

MINUTES

1. CONVENE CITY COUNCIL WORK SESSION MEETING

Mayor Labadie called the meeting to order at 5:32 P.M.

A. Roll Call

Present. Mayor Labadie; Councilmembers Labadie, Maddy, Sanschagrín, and Gorham; City Attorney Shepherd; City Administrator Nevinski; Parks and Recreation Manager Czech; City Clerk/HR Director Thone; Planning Director Griffiths; Director of Public Works Morreim; and, City Engineer Budde

Absent: Councilmember DiGruttolo

B. Review Agenda

Sanschagrín moved, Maddy seconded, approving the agenda as presented. Motion passed 4/0.

2. AUDIO/VIDEO EQUIPMENT UPDATE

City Administrator Nevinski explained that the City was at the point where it needed to replace its audio and video equipment. He explained that staff would like to include this in the 2026 budget planning process and would like some guidance from the Council on what they would like and briefly reviewed some of the rough options for consideration.

Councilmember Sanschagrín asked about the large costs behind the first scenario presented in the staff report. City Administrator Nevinski explained that all of the City's equipment was at least nine years old, and some of it was no longer supported.

Councilmember Sanschagrín asked if they were considering moving to wireless microphones. City Administrator Nevinski stated that he was not sure, but stated that wireless microphones can be a bit of a hit or miss because sometimes they go out, and a hardwired option would most likely be more reliable.

Councilmember Sanschagrín suggested that they consider a minimal build-out first and then a larger-scale upgrade in a few years. City Administrator Nevinski explained that the City, at some point, would need to bring in an architect or designer for their system for a larger upgrade, but if they chose to do something more straightforward, working with a vendor would be sufficient.

Councilmember Gorham asked what the City would be getting for the money and noted in the second scenario, they get more functionality, and with the third, they would get increased functionality, and outlined some questions about what tangible things the City would get if they spent this money. City Administrator Nevinski stated that his question for the Council was what they envisioned or wanted, and if the status quo was acceptable.

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Councilmember Gorham stated that he would like more information from staff about, for example, what one hundred and fifty thousand dollars will get the City. Councilmember Maddy asked if anyone on the Council was dissatisfied with the status quo and explained that things seemed to be working well enough and did not cost a quarter of a million dollars to keep it running.

Mayor Labadie stated that she also had the mindset of keeping the status quo, but would like to see an assessment done related to the safety of City staff and the building, in light of the recent threat received by the Mayor of Excelsior.

City Administrator Nevinski stated that the feedback he heard from the Council was to make sure that the equipment was sound and reliable and to try to keep costs in check with a status quo upgrade of the system. He noted that with the first scenario, he felt the City would rely heavily on Jim Lundberg from LMCC and probably bring in a vendor and not attempt to buy things off the shelf by themselves.

Councilmember Maddy stated that he did think it would be worth one hundred fifty thousand dollars to cater to someone who did not want to come to City Hall and reiterated his support for the status quo. There was a Consensus of the Council that they would support the status quo concerning the audio/video equipment.

3. SCEC TASK FORCE

Park and Recreation Manager Czech explained that staff had worked to create some data points to paint an overall picture of the current SCEC situation. He noted that the Park Commission had discussed the idea of forming an SCEC task force and was receptive, overall, but did express concerns about the recruitment of members. He noted that when analyzing the current structure of the SCEC, the idea of a self-sustaining facility seemed like a highly unlikely outcome, so before proceeding, staff wanted to share some of the information they discovered in their analysis to ensure that they were still in alignment with the Council. He cautioned that there were a lot of variables in the numbers because there were a lot of things that could tilt the numbers. He reviewed details of the assumptions made in order to gather the data to take a look at what a break-even point or self-sustaining facility would look like and explained that they found that the City would need to increase their rates by one hundred seventy-five percent in order to reach a break-even point. He explained that they had looked at a scenario where the SCEC was operating a maximum capacity for rentals and found that in both of the options they looked at, there was still a drastic shortfall in revenue, even if they were operating at full capacity. He asked the Council, with the knowledge running some of the data had given them, to take a step back and evaluate what the SCEC should be before forming a task force. He reviewed some of the questions for the Council to consider in their feedback.

Mayor Labadie gave the example of the time when the City formed a resident task force to give suggestions to the Council regarding traffic at the country club development. She stated that the City did not give them direction, so the suggestions that they brought back were varied and included many things that were not feasible from a budget standpoint. She explained that laying out this and giving the task force a vision would be a good first step.

Councilmember Sanschagrin stated that the task force would be a worthwhile endeavor for looking at what the interests are from the community in utilizing the SCEC and what type of programming. He noted that he felt part of the direction from the Council was related to financial matters, but was not completely focused on the financial aspects of the SCEC. He would like to

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see research on what other cities are charging because he does not want the City to price things higher than the overall market rates, but may be able to find a way to increase the use of the facility by finding things that the community wants.

