

**CITY OF SHOREWOOD
CITY COUNCIL WORK SESSION
TUESDAY, MAY 27, 2025**

**5755 COUNTRY CLUB ROAD
COUNCIL CHAMBERS
5:30 P.M.**

AGENDA

1. CONVENE CITY COUNCIL WORK SESSION

A. Roll Call

Mayor Labadie _____

Maddy _____

Sanschagrin _____

Gorham _____

DiGruttolo _____

B. Review Agenda

ATTACHMENTS

2. AUDIO/VIDEO EQUIPMENT UPGRADE

City Administrator Memo

3. SCEC TASK FORCE

Park/Rec Manager Memo

4. CANNABIS UPDATE

City Administrator Memo

5. ADJOURN



City Council Work Session Item

Title/Subject: Audio/Video Equipment Upgrade
Meeting Date: May 27, 2025
Prepared by: Marc Nevinski, City Administrator
Attachments: None

Background

The audio/video equipment the City owns is becoming outdated, less reliable and difficult to find replacement components. All systems are currently functioning properly, but the DSP (audio recording) is unsupported and many of the mics predate the 2009 remodel. At a minimum, these components should be addressed. Cameras were replaced in 2015 and currently have no issues.

AV equipment replacement should be included in the 2026 budget. To help budget for the appropriate equipment, Council is asked to provide its thoughts and general direction about how it might like to see the Council Chambers used and meetings function so the appropriate AV equipment can be planned for and budgeted. The following scenarios represent a range of options.

Scenario 1 – Status Quo

Summary: Update current system (including equipment, monitors, cameras, and microphones) without significant changes to how presentations are made or meetings are run.

Use: Chambers can be used for presentations (e.g. training, open houses) and council/commission meetings.

Pros: Limited disruption to Chambers

Cons: Status quo

Cost: Low (\$75,000 - \$100,000)

Scenario 2 – New format

Summary: Add a movable podium for presentations with more robust functionality; eliminate the staff dais (staff to sit in audience and use podium); eliminate meeting powerpoint. Add house computer and controls.

Use: Chambers can be used for presentations (e.g. training, open houses) and council/commission meetings.

Pros: More functionality and flexibility

Cons: Some remodeling, plus purchase of podium and more equipment. More disruption and likely displacement of meetings for some period of time.

Cost: Moderate (\$150,000 - \$200,000) depending on project scope.

Scenario 3 – Full Functionality and Full Remodel

Summary:	Remodel chambers and add equipment with high functionality.
Use:	Chambers can be used for presentations (e.g. training, open houses) and council/commission meetings, plus be a high functionality conference room for larger meetings (e.g. joint meetings) with virtual capability.
Pros:	Increased functionality and flexibility.
Cons:	Significant remodel, large disruption and displacement; more challenging to use equipment, requires more technical servicing.
Cost:	Significant (\$250,000+) depending on project scope.

In any scenario the City would work closely with LMCC to select a system. It is likely an outside vendor would need to be engaged as well. Depending on the complexity of the project, an independent consultant may be needed to design the system, develop specifications and bid documents, and oversee the work (Scenario 3). Similarly, architectural or design services may be needed if significant remodeling is involved.

Financial or Budget Considerations:

The replacement of equipment is a significant cost, which can range from tens to hundreds of thousands of dollars, depending on a system's capabilities.

Discussion Requested:

Council feedback is requested to guide the project scope and budgeting. The following are some questions for consideration.

- What technical capabilities does the Council want the Chambers to have?
- Are modifications to the Chamber and meeting format needed or desired?
- Is a full remodel desired or a minor refresh?



City Council Work Session Item

Title/Subject: SCEC Task Force
Meeting Date: May 27, 2025
Prepared by: Mitchell Czech, Parks & Recreation Manager
Attachments: Park Commission SCEC Task Force Memo, SCEC Task Force Strategy

Item
WS 3

Background

During the City Council Work Session on April 28, 2025, the Council discussed the potential formation of a Shorewood Community & Event Center (SCEC) Task Force. The Council discussed goals and outcomes they would like to see from the task force, and recommendations on how to make the SCEC self-sustaining was seen as a high priority.

An outline of a strategy for organizing a task force was discussed at the May 20, 2025 Park Commission Meeting. The Commission was overall receptive of the strategy outline, but concerns were expressed about the recruitment of task force members.

When analyzing the current structure of the SCEC, the idea of a self-sustaining facility is seen as a highly unlikely outcome. Between 2021 – 2024, the SCEC had a budget shortfall that averaged \$98,738.50 per year. In 2025, the SCEC is budgeted to have a shortfall of \$122,000. During this same period, the average revenue (without transfers from the General Fund) brought in per year was \$56,947.15. The 2025 budget has \$81,150 budgeted for revenues.

