

From: [mayor](#)
To: [Kara Coustry](#)
Subject: Fwd: Whitaker Street End Memorandum from Tally's Dockside
Date: Tuesday, November 13, 2018 11:04:36 PM

Sent from my iPad

Begin forwarded message:

From: "Keith D" <keithdehnert@comcast.net>
Date: November 11, 2018 at 8:34:32 PM CST
To: <mayor@whitebearlake.org>
Cc: 'Ellen Hiniker' <ehiniker@whitebearlake.org>, <timgeck@gdolaw.com>
Subject: Whitaker Street End Memorandum from Tally's Dockside

TO: Mayor Jo Emerson

FROM: Tally's Dockside
Keith and Jan Dehnert (Owners/Operators)

November 11, 2018

Memorandum – for Whitaker Street End Lease

History of Whitaker Street End

Even prior to Mildred and Ralph (Tally) Blommer owning (1954) and operating Tally's Anchor Inn, it was the Anchor Inn (established June 26, 1939) and the Whitaker Street End, as we now know it, was used in some form or another by the business. In 1990 when Jan and Keith Dehnert purchased the Tally's business, there was a 500 gallon underground fuel storage tank that was determined to be leaking. In order for the purchase to take place the fuel tank needed to be removed and the contaminated soil need to be disposed of. Fortunately, due to the water shed nature of White Bear Lake, the leaching fuel from the tank, traveled away from the lake and did not contaminate the lake. From 1990 forward the Whitaker street end has been utilized as gasoline storage for fuel sales and the site for Porta Potties, providing the public and patrons restrooms.

Rent was established in 1999 with an agreement to memorialize the uses and offer a fair rent to the City of White Bear Lake. It was recognized even then that the majority of the Leases of public right of way was for only \$1/year and we agreed to \$100/month or \$1200 per year.

Present Day

- June 26, 2018 City Council Discussion determines that fuel sales are in the public's

interest for White Bear Lake

- The Waterfront has evolved; Boat Works Commons, Marina Boardwalk, Water Level has returned, and economy has improved

Proposed Lease discussion items

- Fuel that can be sold onto lakes in Minnesota is regulated to be of an octane rating of 91 or higher and must be non-oxygenated. Better than most premiums sold at automotive filling stations.
- Tally's fuel tank is only 2000 gallons, limiting the ability to purchase fuel in large quantities.
- Tally's is a full-service filling station and requires multiple attendants to offer fuel to boaters on White Bear Lake
- Review the rental rate – as directed by City Council
 - Income and Fair Market Value Appraisals
 - Assumptions of Cap Rate and Return on Investment can greatly vary the value of the property and therefore greatly vary the potential lease rate
 - Is and/or should the city be in the business of renting property at a profit and to what extent
 - Most existing Right of Way Leases with other business's in the city, have a lease rate of \$1/year
 - One Right of Way lease is within the marina triangle and takes away off-street parking from westbound Whitaker Street and allows for additional private parking spaces for Lakeside Shops
 - Minnesota Pollution Control Agency has updated the fueling requirements for Marina's and requires an update to the fueling equipment that is quite financially substantial, with upgrades and present equipment our investment will exceed \$90,000
 - Increased insurance requirements again will increase the operating costs of dispensing fuel
 - Proposal of a percentage of fuel sales as the Lease Rate
 - Fuel sales changes with the economy, lake level, time of year, weather, etc –
 - Both parties can benefit or minimize losses, when these variables change; with a percentage of fuel sales as the lease rate
 - If High Fuel Sales, more rent will be paid
 - If Low Fuel Sales, then we minimize the chances of losing money with a lower rent paid
- Authorized Dock Use Area (ADUA) of Whitaker Street End
 - Tally's Dockside does not need the Whitaker Street End ADUA to operate the business, only to offer the service of Fuel Sales and temporary parking for boaters to visit the area.
 - Tally's Dockside can operate all their boat rental and boat slip rental within the owned 100' of ADUA
 - Allowing for minor use of Whitaker Street End ADUA for Tally's Dockside use allows for our neighbor to the North to have the ability to utilize their dock
- Removal of Porta-Potties

- this is a service to the area at no cost to the City of White Bear Lake
- We are meeting our restroom requirements by remodeling our Kitchen and installing a second bathroom per code requirements – Kitchen Remodel and Second Bathroom, installation approximately \$60,000
- Whitaker Street End is a publicly owned property and should be allowed to offer both Fee Based (fuel sales) and non-Fee Based Services (Porta-Potties) to the users of the area
- Term of 20 years
 - Able to help recoup some of our costs of upgrading and continuing to provide fuel sales to boaters of White Bear Lake
 - Able to justify costs of maintenance and upkeep of Whitaker Street End

It is Tally's Dockside's desire to continue to lease the Whitaker Street End for a reasonable lease rate, comparable to other ROW leases throughout the City of White Bear Lake, and a long enough term to recoup some of our expenses that we will incur for the Fueling Station upgrades. This is the Center of the Waterfront and should continue to offer services to the many users of the area.