



**City Council Workshop Meeting Minutes
Roseville Fire Station, Training Room
Monday, April 20, 2026**

1. Roll Call

Mayor Roe called the meeting to order at approximately 4:00 p.m. Voting and Seating Order: Strahan, Groff, Bauer, Schroeder, and Roe. City Manager Patrick Trudgeon was also present.

2. Pledge of Allegiance

3. Approve Agenda

4. Public Comment

Mayor Roe called for public comment by audience members on non-agenda items. No one came forward to speak.

5. Recognitions, Donations, and Communications

6. Items Removed from the Consent Agenda

7. Business Items

a. Discuss 2027 Budget and Implementation of City's Strategic Plan

City Manager Trudgeon explained that the city is starting its budget process earlier this year to align it with the strategic plan better, noting that while the approach is new and may require adjustments, it creates an opportunity to refine both priorities and the process through feedback. He stated that the meeting was intended to begin identifying budget priorities and gather input on the process, with detailed financial materials already provided for review. Emphasizing that the budget reflects both taxpayer impact and community services, he shared a preliminary projection of about a 9.69 percent levy increase, based on maintaining current service levels, personnel costs, inflation, and contractual obligations, while noting that department heads have not yet refined the estimate and that it will likely change.

Councilmember Strahan arrived at 4:05 p.m.

Mr. Trudgeon explained that the city is beginning its budget process earlier than in previous years, with staff already reviewing projections for the 2027 budget and working to align financial planning with the strategic plan better. He described the meeting as the start of an ongoing conversation focused on connecting budget priorities to strategic goals, acknowledging that the approach is new and may evolve. He encouraged Council to provide feedback throughout the process. He

noted that detailed materials had been provided in advance, with flexibility to adjust the level of discussion based on the Council's preferences.

Mr. Trudgeon emphasized that the budget represents more than financial figures; it reflects both taxpayer impact and the services and outcomes delivered to the community. While acknowledging that preliminary projections, including an estimated 9.69% levy increase to maintain current service levels, may appear concerning, he stressed the importance of also recognizing recent accomplishments and evaluating the value of outcomes, not just costs. He noted that department heads have identified key themes and emerging issues, many of which align with the strategic plan. He highlighted the challenge of balancing rising costs with new initiatives while maintaining a sustainable budget.

Mr. Trudgeon concluded by outlining a transition to a more open, conversational discussion to gather Council input on priorities and goals. He emphasized the importance of informed decision-making supported by detailed data and encouraged Councilmembers to reflect on recent successes as a foundation for the discussion. He noted that the session would remain a formal public meeting but would allow for a freer exchange of ideas, including an initial exercise for Council to identify key operational successes from the past year before continuing with broader budget conversations.

Organizational Development Manager Antonio Montez explained that one area that stood out to him over the past year was accessibility work. He described efforts to support a commissioner on the Equity and Inclusion Commission, noting that staff have worked closely with that individual to ensure they can fully engage with appropriate interpretation services. He explained that this involved identifying interpreters who align well with the commissioner's specific needs, such as communication preferences and visibility considerations. He emphasized that finding the right fit required intentional effort.

Mr. Montez shared that the experience was reinforced when the commissioner reached out about participating in a program in another city, where their need for interpretation services could not be met. He noted that this highlighted how easily access to communication can be taken for granted by those who do not face those barriers. He emphasized that ensuring full participation requires deliberate planning and attention. He explained that the city has made a conscious effort over the past year to create an environment where individuals feel comfortable, supported, and able to engage fully in city processes.

Police Chief Scheider explained that one of the first things that came to mind was the work of the Community Action Team and its collaboration with the fire department and community development. She described the team's response efforts, including co-related calls, and emphasized the connections they can make with families in the community. She noted a significant need, particularly over the

past year, and explained that helping residents access available resources has made a meaningful difference.

Chief Scheider emphasized that much of this work is not always visible to the public, noting that while the stories may not always be widely shared, staff are seeing the impact daily. She explained that the team's ability to connect individuals and families with support services is an important part of city operations and directly contributes to the community's well-being.

Councilmember Groff explained that one of the items that stood out to him was the climate action plan recently presented to the Council. He noted his appreciation for the level of detail and effort that went into developing the plan and described it as a strong piece of work. He also shared that he has heard positive feedback from members of the public, noting that residents have expressed excitement about the plan and have asked where to find more information and how to get involved.

Councilmember Groff also pointed to routine services, such as street snow plowing, as another important example of city operations that residents value. He explained that while these services can sometimes be taken for granted, they are a direct result of how city resources are allocated. He noted that these types of services help distinguish Roseville from other similarly sized cities and represent a meaningful use of public funds.

Parks and Recreation Director Johnson explained that a couple of areas stood out to him, both of which involved collaboration across multiple departments. He noted that one key success has been the city's approach to maintaining and investing in capital assets. He described Roseville as an older community with aging infrastructure and explained that the Council has been intentional about continuing to invest in those assets. He emphasized that departments have worked to use those funds efficiently, resulting in facilities that do not feel as old as they actually are. He noted that residents take pride in these spaces and explained that maintaining that level of quality requires consistent commitment and, at times, difficult funding-priority decisions.

Mr. Johnson also highlighted the growth of the natural resources program, noting that it has expanded significantly over the past year and involves collaboration across multiple departments. He explained that the program has impacted approximately 12 parks, restored around 60 acres of land, planted roughly 400 trees, and engaged close to 300 volunteers, who have contributed thousands of hours. He emphasized that this effort is largely driven by the community, noting that participation and support extend beyond staff involvement. He described the program as unique to Roseville and expressed pride in the work, noting that it reflects both the vision of past leadership and the community's continued commitment.

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Assistant City Manager Olson explained that the city's volunteer program has continued to grow year over year, with new participants consistently joining. She noted that volunteers contribute not only their time but also take great care in maintaining city assets. She emphasized that volunteers invest significant effort in their work and develop a strong sense of pride in the community, which, in turn, helps sustain and expand the program.

Ms. Olson noted that staff regularly hear positive feedback from volunteers, including how much they enjoy participating. She explained that many individuals return repeatedly, contributing ongoing support and playing an important role in the community. She emphasized that the impact of volunteers is substantial and that their continued involvement is a key strength for the city.

Councilmember Schroeder highlighted several key accomplishments over the past year, including the addition of public safety personnel, which she described as a significant investment that the community has positively received. She also noted the hiring of a new finance staff member as an important step in strengthening the city's workforce, emphasizing the value of building strong human capital. In addition, she pointed to the City's events and the high level of staff engagement with residents, noting that employees at all levels are actively involved in the community and that the city should take pride in this.

Councilmember Strahan noted that one of the most meaningful developments in recent months has been the high level of resident engagement, with meeting participation exceeding that of many other communities. She emphasized that residents feel heard in Roseville because of their access to Councilmembers and the opportunity to speak on issues important to them, even when no action is taken. She also highlighted the city's responsiveness to concerns, citing efforts related to parks, facilities, and eviction advocacy as examples of how staff and Council align with the strategic plan. Additionally, she underscored the strong support from staff and the growing sense of community pride, noting a shift among commission applicants, who are increasingly drawn to the people and neighborhoods rather than just the city's location, reflecting a positive trajectory that the city can continue to build upon.