To determine what a break-even point may look like, some assumptions were made regarding expenses. The SCEC has numerous fixed costs that are the same regardless of the number of rentals, such as full-time staffing, licensing, and building maintenance. Staff attempted to break out variable costs that are specifically associated with rentals including part-time staffing, program expenses (rental setup and tear down), and contracted services (expenses occurred due to building use such as cleaning).

The table below shows the breakdown of SCEC rentals in both 2024 and 2025 to date. The revenue per rental does not factor in the fixed facility costs (\$116,792.35 in 2024, \$46,215.07 in 2025 to-date) that would still need to be covered to achieve a true break-even.

Year	Paid Rentals	Rental Revenue	Avg. Revenue Per Rental	Variable Expense	Avg. Variable Expense Per Rental	Revenue per Rental
2024	371	\$66,075.01	\$178.10	\$61,608.70	\$166.06	\$12.04
2025 (to date)	207	\$25,919.75	\$125.22	\$20,540.60	\$99.23	\$25.99

The SCEC typically sees an increase in average revenue later in the year due to summer camps held at the center, along with traditionally larger events (such as weddings) held in the fall. Staff has made an effort to reduce expenses by reducing facility cleaning from 2x per week in 2024 to 1x per week in 2025, along with handling some room setup internally. General “wear and tear” contracted services have not been needed in 2025 to date which has also reduced expense.

Financial or Budget Considerations:

The current data shows that reaching a break-even point under our current structure would mean significantly increased rentals, along with significantly increased rental rates. Assuming a 50% rate increase in 2024, assuming the same number of rentals, the SCEC would have still fallen \$79,288.54 short of break-even. Under our current pricing structure, the SCEC has not seen an overwhelming demand. Staff are typically able to accommodate interested renters on one of their interested dates and rarely turn potential renters away due to availability. It is also the belief that increased rates would deter some renters, as one noted on their post rental survey “the fees are much higher than what we are charged at the Minnetonka Community Center and we simply couldn't afford it.”

Using the same rentals numbers in 2024 and 2025 along with the actual expense in the SCEC budget, the table below shows the margin if rates were increased 50%, 100%, 150%, and 175% of the current rates. The SCEC would not reach a break-even point until a 175% rate increase, assuming all of the renters would have still utilized the facility under the significantly higher rates.

	2024 Actual	50% Increase	100% Increase	150% increase	175% Increase
# of Rentals	371	371	371	371	371
Rental Revenue	\$ 66,075.01	\$ 99,112.52	\$ 132,150.02	\$ 165,187.53	\$ 181,706.28
Total Expense	\$ 178,401.05	\$ 178,401.05	\$ 178,401.05	\$ 178,401.05	\$ 178,401.05
Net	\$ (112,326.04)	\$ (79,288.54)	\$ (46,251.03)	\$ (13,213.53)	\$ 3,305.23

	2025 Actual (to date)	50% Increase	100% Increase	150% increase	175% Increase
# of Rentals	207	207	207	207	207
Rental Revenue	\$ 25,919.75	\$ 38,879.63	\$ 51,839.50	\$ 64,799.38	\$ 71,279.31
Total Expense	\$ 66,755.67	\$ 66,755.67	\$ 66,755.67	\$ 66,755.67	\$ 66,755.67
Net	\$ (40,835.92)	\$ (27,876.05)	\$ (14,916.17)	\$ (1,956.30)	\$ 4,523.64

It is important to consider that the SCEC provides valuable services to residents at free or reduced costs. In 2024, the SCEC had 48 rentals of 275.5 hours with no revenue received for City events, elections, and staff meetings. The South Shore Senior Partners also operate out of the SCEC and pay a reduced rental rate in return for offering senior programming to the community and providing volunteers for the welcome desk.

Another factor to consider when trying to reach a break-even point is facility usage. Total rental slots can vary depending on the duration and complexity of each rental, as room cleanup and changeover is required. For this exercise, staff made some assumptions to determine a maximum facility capacity. Senior programming takes place during daytime hours in the facility Monday – Friday, so it is assumed that one rental slot per room is available each weekday in the evening. It is also assumed that two rental slots are available per room on the weekends. These assumptions were utilized to create the table below. Kitchen rentals were not included in the rental totals, as the kitchen is typically used by renters of the Banquet Room. Based off these assumptions, the SCEC was operating at 35% of the maximum capacity in 2024 and 37% to date in 2025.

