

**MOUND CITY COUNCIL MINUTES
OCTOBER 16, 2018**

The City Council of the City of Mound, Hennepin County, Minnesota, met in special session on Tuesday, October 16, 2018, at 6:30 p.m. in the council chambers of the Centennial Building.

Members present: Mayor Mark Wegscheid; Council Members Kelli Gillispie, Ray Salazar, and Jennifer Peterson

Members absent: Council Member Jeff Bergquist

Others present: City Manager/Public Works Director Eric Hoversten, Community Development Director Sarah Smith, Public Works Superintendent Ray Hanson, Liquor Store Manager John Colotti, Fire Chief Greg Pederson, Finance Director/Clerk/Treasurer Catherine Pausche, Matt Bauman (Bolton & Menk), Bruce McKeeman, Merlyn Woytcke, Karl Weisenhorn, Joy Blanchard, Curt Wynkoop

1. Open meeting

Mayor Wegscheid called the meeting to order at 6:30 p.m.

2. Approve the agenda

Motion by Salazar, seconded by Peterson to approve the agenda. All voted in favor. Motion carried.

3. Fire Chief Greg Pederson with update on the impact of Minnetonka Beach moving to Long Lake Fire

Fire Chief Greg Pederson reviewed the assumptions of the Long Term Financial Plan. Wegscheid asked how many volunteers the department has and Pederson responded it has ranged from 37 -45 and that they are currently at 39, which is a good number. Pederson said the area chiefs' association members met with U.S. Congressional candidates to discuss the benefits of paid-on-call departments and to point out Minnesota is 45th in national spending on fire, but 21st in population.

Pederson said that even with Minnetonka Beach moving to Long Lake Fire, the budget increase for the contracting cities averaged 3%, which was helped in part by spending down reserves until the building debt matures in 2023. Salazar asked Pederson to describe Minnetonka Beach's new contract and Pederson said it is 10 years with an out clause for no reason. Salazar noted the Long Lake Department seems to be constantly advertising for volunteers near their Navarre station.

4. Discussion on the 2019 budget/5-year Capital Improvement Plan (CIP) update

Hoversten said the decision in 2017 to stretch out sewer projects over 10 years carries additional risk of catastrophic failure, but was necessary to ease rate increases in the short-term and to allow reserves to build in the governmental funds for potential interfund loans. Hoversten noted a small street project for 2019 and that the engineers will be recommending changing the priority for 2019 sewer projects from the Avalon lift station to the Fernside forcemain. Discussion ensued about the factors at play at Fernside due to the proximity to the Spring Park forcemain, both of which enter the Met Council forcemain in close proximity that could cause problems in high water events. Hoversten explained that the new study will look at creating a hydrolic separation as an option, but will include a cost benefit analysis as well, going on to say

not all benefits can be quantified. Hoversten said hydrolic separation would require more forcemain to be installed to get to a location where mixing occurs at the point of gravity so that no pressure/pumping is required. Peterson asked why this was not done as part of the street project and Hoversten said the original side streets were done in 2007 prior to Bartlett and that the pipe was not identified as needing replacement at that time. Peterson suggested the City needs to be proactive and Hoversten agreed that failure risk can be modeled based on type of material and age. Matt Bauman said that beginning in 2022, there are funds to analyze cast iron piping utilizing ultrasonic testing.

Wegscheid asked about whether there is pressure from the Met Council to address service lines on private property. Hoversten said private lines are 51% of the pipes and he sees funding priorities changing as the City used to get \$ for \$ credit for lining and now gets \$0.50 for every \$1. Hoversten said the City changed to manhole repair recently since the City has plenty of need for it and the Met Council is giving \$ for \$ credit. Hoversten said he believes the emphasis will move to private lines and the City will be challenged to create incentives and funding options for homeowners to address. Wegscheid noted this is a nationwide issue and questioned whether funds will be made available. Hoversten noted grants require strategies to be formalized and in place in order to qualify for funding.

Pausche noted that the CIP has placeholders for some of the expenditures and work continues on identifying and prioritizing capital needs and potential funding sources, including additional bonding.

