

City of Excelsior
Hennepin County, Minnesota

MINUTES
EXCELSIOR CITY COUNCIL WORK SESSION

Monday, April 21, 2014

1. CALL TO ORDER/ROLL CALL

Mayor Gaylord called the meeting to order at 6:03 p.m.

Present: Councilmembers Caron, Fulkerson and Mayor Gaylord

Absent: Councilmembers Beattie and Miller

Also Present: City Manager Luger and City Clerk Johnson

2. AGENDA APPROVAL

Caron moved, Fulkerson seconded, to approve the agenda. Motion carried 3/0.

3. THE COVE CONCEPT

Deb Kind, Mayor of Greenwood, and Ellie Ansari, Tonka Bay Councilmember, presented a new concept for the Southshore Community Center, which involves rebranding the center as "The Cove."

Mayor Kind said that she and Councilmember Ansari have been members of the Southshore Advisory Committee, along with Councilmember Fulkerson, since it was formed.

Mayor Kind said that the Committee is presenting this new concept to each of the cities. She said the Committee is looking to find alternative uses to make the center more financially viable. Mayor Kind believes this new concept will work to give the center better cash flow and may come close to breaking even. Councilmember Ansari commented that the difficulties the center has been experiencing with cash flow have been there for a while. Mayor Kind said if the new concept is profitable, the cities of Tonka Bay and Greenwood said they would like to see the profits go into the capital improvements for the center.

Mayor Kind said the next step is to seek general support from all four Councils and approval from Minnetonka Community Education. She said Tim Litfin, Director of Minnetonka Community Education, supports the concept. She said they also need to talk with the officials from the Minnetonka High School Vantage Program. Mayor Kind said the Vantage Program is expanding from 40 to 160 students next year and need an off-site campus, away from the high school. She thinks The Cove would be a good place for them to meet. Currently, the Vantage Program students are meeting at The Commons Workplace but the rent is high.

Mayor Kind said the Committee considered other names for the center but "The Cove" rose to the top. She said the Southshore Center name was too close to South

3. THE COVE CONCEPT - *Continued*

Lake Center. The Committee decided the center needed new branding, which is the idea behind The Cove name. She said other name choices were "The Harbor" and "The Port" but stated that The Cove embraces the Lake Minnetonka area and its secluded location. Mayor Kind said that rooms inside The Cove will be named after the bays of Lake Minnetonka. Mayor Kind said she designed the logo and stated that she is a professional graphic designer. She said that she is providing this name and logo free of charge but if there were any changes to either the name or logo, then there would need to be costs involved. Mayor Kind said the Committee is not interested in having a community naming contest. She said she discourages having this type of contest. Mayor Gaylord asked if any of the other communities were interested in a naming contest. Mayor Kind said Tonka Bay wanted to; Councilmember Ansari said Tonka Bay was interested in keeping the Southshore name in order to keep costs down but, given that this new name and logo were provided free, Tonka Bay is happy with it.

Mayor Kind said they are looking for feedback from the Council on the new concept proposal. She said that she and Councilmember Ansari put a lot of time into the proposal. She also stated that the Shorewood City Council asked whether this proposal is all or nothing, but she said that is not the case. Mayor Kind said, if there is another programming entity out there that is similar, their Councils would be open to that, as well. However, she doesn't think there is another entity that has the type of reach that Minnetonka Community Education has.

Caron said she read the proposal. Fulkerson said that she has been involved. Mayor Gaylord asked that Mayor Kind and Councilmember Ansari give an overview of the proposal.

Mayor Kind said that the Southshore Community Center was built in 1996 with funding from five cities. She said that Friends of the Southshore Center also contributed to the cost of the center, but they are not considered to be a part owner of it. In 2009, Mayor Kind said that the grant money the center had received had dried up. She said that's when the City of Shorewood stepped up and said they would try running it on their own. In 2012 and 2013, the center started running a deficit. Councilmember Ansari said the center had about a \$60,000 deficit in 2012 and 2013.