Councilmember Maddy stated that he felt the seventy percent revenue recovery seemed reasonable and commended Park and Recreation Manager Czech for the overall increase in rental usage for the past year. He stated that he was also around when the traffic task force was operating and noted that it seemed like they were placating the resident and were not genuine, which was something he did not want to repeat.

Mayor Labadie noted that in the formation of the traffic task force, they reached out to people who were already involved, and another way to do this was to also include people who were voicing a lot of dissatisfaction with the community. She stated that she would like them to get on this task force and give them opportunities to share their opinions in this group. She noted that the City needed to get input from a lot of different voices for the SCEC. She stated that while she believed the task force was a great idea, she was leery of the timeline presented in the staff memo. City Administrator Nevinski explained that staff were aware that the Council wanted to have this information included in the 2027 budget discussions, which is what was driving the proposed timeline.

Councilmember Sanschagrín stated that the senior community highly values the SCEC and suggested that the City find other groups like that to broaden the appeal for utilization of the facility. He gave the example of his family members who live in New Hampshire and how much of their community involvement and socialization takes place at their local community center. Mayor Labadie suggested that they also find a way to involve community teenagers in this task force.

Councilmember Gorham explained that he had a hard time visualizing this, and what the staff report said to him was that this was going to be difficult. He stated that he wanted to set this group up for success and noted that there should be some leadership to provide input on some of the things that Mayor Labadie had stated about what the market was telling them about ways to bring younger people into the SCEC. He explained that he was not sure that they would end up getting the correct subset of Shorewood residents to get that kind of expertise and skillset.

Mayor Labadie asked if the intent was for a staff person to sit in on the meetings, or be assigned to the task force, and noted that this could have budget implications. She asked whether the vision was for a Councilmember to serve on the task force.

City Administrator Nevinski stated that those were great questions, but did not think they had totally flushed those kinds of details out yet. He stated that having both a Councilmember and a member of staff at the meetings was probably important and the right thing to do to ensure access to resources and guidance for the task force. He noted that as staff started to crunch some of the numbers to see what could be done, they found that they would not be able to reach the goal that Council set forth to make it self-sustaining, even if they were able to max everything out and raise the rates. He explained that made staff pause because they also did not want to set up the task force to fail. He stated that what he believed the Council was saying was that, from a vision standpoint, working with what they have is what the Council would like to do with the SCEC, even though there may be other potential uses and scenarios for the use of the space because those other uses would require different conversations. He stated that if the Council believed that it was okay for the City to reach the seventy percent revenue recovery, that was helpful for staff to know.

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Councilmember Sanschagrín stated that the City should articulate that and be able to say what was being done and why, including that the SCEC created value for the community.

Councilmember Maddy stated that if the City could set a goal of covering seventy percent of their resources with programming, that would be good because there are a lot of sunk costs in operating the SCEC. He stated that, anyway the City can raise revenues for the SCEC and give the task force that direction and ask them to figure out how the City can get there.

Mayor Labadie stated that she was worried about the membership of the task force being five or six local experts that had skillsets in particular areas because they did not want to turn people away who were interested, but they also cannot have all of the members focused on marketing and no one who focused on community engagement. She suggested that the City be flexible on the five to eight local experts, in case they end up with more people interested, and asked how the envisioned screening of interested parties would work.

City Administrator Nevinski explained that staff had not thought through the entire process related to the task force and was just trying to first figure out what path the Council wanted them to travel and what questions they wanted the task force wanted to address. He noted that this point was raised earlier and was worth repeating that if they did not end up getting the skill set they needed, the City may need to spend some money and bring in some experts to do some type of market analysis.

Councilmember Gorham stated that they all valued the SCEC and asked if there may also be a parallel path that could be taken alongside the task force. He noted that even if nobody ended up volunteering to serve on the task force, the City would still need information and explained that he did not want the SCEC to be unsupported by expertise. He suggested that they may want to go ahead and have the expertise in place, working alongside the things the task force was doing.

City Administrator Nevinski stated that it may make sense in order to have that expertise be able to touch base with the SCEC task force on some of their ideas and help sort out the more viable options.

Councilmember Gorham stated that there may also be a way to make this work that the market expert may have that the City has not thought of yet, outside of programming, where they would still be able to provide a home base for the seniors.

Park and Recreation Manager Czech stated that in other positions he has seen this type of task force be led by the market expert with a staff liaison as the intermediary and was connected to the task force throughout the entire process. He stated that this market expert would know the end goal, so they could lead the work with their market analysis and historical experience.

Councilmember Gorham suggested that what he was thinking when he shared his parallel paths comment was that the City would have the market expert run their numbers and share that information, but not take on the responsibilities of running the task force.

Mayor Labadie stated that if the City was going to hire any kind of expertise, it would become a budgeting item. She explained that if the City was firm in its budgeting and communicated that to the expert, they could determine whether they could bring in one or more people who could run the task force meetings as well as provide the expert analysis.

