails came out of the Marina Fund.

Councilmember Kask stated that he felt the installation of plastic caps on top of the pilings were more important than rub rails in extending the life of the new docks and should be strongly considered. He

added that mooring covers can chaff against the rub rails and recommended a softer material for the rub rails. He stated that most marinas do not allow these types of attachments but can certainly understand the need for it.

Pete Onstad stated that the Boat Committee is currently looking at cost options and different color selections for caps on the pilings.

Administrator Young stated that he contacted Tim Latterner with Dock & Lift on the estimated cost for purchasing approximately 1,328 feet of rub rails for all 55 dock slips in St. Louis Bay. Tim estimated the cost at approximately \$2.50 per foot or \$3,320.00. He stated that he would be willing to install it for the City free of charge.

Pete Onstad stated that he researched the cost of rub rails and estimated a cost from \$4,000 - \$6,000.

Motion by Councilmember Kask to authorize the installation of rub rails at the St. Louis Bay docks for an estimated cost of \$4,000.00 to be funded from the Marina Fund. Seconded by Councilmember Adams. Motion carried 3-0.

Councilmember Kask stated that he doesn't support installing rub rails as the only protection allowed at the docks and asked the Boat Committee to review other allowable protections on the new docks.

E. Other

The Council reviewed an offer from MD7 on a lease prepayment offer that has been authorized by T-Mobile. No action was taken on the offer.

7. REPORTS FROM STANDING COMMITTEES

A. Public Works Committee

Administrator Young presented a review of the Public Works Committee meeting held on March 4, 2009 on the following items:

- Traffic visibility issues at Lakeview Avenue & Baldwin Avenue
- Traffic visibility issues at Rutledge Avenue & Deephaven Avenue
- Traffic visibility issues at Hummingbird & Minnetonka Blvd
- Back injury prevention training
- Xcel Energy project to install an underground transmission line along Vine Hill Road this summer
- Bid timelines and estimated engineering costs on the 2009 slate of improvement projects
- Street lighting problems on Chowen's Corner
- Federal stimulus package project funding

B. Boat Committee

Administrator Young presented a review of the Boat Committee meeting held on March 11, 2009 on the following items:

- Discussed remaining improvements needed to the Breakwater Dock & St. Louis Bay Dock
- Discussed Non-Resident Dock Usage

The Council asked Police Chief Johnson to investigate the use of the dock slips by non-authorized users.

8. ADJOURNMENT

Motion to adjourn by Councilmember Kask, seconded by Councilmember Adams. Motion carried 3-0. The meeting adjourned at 8:18 p.m.

Respectfully submitted,

Dana H. Young
City Administrator