Mayor Roe highlighted the hotel licensing program as a significant accomplishment, noting that it has had a clear and measurable impact on improving the quality of lodging in the community. He described the program as a major undertaking that required substantial coordination across multiple departments. He emphasized that the collaborative effort contributed to its success and the meaningful improvements seen in community standards.

Mr. Trudgeon thanked Council and staff for reflecting on recent accomplishments and emphasized that financial discussions must be considered alongside the programs and services the city provides. He noted that while resources are required

to achieve community goals, the challenge lies in how those resources are prioritized, as not every need can be met. He provided context from the prior budget, identifying key cost drivers such as personnel expenses, including the addition of 22 public safety staff, cost-of-living adjustments, overtime, and paid family leave, as well as the loss of certain grant revenues and the role of franchise fees in offsetting levy increases.

Mr. Trudgeon explained that the current figures represent a baseline projection based on maintaining existing service levels, using standard financial assumptions such as inflation, employee step increases, insurance costs, and contractual obligations. He emphasized that this is an early financial model that has not yet been reviewed or refined by department heads and should be viewed as a starting point rather than a final proposal. The preliminary estimate reflects an approximate 9.69 percent levy increase, acknowledging that adjustments will occur as staff identify efficiencies, evaluate costs, and incorporate additional factors not yet fully included.

Mr. Trudgeon also outlined how levy funds are distributed, noting that the general fund supports core operations such as police, fire, public works, and administration, while other portions fund debt service, capital improvements, and the Economic Development Authority. He concluded by noting that the combined city and EDA levies produce the projected increase and clarified that the information is intended to help Council understand budget structure and year-over-year changes before opening the floor for questions.

Councilmember Schroeder noted that she had referenced this earlier and pointed out that the Parks and Recreation section reflects an 18.3 percent change. She asked for clarification on what specific components are contributing to that increase and requested additional detail on the factors driving the change within that category.

Parks and Recreation Director Johnson explained that the projected 18.3 percent increase initially appeared high but is largely due to the analysis's preliminary nature, which does not yet include fee adjustments that typically offset costs in the department's largely fee-driven model. He noted that common cost drivers such as personnel, supplies, contract services, and inflation are contributing factors. Still, he emphasized that areas like the skating center and recreation programs rely on user fees, which are typically adjusted to keep pace with rising expenses. He clarified that once those fee changes are incorporated, the projected increase would be significantly lower and described the current estimate as a rough starting point that has not yet been fully reviewed or refined.

Mr. Trudgeon explained that the structure of the Parks and Recreation funds makes increases appear more pronounced because personnel costs are split across multiple funds, such as administration and maintenance, providing greater visibility into those expenses. He noted that other departments, such as Public Works, are

structured differently, with some costs covered by utility funds rather than the levy, which can make similar increases less noticeable. He emphasized that if departments like police, fire, or administration were organized in the same way, their cost increases would appear more significant as well, and that the current structure highlights Parks and Recreation costs rather than indicating uniquely higher growth.

Councilmember Schroeder commented on the structure of the Parks and Recreation fund, noting that its setup makes the increase stand out more prominently. She indicated that this structure contributes to how the 18.3 percent change is perceived.

Councilmember Schroeder then asked a follow-up question related to the revenue portion of the earlier presentation. She requested clarification on what is included in the miscellaneous revenue category and asked for a breakdown of the types of items that fall under that classification.

Mr. Trudgeon explained that the decline in the miscellaneous revenue category is largely due to a change from the prior year, when approximately \$2.6 million in fire engine debt proceeds were included but are no longer present. He noted that this category comprises a variety of smaller or one-time revenue sources rather than a consistent stream, leading to year-to-year fluctuations and making it less straightforward to interpret than more stable, clearly defined revenue categories.

Finance Director Magureanu explained that the miscellaneous revenue category encompasses a range of smaller, inconsistent sources, such as fines, contributions related to Washington County or State Fair activities, and other one-time revenues that do not fit into primary categories. He noted that one larger item, approximately \$900,000 in the capital facilities fund for 2027, may be tied to a license center design project from the prior capital improvement plan. However, its exact origin is still being reviewed. He added that several entries were carried over from previous assumptions and left unchanged for consistency. He acknowledged that staff will further evaluate these items to confirm their accuracy and purpose as part of the ongoing budget process.

Mayor Roe asked whether state bonding funds or similar proceeds would also be included in the miscellaneous revenue category, particularly for capital facilities funding. He clarified that his question focused specifically on which types of revenue are captured under the miscellaneous category.

Mr. Magureanu explained that the year-over-year decrease in the miscellaneous revenue category is largely due to prior fire truck financing proceeds that were included in the previous year but are no longer present in the current projection. He noted that for 2027, there appears to be a larger amount, nearing \$1 million, potentially tied to a capital-related project. However, its exact source and purpose remain unclear and will require further review. He added that the category also

includes a mix of other variable revenues, such as transportation-related fees, utility-funded certifications, and State Fair event revenues, emphasizing that the combination of both small and larger, inconsistent items contributes to fluctuations and will need continued evaluation by staff.

Councilmember Schroeder acknowledged the explanation and noted that, while some of the amounts discussed may be smaller, the large number in the miscellaneous category draws attention. She explained that when there is a significant figure in that category, it is helpful to understand what is included and how those amounts are made up. She emphasized that the variability within miscellaneous revenues makes it an area of interest when reviewing the budget details.

Mayor Roe noted that it was interesting to see that, even with a nearly 10 percent increase in the levy, overall revenues from 2026 to 2027 increased by less than 2 percent. He pointed out the contrast between the size of the levy increase and the relatively small overall change in total revenues, indicating that this difference stood out in the financial overview.

Mr. Magureanu explained that the difference is primarily due to the role of property taxes in the city's revenue structure, noting that the levy serves as a balancing mechanism that adjusts revenues to align with total expenses. He stated that as costs rise, the levy increases to close the gap, which can make it appear disproportionately large compared to overall revenue changes. He added that the estimated \$3.2 million increase in property tax revenue is the primary tool for offsetting higher costs, contributing to the perception of a larger increase even when total revenue growth is relatively modest.

Mayor Roe noted that when reviewing the expenditure side of the budget, if capital expenditures are removed, which reflect a net decrease, the remaining increase in expenditures is approximately 6.65 percent. He pointed out that this provides a different perspective on the overall financial picture by isolating operational spending from capital-related changes.

Mr. Magureanu explained that when separating the financials between governmental and enterprise funds, the percentage increase is closer to 9 percent. He noted that the broader figures being discussed include all categories combined, and that breaking them out provides a clearer understanding of where the increases are occurring within different fund types.

