



Approved: January 12, 2026

**CITY OF ARDEN HILLS, MINNESOTA
CITY COUNCIL WORK SESSION
NOVEMBER 24, 2025
5:30 P.M. - ARDEN HILLS CITY COUNCIL CHAMBERS**

CALL TO ORDER/ROLL CALL

Pursuant to due call and notice thereof, Mayor Grant called to order the City Council Work Session at 5:30 p.m.

Present: Mayor David Grant; Councilmembers Brenda Holden, Tena Monson, Emily Rousseau and Kurt Weber

Absent: None

Also present: City Administrator Jessica Jagoe, Public Works Director/City Engineer David Swearingen, Finance Director Joua Yang, Community Development Director Jake Reilly and Assistant to the City Administrator/City Clerk Julie Hanson

1. PUBLIC INQUIRIES/INFORMATIONAL

Joel Gerrick – 1241 Nursery Hill Lane stated he is the chair of the Karth Lake Improvement District Board. He knows the 2026 PMP will include the Karth Lake neighborhood. He would like to address the pump system improvements. He thinks 50% of the projected cost of \$112,000 will be covered by the Rice Creek Watershed District grant. The other 50% is yet to be determined. He wanted to remind Council why the improvements are needed and who they benefit. The project will help improve water quality for the Karth Lake watershed which extends well beyond the lakeshore properties. Karth Lake is a drainage ditch. There is no natural drainage and without pumping the lake would overflow. The new pump would also reduce the maintenance burden for the city. Currently the pump must be manually checked and manually turned on and off as it cycles through the lake level management protocol established with the DNR. Karth Lake is difficult to access and each trip by the Public Works team must be planned. With the new system, the pump only needs to be placed and removed one time per year, and routine monitoring and control will be done remotely.

2. RESPONSE TO PUBLIC INQUIRIES

None.

3. AGENDA ITEMS

A. Rum River Plumbing Delegation Discussion

Mayor Grant said the plumbing delegation we currently use is the State. The State takes 100% of plumbing fees. If we move to Rum River, they will take 80%. This is allowed in statute.

Community Development Director Reilly said Staff is asking Council to consider switching from the State reviewing plumbing plans and move to Rum River holding our delegation. Our current contract with Rum River already has a clause in it that allows this to happen in the future. It is designed to speed up the timeline for commercial projects. The State is at least six weeks behind and it often takes longer. Rum River holds the delegation for multiple neighboring Cities and can complete the work faster. We would also receive some revenue which we don't currently receive.

Community Development Director Reilly said we must update our ordinance, so it no longer refers to the Department of Labor and Industry. There will be a public hearing at the City Council because it's an ordinance change.

Mayor Grant said there is no downside. We are familiar with Rum River and have used them before. We will get better customer service and will be able to keep a small amount of the plumbing fees. It's a consent item.

Councilmember Monson asked Staff to confirm there are no downsides with making this change.

Community Development Director Reilly confirmed.

Councilmember Holden said the memo states that Rum River is more expensive. That was reflected in the fee statement. So, more money will come in overall and the City will get 20% of that.

Councilmember Weber asked if it has to be heard at the Planning Commission.

Mayor Grant said no.

Councilmember Rousseau is in favor of this.

Mayor Grant said seeing that no member of the City Council opposes this, Staff is directed to bring it forward to a Council meeting with the necessary changes.

B. 2026 Budget Discussion

Finance Director Yang said this discussion will be an important step in finalizing the City's financial strategy for the upcoming year. The Truth in Taxation (TNT) Public Hearing for the 2026 Budget and CIP will be December 8.

Finance Director Yang said Staff is anticipating that the 2025 General Fund or operating results will come in approximately \$900,000 better than the budget. The General Fund unassigned balance will come in at approximately 55.8% or 5.8% over the 50% target. This provides an

opportunity for Council to use strategic measures for the final budget deliberations. She outlined some options for use of the budget surplus for Council to consider.

Councilmember Holden asked if the 58% includes the \$122,000.

Finance Director Yang said no. It is the actual results and how they will flow through to the current fund balance.

Councilmember Holden asked why certain areas aren't prorated out to anticipate a surplus.

Finance Director Yang said the budget is set at an annual number. When actuals flow through, we are just comparing against that.

Councilmember Holden is confused about the Sheriff Department numbers. She asked why we were so far off on the expenditures.

