

**WAYZATA CITY COUNCIL
WORKSHOP MEETING MINUTES
August 20, 2024**

5:00 p.m. Discussion of 2025 Preliminary Enterprise Budgets and Fee Schedule

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, Parkhill, and Plechash. Appointed Councilmember Ken Sorensen was also in attendance. Also present: City Manager Jeff Dahl, Deputy City Manager Aurora Yager, Wine and Spirits General Manager, Kevin Castellano, and Bar and Grill General Manager, Jeff Pietrini.

Deputy City Manager Yager provided background information regarding the 2025 preliminary enterprise and special revenue fund budgets and corresponding fee schedules.

In addition to the City's main operating budget, the General Fund, the City also prepares budgets for several Enterprise Funds that include utilities (Water, Sewer, Stormwater, and Solid Waste), Liquor (Bar and Grill and Wine and Spirits), Motor Vehicle Licensing, and the Marina. It also has budgets for two Special Revenue Funds that include Cable TV and the Cemetery.

Ms. Yager and Mr. Castellano presented the Wine & Spirits budget which showed about a 6% decrease in revenues compared to the prior year's budget and 1.63% growth in gross profit. They explained that previous revenue budget increases were a little too aggressive compared to the industry and therefore this budget needed to recalibrate into a more realistic possibility. Mr. Castellano talked about the positive impact on the bottom line from changing the rewards program along with expanding and leaning into the THC market which has shown to be very profitable and is growing. If the 2025 budget is achieved, staff estimated that it would be about 5% growth over what is being projected for 2024. The Council discussed the budget and stressed the importance of continued innovation as they see lots of opportunity but did not request any changes.

Ms. Yager and Mr. Pietrini presented the Bar & Grill budget which showed a 1.49% increase in revenues. Year-to-date the Bar and Grill is trending about 1.2% below 2023 due to the impact of competition with Red Cow. Mr. Pietrini discussed recent changes that have been implemented in the last year which include a new menu, new bar program for cocktails and mocktails, and re-instituting happy hour. An interior refresh is planned for 2025.

Ms. Yager went through the Marina, Motor Vehicle, Utilities (Water, Sewer, Stormwater, and Solid Waste), Cable, and Cemetery budgets. Marina fees were proposed to increase 10% to align with the Strategic Plan priority to Diversify Revenue and maximize enterprise operations. The Council discussed the increase and directed staff to lower the increase to match the preliminary levy amount. Ms. Yager also discussed if like the Liquor Enterprises if some of the anticipated profit should be considered on the front end and transferred to the Parks and Trails Capital Fund. The Council supported this direction.

Motor Vehicle revenues are projected to increase 6.77% due to filing fee increases approved by the Legislature last session. Water and Sewer fees are projected to increase 3% with Stormwater fees projected to increase 10%, all in accordance with the Utility Rate Study. Solid waste fees will remain flat. The Cable TV fund is projecting about a 4.87% decrease in revenues based on actual franchise fee receipts but is operating at a deficit that will need to be addressed in future years. The Cemetery Fund fees are projected to increase 10% to keep the fund cash flow positive.

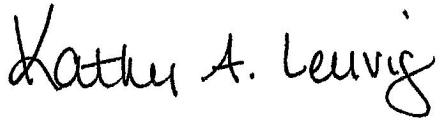
There were no recommend changes to the other enterprises and the Council thanked staff for the info.

6:15 p.m. Discussion of 2025 Preliminary General Fund Budget and Property Tax Levy

1 Ms. Yager reviewed the status of the preliminary 2025 General Fund budget and property tax levy. At the
2 previous workshop it was at 9.43% but was reduced to 7.57% by delaying the additional Police Officer
3 until mid-year, delaying the full-time Fire Chief position until 2026, removing the budget for city-wide
4 mailing of the annual report, and updating revenues based on some fee increases. The Council discussed
5 the sidewalk café permit fee and noted that as they are profiting off the City's right-of-way that instead of
6 just a flat fee that staff should look into an option that is based on square footage.

7
8 The Council discussed the changes and budget there was consensus to move the Police Officer position
9 up to second quarter to ensure they were on board by the busiest season in the summer. Additional
10 direction was given to increase the amount of the Police Officer retention incentive pay to \$10,000. Ms.
11 Yager estimated that those changes would bring the levy up to about 8.5%. Mayor Mouton, Council
12 Member MacDonald, and Council Member Sorenson were supportive of the levy at the amount to fund
13 those initiatives. Council Members Plechash and Parkhill wanted to see the levy be reduced but noted
14 they would be supportive of the amount for the preliminary budget and levy with the idea that it should be
15 reduced further by the time the final levy is set.

16
17 Respectfully submitted,

A handwritten signature in black ink that reads "Kathy A. Leervig". The signature is written in a cursive, flowing style.

18
19 Kathy Leervig, City Clerk