Salazar asked if the Parks and Open Spaces (POSC) Budget Plan priorities are a wish list and Hoversten said it is a combination, with short-term needs prioritized and reflected in the annual budgets and longer-term wish lists based on community engagement and POSC discussions. Pausche said more work needs to be done to formalize, similar to the infrastructure CIP that prioritizes by year.

5. John Colotti, Liquor Store Manager, discussing Municipal Liquor Operations strategic goals and key performance indicators for 2019

Colotti said there have been some environmental pressures inside and outside of his control. Colotti noted sales are down from 2017, but noted 2017 was an extremely favorable year for weather. Colotti said other pressures include competition from big box stores and the CR44 construction. Colotti said for 2019, budget assumptions include \$3M in sales with a minimum of 26% gross profit, with that depending on focusing on the best performers in addition to new initiatives like splitting invoices with other munis to get better bulk discounts. Colotti said the MMBA is working on coordinating efforts since timing and logistics can be a challenge. Colotti said split invoices are possible for wine and spirits if the same supplier is used, noting invoices can not be split for beer.

Peterson asked about staffing hours and Colotti said this has been the first full year of Sunday sales which has been a challenge, but they are trying not to go over budget. Peterson agreed that flexing store hours to manage costs could make sense.

Gillispie asked about the correlation of inventory to sales and whether the new point of sale (POS) system helps with managing inventory. Colotti said they are in the process of reducing inventory and the number of SKUs with an emphasis on focusing on in-demand items. Hoversten said conversations have taken place with the POS vendor to help develop reports to help with buying and ways to move product. Wegscheid asked what is the longest shelf life and Colotti said it depends on category, but that it takes longer for wine to sell than beer, for

instance. Salazar noted the POS should be helping with identifying “earns and turns” and Colotti agreed. Wegscheid observed just in time doesn’t really apply and Hoversten agreed because of the price breaks on larger deals.

Discussion ensued on marketing efforts including communicating to customers what the funds are used for, quantifying the last 5 years of contributions to tax relief, putting messages on the receipts, articles in the quarterly newsletter, banners in the store, and/or flyers in the bags.

6. Catherine Pausche, Director of Finance and Administration, discussing proposed changes to the Docks & Commons Program for 2019

Pausche highlighted information contained in the packet including the need to regulate number of watercraft and expanding upon existing language in the code regarding dock use area requirements and winter storage. Pausche said the license with the LMCD is for a maximum of 590 Boat Storage Units (BSUs) and that the LMCD leaves it to the City to allocate them among sites. Pausche noted the LMCD allows only two watercraft for most *private* dock sites and up to a maximum of 4 based on total shoreline. Pausche suggested with the wait list expanding and growing affluence in the City, these issues should be taken up now while the exceptions are still manageable.

Discussion ensued on the current number of BSUs utilized by abutters and non-abutters and what a guaranteed number of watercraft would look like based on the 590 BSUs. It was noted the code is silent but that public perceptions exist that abutters, for instance, are allowed up to 4. Pausche noted that would exceed the total number of BSUs (167 abutting sites x 4 = 668) leaving none for non-abutters and multiple slips, which is why the example of guaranteeing 1 watercraft for each non-abutting and multiple slip site would allow for 2 guaranteed per abutting site. Pausche said once the minimum guarantees are worked out, options for allocating excess BSUs in any given year could be explored. Gillispie said the Dock Commission talked about options for grandfathering the current overages. Wegscheid asked why we would not adopt LMCD regulations and Pausche said it would be helpful or at least a modified version, but noted no setbacks are currently enforced within the commons and a maximum of 2 watercraft per site would be permitted per LMCD, whereas some of our sites exceed that.

Merlyn Woyke, 1701 Bluebird Lane, asked why people who have registered boats who do not store them in the water are at risk of losing their license. Pausche said the waitlist has doubled in recent years and residents want to know the program is utilized. Karl Weisenhorn, 1733 Bluebird said he knows someone whose boat is broken and he can’t afford to fix it. Pausche noted that licensees can take a year off with no consequence, but at some point others need to be given an opportunity. Hoversten emphasized this is not a discussion on changing the number of dock sites, just how to allocate our licensed BSUs.