Mr. Trudgeon emphasized that the current projections are preliminary and intended to provide an initial view rather than an outcome, noting that significant work remains before a formal budget proposal is brought to Council. He acknowledged that the projected increase naturally draws attention but stressed that staff will continue to apply careful review and due diligence as the numbers are refined, with

the understanding that various factors may shift either upward or downward as the process moves forward.

Mayor Roe explained that he wanted to highlight an approach he has previously supported, which involves applying inflationary increases to levy funding for capital purposes. He noted that these funds contribute to capital accounts and that some were shown in earlier materials as not increasing. He explained that he reviewed an analysis indicating that increasing those funds by approximately 3 percent would have an overall impact on the levy of about \$85,000.

Mayor Roe noted that implementing that adjustment would raise the total levy increase from approximately 9.69 percent to about 9.94 percent. He pointed out that this represents a relatively small change, roughly a 0.25 percentage point increase. He indicated that, depending on how the rest of the budget develops, it may be a reasonable adjustment to consider.

Mr. Trudgeon acknowledged the point and noted that staff had not made any adjustments to the capital improvement program within the current projections. He indicated that if changes are needed, they could be incorporated into the ongoing budget refinement process.

Mr. Magureanu explained that, as a general reference point, a change of approximately \$330,000 in the budget represents about a one percent shift. He noted that this provides context for understanding how adjustments in dollar amounts translate into percentage changes within the overall budget.

Mr. Trudgeon explained that staff will incorporate feedback from the current discussion into the next phase of the budget process, with department heads continuing to refine their requests and returning with more detailed proposals in June. He outlined the standard timeline, including the Finance Commission's review in August and preliminary levy adoption in September, noting that the current conversation is intended to guide that work and ensure alignment with Council priorities. He also shared that staff have identified key themes tied to the strategic plan and emerging needs, including facilities, professional services, and workforce-related costs, all of which will require attention either in the 2027 budget or in the near future.

Mr. Trudgeon described significant facility needs, including assessing City Hall and police space constraints, updating the parks master plan, and addressing aging infrastructure. He outlined professional service demands, including website accessibility compliance, comprehensive planning, infrastructure updates, legal services, and opportunities for efficiency improvements, as well as the importance of maintaining competitive compensation. He emphasized that workforce costs remain a major driver, citing staffing gaps, program growth, and ongoing personnel-related expenses, particularly in public safety, and concluded by

encouraging Council to prioritize these themes and consider overall budget direction, noting that any effort to reduce the levy would require meaningful service tradeoffs.

Mayor Roe explained that while he understands staff is seeking Council feedback, he had hoped the meeting would also include more detailed, department-specific insight into the 2027 budget. He noted that the discussion to this point has been more general and indicated that hearing directly from departments about anticipated needs, as well as potential efficiencies or cost-saving opportunities, would be helpful. He added that a clearer understanding of budget pressures across major operational areas would better equip the Council to make informed prioritization decisions and evaluate how those needs align with the broader themes presented.

Fire Chief Brosnahan expressed appreciation for Council's support for the SAFER grant and ongoing staffing discussions, noting that the department does not anticipate any new major initiatives for 2027, other than continuing implementation of the current staffing plan. He explained that the focus over the next six to eighteen months will be on evaluating how the plan is working and ensuring effective execution, with only modest incremental costs expected for items such as training, uniforms, and equipment for additional firefighters. He emphasized that the primary financial consideration remains the SAFER grant and the city's share of those costs. He indicated that the department's outlook is centered on maintaining current service levels rather than pursuing significant new projects or operational changes.

Councilmember Strahan noted that it had been some time since hearing from the Fire Chief and invited him to provide any additional updates. She then asked a specific follow-up question, requesting an update on whether the Fire Academy had been filled to capacity.

Chief Brosnahan reported that the Fire Academy has begun, with all positions filled, noting that the 15 participants started the previous Wednesday and have maintained consistent attendance since then, indicating a strong start. He described the group as high-quality and expressed confidence in their performance, adding that, while timing did not allow for an introduction at the meeting, staff plans to arrange a formal introduction to the Council at a future meeting.

Councilmember Strahan noted that, based on her experience and as Ms. Olson could also confirm, it has become increasingly common for candidates to accept positions and then fail to follow through. She explained that this trend makes it especially notable that all 15 Fire Academy participants reported as expected and continued attending. She emphasized that having full participation at that level is a significant accomplishment and reflects positively on the department's hiring process.

Chief Brosnahan noted that the new hires are settling in well and adjusting to their roles within the department.

Ms. Olson explained that administrative functions, including community engagement, human resources, volunteer coordination, and City Clerk responsibilities, are facing increased pressure as the city's workforce grows. She noted that recruitment and hiring have become more complex and costly, with added requirements such as background checks and challenges in securing qualified candidates, while rising insurance costs and shifting employee contributions also impact recruitment and retention. She emphasized the importance of retaining staff to avoid the repeated costs and strain associated with ongoing hiring efforts.

Ms. Olson also highlighted growing demand for volunteer and community engagement opportunities, noting that increased interest from individuals, businesses, and organizations has created capacity challenges and requires additional resources, including staff time and materials. She added that the city must continue to meet expanding legal and regulatory requirements, such as website accessibility compliance and paid family and medical leave, which can require temporary staffing adjustments. She also noted the expansion of licensing programs, explaining that while they generate some revenue, they often do not fully offset the administrative and enforcement costs associated with managing them.

Mr. Johnson explained that a key priority for Parks and Recreation is updating the system master plan, which has not been revised since 2010, to ensure that upcoming capital investments align with current and future community needs. He noted that without an updated plan, decisions often default to replacing facilities as they are rather than evaluating whether they still reflect evolving community priorities. He emphasized that changing community interests and expectations require a more data-driven and comprehensive approach to guide both facility planning and programming, including assessing whether current offerings align with emerging trends such as sustainability-focused activities. He added that a refreshed master plan would provide clearer direction for staff and improve alignment across the department.

Mr. Johnson also highlighted ongoing staffing challenges, explaining that while facilities and park usage have expanded, staffing levels have not kept pace, creating additional pressure on existing staff and increasing maintenance demands as facilities age. He noted difficulties in workforce structure and retention, including limited entry-level pathways and the need for more coordinator-level roles to support employee development. He also pointed to shifting expectations around work-life balance and growing workloads as factors affecting retention, concluding that additional capacity is needed to better support staff, encourage innovation, and respond effectively to community needs.

Chief Scheider explained that one of the most significant pressures facing the police department heading into the 2027 budget is the impact of paid family leave, noting that extended absences, particularly among patrol officers, must be covered through overtime since temporary replacements are not an option. She emphasized that recurring summer leave patterns have created ongoing staffing shortages and rising overtime costs, making this a major operational and financial challenge. She also highlighted staffing needs identified in the Axon study, including plans to add a detective and an investigative aide, driven by a growing workload tied to the increasing volume of digital evidence involved in nearly every case.

