

**WAYZATA CITY COUNCIL
WORKSHOP MEETING MINUTES
June 18, 2024**

5:00 p.m. Update on Termination of Environmental Health Delegation Agreement with the City of Minnetonka and Discussion of Future Alternatives

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: MacDonald, Iverson, and Parkhill. Absent: Plechash. Also present: City Manager Jeff Dahl, and Deputy City Manager Aurora Yager.

Mr. Dahl indicated that for over ten years, the City has contracted with the City of Minnetonka for health inspection services covering food, pools, and lodging under a delegation agreement with the Minnesota Department of Health (MDH).

At the May 21st workshop, staff informed the Council that a recent program evaluation by MDH found the City did not meet the required agreement terms by contracting with Minnetonka. A Community Health Board can enter into such contracts with MDH's approval, but the City of Wayzata is not a Community Health Board and thus is not authorized to contract for these services under the delegation agreement. MDH indicated that the delegation agreement would be terminated effective December 31, 2024.

Transitioning services away from Minnetonka means that the City will likely lose some of the continuity and control over the personnel that are conducting the inspections and developing relationships with the restaurants. At the previous workshop, the Council requested updated financial information on the impact of the termination.

In 2023, the City received \$61,313 in revenue from food, pool, and lodging licensing and we paid Minnetonka \$34,375 for 343.75 hours of health inspection services under the existing contract for a net amount of \$26,938 to the City which helps offset indirect administrative costs especially within the City Clerk's office. Essentially, the City breaks even on this service and the current arrangement.

As staff explored options for hiring its own qualified personnel for health inspections, which would need to include hiring of two part-time health inspectors to provide backup coverage, each employee would need to be the equivalent to a 0.25 FTE, equaling 1,040 hours. If the City assumes the cost for two part-time health inspectors is similar to what Minnetonka's all in cost would be for Environmental Health Specialist Services (including salaries, benefits, training, equipment, as well as other City overhead), a conservative cost estimate to provide these services through Wayzata would be approximate \$104,000. Therefore, knowing the City receives \$61,313 in revenue in 2023, the City would have to raise fees over 60% to cover operating costs. In addition, staff is not confident it would be able to fill those roles quickly given staffing shortages.

The State of Minnesota (MDH) could also provide inspection services, but recommended Hennepin County assume Health Inspection Services for Food, Pool and Lodging because it is a more localized approach. The majority of cities within Hennepin County utilize their services for food, pool and lodging licensing and inspections.

There was consensus on the Council that because it is not financially efficient, from an economy of scale perspective, to run the City's own department and because of the familiarity many of our restaurant operators already have with Hennepin County, that staff work with Hennepin County on an Environmental Health Delegation Agreement to be considered on a future agenda.

1 **5:30 p.m. Review of Capital Improvement Plan and Discussion of 2023 Excess Reserves**

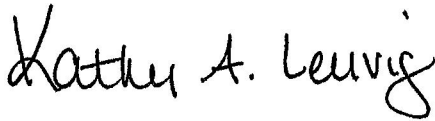
2 Ms. Yager explained that the City reviews the CIP twice per year - once in the Fall as part of the budget
3 process and then again in the Spring. The Spring review is timed to allow the Council the opportunity to
4 prioritize any excess reserve transfers and gather insight on needs/priorities before starting the following
5 year's budget process.

6
7 Ms. Yager gave a high-level overview of the CIP noting that a few funds have projected negative
8 balances in the next 10 years. The Council discussed some considerations for the Klapprich Park Project
9 and were supportive of the option to have pieces included as bid alternates so they could either be
10 approved if funding allows or delayed or scaled back.

11
12 Ms. Yager presented the calculations of excess reserves and noted that due to successful performance
13 from the General Fund along with strong performance in the Liquor Enterprise Fund and Motor Vehicle
14 Enterprise Fund, the City had about \$1,140,000 to allocate. The Council discussed potential uses and
15 reached consensus to allocate the funds to the following places:

- 16 • \$826,099 to the Parks Fund for the Klapprich Park Project
- 17 • \$50,000 to the Public Art Fund
- 18 • \$264,053 to be allocated to a future cannabis enterprise for startup costs. Given that a final
19 determination on whether or not the City will move forward with this enterprise has not yet been
20 made, staff will hold off on including this in the upcoming transfer resolution at the next Council
21 meeting. It will be allocated later this year based on direction from the Council.

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23
24 Respectfully submitted,



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26 Kathy Leervig, City Clerk