

City of Excelsior
Hennepin County, Minnesota

MINUTES
EXCELSIOR CITY COUNCIL WORK SESSION

Monday, March 3, 2014

1. Call to Order/Roll Call

Acting Mayor Miller called the meeting to order at 6:18 p.m.

Present: Councilmembers Beattie, Caron, and Acting Mayor Miller

Absent: Councilmember Fulkerson and Mayor Gaylord

Also Present: City Manager Luger, Finance Director Tumberg, Public Works Superintendent Wisdorf and City Clerk Johnson

2. Agenda Approval

Caron moved, Beattie seconded, to approve the agenda. Motion carried 3/0.

3. Food and Beverage Tax

Luger presented to the Council the final draft of the Food and Beverage Tax fact sheet. The Council discussed the statistics listed and decided that any discussion with businesses should include a comparison of the one percent tax versus a levy increase. Beattie asked if Miller talked to Maynard's about their concerns. Miller replied that he has talked with them, but they said they would have to raise their prices if the tax causes them to lose money. Miller said Maynard's was more receptive to the idea of telling their customers that a portion of the tax will go towards improving The Commons.

Caron said she doesn't believe the City will get the revenue needed without this tax. Beattie said that he and Caron met with Excelsior Brewing Company and they did not like the tax. Excelsior Brewing's argument was that one percent on a beer would have to be absorbed in their price and will be a tax on the business, not the customer. Caron said she spoke with Dermot Cowley of Jake O'Connor's, who had a similar response. Caron said Dermot Cowley had some ideas on how to generate more revenue and he suggested that, if the City would be open to his ideas, he would be more amenable of the tax, if there are ways to offset the costs. Miller said these need to be separate issues.

Caron mentioned that another issue people are talking about is that they don't believe the City is going to let the tax expire. They feel there will be another project in the future that will continue the tax.

Beattie said that smaller businesses may have to absorb the tax, but larger businesses should be able to pass it along. Miller said that Tom Drummond of Tommy's Tonka Trolley agreed the tax would be better than a levy and agreed that the tax is a pass-through. Caron said none of the business owners mentioned that it would affect their business negatively.

3. Food and Beverage Tax - *Continued*

The Council suggested adding a statement to the Food and Beverage Tax sheet to state that if \$5 million were bonded that "x" number would be added to the levy and would be a 40 percent levy increase. Miller asked what the levy is for 2014. Tumberg replied that the 2014 levy is 1.35 percent. Beattie questioned if the City can do a 25 year bond.

Miller provided a summary of the business owners he contacted:

- Bob Ziton of Bayside Grille and Bayside Event Center said calculations were a wash for them.
- McDonald's doesn't think the tax is fair and believes a general sales tax would be more appropriate. McDonald's also thought the one percent for food and beverage is more transparent and accountable than a levy increase.
- Tommy's Tonka Trolley is in support of the tax.
- Miller has not been able to reach the owner of Victor's Restaurant.

Caron provided a summary of the business owners she contacted:

- Jake O'Connor's is not in support of the tax. Caron's conversation with Dermot Cowley moved into other ways to increase sales.
- Business owner Tim Caron did not like the idea of a tax. After discussion about the tax having an end date and that the tax is for a specific project, Tim Caron agreed it sounded more reasonable.
- Caron said she will need to try and contact Matt O'Reilly at 318 The Mill again.

Beattie stated that Excelsior Brewing Company said they will have to absorb the tax. Beattie has not been able to talk to any of the other businesses.

Luger mentioned that KSTP News is interested in doing a story on this and may talk to Mayor Gaylord and Miller after their meeting with the Legislators on March 4th. Luger said that over 1,000 bills have already been introduced to the Legislature.

4. Council Meeting Process

The Council continued this item to the March 17th Council Work Session meeting.

5. City Council Goal: Consider Financial Tools

Luger told the Council that staff is working on this goal and asked if the Council would like anything else researched in regards to this item. Beattie asked if there is anything that has been overlooked. Luger said the Council will see a sample resolution for the special service district on one of the upcoming agendas.

5. City Council Goal: Consider Financial Goals - *Continued*

Beattie asked if the street improvement district is a subset of the special services district. Luger asked if there is anything else the Council would like staff to explore. Miller said tax abatement is one item to explore. Luger said typically the City would do either TIF or tax abatement, but not both. Beattie asked if the hotel is coming in with a TIF application. Luger said the timeline for when this will all be introduced will be on the next Council agenda.

The Council agreed that this goal was complete, since the City is always considering financial tools when appropriate.

6. Adjournment

Caron moved, Beattie seconded, to adjourn at 6:47 p.m. Motion carried 3/0.

Respectfully submitted,

Shirley Johnson
City Clerk