Chief Scheider noted that managing digital evidence is time-intensive and continues to expand as technology use grows, while additional cases from the department's retail unit further strain investigative capacity. She also pointed to recruitment and retention challenges, explaining that applicant pools have been limited and turnover is occurring earlier in careers, increasing hiring and training demands. She added that equipment costs for new hires and growing facility space limitations are contributing to budget pressures, emphasizing that these combined factors represent the primary drivers of the department's anticipated needs for 2027.

Public Works Director Freihammer explained that many current budget pressures stem from aging facilities, particularly City Hall and the police department, both of which have not been significantly upgraded in over 20 years. He noted that as these buildings age, systems are beginning to fail, creating both planned and unexpected maintenance needs, and emphasized that a comprehensive facility assessment would help improve long-term planning and reduce surprises. He added that the police facility faces additional strain from its 24/7 use, which accelerates wear and tear. At the same time, fuel costs remain a major uncertainty despite recent favorable rates, as volatility can significantly impact operations.

Mr. Freihammer also highlighted that fluctuations in fuel costs can affect the scope of capital projects, sometimes requiring the city to scale back work such as roadway improvements. He noted that contractual services also contribute to cost increases, with some agreements including annual escalators, particularly in areas such as recycling and environmental services. Additionally, he pointed to rising software costs as a concern, explaining that these expenses often increase at rates that exceed typical inflation, adding further pressure on the overall budget.

Community Development Director Gundlach explained that while most community development operations are not levy-supported, there are still key financial considerations, particularly within the Economic Development Authority. She noted that the EDA levy is relatively small, so even modest dollar increases can appear significant in percentage terms, and explained that although the levy has been reduced since 2019 by using fund balance, those reserves have been drawn down. She cautioned that maintaining current housing program levels may increase

levy pressure, especially since not all programs qualify for LAHA funding, which limits flexibility and requires additional funding sources.

Ms. Gundlach also highlighted rising legal costs as a concern, noting that specialized EDA attorneys are in limited supply and market rates have increased significantly, with current expenses already nearing the full 2026 legal budget. She explained that the added complexity from LAHA funding is increasing reliance on legal guidance, further driving costs. Additionally, she discussed the Community Development Fund, noting that programs previously supported by the levy have shifted into this fund, which now faces reduced fee-based revenue due to slower economic activity. While a strong fund balance has helped offset impacts, she emphasized the need for ongoing monitoring as these pressures continue.

Mr. Magureanu emphasized that maintaining a strong and stable finance team is a top priority, noting the challenges of recruiting and retaining staff with expertise in governmental finance and fund accounting. He explained that while the team includes some experienced members, many are relatively new, and he is focused on strengthening the group by listening to staff feedback and supporting their development. He identified additional training, particularly on newer software systems such as the enterprise resource planning platform, as a key focus area, while noting that no major structural changes are anticipated, as many significant updates were completed before his arrival. He also highlighted the recent implementation of a capital improvement planning tool, noting that while its financial impact is minimal, it is already improving coordination and planning across departments.

Mr. Magureanu also discussed license center operations, explaining that demand has increased due to legislative changes and higher volumes of enhanced driver's licenses and passport applications. While staff workloads are elevated, he noted that there have been no requests to expand staffing and that demand may level out over time. He emphasized that the primary concern in this area is space constraints rather than staffing. He indicated that identifying a long-term workspace solution will be an important consideration moving forward.

Mr. Freihammer explained that water and sewer operations have remained relatively stable, with expected increases primarily tied to existing contracts. He noted that while current rates are locked in, early negotiations for the next contract cycle after 2027 indicate projected increases of approximately 4.9 to just over 5 percent, with final figures to be confirmed during the budget process. He also highlighted the impact of Metropolitan Council charges, explaining that these are based on prior-year usage and can vary depending on conditions, with more typical years resulting in steadier cost impacts.

Mr. Freihammer added that recent conditions have been relatively moderate, which supports a more stable outlook, and indicated that the city hopes to see increases

closer to 3 percent moving forward. He noted that while some variability is always expected, prior increases have been relatively low, and current trends suggest a more predictable and manageable rate environment.

Mr. Magureanu explained that final figures are not yet available and that staff are awaiting additional information, noting that the city is currently conducting a rate study in collaboration with other entities to understand the impacts on the utility fund better. He stated that, based on current analysis, both the water and sewer funds are in a strong and stable position, with the sewer fund slightly stronger, and expressed optimism that the study's results will provide clearer guidance for future decisions once the study is completed.

Mr. Johnson explained that the relevant funds, including those tied to the golf course, are expected to remain strong, noting a particularly successful year with approximately 30,000 rounds played, the highest since the sport's peak years, along with continued strong revenue from facility rentals. He indicated that while overall participation trends support revenue stability, the primary concern moving forward is capital needs, particularly the deferred maintenance shop project, which must be addressed. He added that upcoming staff retirements may create opportunities to evaluate operations for efficiencies. However, no decisions have been finalized, and projected costs in this area are expected to increase by approximately 14 percent due to ongoing operational and capital pressures.

Councilmember Bauer emphasized that as the budget process moves forward, it is important to look beyond percentage increases and focus on the actual dollar impact on residents. He noted that while discussions often highlight figures like 1 percent or 9 percent, those percentages can obscure the real financial effect on households. He suggested using prior-year data, even before final numbers from Ramsey County are available, to estimate how levy changes translate into actual costs for the average home, providing a clearer context for both the Council and the public.

Councilmember Bauer added that presenting dollar-based impacts alongside percentages would improve transparency and support more informed decision-making. He highlighted that tax increases compound over time, meaning each year's increase builds on the last and can significantly affect affordability. He concluded that showing the real dollar impact, particularly for an average household, would help ensure budget decisions better reflect both fiscal responsibility and the community's experience.

Mr. Magureanu explained that the staff is unable to calculate at that level of detail at this time. He noted that the specific dollar impact on the average household cannot yet be determined based on the information currently available.

Mayor Roe expressed concern about waiting for final data from Ramsey County before communicating potential impacts to residents, noting that the city should

still be able to provide preliminary estimates to inform both the Council and the public. He emphasized that while those estimates can be refined as more accurate data becomes available, offering an early understanding of the financial impact is important for transparency and helps avoid the perception that the city cannot clearly communicate how budget decisions may affect residents.

Councilmember Bauer noted that even when using an average household figure, it is important to recognize that no individual home truly reflects that average. He explained that property values and tax impacts vary from one household to another, meaning some residents may see increases while others may experience decreases. He emphasized that while averages can be helpful for general context, they do not fully capture the range of impacts across the community.

Mr. Magureanu clarified that staff does not currently have that level of detail in the data and noted that developing those estimates would take additional time. He indicated that the request had not been anticipated in the current materials and emphasized that staff have not yet had the opportunity to develop that analysis.

Councilmember Bauer clarified that his request was not meant to be immediate but rather to inform improvements to the process moving forward, noting that more detailed cost information would help clarify how various factors contribute to the overall budget. He added that, in addition to the overall city spreadsheet, a similar breakdown at the department level would provide greater visibility into how costs and revenues are distributed, helping to highlight specific pressures within each area and support more informed Council decision-making.

