DEEPHAVEN BOAT COMMITTEE
WEDNESDAY, MAY 14, 2014
MINUTES

Call Meeting to Order
Chairman David Irwin called the meeting to order at 7:04 p.m.

Members Present
David Irwin, Doug Ruble, Warren Nelson, David Matteson and City Administrator Dana Young

Members Absent
Jim van Bergen and Tom Drummond

April 9, 2014 Minutes
The Committee approved the April 9, 2014 minutes on a motion by Warren Nelson, seconded by David Matteson. Motion carried 4-0.

Matters from the Floor
There were no Matters from the Floor this evening.

Management Report
Dana Young provided the following Management Report:

- The Bridge Contractor will be using the east half of the trailer parking area across from Carson's Bay launch through the duration of the construction, which will leave the west half available for permit parking.

Welcome to Brian Larson
Discussion was held with Brian Larson, 18920 Park Avenue, about his interest in serving on the Boat Committee, his reasons for wanting to join the Committee, and his "hot button" issues if he were selected to serve on the Committee.

Appointment of Brian Larson
Motion by David Matteson to appoint Brian Larson to the Boat Committee for a three-year term of office effective until February 2016. Seconded by Doug Ruble. Motion carried 4-0.

Mooring Policies in Other Lake Communities
David Irwin presented his report on mooring policies and procedures in other Lake Communities, including an overview of mooring rates and waiting list issues in other communities. He stated that Deephaven is somewhat unique in having such long waiting lists in comparison with the other communities. He also noted that some of the cities surveyed were very conscience of surrounding commercial marina rates. He stated that Deephaven's dock rate was approximately 15% of the Minnetonka Yacht Club rates.

David Matteson stated that Deephaven is not subsidizing anyone with our rates and, while benchmarking commercial rates is helpful, Deephaven's Marina Fund is revenue neutral. He stated

that in many respects, Deephaven is a quiet and unassuming city more like Minnetonka Beach than any of the other cities that were surveyed. He stated that the City is not right or wrong in how rates are set – it is how Deephaven does it, revenue neutral and he doesn't mind the twenty year wait to get a dock slip.

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David Irwin stated that low rates may not be the best policy.

Ten Year Rule / Waiting List

Dana Young stated that he doesn't think that the argument to increase rates to reduce the waiting list would be a convincing argument for the City Council. He stated that this position was presented at the same time as the Ten Year Rule and it did not gain much traction with the City Council.

David Irwin argued that the City should raise rates until the waiting list reaches equilibrium. He stated that rates could be raised to 50% of equivalent market rates over three years and, in the fourth year, if the waiting list hasn't dropped to a ten year wait, leaseholders who have had a dock slip the longest would have one year to give up their slip.

Warren Nelson stated that it's OK if someone has to wait 20 years and has little sympathy for those who have only had to wait 10 years before they want a slip. He added that he also doesn't like charging excessive rates. He stated that years ago there never was a waiting list and boats weren't nearly as prevalent. It means a lot that people have to wait to get a slip.

David Matteson stated that the community benefits from rules that are simple. He stated that he would support something that is simple, revenue neutral, and opposes the use of negative incentives such as raising rates beyond the cost of the docks. He stated that dock slips are an amenity. We should disaggregate financial levers from the issue of term periods so that we can solve first for the issue of ten years possibly being too short and a lifetime too long to have a dock slip. He stated that we can't focus on creating a compelling alternative to the Ten Year Rule if we continue to propose using rates as a waiting list tool.

David Irwin stated that he doesn't think increasing rates is a negative incentive.

David Matteson stated that using rates to drive people off the docks is, by its very nature, a negative incentive.

David Irwin stated that we have lost a part of Deephaven because now residents have to wait 20+ years to get a dock and by that time it is likely that their children have grown up and left Deephaven, never having had access to a boat in their youth. He stated that it wasn't like that when he got a space for a powerboat in the late 70's as he only had to wait about one year. He stated that things have changed.

David Matteson asked if the Council has an appetite for using increased rates to shorten the list. If not, then perhaps discussion of using rates to shorten the waiting list is a mute point and we should move on.

Dana Young stated that if there isn't general interest in using higher rates to impact the waiting list and the Committee believes that 10 years is too short a time period and a lifetime is too long a period to hold a lease, the Committee should consider recommending changing the Ten Year Rule to 15 or 20 years and include the grandfathered leaseholders under that time period.

Doug Ruble stated that he also believes rates should be neutral and he doesn't mind having to wait for a dock slip. He agreed that the ten year period should be changed to twenty years since ten years is too short and a lifetime too long. He added that rates could be bumped up a little bit, which might lessen the waiting list.

Warren Nelson stated that he believes the City Council wants to get closer to the end of the first ten year lease before they act on this issue.

David Irwin noted that the majority of members tonight appear to support changing the time period rather than using economics but felt the former option would provide too little emphasis on getting the waiting list down to a manageable number. He stated that he is concerned about those residents who have been on the waiting list for 10-15 years and that there isn't enough concern for those on the waiting list.

David Matteson stated that establishing ten years was an arbitrary decision and that he hasn't heard many people complain about waiting too long.

David Matteson stated that a 15-20 year wait isn't necessarily wrong when you consider those who plant long term roots in Deephaven are the families that benefit. He stated the Council's move to ten years was a move to shorten waits, but not necessarily the only or best solution. For those who moved to Deephaven under the lifetime rule and waited patiently for twenty years only to have future dock use rules changed and limited to ten years, it just doesn't feel right. And to deliver lifetime use to those who had the benefit of a dock for years already, doesn't feel right. And the fact that shore space is still a lifetime lease, doesn't feel right. Raising rates above the cost of the docks so that those least able to tolerate increased rates will drop off, just doesn't feel right. It would be good to offer a solution that is simple, equitable, positive and right. He stated that this would feel more like Deephaven.

David Irwin noted that, in his interview, Brian Larson stated his frustration that the waiting list is too long.

Warren Nelson stated that if he had waited 20 years, he would want to have a dock slip for 20 years. He stated that 25% of the people on the waiting list really want to have a boat. He stated that if so many people where opposed to the waiting list, why aren't they here or at the Council meetings. He stated that 20 years seems like a reasonable time to have a dock slip.

David Irwin stated that it really has come down to two different positions, either manage the waiting list by establishing a number of years someone is entitled to have a lease or by rates.

Discussion was held on meeting with Mayor Skrede and Councilmember Kask for lunch to discuss these two concepts at greater length. David Irwin stated that he might meet with Mayor Skrede to discuss this matter in more detail.

David Matteson suggested that the number of years someone is granted a lease should be equal to the length of time on the waiting list or ten years, whichever is longer. He added that the grandfathered leaseholders could be given 20 years. He stated that could end the 10 year debate once and for all. He also stated that the cost of future dock repair and the new shore space docks will have the impact of "natural or organic" rate increases to cover costs; this should not be forgotten as it will have some impact on dock interest.

David Irwin stated that extending the period to twenty years might be seen as simply kicking the can down the road in terms of dealing with the waiting list.

Boat Lifts

David Irwin stated that Excelsior allows boat lifts and have rules governing their use. He asked Warren Nelson to look into their rules and procedures prior to the next meeting.

Other

David Matteson stated that the Committee needs to discuss all the attachments that have been allowed on the docks at the next meeting.

David Irwin noted that Tonka Bay has very thorough rules on dock attachments.

Adjournment

Motion to adjourn by Doug Ruble, seconded by Warren Nelson. Motion carried 4-0. The meeting adjourned at 8:55 p.m. The next regularly scheduled meeting of the Boat Committee will be held on Wednesday, June 11, 2014.