Scott Zerby, Mayor of Shorewood, addressed the Council and said that, in August 2013, he asked each city to meet and join the Southshore Partners. He said they have been meeting since September, and the Vantage team formed a subcommittee in November to do research and come up with ideas to present to each of the City Councils. Mayor Zerby said the Vantage Program team learned that there are six community centers in the metro area that are profitable or at break even. He said some centers are fancier, with fitness facilities, but one stands out very similar to the Southshore Center and that is The Depot in Hopkins. Mayor Zerby said it is much smaller, however, and in a more urban industrial area, but it is youth driven. Mayor Kind said that The Depot receives grant dollars, so she's not sure if they do actually break even. She said they have mic nights and live music, with more of a teen concept.

3. THE COVE CONCEPT - *Continued*

Mayor Kind said the desire is to have someone onsite during all programming, and allow Southshore Partners to continue to rent space at the facility. She said the goal is to set a course that will make the center financially viable for the future.

Mayor Kind pointed to pages four and five of the proposal, which has a table of upgrade expenses and a 'now' column which she and Councilmember Ansari feel would make the "wow" factor to improve the center now.

Mayor Kind said the Committee is proposing that only 30 percent of program revenue go to Minnetonka Community Education (as compared to 40 percent in the past). She said that rental revenue would provide 70 percent to The Cove.

Mayor Kind also said that the Committee wants to ensure that Southshore Partners keeps their name and does not change it to The Cove Partners. The Committee wants to keep the branding separate.

Mayor Kind said that the City of Deephaven withdrew from the center. She said they will continue to be part owner, but they do not have to pay for capital items. Mayor Kind stated that, if the building is ever sold in the future, the City of Deephaven would receive less proceeds from the sale. She said if the four remaining participating Councils want to continue, they need to figure out the breakdown to cover Deephaven's portion of the expenses. Mayor Kind said the last table in the proposal takes Deephaven's share and portions it out to each of the remaining cities, with Excelsior's portion being \$8,452.00.

Fulkerson and Caron questioned what happens to Deephaven's proceeds, if the building were to sell. Mayor Kind said the remaining participating cities would be reimbursed their expenses and Deephaven would receive the remainder of their portion of the proceeds.

Fulkerson asked if it is legal for Deephaven to withdraw from participation. Mayor Kind said yes, with written notification to the remaining participating cities.

Mayor Gaylord asked if there is any interest from Shorewood to purchase Deephaven's share. Mayor Zerby said they haven't discussed it. Mayor Kind said it is very clear in the cooperative agreement that Deephaven would maintain ownership until the building is sold. She also said there is the 'Shorewood Option,' which reads, "The City of Shorewood may retain the Center by repayment to each of the remaining cities an amount equal to their original capital contribution. Shorewood may pay the remaining cities in cash or, at its option, Shorewood may make installment payments to the cities over a period of not to exceed ten (10) years payable in equal annual installments of principal and interest at the rate of eight percent (8%) per annum from and after the date of termination."

Mayor Kind said any city may terminate participation in writing with 30 days' notice. She said the remaining cities shall not have the right to object from it.

Fulkerson said that the remaining cities need to decide how to proceed. Fulkerson asked Mayor Kind if there was any feedback from the Minnetonka Community

3. THE COVE CONCEPT - *Continued*

Education Board. Mayor Kind said there has been no feedback from the board. Mayor Kind said Tim Litfin was okay with the presentation of the proposal to the City Councils to get their feedback on it. Mayor Kind said that she and Councilmember Ansari decided to get general feedback from the City Councils before going to the Minnetonka Community Education Board.

Luger asked the outcome of Shorewood's work session on the proposal. Mayor Kind said that Shorewood is waiting for Excelsior's decision. Mayor Kind said that Greenwood's City Council reaction was lukewarm, but gave direction to proceed with presenting the proposal to the other cities, Minnetonka Community Education, and the Vantage Group. Councilmember Ansari said that Tonka Bay's City Council was more enthusiastic than usual. Mayor Zerby said he was at Tonka Bay's Council meeting and agrees. Mayor Zerby said the idea is that we are stronger together than we are individually. He said the Southshore Center is in a very strategic place and believes it benefits the community as a whole, not just Shorewood. He said he applauds Mayor Kind, Councilmember Ansari, and the Vantage Group for their hard work.

