

DEEPHAVEN CITY COUNCIL WORKSHOP MINUTES**5:00 P.M., MONDAY, AUGUST 17, 2026**

1. **CALL MEETING TO ORDER:** Mayor Kent Carlson called the Workshop to order at approximately 5:00 p.m.

COUNCIL PRESENT: Mayor Kent Carlson and Council Members Emily Scherschligt, and John Studer. Absent: Council Members Tom Erdmann, Tony Jewett,

STAFF: City Administrator / Special Counsel, Dan Madsen

WORKSHOP AGENDA:**2027 Draft Enterprise Fund Budgets**

Administrator Madsen shared the initial draft of the 2027 Enterprise Fund Budgets and reviewed the projected revenues and expenses therein. Madsen began the discussion reviewing the Water Fund and noting that expenses exceeded revenues twice out of the past five years. Staff recommend considering an increase in the Service Fee by \$5 in 2027 to help increase revenues. Such an increase would generate \$3,020 in additional income. Alternatively, the Council can consider reducing the transfer to the General Fund. The 2025 year end fund balance in this fund was \$266,389, which is to cover the Deephaven Fund Balance Policy standard of 50% of annual costs (\$63,550 in 2027).

Staff then reviewed the Sewer Fund, noting there are 1,496 accounts for Sewer, some accounts having multiple units that are billed every quarter. The Sewer Budget for 2027 initially projected revenues in the amount of \$995,000 and expenses in the amount of \$1,102,094, forecasting a deficit of \$110,094. The Met Council confirmed their estimated 2027 Deephaven expense of \$797,794, which is a 4.4% increase over 2026. Based upon these projections, Staff recommend increasing the Deephaven base rate by \$15, bringing the base rate to \$155 per quarter. Deephaven would still be the fourth lowest annual expense out of our area cities, and the additional \$15 per quarter would generate approximately \$89,760 in additional revenue each year. That shift, as depicted in the draft budget, moves revenues to \$1,081,760. Also as depicted, the transfer to the General Fund has been reduced by \$25,000 to \$190,000. This brings the Sewer Fund into alignment.

Madsen then explained that the Stormwater Fund had a healthy Fund Balance of \$402,899 at the end of 2025, but projected that this balance will be reduced by an estimated \$150,000 by the Calvary Church Stormwater BMP project this summer. With that reduction, the Fund Balance will still be around \$252,899; well above the 50% guideline of operating expenses projected to be \$136,850 for next year. Based upon the projections and standard operations, no changes are recommended for this Fund.

The Garbage and Recycling Fund was reviewed next, and was reported to be operating well financially. Revenues are comprised of grants from Hennepin County, revenue generated at Clean-up Day, and unpaid Special Assessments, along with a couple of other line items. Expenses are primarily delinquent payments and management of our Organics Disposal recycling contract. The Fund Balance here is in the amount of \$128,696; significantly higher than the annual operating expense of \$13,000, so well in compliance with the 50% Fund Balance Policy.

Finally, Staff discussed the Marina Enterprise Fund Budget and noted the revenues projected included the fee increases proposed and show projected total revenues in 2027 in the amount of \$329,840. Expenses, much like the Stormwater Fund, are minimal, with the transfer of \$150,000 to the General Fund to offset staffing and operational expenses being the largest expense in this Fund. The Marina Fund Balance at the end of 2025 was \$575,712, substantial above the 50% Fund Balance Policy based upon the total projected expenses in 2027 of \$207,500. Staff recommended considering an increase in Marina Fees, especially in light of our competitive positioning with other area Marinas and with our goal of St. Louis Bay dock space expansion in mind. It was discussed that the previous increases set in place should be continued, with increases in the amount of \$200 for docks, \$25 per buoy and \$15 per foot of shore space each year through 2031. These increases, and the Marina Fund Budget, would be reviewed every year to ensure the projected increases were still in alignment and equitable with other area city-owned marinas and with the Council's goals. It was noted that even with these increases, Deephaven Marina Spaces would still be the second-lowest out of the listed comparable groups. There is not a recommended increase for Slides until 2030, and no increase proposed for Canoes / Paddleboards based upon comparisons with neighboring cities

No further action was taken as this matter was set on for discussion purposes only.

Odds and Ends

Members of the Council and Staff discussed various topics including the 2026 Street Project and other happenings around the Community.

Motion was then made by Studer, and seconded by Scherschligt, to adjourn the Workshop at approximately 6:55 p.m.

Motion carried by unanimous vote and the Workshop was adjourned.

