

**DEEPHAVEN CITY COUNCIL WORKSESSION
MONDAY, MAY 18, 2009
MINUTES**

1. CALL MEETING TO ORDER: Mayor Paul Skrede called the meeting to order at 6:00 p.m.

PRESENT: Mayor Paul Skrede, Councilmembers Steve Adams, Kim Crockett, John Wheaton and Keith Kask

STAFF: City Administrator Young

2. UNFINISHED BUSINESS

A. Discuss Southshore Center Options

Mayor Skrede provided an overview of the current options regarding the Southshore Center. He stated that he had asked the Shorewood City Council during a Senior Funding Group meeting if they would have any interest in operating the Center. He stated that a majority of the Shorewood Council expressed a strong interest to do so. He stated that one of the suggestions from their Council was that Shorewood could operate the Center under a three-year Lease Agreement with the cities. He added that under this Lease Agreement, member cities could decide whether to donate towards the Center according to its value to each city.

He stated that at the last Senior Funding Group meeting, there was no substantial discussion on developing a Lease Agreement with Shorewood as discussion centered on funding formula options and on a proposal that cities opt out of the Cooperative Agreement.

Mayor Skrede stated that he believes in Shorewood's ability to run the Center. He stated that Shorewood would refocus the Center as a community center and could contract with Community Recreational Resources to provide very active and aggressive management of the facility. He stated that a Lease Agreement would still enable cities to have control over the Center and enable cities the opportunity to voluntarily contribute to the Center. He stated that this would not be the case if the cities opted out of the Cooperative Agreement.

Councilmember Adams asked how the maintenance or capital expenses would be handled under a Lease Agreement.

Mayor Skrede stated that Shorewood would pay for maintenance or capital expenses and member cities could have the opportunity to earmark donations specifically towards capital expenses.

Councilmember Wheaton stated that the Lease Agreement with Shorewood would operate just as it did under the Lease Agreement with the Friends.

Councilmember Kask stated that one of the main objections he has heard is that Shorewood would not operate the Center like the Friends. He stated that he has more faith in the City of Shorewood providing better management of the Center than the Friends.

Councilmember Adams stated that under a proposed Lease Agreement with Shorewood, the member cities could retain their equity interest in the Center, operational control would go to Shorewood and the cities would not be committed to cost overruns or capital costs.

Councilmember Crockett asked if there would be any requirement in the Lease Agreement that Shorewood would have to set aside funds for capital expenses?

Mayor Skrede stated that under the original Lease Agreement, the tenant would be required to improve the structure according to Section 8 of the agreement.

Councilmember Crockett stated that she felt that Section 8 does not clearly require the tenant to make capital improvements and she would prefer if a letter were received from Shorewood that more clearly delineates their responsibility for making capital improvements.

Mayor Skrede stated that he could certainly ask the Shorewood Council about their intention for future capital improvements.

Administrator Young noted that there really isn't any other options available that are better than establishing a lease agreement with Shorewood. He stated that developing a mutually agreeable funding formula has proven unsuccessful and opting out of the Cooperative Agreement leaves a city out of the decision-making process and subject to the potential reduction in their original equity position. He stated that it is important that the cities get something in place regarding the Southshore Center and a Lease Agreement with Shorewood is the best available option.

The Council expressed their support of developing a Lease Agreement with Shorewood.

B. Review Preliminary Capital Improvement Plan

Administrator Young presented the preliminary Capital Improvement Plan for Council review.

3. ADJOURNMENT

Motion to adjourn by Councilmember Wheaton, seconded by Councilmember Crockett. Motion carried 5-0. The meeting adjourned at 6:58 p.m.

Respectfully submitted,

Dana H. Young
City Administrator