

**MINUTES
OF THE WORK SESSION OF THE
EDINA CITY COUNCIL
HELD AT CITY HALL
APRIL 5, 2011
5:04 P.M.**

Member Bennett called the meeting to order at 5:04 p.m. in the Community Room of City Hall. Answering rollcall were Members Bennett, Brindle, and Sprague. Mayor Hovland entered the meeting at 5:10 p.m. Member Swenson was absent.

Staff attending the meeting included: Todd Anderson, Golf Course Manager; Doug Bauman, Braemar Arena Manager; Jennifer Bennerotte, Communications & Marketing Director; Steve Grausam, Liquor Operations Director; Diana Hedges, Art Center Director; Ann Kattreh, Edinborough Park Manager; John Keprios, Park & Recreation Director; Ed MacHolda, Assistant Park & Recreation Director; Debra Mangan, City Clerk; Susie Miller, Assistant Edinborough Park Manager; Scott Neal, City Manager; Eric Roggeman, Assistant Finance Director; Tom Shirley, Centennial Lakes Park Manager; Ceil Smith, Assistant to the City Manager; and John Wallin, Finance Director.

Member Bennett said the purpose of the meeting was to review the City's Enterprise Business Plans. Manager Neal stated the purpose of the enterprise business plans' review was:

- To receive feedback and input from the Council on the draft business plan updates
- To assist the Council with discussion about policy options for the operation and management of the City's enterprises.
- To provide clear operational and management philosophical guidance to staff
- To demonstrate to residents the City takes stewardship of enterprises seriously

Mr. Neal asked the Council members to share their feedback and identify questions or information they would like see in the next draft. He briefly reviewed the cost recovery goals of each enterprise and noted that each enterprise plan included new overall themes: 1) Cost recovery expectation, 2) Break-even scenario, 3) Customer Identification and 4) Market Activity. With the assistance of the facility managers, Mr. Neal reviewed each enterprise as follows:

Braemar Arena – Doug Bauman, Manager

The cost recovery for 2010 was 85% with the same goal set for 2011. Mr. Neal, Mr. Bauman and the Council reviewed the market, including the amount of ice time reserved by the major customers (Edina High School, Edina Hockey Association, and Braemar City of Lakes Figure Skating Club). Discussion points included: capacity for ice rental and percent of capacity rental; revenue derived from advertisements on the boards in the South Arena from the Hockey Association and the East Arena from the Figure Skating Club; potential revenue for City from advertising; need to review the financials from the Association and Club; operation of the concession stand; price of ice in the Twin Cities market; possibility of recruiting private partnership to share operational costs; origin of current agreement governing ads and concessions. Staff will review agreements and report financials for advertising and concession revenue.

Braemar Golf Course – Todd Anderson, Manager

The cost recovery for 2010 was 97% with the 2011 goal set for 100%. It was noted that during 2010 the total rounds declined, operating revenue decreased and operating expenses were stable. The debt service that has challenged the golf course will be ending with the last payment in 2013. The Council and staff discussed: separating the financial reporting for the Golf Dome, driving range, Fred Richards and

Braemar, areas requiring potential improvement such as the driving range, the original 18-hole golf course, clubhouse and Clunie nine, the Braemar Memorial Gift Fund, and potentially increasing rates for play for 2012.

Centennial Lakes Park – Tom Shirley, Manager & Edinborough Park – Ann Kattreh, Manager

The cost recovery for 2010 was 78% with the 2011 goal set for 80%. The 2010 operating revenue was up slightly, and the operating expenses were down slightly. Mr. Neal requested Council to give direction: whether the two entities should be separated, management of the trust fund, and overall operating philosophy of the two parks. Council and staff discussed: potential operational challenges of separating the entities (both managers felt operating separately was totally feasible), the sunset of the trust fund that has supported the parks, whether there were physical improvements or additions that could be completed at Edinborough that would improve its profit/loss, philosophically should both parks be operated with subsidies or must they break even, can the costs for Edinborough be specially assessed when the trust fund is depleted. Staff will work on separating the financials and report findings to Council.

Edina Art Center, Diana Hedges, Director

The cost recovery for 2010 was 71% with the 2011 goal set for 70%. Both the operating revenues and expenses were down in 2010 from 2009. Staff and Council discussed the challenges of operating an art center during a slow economy, the physical challenges of parking at the art center, whether or not a reduction in hours would be prudent, a brief review of the Taste of Creativity, and the array of classes offered.

Edina Aquatic Center, Ed MacHolda, Assistant Park & Recreation Director

The 2010 cost recovery was 126% and the goal for 2011 has been set for 100%. Operational revenue was up in 2010, and expenses were down. Staff discussed with the Council the user structure; need to keep the center up to date and fresh, timing of the FlowRider installation, history of swimming lessons, and structure of operations.

Edina Liquor, Steve Grausam, Liquor Operations Director

The 2010 cost recovery was 111% with a goal for 2011 of 110%. Both operating revenue and expenses were up for 2011. The 2010 operating income was up \$60,000. Recent proposed legislation may challenge how Edina Liquor operates. Staff and Council discussed the changes in local markets and subsequent impact on sales, how Edina can maintain its share of the market competing with “warehouse” type operations, whether the 50th and France Store could remain viable, potential improvements necessary to maintain the three stores, and should the possibility of a fourth store be investigated.

There being no further business, Mayor Hovland adjourned the meeting at 6:58 p.m.

Respectfully submitted,

Debra A. Mangen, City Clerk

Minutes approved by Edina City Council, April 19, 2011

James B. Hovland, Mayor