WAYZATA CITY COUNCIL
WORKSHOP MEETING MINUTES
May 21, 2024

5:00 p.m. Update of Environmental Health Delegation Agreement with the City of Minnetonka

Mayor Mouton called the meeting to order at 5:00 p.m. Council Members present in-person in the community room at City Hall offices: Iverson, MacDonald, Parkhill, and Plechash. Also present: City Manager Jeff Dahl, Deputy City Manager Aurora Yager, and Public Works Director/City Engineer Mike Kelly.

Mr. Dahl provided an overview of the City's current environmental health arrangement. The City has contracted with the City of Minnetonka for Health Inspection services for over ten years for food, pool and lodging inspections via a delegation agreement with the Minnesota Department of Health (MDH).

During the recent program evaluation process, MDH determined the City did not meet the required agreement terms by contracting with Minnetonka. A Community Health Board may enter a contract for services to carry out regular duties in the delegation agreement with approval from MDH. The City of Wayzata is not a Community Health Board, and therefore, is not authorized to enter a contract for services related to the delegation agreement.

Staff explored options for hiring qualified staff but determined that it would require hiring two part-time employees to allow for backup coverage for the health inspector and each inspector would be less than .25 FTE and likely would not be feasible due to staffing and financial reasons.

Other options include assigning responsibility for licensing, inspecting, and enforcement of food, beverage, and lodging to MDH (state) or Hennepin County. MDH has contacted Hennepin County and they have capacity to assume this responsibility for the City. The City requested an effective date of December 31, 2025 for termination of the delegation agreement with MDH. MDH responded stating an effective date of December 31, 2024 provides adequate time for the transition of the program to Hennepin County, or the other options, assuming all responsibilities for the delegated activities within the City of Wayzata on January 1, 2025. Staff is still working on understanding financial considerations for the various options.

Staff provided a letter to MDH to reconsider the timing of the termination date and allow the City and Minnetonka an exception to maintain their relationship until December 31, 2025. The final determination from MDH is pending.

Council discussed the situation and directed staff to explore options for contracts with both MDH and Hennepin County and to present them in context of the total impact to the budget based on lost revenue and new contract costs.

5:15 p.m. Discussion of Proposed Updates to Franchise Fee Ordinance for Gas and Electric Utilities

Ms. Yager provided an overview of Franchise fees and explained that Minnesota Statute 216B.36 allows cities to charge a utility fee to both electric and gas companies for operating in the right-of-way. Franchise fees are intended to reimburse the city for direct and indirect costs incurred from utility companies' activity within the right-of-way and compromising the city's infrastructure. Most cities in Hennepin County have both electric and gas franchise fees.

Some of the biggest benefits of franchise fees are that they can diversify revenue sources, are collected from more users than just property taxes, and they are relatively easy to administer and control. Some criticisms of franchise fees are that they raise customer utility bills and can be perceived as another tax.

Increasing franchise fees was identified in the Strategic Plan as a strategic initiative to help diversify revenues and so that is why the following proposal is being brought forward. The City currently has franchise agreements with CenterPoint Energy (gas) and Xcel Energy (electric).
But only has a franchise fee imposed for electric service, not for gas.

Ms. Yager explained that the City's existing franchise fee for electric service is a flat amount that is charged to each customer generates about $88,000 a year. Wayzata's fees are below other surrounding cities which is because fees have not increased since implementation and Wayzata is nearing the end of the existing franchise agreement term. Given that, staff recommend increasing the electric franchise fee to get close to average which would generate about $132,000 a year, an increase of about 50%.

While Wayzata has a franchise with CenterPoint for gas service, it has not imposed a franchise fee. If the City imposed a franchise fee that gets close to the average of other surrounding cities, it could generate over $100,000.

Ms. Yager noted that there has been very little community engagement has been done on this topic but noted that at the recent State of the City Event, when attendees were polled about which diverse revenue sources they were most supportive of., zero voted for Franchise Fees.

The Council discussed the proposal and there were some differing viewpoints.

The consensus from the Council was to go back to the utility companies and explore a percentage based fee instead of a flat fee, to make the increase smaller, and to get example bills so the Council could see how big the impact might be. Additionally, the Council felt that a policy around what franchise fees would be spent on (street lighting, engineering review, etc.) should be created.

6:00 p.m. Review of Draft Special Event Ordinance

Mr. Dahl introduced the topic and indicated development of a Special Event Ordinance is a strategic plan initiative which would ensure any needed parameters on size and number of events align with community wants and staff capacity.

He indicated that last fall, after the Council approved its 2024-2026 Strategic Plan with the prioritization of "Adoption of a Special Event Ordinance," staff began working in earnest on drafting an ordinance with the following objectives in mind:

- Not creating an overly bureaucratic process that would dissuade future community-building events;
- Providing a more streamlined and transparent approval process for sizes of events to eliminate surprises from both the City and applicants;
- Putting parameters on the total number and size of events permitted to ensure event activity is aligned with staff capacity as well as the desired character and traffic of the community;
- Diversifying revenue sources by ensuring application fees cover administrative costs and any ticketed events on public property are assessed a reasonable fee to offset the impact on public land.

With these objectives, the City Attorney, City Manager, and Director of Public Works/City Engineer, who oversees Special Event approvals, prepared a draft that met the aforementioned objectives by using the City of Excelsior's ordinance as a template. Once a draft was created, it has been updated to reflect comments heard from other staff members as well as the main community partners who submit special event permits---the Greater Wayzata Area Chamber of Commerce and RBA, Inc.

The Council had several questions regarding the draft ordinance largely pertaining to the minimum threshold of events that would require a permit, the difference if the event is held on public or private property, and what events should require Council approval. There was not enough time to go through the entire draft so the Council requested updates based on the feedback received and additional discussion at a future Council workshop with the overall goal of completing the ordinance prior to the end of the year.

Respectfully submitted,

Kathy A. Leervig

Kathy Leervig, City Clerk