Year	Total Rentals	Available Rental Slots	Avg. Revenue per Rental	Avg. Net Revenue per Rental	Total Additional Revenue	Total Additional Net Revenue
2024	353	1,012	\$ 178.10	\$ 12.04	\$ 180,237.20	\$ 12,184.48
2025	185	502	\$ 125.22	\$ 25.99	\$ 62,860.44	\$ 13,046.98

Although space is dedicated to senior programming during the daytime hours of weekdays, if there is a potential renter, staff is generally able to accommodate their request. Below shows a scenario of maximum capacity weekdays were also able to support two rentals per room per day.

Year	Total Rentals	Available Rental Slots	Avg. Revenue per Rental	Avg. Net Revenue per Rental	Total Additional Revenue	Total Additional Net Revenue
2024	353	1,759	\$ 178.10	\$ 12.04	\$ 313,277.90	\$ 21,178.36
2025	185	877	\$ 125.22	\$ 25.99	\$ 109,817.94	\$ 22,793.23

Discussion Requested:

Council set the goal earlier this year of creating a task force to study increasing use and revenue at the SCEC. Staff began developing a structure for the task force and considering revenues and expenses. The basic analysis discussed in this memo suggests it is unlikely the City can create a self-sustaining SCEC. In light of this, staff would like feedback and direction from Council about creating a task force to look at increasing use and revenue, as it is important to be respectful of the time and effort volunteers give to the City.

- Should the City take a step back and establish a vision for the SCEC, building and property?
- Should the City continue to pursue a task force to study ways to increase SCEC use and revenue?
 - If so, how might the Council define a sustainable SCEC? Are there costs, such as FT staff, that should be excluded from that definition? Is there a percentage of cost recovery to target?
 - Is there a vision for what the SCEC should be or become that can help guide a task force? Should the SCEC continue to be used the way it is (with increased revenue), or is there a desire for it to be something different?



Park Commission Meeting Item

Title/Subject: Shorewood Community & Event Center Task Force
Meeting Date: May 20, 2025
Prepared by: Mitchell Czech, Parks & Recreation Manager
Attachments: **April 28, 2025 City Council Work Session Memo, SCEC Task Force Strategy**

Item 4B

Background

During the April 28, 2025 City Council Work Session, the Council discussed recommendations for the formation of a Shorewood Community & Event Center (SCEC) Task Force. Discussion regarding the SCEC is scheduled in the Park Commission Work Plan for May, and conversations will continue throughout the year.

The City Council was largely supportive of forming a task force to evaluate and provide recommendations on the future of the SCEC. The Council was strongly in favor of the proposed timeframe for the task force, as it would allow for budgeting recommendations for the 2027 budget. The Council also discussed goals and outcomes they would like to see from the task force.

Staff has taken input received from the April 28 work session and has begun formalizing a strategy to help provide structure to what the task force may look like so the City can begin the recruitment process.

Action Requested

Commissioner input on the proposed Shorewood Community & Event Center Strategy and recruitment process.

Shorewood Community & Event Center Task Force Strategy

1. Background

The City of Shorewood owns and operates the Shorewood Community & Event Center (SCEC), located next to the Badger Park turf field. The SCEC is home to the South Shore Senior Partners (SSSP), a local non-profit organization that provides programming to seniors Monday – Thursday from 8:30am – 3:30pm and Friday from 8:30am – 12:00pm. Outside of the SSSP programming, the SCEC is open for rentals for a variety of events including weddings, birthday parties, memorial services, classes, business meetings, etc. It is an aging facility with many capital investments needed in the near future, and operating costs have risen drastically without the necessary revenue to offset costs.

2. Purpose of Task Force

The City Council has expressed a desire to evaluate current state of the Shorewood Community & Event Center and investigate the future potential of the space through a community task force. The ideal task force will be comprised of residents and community members that offer a diverse perspective of programming, marketing, facilities, and community engagement. City staff will lead the task force and provide direction to ensure the needs of the Council are met.

3. Task Force Member Duties

Members of the task force duties include but are not limited to the following:

- Attend monthly meetings.
- Attend and assist in facilitating community engagement opportunities, stakeholder listening sessions, and open houses.
- Review all necessary materials provided by City staff.
- Seek input from residents and community groups and share with task force members.
- Provide feedback on ideas and potential options.
- Assist in creating quality recommendations to the City Council.

Once a final set of recommendations are created, the task force will disband and the members will no longer have official duties relating to the future of the Shorewood Community & Event Center.

4. Task Force Goals

The primary goal of the task force is to develop a set of recommendations the City Council can utilize to make an informed decision on the SCEC moving forward. Recommendations

will be developed through community input and engagement, task force member expertise, evaluating current operations, and potential needs of the community. A financial plan should be included with each set of recommendations.