Respectfully typed and submitted Thursday, August 28th, 2026

Dan Madsen

City Administrator, Special Counsel

Deephaven, Minnesota

DEEPHAVEN CITY COUNCIL MEETING MINUTES

7:00 P.M. Monday August 17th, 2026

1. CALL THE MEETING TO ORDER: Mayor Kent Carlson called the meeting to order at approximately 7:00 p.m.

PRESENT: Mayor Kent Carlson and Councilmembers Emily Scherschligt, and John Studer Tom Erdmann and Tony Jewett

STAFF PRESENT: City Administrator Dan Madsen, City Engineer Steve Hegland with Hakanson Anderson,

GUEST: Howard Bennis

2. PLEDGE OF ALLEGIANCE:

The Council recited the Pledge of Allegiance

3. APPROVE THE CONSENT AGENDA:

Motion was made by Jewett and seconded by Scherschligt to approve the consent agenda as presented, and to approve the following items;

- A. Approve August 3rd, 2026 Workshop and City Council Meeting Minutes
- B. Approve the Payment of Claims
- C. Approve Request to Pay Application #2 -2026 Street Improvement Project

Motion Carried, voting in favor was Mayor Carlson and Councilmembers Scherschligt, Studer, Jewett and Erdmann.

4. SENATOR ANN JOHNSON STEWART

Senator Ann Johnson Stewart addressed the Council and provided a legislative update regarding current activities and issues being considered by the Minnesota Senate. She discussed matters affecting local communities and answered questions from the Council.

5. MATTERS FROM THE FLOOR:

None

6. PLANNING AND ZONING MATTERS

None

7. UNFINISHED BUSINESS:

None

8. NEW BUSINESS:

A. Fire Department Budget:

Administrator Madsen and Councilmember Jewett reviewed the proposed 2027 Excelsior Fire District Budget. The overall budget is approximately \$2.9 million, a 6.39% increase from 2026, primarily due to staff compensation increases and the addition of a Battalion Chief.

Deephaven's share of the 2027 budget is approximately \$854,744, based on the City's 29.47% share of the Fire District's tax capacity.

Council discussed the proposed Uninterrupted Power Supply system included in the capital budget and whether the Fire Department should participate in the expense. The Fire Board will continue to review the need for the system and possible alternatives.

Motion was made by Jewett and seconded by Studer to approve the 2027 Excelsior Fire District Operating Expense Budget in the amount of \$2,500,796.00, with Deephaven's share totaling \$737,045.00.

Motion carried, Voting in favor was Mayor Carlson and Councilmembers Jewett, Studer, Scherschligt and Erdmann. 5/0 vote.

Motion was made by Jewett and seconded by Studer to approve the 2027 Excelsior Fire District Capital Expense Budget, without the Uninterrupted Power Supply system (UPS) project expense, in the amount \$324,355.00 with Deephaven's share \$95,587.00.

Motion carried, Voting in favor was Mayor Carlson and Councilmembers Jewett, Studer, Scherschligt and Erdmann. 5/0 vote.

B. Deephaven 2027 Police Service Agreements:

Administrator Madsen provided an update on the possibility of expanding Deephaven Police Department services to the City of Greenwood. Staff have been working with Greenwood and Woodland to discuss a potential Police Services Agreement and a cost-sharing formula based on homes, tax capacity, and incidents. An additional patrol officer would be needed if services were expanded to Greenwood.

Woodland has expressed general support for the concept but raised concerns regarding the additional costs and the proposed cost-sharing formula. Staff from Deephaven, Woodland, and Greenwood will continue discussions and work through the outstanding concerns. No action was taken.

C. 2027 Marina Fees:

Administrator Madsen reviewed the proposed 2027 Marina rates. The Marina Fund continues to have a healthy fund balance; however, future expenses are anticipated for repairs and replacement of existing docks and marina facilities, along with the possible expansion of dock slips in St. Louis Bay.

Proposed increases for 2027 include \$200 for docks, \$25 for buoys, and \$15 per foot for shore space. No increases are proposed for slides or canoe/paddleboard racks. Deephaven's rates would still remain among the lower rates compared to neighboring marinas.

Council discussed the proposed rates and future marina needs. No action was taken. The rates will be brought back for consideration at a future meeting.

D. Emergency Well Repair:

Public Works Supervisor Kask reported an issue with the City Hall water well, which also serves the Fire Station. The existing pressure tanks have failed, causing sand and debris to enter the plumbing system. Don Stodola Well Company recommended replacing all four pressure tanks, adding maintenance valves, and flushing the main water line.

The estimated cost of the repairs is \$20,000–\$23,000, with staff recommending approval of the work at a cost not to exceed \$25,000.

Motion was made by Studer and seconded by Erdmann to Approve Don Stodola Well Company to replace the pressure tanks with the addition of maintenance valve installation and air assist flushing of the main line coming to City Hall. Final cost not to exceed \$25,000.

Motion carried, voting in favor was Mayor Calson and Councilmembers Scherschligt, Studer, Jewett and Erdmann. 5/0 vote.