Mayor Gaylord asked about the pictures of potential layouts to Badger Park on the last couple of pages of the proposal. He asked if they are related to The Cove. Mayor Kind said they are not related. She said that Shorewood is looking at making improvements to Badger Park. Mayor Kind said that parking is an issue and they wanted the Councils to know this. Mayor Zerby said the center needs to fit into the park better and that one of the big advantages is that the center is near the park. He said that "Concept 2" in the proposal gives more traffic flow and parking. Mayor Zerby said this is the more expensive option and involves turning the field, but this is the option they like right now. He said this would tie the center into the park more than it is now. Mayor Kind said one advantage of expanding and beautifying the park would be programming for the playground and lunches in the park.

Mayor Kind said the last page of the proposal is capital improvement for the City of Shorewood. She said this is to show that there are costs separate from what they're proposing. Councilmember Ansari said Tonka Bay has never been interested in programming, but there was no foresight or formality on how to share the funding for capital expenses. Mayor Kind said Deephaven would not have these expenses, since they have given their formal withdrawal.

Fulkerson asked if Deephaven would change their mind if the other cities agree to the proposal. Mayor Kind said she did not get that impression.

Caron asked about weddings and special events and how likely it is that The Cove would be a wedding location. Mayor Kind said the number listed in the proposal is for events that have occurred at the Southshore Center in the past. Caron said that Excelsior uses the center for large meetings or when we expect a large number of attendees at a meeting and said that Excelsior would want to have an arrangement

to continue to do that with no cost. Luger stated that Excelsior pays a rental fee for these meetings. Mayor Kind said Greenwood also paid to use the center but said it's a discounted rate. Mayor Kind said she would expect that Shorewood would continue

3. THE COVE CONCEPT - *Continued*

to do something similar. Caron said that it only occurs about once a year, but it's challenging to find any other option in Excelsior. Caron requested that Excelsior be allowed to continue using the center for large meetings. Luger said the city would rent it similar to anyone else renting the center. Caron said it should be considered, if Excelsior is going to be in agreement. Mayor Zerby said that usage wasn't covered at all in the original agreement. He said they have been running at a deficit for the past three years, but they would welcome Excelsior if we can come to an arrangement.

Caron said she is still generally supportive of the center. Caron thinks a three year program is the minimum to learn whether it's going to work or not. Caron thinks this is a good proposal.

Fulkerson said she is also in support of the proposal and said they did a good job. She said that the communities need this facility.

Mayor Gaylord asked about the proposed part-time site manager and whether there has been any discussion about Excelsior's idea of a special event coordinator. He asked how this fits in with hours and costs. Mayor Kind said Greenwood and Tonka Bay would not be interested in a special event coordinator but, if Excelsior and Shorewood are interested in sharing this position, it could work. Councilmember Ansari said it would elevate the importance of the center. Mayor Gaylord said it makes sense to him to combine this position.

Mayor Gaylord agreed that this is a good proposal and that, if we can orient programming more towards youth, the branding and The Cove name is excellent.

Luger asked if the committee needs formal action from the Council. Mayor Kind said no, they just need a general sense of approval. Councilmember Ansari said it is their obligation to take the next step and there will be an opportunity for an official vote on the proposal.

Mayor Zerby said he will report back to the City of Shorewood. He said it is encouraging that Excelsior is in support of the center.

Caron encouraged Mayor Kind and Councilmember Ansari to stick with the new name and brand. She said they should present it as a done deal.

The Council thanked everyone for attending and also thanked Mayor Kind and Councilmember Ansari for presenting this proposal.

4. ADJOURNMENT

Caron moved, Fulkerson seconded, to adjourn at 6:56 p.m. Motion carried 3/0.

Respectfully submitted,

Shirley Johnson

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City Clerk