5. Task Force Timeline

The task force would likely consist of monthly meetings that include various phases to develop informed recommendations. A tentative timeline is as follows:

1. **Prepare a Task Force Charter** – May 2025
2. **Task Force Formation:** May – June 2025
3. **Kickoff Meeting:** July 2025
4. **Facility Review and Initial Discussions:** August - September 2025
5. **Community Engagement & Open House:** October 2025
6. **Development of Recommendations and Options:** November – February 2025
7. **Report of Recommendations:** March 2026

Task Force Member Recruitment Strategy

1. Recruitment Goals

Recruit a community driven task force of 8-10 members with a diverse skillset to represent a broad range of stakeholders in the SCEC. The ideal task force will have a variety of perspectives which will lead to informed recommendations. Applicants who have relevant facility, marketing, programming, community engagement, and strategic planning experience will be prioritized.

2. Target Task Force Members

- A. City Staff Liaison
- B. Commissions
 - o 1 Park Commissioner (with alternate to substitute as needed)
- C. Local Experts
 - o 5-8 local experts containing skillsets in the following areas
 - Community engagement
 - Facilities
 - Marketing
 - Programming
 - Strategic planning
- D. Consultant (if necessary)

3. Stakeholder Groups

It is important for the task force to seek input from current stakeholders of the facility. Conducting listening sessions with different stakeholder groups or inviting the stakeholder groups to open houses and community engagement sessions should be considered. Potential stakeholder groups are included below:

- A. South Shore Senior Partners
 - a. Board members
 - b. Program participants
- B. Badger Park Field Users: Minnetonka Lacrosse & Tonka Football Association
- C. Current Renters and Rental Groups
- D. Community Based Organizations
 - a. Minnetonka Community Education
 - b. Excelsior Rotary
 - c. Excelsior-Lake Minnetonka Chamber of Commerce

4. Recruitment Process

To recruit a diverse skillset for the SCEC Task Force, a variety of recruitment tactics will be utilized.

- A. Application form for all to apply hosted at shorewoodmn.gov.
- B. Direct invitations to apply to known local experts.
- C. Flyers and/or advertisements in the Shore Report, Parks & Recreation Newsletters, e-mail distribution lists, social media, and printed at the SCEC.
- D. City Council & Commissioner referrals.

Any interested applicants will apply online. The City Council will approve the task force charter and bylaws, and the Council will appoint candidates to serve on the task force.



City Council Work Session Item

Title/Subject: Cannabis Update
Meeting Date: May 27, 2025
Prepared by: Marc Nevinski, City Administrator
Attachments: Map of Cannabis Business Allowed Parcels

Background

Minnesota is progressing in implementing is legalized recreational cannabis sales. The State will issue licenses to cannabis business, but local agencies will register cannabis retailers to ensure that business locations comply with local zoning requirements. Last year, the Council approved a zoning ordinance defining distances cannabis retailers could locate from certain uses, including schools, daycares and parks. However, it deferred its registration authority to Hennepin County, reasoning that because only one such business could locate in Shorewood, the amount of staff time needed to proficiently administer registration, including a denial of registration or compliance checks, could be more efficiently handled by the County.

The County recently approved this month an ordinance the regarding the regulation of cannabis and lower potency hemp edibles. During the draft stage of the ordinance, staff noted to the County that its proposed zoning standards and the City's did not align, and the City questioned the County's zoning authority. No response from the County was received. The matrix below shows the differences between the City's and County's more relaxed standards.

Standard	Shorewood	County
Distance from school	700 ft	350 ft
Distance from day care, treatment facility, park	500 ft	350 ft
Other Cannabis Retailors	500 ft (Allowed areas in Shorewood are near city borders)	NA
Other Requirements	Conditional Use Permit	NA
Time of Operation	10am to 9pm	10am to 10pm
Number (City/County Aligned)	1 per 12,500	1 per 12,500

Areas allowed under the City's ordinance for cannabis businesses are:

- The restaurant, Starbucks, and storage building at Vine Hill Rd and Hwy 7
- Cub Foods and strip mall at Highways 7 and 41

If the County's more relaxed standards are applied instead of the City's, two additional properties - the strip mall at Hwy 7 and Old Market Road and Valvoline - would be allowed to have a cannabis business. Additionally, no conditional use permit would be required, and operations could go to 10PM.

Currently the County registration authority includes Greenwood, Loretto, Medicine Lake, Spring Park and Shorewood.

Financial or Budget Considerations:

None

Discussion Requested:

In light of the County's ordinance and more relaxed standards, the City should consider making modifications to its regulations. Options:

1. City assumes registration authority – This would require a resolution by the City Council and 90 days notice to the County. It would also require the City to adopt additional administrative regulations (likely using a model ordinance) and staff to become proficient in administering them.
2. Continue to use Hennepin as the registration authority – This would mean repealing the City's zoning standards and adopt Hennepin County's.

Staff is seeking direction from the Council on this matter.

