

**DEEPHAVEN CITY COUNCIL MEETING
TUESDAY, SEPTEMBER 2, 2014
MINUTES**

1. **CALL MEETING TO ORDER:** Mayor Paul Skrede called the meeting to order at 7:03 p.m.

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

STAFF: 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. Approve August 18, 2014 Council Minutes
- B. Approve Verifiefs
- C. Approve July 2014 Treasurer's Report

Seconded by Councilmember Hackney. Motion carried 5-0.

4. **MATTERS FROM THE FLOOR**

There were no Matters from the Floor this evening.

5. **UNFINISHED BUSINESS**

- A. **Adopt Resolution No. 24-14, Approving 2014 Levy, Collectible in 2015**

Administrator Young stated that the proposed 2015 levy for the City of Deephaven is \$2,034,878, which represents a 2.9% increase over the 2014 levy. He stated that this follows a 2.87% increase in 2014, which was the first increase in the property tax levy since 2010.

He stated that the 2015 annual General Fund balance is projected to increase \$2,573 with overall cash reserves projected to be 103% at the end of 2015, even with a proposed \$250,000 transfer to the Capital Improvement Fund. He stated that he has not yet received final market value or tax capacity values yet from Hennepin County but is estimating the first increase in the estimated market value of properties in Deephaven since 2009. He stated that this should decrease the City's tax capacity rate from 19.117% in 2014 to 17.600% in 2015

He added that the City of Deephaven will hold its annual Truth in Taxation hearing on Monday, December 1, 2014 at 7:00 p.m. at which time information on the 2015 budget and levy will be given and the public will be provided the opportunity to comment on the budget and levy.

Motion by Councilmember Hackney to adopt Resolution No. 24-14, A Resolution Approving the 2014 Levy Collectible in 2015 in the amount of \$2,034,878. Seconded by Councilmember Kask. Motion carried 5-0.

B. Approve 2015 EFD Operating Budget & Capital Equipment Budget

Administrator Young provided a brief review of the 2015 EFD Operating Budget & Capital Equipment Budget that had been recommended for adoption by the EFD Fire Board on August 13th.

Councilmember Gustafson asked if several of the larger vehicles in the Capital Equipment Plan (CEP) were switched from a five-year to a seven-year lease period to allow for a slight reduction in the annual contribution to the CEP.

Councilmember Hackney stated that this was a fair assumption. He noted that at the last EFD Budget Work Session there was discussion that the seven-year lease period was considered a better option although the Board expressed a strong interest in vetting the CEP.

Mayor Skrede stated that he felt like an idiot when he attended the EFD Budget Work Session as the Board kept asking if there were any additional questions or concerns but the Board never addressed the issues that were raised. He stated that the 25-year CEP includes a new aerial truck, which doesn't even consider the possibility of refurbishing the aerial truck vs. a new purchase. He stated that he is left with the option of biding his time until the purchase is more imminent or state your objection now. He stated that he would prefer to be candid and object now. He stated that he is also concerned with the large potential reserves in the CEP. He stated that the EFD is currently sitting on approximately \$500,000 in cash and wondered if the funding for this type of equipment is necessary. He noted that the City of Tonka Bay voted down the EFD Budget last week.

He stated that the EFD Operating Fund is 39% reserved, well over the 20-30% reserve recommended by the EFD auditor. He stated that at the EFD Budget Work Session, he asked the Board to consider going from 39% to 35% reserved and using 4% of reserves towards Operating Fund expenses. He stated that he was told that they don't want to use reserves for this purpose but would rather use it towards potential pension relief.

Councilmember Erickson stated that he tends to agree with the Mayor's comments. He stated that he is trying to reduce overall costs and agreed with a reduction in fund reserves. He stated that the EFD could get out of control since it holds so much money.

Councilmember Gustafson stated that he also agrees with the comments that have been made.

Councilmember Kask noted the proposed pay increases to EFD personnel exceeds what we have paid our own employees. He stated that he would like to see a better process more in line with how we are compensating our own employees.

Councilmember Hackney agreed that the EFD Board has simply decided to not spend down reserves to the extent that we wish.

Motion by Councilmember Erickson to not approve the 2015 EFD Operating Budget. Seconded by Councilmember Gustafson. Motion carried 5-0.

Motion by Councilmember Hackney to not approve the 2015 EFD Capital Equipment Plan. Seconded by Councilmember Erickson. Motion carried 5-0.

C. Other

Administrator Young presented the Final Pay Request from Klein Underground, LLC in the amount of \$18,982.40 for the 2014 Vine Hill Road / Hwy 7 Intersection Improvement Project.

Motion by Councilmember Kask to authorize Final Payment to Klein Underground, LLC in the amount of \$18,982.40 for the 2014 Vine Hill Road / Hwy 7 Intersection Improvement Project. Seconded by Councilmember Hackney. Motion carried 5-0.

Mayor Skrede noted that we will also be receiving an invoice from the MN Department of Transportation in the amount of approximately \$3,500 for the installation of new sensors that regulate the traffic lights and a separate invoice from the striping contractor.