Mayor Roe explained that department-level information is generally included in the annual budget documents, though it is not always a primary focus during discussions. He noted that the materials typically include breakdowns by department, covering revenues and expenditures. Still, he acknowledged that these can sometimes be more difficult to interpret because of how funds are structured. He pointed out that certain departments, such as Public Works, have costs spread across multiple funds, including utility funds, which makes it more complex to present a clear, consolidated view.

Mr. Trudgeon explained that while utility funds are somewhat department-centered, the structure still requires combining and interpreting information from different sources to understand the overall impact fully. He emphasized that presenting this information clearly and meaningfully would require careful organization to ensure it accurately reflects departmental operations.

Mr. Magureanu acknowledged the request and explained that while some department-level information can be presented more easily, other areas require additional effort to consolidate data across multiple funding sources and accurately interpret the results. He noted that some of this information had already been

compiled internally but was not included in the current presentation, as the meeting was intended as an initial discussion. He emphasized that it would be more effective for department heads to first review and refine their budgets, after which staff can provide clearer, more detailed breakdowns that better reflect updated information.

Councilmember Bauer emphasized that, as the budget process continues, it is important to clearly communicate not only proposed increases but also the reductions or adjustments considered, noting that residents often ask what has been cut when evaluating budget changes. He highlighted the importance of transparency in demonstrating that spending has been carefully reviewed and referenced the challenging 2026 budget cycle, where departments had already identified and implemented reductions. He expressed uncertainty about the potential for significant additional cuts in 2027, acknowledging that while some efficiencies, such as vendor consolidation, may exist, he is not optimistic that substantial new reductions can be achieved given the prior year's efforts.

Mr. Magureanu clarified that discussions about reductions focus on identifying smaller efficiencies rather than making large-scale cuts to the levy, noting that significant reductions would require major decisions, such as cutting services or staffing. He emphasized that staff are instead working to refine operations, eliminate inefficiencies, and find opportunities for consolidation where possible. He added that even small percentage reductions represent substantial dollar amounts, explaining that while savings in the range of a few hundred thousand dollars are meaningful, they are unlikely to alter the overall budget significantly and should be viewed within the broader context of the city's financial needs.

Mr. Trudgeon explained that staff will continue to identify cost-saving opportunities as part of the normal budgeting process, while recognizing that significant reductions would require broader decisions about service levels. He emphasized a commitment to carefully reviewing budgets and making adjustments where possible without negatively impacting core services. He added that many city expenses are ongoing rather than one-time, which limits flexibility. He noted that while some one-time costs can occasionally be funded through reserves, that depends on availability. When reserves are limited, those expenses may shift to the levy, contributing to ongoing budget pressures and underscoring the need to balance short- and long-term impacts in decision-making.

Councilmember Bauer explained that while the current focus is on the 2027 budget, it would be beneficial to also consider the longer-term impacts of current decisions by looking ahead to future years, such as 2028 and 2029. He emphasized that projecting how today's choices affect the city's financial position over time would provide better context and support more informed decision-making. He specifically highlighted grant-related obligations, noting that while programs like the SAFER grant offer short-term funding, they create longer-term financial commitments as the city assumes a greater share of costs over time.

Councilmember Bauer stressed that clearer projections of these future impacts would help the Council better understand the full consequences of current decisions and balance immediate benefits with long-term financial sustainability, ensuring that budget choices remain responsible over time.

Mr. Trudgeon explained that some level of forward-looking analysis has already been done and noted that projecting future impacts is something the city has experience with. He agreed that continuing to look ahead should be part of standard practice and emphasized that incorporating multi-year projections into the budgeting process is important for informed decision-making.

Mr. Magureanu agreed and noted that while not everything can be predicted with certainty, certain factors, such as grant funding timelines, can be projected with reasonable confidence. He explained that understanding when those funding sources will expire allows staff to anticipate future financial obligations and better plan for those transitions.

Mayor Roe noted that there is some capacity within the levy for expiring debt service and acknowledged that it is an important consideration in the overall financial picture.

Councilmember Strahan emphasized that the Council should remain focused on its policymaking role and avoid micromanaging departmental budgets, noting that operational decisions are the responsibility of department heads who work under the City Manager. She stressed that the Council should not be reviewing budgets line by line to identify cuts, but instead provide direction at a higher level while allowing staff to manage day-to-day operations within the established structure.

Councilmember Strahan also highlighted the importance of staying committed to previously established priorities, particularly the climate action plan, noting that these initiatives require intentional funding just like traditional infrastructure projects. She suggested that the city may need to reconsider how resources are allocated to support emerging priorities, for example, by adjusting roadway investments to create capacity for climate-related efforts. She concluded by emphasizing that maintaining the status quo should not be the default and that the city must actively follow through on its commitments.

Councilmember Bauer asked whether there was a specific target or direction in mind for potential increases, noting that such input could help guide staff as they develop the budget. He clarified that his question was intended to better understand how the Council might provide direction moving forward.

Councilmember Strahan clarified that she was not suggesting a specific increase or target amount. She emphasized that her point was not to define a number, but rather

to ensure that certain priorities are not overlooked. She reiterated that the focus should be on ensuring those priorities are considered in the overall budgeting process, rather than on establishing a specific financial figure at this stage.

Mayor Roe explained that the budgeting process requires evaluating trade-offs among competing priorities, noting that detailed analysis is primarily the responsibility of staff working with the City Manager, rather than the Council making line-by-line decisions. He indicated that staff will develop recommendations that reflect ongoing discussions, financial pressures, and recent levy trends, while also considering broader economic conditions affecting residents and businesses. He emphasized that these external factors are important but do not necessarily preclude pursuing key priorities; rather, they require more thoughtful resource allocation.

Mayor Roe added that advancing new initiatives may require reevaluating existing services or making adjustments to service levels, acknowledging that such changes do not always yield significant savings, particularly when personnel costs are involved. He concluded by emphasizing that the process involves carefully balancing priorities, understanding limitations, and ensuring the city can meet community expectations while maintaining financial responsibility.

Councilmember Bauer explained that he would be interested in evaluating whether certain contractual services could be brought in-house where it makes sense. He noted that while some services will always require outside expertise, others, particularly those that are ongoing, may be candidates for internalizing the work to reduce long-term costs.

Councilmember Bauer added that bringing services in-house could also create opportunities to expand staff roles and develop new skill sets within the organization. He acknowledged that this approach may involve upfront costs but suggested it could yield long-term savings and operational efficiencies. He indicated that he would like to explore these possibilities further as part of the budget process.

Councilmember Groff explained that residents generally value the services the city provides and have a positive view of the community, noting that the framing of questions can influence responses. He observed that while residents may express concern about taxes in general, they are less likely to support service reductions when considering what those taxes fund, highlighting the importance of this perspective in budget discussions.

