

**DEEPHAVEN CITY COUNCIL MEETING
MONDAY, NOVEMBER 17, 2014
MINUTES**

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

PRESENT: Mayor Paul Skrede, Councilmembers Josh Hackney, Steve Erickson, Darel Gustafson and Keith Kask

STAFF: City Administrator Dana Young

2. **PLEDGE OF ALLEGIANCE**

The Council recited the Pledge of Allegiance.

3. **APPROVE NOVEMBER 6, 2014 & NOVEMBER 12, 2014 COUNCIL MINUTES**

Motion by Councilmember Kask to approve the November 6, 2014 Regular Council minutes and the November 12, 2014 Special Council Work Session minutes. Seconded by Councilmember Gustafson. Motion carried 5-0.

4. **MATTERS FROM THE FLOOR**

Hennepin County Commissioner Jan Callison was present to provide a summary of recent County activities, including:

- Hennepin County's budget will increase 2.75% in 2015. She stated that this is the highest increase in several years, primarily owing to a recently renegotiated labor agreement and the need to hire additional staff for the child welfare department. She stated that Hennepin County's Truth in Taxation meeting will be held on December 2nd.
- More parcels have been added to the tax rolls this past year, which is a positive trend. Residential market values have increased at a higher rate than commercial values within the county.
- Collaborative efforts are underway with Ramsey County to find a new site for the County Home School.
- The new 911 Dispatch Center in Plymouth will begin dispatch services in December.
- Information on the Homelessness Initiative and on Innovations for Better Health Outcomes were distributed and discussed.

Mayor Skrede thanked Commissioner Callison for all her work on the Vine Hill Bridge and noted that we have one more bridge, the Northome Bridge, which will need replacing in the near future. Further discussion was held on Xcel Energy's tree trimming efforts along the LRT Trail and on those cities selected for the canvassing process.

5. NEW BUSINESS

A. Discuss Shorewood Termination Request regarding Southshore Center

Administrator Young provided a brief summary of the City of Shorewood's request for the City of Deephaven to consider executing a Notice of Termination of continued participation in the 1996 Cooperative Agreement due to Deephaven's decision to no longer provide financial support of the operating and capital costs of Southshore Center.

Councilmember Kask asked if we need to make a motion to formalize our withdrawal from the Southshore Center. He noted that the Quit Claim Deed would not remove our interest in the building.

Mayor Skrede stated that we need to determine what to include in this agreement. He stated that it is an issue of accountability and one item needed is a verified schedule of capital improvements. He added that other member cities have an interest in this issue as well.

Councilmember Kask agreed that we need to quantify a capital plan. He stated that we need to address what the conditions of our withdrawal would be.

Mayor Skrede stated that Shorewood would have to incur over \$600,000 in capital costs in order to offset the original participation costs of the facility. He stated that the dissolution of our interest in the facility should be clarified. He stated that if Shorewood is really interested in having all the other member cities opt out, why not consider buying everyone out of their original investment or a percentage thereof.

Councilmember Erickson stated that their capital plan proposes to spend \$345,000 by 2020. He stated that this would still leave an equity stake of \$62,321 for the City of Deephaven.

Mayor Skrede stated that some mechanism should be in place to recognize this fact. He stated that more of the member cities might be willing to go through this process if a couple of these pieces were in place. He stated that he can appreciate Shorewood's interest in running the Center and would certainly like to end this ongoing saga.

Councilmember Erickson stated that he doesn't know if we can just walk away on these deal.

Councilmember Kask stated that executing a Quit Claim Deed doesn't terminate our rights in the Center. If \$345,000 is to be invested in the Center, there needs to be a specific timeline for the proposed capital improvements. He stated that if we walk away now, we walk away from our original contribution of \$139,000. If we walk away in 2020 after \$345,000 has been spent on the Center, we walk away from \$60,000.

Mayor Skrede stated that we need a realistic assessment of the proposed capital improvements.

Councilmember Gustafson noted that Shorewood is asking to acquire the Center for nothing. He asked why we would approve deducting future capital cost out of our share of the equity.

Mayor Skrede stated that this would be the case under the current 2009 Agreement that we are operating under.

Further discussion was held on land ownership and parking easements.

Mayor Skrede stated that he wants to make sure that our residents fully understand why we are no longer investing in the Center. He stated that he and Administrator Young will draft a proposed letter for Council review.

Councilmember Gustafson stated that he agrees with what we have said but wonders why we have to negotiate away our equity position.

Councilmember Kask stated that future maintenance of the Center is reducing our equity position. He stated that a motion to withdraw does not end our equity rights but as time goes by only Shorewood has a claim on the highest value of this property.

Mayor Skrede stated that the odds of selling the Center are probably zero although Shorewood may want to eventually tear it down or make some other change in its use.

Councilmember Gustafson stated that the likelihood of Shorewood letting the building completely deteriorate is also zero. He stated that he would be willing to accept payment of \$13,000 per year for ten years.

Councilmember Kask noted that the more time goes by, the more capital cost will be incurred.

Mayor Skrede stated that he and Administrator Young will draft a proposed letter for Council review and perhaps include a request for some sort of repayment for the City's initial equity into the building.

B. Other

Discussion was held on holding a joint work session with the Planning Commission on January 20th.

Administrator Young stated that the 1998 Chevy One Ton Pickup that is used by the part-time summer staff has blown a cylinder and would cost over \$2,500 to purchase a used engine. He stated that this vehicle is used only by the part-time staff, is not worth repairing and was never intended to be replaced. He stated that Public Works Foreman John Menzel is recommending selling the vehicle on the internet for parts.

Further discussion was held on the possibility of keeping the 2000 Sewer Truck, scheduled to be replaced next year, and installing the box on the 1998 Pickup truck onto the Sewer Truck.

6. UNFINISHED BUSINESS

A. Other

There was no other Unfinished Business this evening.

7. ADJOURNMENT

Motion to adjourn the Regular Council meeting by Councilmember Kask, seconded by Councilmember Gustafson. Motion carried 5-0. The meeting adjourned at 9:15 p.m.

8. SPECIAL COUNCIL BUDGET WORK SESSION

A. Review 2015 Water, Sewer & Storm Sewer Budgets

Administrator Young presented the 2015 Water, Sewer & Storm Sewer Budgets for Council review.

B. Review Five-Year Utility Projections

Administrator Young presented Five-Year Utility Projections for Council review.

9. ADJOURNMENT

Motion to adjourn the Special Council Budget Work Session by Councilmember Erickson, seconded by Councilmember Gustafson. Motion carried 5-0. The meeting adjourned at 9:15 p.m.

Respectfully submitted,
Dana H. Young
City Administrator