6. NEW BUSINESS

A. Review Proposed Storm Water Improvements on Summerville Road

City Engineer David Martini stated that we have looked at this proposed project for some time at several Public Works Committee meetings. He stated that there is a fire lane that contains an existing storm water line that feeds to a catch basin that serves as the outlet for storm water on Summerville Road. He noted that this line has just recently been cleaned out.

He stated that upstream from the catch basin at the intersection of Harper & Summerville Road, the intersection doesn't drain very well due to the extremely flat grade of the street. He stated that it has been concluded that the only way to hold the grade is with the installation of concrete curb & gutter. He provided an overview of the project design and noted that he has estimated the project cost at \$30,541.50. He stated that this project has been brought to the Council for further discussion.

Mayor Skrede clarified that the proposed curb along Summerville Road would be a valley curb. He stated that the Public Works Committee has seen many of these projects throughout the year and attempt to prioritize each project. He stated that the Council is ultimately the decision making group that makes the final decision on whether to proceed with the project.

Councilmember Hackney asked if this project could be included on the storm water improvement schedule.

Administrator Young stated that there is nothing that would require this project to be undertaken this year or the next. He noted that the project would be funded through the Storm Water Fund and was not included within the 2014 budget. He stated that the 2014 Storm Water Fund includes \$60,000 for the Linden Road Storm Water Improvement Project, which includes the replacement of a catch basin and a new storm water line to replace deteriorating water heater shells. He stated that it is very likely that the Linden Road project will be delayed until next year due to discussions with the property owner and the need to obtain easements. He stated that this would enable funding to be available for the Summerville Road project unless the Council would prefer to wait until a future street improvement project is initiated to correct these drainage issues. However, he added that the current condition of Summerville Road wouldn't justify a street improvement for quite some time.

Mayor Skrede stated that this project could be included with some future street project but noted that if it was undertaken earlier it would buy us more time from having to do work on the street. He stated that this would be true not just the curb but for the raising of the road as well.

Councilmember Erickson asked if we put in the curb & gutter and raised the street, would these improvements remain if there is a more extensive street project.

David Martini stated that the curb & gutter and raised street would be permanent.

Mayor Skrede stated that he doesn't know if we would undertake a street project on Summerville Road within the next five years as there are a lot of streets in worse condition.

Councilmember Kask stated that he would support going out for bids on this project and felt it was a good use for our storm water funds. He stated that if this project rises to the top of the list in the estimation of the Public Works Committee, he would favor going out for bids.

Motion by Councilmember Hackney to authorize obtaining bids on the Summerville Road Storm Water Improvement Project according to the plans and specifications reviewed this evening. Seconded by Councilmember Erickson. Motion carried 5-0.

B. Approve Revised LMCC Joint Cooperative Agreement

Councilmember Erickson provided a review of the revisions to the Lake Minnetonka Joint and Cooperative Agreement II and noted that the document was rewritten in the attempt to simplify and clarify language and to incorporate the new changes in the organization. He stated that it is essentially a boilerplate agreement that included specific changes in organizational structure, membership, voting procedures, designation of officers and the executive committee, the budget and withdrawal provisions.

Mayor Skrede thanked Councilmember Erickson for representing the City well on the LMCC and felt that the agreement was a more efficient document.

Motion by Councilmember Kask to approve the Lake Minnetonka Communications Commission Joint and Cooperative Agreement II as rewritten. Seconded by Councilmember Gustafson. Motion carried 5-0.

C. Approve 2015 LMCC Budget

Councilmember Erickson provided a general review of the 2015 LMCC Budget. He noted that reduction in franchise fees, PEG & Mound usage fees was owing to the reduction in membership and the capital equipment plan efforts to move towards full HD capabilities. He stated that it will be a goal in 2016 to incorporate the HD capital expenditures into the overall budget without having to use reserve funds.

Mayor Skrede stated that he appreciates the details provided in the budget.

Councilmember Erickson stated that they had worked with the LMCC's auditors to provide a more reasonable budget format.

Motion by Councilmember Kask to approve the 2015 LMCC Budget as presented. Seconded by Councilmember Hackney. Motion carried 5-0.

D. Other

Administrator Young stated that the City of Deephaven exceeded its maximum I/I limit on June 19, 2014 and now required to participate in the Metropolitan Council's Ongoing Surcharge Program.

Further discussion was held on the impact of sump pumps that were potentially connected to the sewer systems and on the number of sewer manholes that are located in wetland areas.

7. DEPARTMENT REPORTS

A. Police Department

Mayor Skrede provided a summary on the recent speed trailer recordings on Highland Avenue and Northome Blvd.

B. Excelsior Fire District

EFD Liaison Josh Hackney stated that the next meeting of the Excelsior Fire District Board will be held on September 24th.

C. Public Works

Administrator Young provided an update on recent and upcoming public work activities.

D. Administration

Administrator Young provided a brief summary on the following items:

- Part-time Summer Staff
- Parking permit summary
- Primary Election results
- 2015 Budget schedule
- Truth-in-Taxation Hearing requirements
- October Newsletter

8. ADJOURNMENT

Motion to adjourn by Councilmember Kask, seconded by Councilmember Erickson. Motion carried 5-0. The meeting adjourned at 8:50 p.m.

Respectfully submitted,
Dana H. Young
City Administrator