Councilmember Groff emphasized the need to balance cost control with the preservation of essential and valued services, cautioning against cuts to areas such as police and fire that residents rely on. While acknowledging the importance of identifying efficiencies, he stressed that decisions should reflect community

priorities and maintain quality of life, underscoring the need to keep that balance at the forefront of the budget process.

Councilmember Schroeder emphasized the need to balance competing priorities in the budget process, noting that while residents often express concerns about rising property taxes and affordability, the city must still carefully determine what initiatives are most urgent. She acknowledged that not everything can be accomplished at once and encouraged staff to collaborate across departments to identify and prioritize key initiatives, recognizing that some items may need to be deferred. She also suggested applying a similar prioritization approach used in capital improvement planning to the broader budget. She encouraged regular evaluation of existing programs to ensure they continue to meet current community needs.

Councilmember Schroeder further highlighted the importance of exploring creative solutions to manage costs, including leveraging technology, improving processes, and reviewing contracts, insurance, and vendor relationships for efficiencies. While acknowledging that staffing is a major expense, she noted there may be opportunities to improve efficiency over time, particularly as positions turn over. She concluded by stressing the importance of long-term planning, including consideration of future funding sources, facility needs, and program sustainability. She encouraged staff to bring forward thoughtful, innovative solutions that align with the city's priorities and financial realities.

Mr. Trudgeon thanked the Council for the discussion and asked for more specific direction regarding priorities for the upcoming budget. He referenced earlier comments about maintaining focus on certain initiatives, such as climate-related efforts, and asked whether there are other areas Council wants staff to prioritize or potentially deprioritize.

Mr. Trudgeon explained that staff have identified several emerging needs and themes, and he is seeking feedback on how Council would like them addressed. He asked Council to consider where resources should be directed, particularly in the context of potential levy increases, and whether there are specific areas where investment should be emphasized over others.

Councilmember Bauer explained that he generally agrees with the themes identified earlier, including facilities, workforce, and personnel-related costs. He noted that those categories align with what he views as the primary areas of focus and indicated that he is comfortable using those as a framework moving forward.

Councilmember Schroeder agreed and emphasized that facility needs, particularly related to the police department, should be a key priority. She explained that if the city moves forward with recommendations from upcoming studies, it will need to ensure that adequate space is available to support those changes. She noted that

while the exact approach is not yet clear, addressing space limitations will be an important consideration in future planning.

Mayor Roe explained that many of the priorities discussed are already part of ongoing staff efforts tied to the strategic plan, noting that these internal discussions will help shape recommendations for the 2027 budget. He emphasized that the strategic planning process identified key initiatives for the early years and that, where feasible, they should be incorporated into the budget through thoughtful resource allocation. He added that doing so may require adjustments to both revenues and expenditures, reinforcing the need to balance competing demands while continuing to move toward long-term goals.

Mayor Roe also highlighted the city's history of identifying alternative funding sources, particularly grants, to support new initiatives, while acknowledging that such funding is typically temporary and requires planning for long-term sustainability. Addressing the use of consultants, he explained that these services are often necessary for specialized or one-time work that cannot be handled efficiently in-house, making their use a practical allocation of resources. He concluded by emphasizing that these considerations are part of the broader prioritization process and that ongoing evaluation of resource allocation will remain important as the city moves forward.

Mr. Trudgeon explained that while the city has made significant investments in public safety in recent years and those priorities remain important, it is also necessary to address needs in other departments. He noted that public safety often receives immediate attention because its impacts are highly visible, but cautioned against allowing that focus to overshadow other areas that have been waiting for resources and support.

Mr. Trudgeon emphasized that rising costs should not lead to the assumption that progress in other areas must be halted, noting that a balanced approach is needed to support the city's overall operations. He stressed that careful planning and prioritization will be required, but it is important to continue investing across a range of services to meet broader organizational needs.

Councilmember Schroeder expressed that she would like staff to take the lead in identifying priorities through cross-departmental collaboration, noting that while public safety was a key focus in the past, priorities may shift to areas such as parks or public works based on current needs. She emphasized the value of department heads working together to determine these priorities. She noted that it would be helpful for staff to present a unified set of top priorities, providing Council with clearer insight into how decisions are made and how they align with the city's overall strategic direction.

Mayor Roe explained that upcoming budget decisions will require careful balancing of priorities, noting that some recommendations, such as adding two police department positions, have already been identified but may involve tradeoffs if delayed, including operational impacts. He emphasized that these types of decisions are central to the budget process and must be considered thoughtfully in the context of the city's overall needs.

Mayor Roe added that these choices should be developed collaboratively by the management team rather than as isolated decisions, to present a unified recommendation that reflects input across departments and aligns with broader priorities. He expressed confidence in building on the collaborative approach used during the strategic planning process, noting that continued coordination among staff will help ensure the final budget reflects shared priorities and well-informed decision-making.

Mr. Magureanu asked for Council input on how property taxes are communicated to residents, noting that many people assume the city is responsible for most of the increase when, in reality, it typically accounts for only about 20 to 25 percent of the total bill, with the remainder coming from other taxing entities such as the county and school districts. He shared that in conversations with residents, initial frustration often shifts once they review the full breakdown and better understand the city's portion.

Mr. Magureanu emphasized the importance of clearly communicating this broader picture to help address misconceptions and support more informed discussions. He noted that improving transparency around how property taxes are structured is an important part of the budgeting process and can help residents better understand the city's role in overall tax changes.

Mayor Roe explained that confusion around property taxes often stems from the billing process, noting that November statements do not always reflect all approved levies, such as voter-approved school district changes that are added later. As a result, when residents receive their final bill in April, the increase can appear larger because it includes additional items not shown earlier. He emphasized that these changes are outside the city's control and can create the perception that the city is responsible for the full increase, highlighting the need for clearer communication about how different components contribute to the overall tax bill.

Councilmember Groff noted that he appreciated the explanation provided and agreed that it is an important point to communicate to residents. He explained that while he does not typically review tax statements line by line with individuals, he does make an effort to highlight that the city is only one portion of the overall tax bill. He added that understanding that the city represents roughly 20 percent of the total was helpful information and useful in those conversations.

Councilmember Bauer asked how the city compares with other cities in Ramsey County in terms of property taxes and overall financial position. He noted that he had not yet reviewed the information himself but expressed interest in understanding how the city's tax rates and costs compare with those of comparable communities. He indicated that having that comparative perspective would help evaluate the city's position and inform budget discussions.

Mr. Magureanu explained that Ramsey County provides comparative reports that show data on tax capacity, tax rates, and levy changes, which help the city evaluate its position relative to others. He noted that the final 2026 data is now available, though it has not yet been presented visually. He indicated that staff could develop charts or graphs to make the information easier to understand. He emphasized that the data is readily accessible and can be shared or incorporated into future discussions as needed.

Mayor Roe asked how far back historical data is available regarding the city's tax rate and expressed interest in reviewing longer-term trends. He indicated that understanding historical patterns could provide helpful context for current budget discussions and comparisons.