City Administrator Nevinski explained that staff may draft a mini-RFP and bring more information to the Council, and agreed that they would have to figure out the budget piece because this was not budgeted for 2025.

Councilmember Sanschagrín asked if the city had reached out to other community centers in the area to see what they were doing and what they had learned. Park and Recreation Manager Czech stated that he had touched base with several of them regarding the financial piece, but not about the same task force process. He noted that most of the ones he spoke with operated under the deficit with the seventy percent revenue recovery, but some had massive indoor playgrounds, for example, that by itself helped the cities by self-sustaining and being able to pay for their operations.

Mayor Labadie asked if they should draft a notice to the community that the city was looking for applicants to serve on this task force to see what kind of interest it may bring because they did not want to get an expert and then have no task force for them to work with. City Administrator Nevinski stated that there would be interest and referenced some of the stakeholders who would be interested in weighing in on this matter. He stated that it may be a good idea to have a one-page 'charter' that was very clear about what the City was looking for, the expectations, and the outcome that they were trying to achieve.

Mayor Labadie cautioned that she did not want the entire task force to be current stakeholders because they may be happy with the status quo and have no idea about the revenue piece and explained that the city was trying to think outside of the box beyond what they have already been doing. Park and Recreation Manager Czech noted that this would be where an impartial third-party leader may be important because there are current stakeholders who are getting a sweet deal and will not want to change.

4. CANNABIS UPDATE

City Administrator Nevinski explained that the City's work to draft a zoning ordinance related to adult-use cannabis businesses and where the City felt they could be located. He noted that part of their discussion at the time was whether the City should be the regulating authority for cannabis sales like they were for alcohol and tobacco sales. He stated that cannabis sales were a bit different because it would be the State issuing the license, but do check with cities to verify some of the zoning requirements and the cities would also register the businesses, but Shorewood has chosen to defer their registration authority to the County, even though it would only potentially be one business because of their population. He stated that after the City did this, the County drafted an ordinance that had different standards than what the City had adopted and reviewed the differences, including that the County's setbacks/buffers were roughly about half of what the City had established. He stated that in light of the different standards, staff wanted input from the Council on whether they wanted to continue to delegate the registration authority to the County, which meant adjusting the adopted standards, or if the City would take back that registration authority themselves. He referenced the map included in the packet and noted that, under the County's standards, there would be two additional properties allowed to contain a cannabis business.

Councilmember Sanschagrín asked for an idea of what the City's costs would be to take on the registration themselves. City Administrator Nevinski stated that the city had already done some of the ramp-up work, and would envision perhaps a day of staff time.

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Planning Director Griffiths explained that the ordinance adoption would just follow the normal code amendment procedures for a zoning rule, but noted that there is a model ordinance available through the League of Minnesota Cities. He stated that for ongoing costs from Planning, they would be involved in the CUP for the initial zoning registration would be covered, but would then shift over to City Clerk/HR Director Thone and her team.

Mayor Labadie stated that the City's standards for cannabis businesses were the result of lengthy discussions. Councilmember Maddy noted that they had intentionally created them in order to keep them further from the high school.

Mayor Labadie reminded the Council that the City was required to allow one business in the City and had put together their standards to try to regulate where the businesses could be located in the City. She stated that she felt it made sense, to her, that the City could take on overseeing one application, which would also perpetuate the original intent of the Council with their standard creation. She explained that she would support rescinding this authority from the County and providing them with the necessary ninety-day notice.

Councilmember Gorham asked if this would also involve enforcement. City Administrator Nevinski stated that his understanding is that if the City comes across an issue, they would refer that to the State Office of Cannabis Management, which handles enforcement as the licensing authority. City Clerk/HR Director Thone explained that there would also be an annual enforcement that the SLMPD would handle, like what is done with tobacco and liquor.

Councilmember Maddy stated that it would be a direct cost to the city and asked which option would be cheaper or if there would just be a marginal difference. City Clerk/HR Director Thone explained that if the city handled it, there would be minimal staff hours/costs. Councilmember Maddy stated that it looked like it would be close to a wash and just a bit more expensive if the city took this on itself but would be able to maintain some local control. City Clerk/HR Director Thone stated that she agreed with Mayor Labadie's comment and did not feel that this would end up being too labor-intensive for staff.

There was a Consensus of the Council to retain local authority related to cannabis businesses.

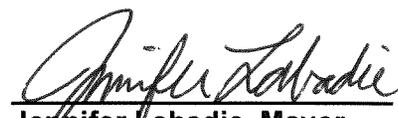
5. ADJOURN

Maddy moved, Sanschagrín seconded, Adjourning the City Council Work Session Meeting of May 27, 2025, at 6:45 P.M. Motion passed 4/0.

ATTEST:



Sandie Thone, City Clerk



Jennifer Labadie, Mayor