Bruce McKeeman, 1744 Avocet Lane said that the Dreamwood subdivision settlement agreement took over 4 years to negotiate and that when the conversation started, abutters and non-abutters did not speak. McKeeman suggested studying the outcomes of this settlement as many of the issues being discussed were addressed in the settlement agreement, including number of watercraft for abutters and non-abutters, whether docks could be an straight or open configuration, and use of the commons for storage, etc. McKeeman noted 10 non-abutting sties were removed and, even so, neighborhood relations are much better.

Salazar mentioned the dock wars of the 1990s and the pilot program for the multiple slip complex at Shervern Park. Pausche agreed multiple slips are much easier to regulate but there are limited places to put them in the City. Pausche noted Staff suggested converting 6 docks at Ridgewood Park to 6 multiples and the dock holders protested since they are not allowed to have lifts.

Joy Blanchard, 1749 Wildhurst, said she has lived there since 1974 and she wants to hear about the proposed lift regulations. She said a non-abutter is storing a lift in front of her house and blocking access to the lake. Gillispie said the Dock Commission discussed requiring lifts to be stored on private property, and Pausche noted that a number of calls came in to express concern about this requirement and the increased cost and regulations around transporting AIS. Gillispie said the DNR has a pilot program that requires vendors to have a surety bond and as long as the equipment is properly tagged and decontaminated, it can be transported. Pausche said she was told that could cost \$1,500/year or more.

Pausche noted the purpose of the discussion was to get some preliminary feedback if the Dock Commission is moving in the right direction. Wegscheid said numerous issues have been presented and that he recommends taking them one by one and addressing them on a geographical basis depending on the nature of the commons. Wegscheid noted docks near his do not come out during the winter and don't block anyone's access/view, so sites need to be looked at individually.

Pausche recommended a moratorium on granting more BSUs to existing participants and/or changes to existing dock structures until these issues can be sorted out and was told to bring a resolution to a future council meeting for consideration.

7. Catherine Pausche, Director of Finance and Administration, discussing the elections budget for 2019

Pausche said she just wanted to clarify that past practice will be followed and the new Council will use the appointment process for any vacancies and not a special election in 2019, which requires more staff time and cost, and the group agreed.

8. Council direction to Staff on how to proceed with preparing the final budget, including the levy and utility rates, for consideration at the December 11th final meeting of the year.

Council members were asked for any other areas that need to be addressed. Gillispie requested the fee schedule be amended to give an option for landlords to request a final read for a change in renters mid-quarter. Pausche said she will bring it back with the final budget approval but that emphasis will need to be made that new accounts will not be created.

Gillispie also asked about the expenditures to date on the ALTA survey for the Harbor District. Gillispie said she knows of a similar project that cost much less and that she feels quotes should have been obtained and that she is not comfortable approving the claims as they stand. Gillispie was asked to provide the ALTA survey she was referring to so that it could be used in discussions with Bolton & Menk as a comparison on why their charges might be too high. Gillispie said she would see if she could share it and Wegscheid directed staff to withhold payment on any outstanding invoices until the issues could be discussed with the vendor.

Salazar asked about a comment in the cover memo for the docks discussion that mentioned the possibility of using dock fees to fund other things like parks. Salazar said that was not the intention of the program and he would be strongly opposed to it. Gillispie said much more

research needs to be done on the long-term capital needs of the dock program before that could even be contemplated. Pausche agreed that changes to the fee schedule are not being contemplated until all of the other issues can be resolved and Wegscheid emphasized the priority should be kept on keeping the program affordable.

Mayor Wegscheid asked if there have been any major changes since the preliminary budget was presented and Pausche said no. Pausche was directed to prepare the final budget using the assumptions in the proposed preliminary budget approved by the Council in September.

9. Adjourn

MOTION by Gillispie, seconded by Peterson, to adjourn at 9:10 p.m. All voted in favor. Motion carried.

Mayor Mark Wegscheid

Attest: Catherine Pausche, Clerk