Mr. Magureanu explained that he has access to 20 years of historical tax rate data across multiple cities and could present it in a visual format to show trends over time, including how rates have risen and fallen. He noted that cities often follow similar patterns, with changes occurring broadly rather than in isolation, and emphasized that differences in tax rates typically reflect variations in service levels, meaning lower rates do not necessarily indicate a direct comparison. He added that he could share this information with the Council to provide additional context for future discussions if desired.

Councilmember Strahan suggested establishing a more structured and predictable cycle for professional service plans, similar to the capital improvement program, to improve consistency in planning and budgeting. She noted that scheduling updates, such as compensation studies or departmental plans, on a regular or staggered timeline could help the city better anticipate future costs and implementation efforts, particularly since recent studies in areas like police and fire have led to ongoing investments and operational changes.

Councilmember Strahan added that while not all plans would fit a rigid schedule, having a general framework would help ensure departments are reviewed more consistently, citing the parks master plan as an example that has gone too long without an update. She emphasized that a more organized approach would support balanced decision-making, prevent overfocusing on a single area at a time, and improve resource allocation across the city over the long term.

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Mayor Roe agreed that establishing regular cycles for evaluations, such as compensation studies, is beneficial, noting that making these reviews routine helps maintain consistency and prevents the city from falling behind or facing larger adjustments later. He emphasized that, in addition to planned efforts, organizational changes are often driven by staff turnover, particularly when key employees retire or leave, creating opportunities to reassess departmental structures, redefine roles, and identify potential efficiencies.

Mayor Roe added that while some changes may result in additional costs, they can sometimes be managed or offset depending on timing and organizational decisions. He also noted that certain departments, such as police and fire, may require formal studies or external expertise due to the complexity of their operations. He concluded by emphasizing that while some planning can be scheduled, other needs arise based on circumstances, and the city must remain flexible in determining when to rely on internal resources versus outside support.

Councilmember Strahan emphasized the importance of consistently conducting and tracking key analyses as ongoing priorities, noting that even when delayed, they should remain visible to prevent being overlooked or becoming outdated. She reflected on past situations in which outdated plans made it difficult to determine the future direction, underscoring the value of regular updates in providing clarity for both staff and Council. She added that revisiting and refreshing departmental plans help guide future work, support better decision-making, and keep the organization moving forward with a clear and motivating vision.

Councilmember Schroeder noted that staff are experiencing similar pressures and questions to those being raised by the Council. She explained that it is helpful to hear how staff are thinking through these challenges and approaching prioritization. She emphasized that while there may be a long list of needs, the key step is to narrow it down to what can realistically be accomplished.

Mayor Roe agreed and noted that staff discussions are likely already reflecting many of these same considerations. He emphasized that the themes identified should lead to clear prioritization, focusing on what can actually be implemented within available resources. He reiterated that the goal is to move from a broad list of ideas to a more focused set of achievable actions.

Mr. Johnson explained that prioritization has been an ongoing effort across departments for several years, particularly with significant investments in public safety that have contributed to current levy pressures, even before addressing deferred needs. He noted that strategies such as improving efficiency, maximizing staff capacity, and doing more with less have already been widely implemented. He emphasized that there are limits to how much further these approaches can be stretched. He added that rising demands, evolving workforce expectations, and

persistent staff turnover suggest that workload pressures continue to build across departments.

Mr. Johnson further emphasized that while some initiatives have been paused to align with broader city priorities, those needs have not disappeared and continue to accumulate over time. He noted that factors such as paid family leave and rising service expectations are adding to operational challenges, and while the situation is not a crisis, it reflects growing pressure. He concluded that many smaller efficiencies have already been realized, leaving limited opportunity for additional reductions without affecting service levels and indicating that meaningful savings would likely require larger structural decisions.

Councilmember Schroeder encouraged department heads to collaborate to identify and communicate priorities, emphasizing the importance of clearly presenting needs and explaining why certain items should be prioritized to build alignment across departments. She noted that reaching consensus at the staff level would strengthen the recommendations brought forward to Council and make it more effective for Council to review priorities that already have broad support rather than determining them independently. She added that this approach also allows staff to clearly communicate when needs have become critical, helping Council better understand where to focus resources in the upcoming budget.

Mayor Roe suggested that one approach to the budget process would be for staff to develop multiple scenarios based on different levy levels. He explained that this could include a higher-range option, such as a 12 percent increase, alongside lower options such as 10 percent or 8 percent, with each scenario clearly outlining what priorities and services would be included. He emphasized that this would allow the Council to understand better the trade-offs associated with each level and provide a clearer framework for decision-making.

Councilmember Schroeder agreed with this approach and emphasized that it would be valuable for department heads to collaborate to develop these scenarios. She noted that staff are best positioned to understand operational needs and pain points, and that incorporating their collective input would strengthen the recommendations presented to Council. She emphasized that this process would help ensure that priorities are clearly defined and supported across the organization.

Mayor Roe added that presenting multiple budget scenarios would help the Council communicate more effectively with the community by clearly showing what each option includes and the reasoning behind decisions. He emphasized that this approach demonstrates thoughtful evaluation and supports the Council's role in helping residents understand tradeoffs while maintaining fiscal responsibility. He noted that the city has historically been successful in linking levy increases to specific needs with minimal pushback when the rationale is clearly explained. Still, he acknowledged that current economic conditions, including inflation and rising

living costs, are increasing pressure on residents, reinforcing the need for balanced and reasonable decision-making.

Mr. Trudgeon explained that the purpose of the meeting was to share the city's current financial realities and begin discussing the competing priorities that will shape the upcoming budget, noting that this conversation is being initiated earlier than in past years to allow for greater collaboration with Council. He acknowledged that recent decisions and ongoing pressures have created a challenging environment. He emphasized the need to remain open to different approaches, recognizing that the final levy may differ from initial expectations as the city works to balance maintaining core services with addressing emerging needs.

Mr. Trudgeon highlighted the importance of keeping the strategic plan in focus, noting that it reflects significant community input and long-term goals, even if not all priorities can be addressed immediately. He added that staff will continue refining options and developing multiple scenarios to provide clarity, while acknowledging that very low-increase scenarios may not be realistic under current conditions. He emphasized that early understanding of these challenges will support more productive discussions and expressed confidence that, through collaboration, the city can identify a balanced approach that aligns with priorities while managing taxpayer impact.

Mayor Roe added that external factors, such as changes in property values, also play a role in how tax impacts are distributed. He noted that valuation shifts between commercial and residential properties can affect the burden on individual taxpayers. He expressed hope that those dynamics may help mitigate impacts in future years.

Mr. Magureanu explained that changes implemented in prior years are now having a noticeable impact, particularly related to revenue collection from levies. He noted that increases in commercial property activity, including petitions and valuation adjustments over the past several years, are contributing to shifts in revenue. He emphasized that while this can generate additional funds, it is important to manage these changes carefully to ensure the city applies them appropriately and sustainably.

Mayor Roe noted that long-term trends show the impact on the average single-family property has generally tracked with the city's overall tax capacity growth, indicating that the burden on homeowners has not increased disproportionately relative to rising property values. He added that while tax impacts have exceeded general inflation measures such as the CPI, they have remained aligned with growth in the city's tax base, providing important context for understanding how those impacts have evolved.

Councilmember Schroeder noted that one of the challenges with property taxes is that increases in home values do not always align with increases in personal income. He explained that while a property may gain value, that does not necessarily make it more affordable for the homeowner, particularly if their income is not increasing at the same pace. He emphasized that this disconnect is an important consideration when evaluating tax impacts on residents.

Mayor Roe also acknowledged that the meeting had reached a point where it needed to be wrapped up in an organized manner. He noted that the discussion could not continue indefinitely and emphasized the need to either take a break or conclude the session.

Mr. Trudgeon indicated that the group could take a break while continuing informal discussions if desired. He also suggested that feedback could be gathered outside the meeting setting, particularly on how the budget process could be improved going forward. He emphasized that input from both Council and staff would be valuable in refining future processes.

Mayor Roe added that feedback on the previous budget process would be helpful, noting that understanding what worked well and what could be improved would support better collaboration in future cycles. He acknowledged that not all feedback needs to be shared in the current setting and suggested that individual conversations could also be an effective way to gather input.

Mr. Trudgeon reflected on the prior year's budget process. He invited feedback from department heads, noting that from his perspective, Council was engaged, receptive, and willing to work through complex scenarios involving franchise fees, grant funding, and shifting assumptions. He emphasized that the process was highly collaborative, with both staff and Council asking questions and working toward a shared outcome. He added that the use of franchise fees was a critical factor in achieving the final levy result, noting that without that revenue source, the process would have been significantly more challenging. He appreciated the support that helped staff navigate those complexities.

Councilmember Schroeder noted that a key strength of the prior budget process was the iterative approach, with staff bringing back updated scenarios multiple times, allowing Council to review options, ask questions, and better understand the implications of different choices. She emphasized that starting earlier, as is being done now, provides more time for discussion and helps build understanding through repeated exposure to the information. She added that this ongoing, collaborative approach is more effective than presenting a final proposal all at once, as it supports greater engagement and leads to more informed decision-making.

Mr. Johnson expressed appreciation for engaging in the budget discussion earlier in the process, noting that the revised approach has been valuable in addressing

ongoing challenges, including the multi-year impacts of prior decisions, such as adding new positions. He emphasized that open, early dialogue allows staff and Council to collaboratively work through complex issues, even without full clarity, rather than reacting later. He clarified that his comments were not a criticism of the prior process but a recognition that the city is learning and adapting, and he noted that this early, collaborative approach creates a more constructive environment as difficult decisions are considered moving forward.

Mr. Trudgeon asked whether there were any additional comments or feedback from department heads or Council regarding the budget process, including any questions or considerations that should be addressed moving forward. He emphasized the importance of ensuring that all relevant factors are considered in the discussion.

Councilmember Bauer asked whether costs associated with the license and passport center, including fees and operational expenses, were accounted for in the current budget projections. He sought clarification on how those costs are being incorporated into the overall financial picture.

Mr. Trudgeon explained that those specific costs are not currently included in the upcoming budget decision. He noted that expenses related to a potential facility, including site and moving costs, would likely be addressed separately through a financing mechanism such as bonding. He emphasized that these items remain undetermined and are not part of the current projections under consideration.

Mayor Roe emphasized the value of taking a multi-year view, particularly over the next three years, to better understand upcoming financial changes, including the anticipated reduction in debt service around 2028, which could create additional capacity. He suggested it would be helpful to understand how that future capacity may already be informally anticipated for certain needs, while recognizing that those decisions are not yet binding. He noted that this forward-looking perspective can help guide current decisions, allowing some priorities to be timed for future years when resources are more available. He emphasized that even though 2028 may seem distant, considering timing is important for effective long-term financial planning.

Mr. Trudgeon explained that prior discussions around debt issuance, capital improvements, and the use of franchise fees have already shaped the city's long-term financial approach, noting that maintaining certain revenue streams can help absorb future cost increases and provide greater stability. He emphasized that these factors will continue to play an important role in upcoming budget decisions.

Mr. Trudgeon summarized that Council now has a clear understanding of financial pressures, key budget drivers, and emerging priorities. He noted that staff will incorporate this feedback into prioritized recommendations for future discussion. He emphasized that the process is intended to remain collaborative, with ongoing

communication between staff and Council. He acknowledged that not all priorities can be addressed at once, requiring continued tradeoffs and a balanced, sustainable approach over time.

Councilmember Schroeder noted that feedback from the strategic planning process indicated that participants valued interactive settings like this one. She expressed appreciation for the staff's creating an opportunity for Council and department heads to meet together in a more collaborative environment. She explained that having everyone present at the same time is more efficient than individual meetings and allows for a broader exchange of ideas. She emphasized that this format is a positive step toward improving communication and collaboration.

Councilmember Groff agreed and explained that he finds the less formal setting especially helpful. He noted that traditional Council meetings tend to be more structured, with staff presenting from a separate table and interactions following a formal process. He emphasized that this setting allows for more natural conversation, greater back-and-forth discussion, and a more open exchange of ideas. He added that the format encourages participation and makes it easier for Councilmembers to engage without the constraints of a formal meeting structure.

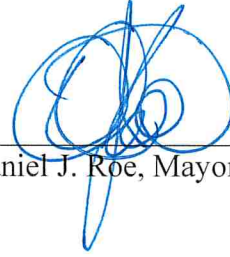
Mayor Roe raised the question of whether another work session like this should be scheduled before the formal budget presentation. He suggested that an additional meeting could be helpful, particularly if staff can present more refined scenarios or tiered options as the process develops. He noted that rather than waiting until the formal presentation, an interim discussion could improve understanding and prepare the Council for upcoming decisions.

Mr. Trudgeon agreed that an additional meeting could be beneficial, noting that timing would depend on when staff have more fully developed and vetted information to share. He emphasized that providing updated information ahead of the formal budget timeline would improve the overall process. He added that these discussions would allow the Council to gain a clearer understanding of the direction before reaching the key decision points in August and September.

- 8. Council Direction on Councilmember Initiated Agenda Items**
- 9. Approve Minutes**
- 10. Approve Consent Agenda**
- 11. Future Agenda Review, Communications, Reports, and Announcements – Council and City Manager**
- 12. Adjourn**
Strahan moved, Groff seconded, adjournment of the meeting at approximately 6:27 p.m.

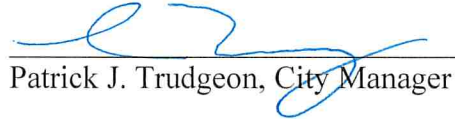
Roll Call

Ayes: Strahan, Groff, Bauer, Schroeder, and Roe.
Nays: None.



Daniel J. Roe, Mayor

ATTEST:



Patrick J. Trudgeon, City Manager