City Administrator Jagoe said that is a number we just received from the Sheriff's Department last week. RCSO had shared during their September and October meetings the anticipated 2026 budget. They also had to do the 2025 reconciliation. We didn't know what the overage would be.

Councilmember Holden asked how we know the numbers they are giving us are right. She doesn't trust the Sheriff.

City Administrator Jagoe said the numbers they give us are based on some assumptions. They are looking at some personnel cost savings and other revenues to offset. They are taking what they have beginning in July through November under the new contract and making assumptions for December. There are variables that can shift. She will talk with the other administrators about making sure the numbers are being double checked. The \$144,000 is still their assumption of how things will end.

Councilmember Holden asked why they aren't billing us for that now.

City Administrator Jagoe said RCSO said the invoices will come out in February. They won't have actual numbers until after December 31. They will reconcile everything and then invoice the cities. She can ask about partial invoicing.

Finance Director Yang added we can accrue the \$144,000 in the 2025 budget so it won't hit 2026.

Councilmember Rousseau asked if the nearly million-dollar shortfall is only assigned to the contract cities or will it be divided among everything else.

City Administrator Jagoe said it is assigned to the contract cities. It is cost associated with the implementation of contract agreement that was settled with the deputies and sergeants labor union agreements.

Councilmember Rousseau asked how much of the overall budget is assigned to the contract cities vs. the other cities.

City Administrator Jagoe has the breakdown of the percentages that the 7 contract cities pay of their budget. She can ask Ramsey County for additional information.

Councilmember Rousseau said she would like to know a little more about that. When setting the preliminary levy we were looking at worst case scenario. A lot of this has to do with public safety but she wonders if they are over charging us.

City Administrator Jagoe said RCSO stated the issue they are having with the reconciliation is the mid-year implementation of the labor contract. There were delays in getting the contract settled so the deputies and sergeants were working without a contract. They had to then make up for the beginning of the year with a lump sum payment to each employee. That unknown made it difficult for them to tie out the numbers.

Mayor Grant said his issue with this is it happened after September 30. The County has to follow the same calendar for setting preliminary and final levies. Giving us this information after the preliminary levy was set is not acceptable. They should have had an estimate in advance of the deadline to set preliminary levies.

Councilmember Weber said he has brought up the issues of the cost of the policing services and the late invoicing with the County Commissioner. She expressed great interest in getting to the bottom of this. She represents several cities in the contract group. He knows that during County Commission meetings the Sheriff has been asked about how the billing is broken down to the contract cities. He doesn't think there has been a clear answer yet.

Mayor Grant said things would have been different if not for this mid-year contract. They should have figured it out long before September.

Councilmember Monson said the question at hand is what we do with this significant and unexpected surplus for 2025. She thinks it's fair to say the levy was set as a worst-case scenario. We have this one-time "bonus money". Staff have recommended several options. She doesn't think we should assume the full \$900,000 but we can assume some percentage of that. She would like to use some of the surplus for the short-term options and some for the long-term options.

Councilmember Rousseau said we were anticipating about \$360,000 savings from staffing costs this year. She would be interested in reducing that with the levy. She recognizes we would have to consider putting that back into the levy next year. She would like to see some of the money towards some short-term costs. Putting money aside for technology, the Comprehensive Plan and the maintenance plan that we will be discussing in the spring. She asked how much it would take to get the general fund to 50%.

Finance Director Yang said the target would be 50% of what we set for next years expenditures. It would be approximately \$400,000.

Councilmember Monson asked for clarification that we need \$400,000 to go into the general fund to hold 50%.

Finance Director Yang said we would need \$500,000 to get to the 50%. The \$400,000 is the incremental that would be left over.

Councilmember Rousseau said she is interested in that. She would like to look at reducing the levy by six points now and look at the other pieces for next year where we could save money.

Councilmember Weber said he generally agrees. He really agrees with Councilmember Monson that we shouldn't assume all of it. If we assume 75% with \$500,000 claimed, it would leave about \$175,000. He doesn't think we can get to 6 levy points using the 75% assumption. He said \$175,000 is about 3 levy points. He would support doing that. He said if we are going to reduce the levy he is willing to hear that but he wants to reiterate keeping the \$180,000 to the PIR Fund is important to him. We need to start building that PIR now.

Councilmember Holden asked if the PIR includes the trails.

Staff confirmed.

Councilmember Holden said we pay 50% for the trails.

Public Works Director/City Engineer Swearingen confirmed. The current cost share is 50% with the County paying the other half.

Councilmember Holden said Director Swearingen had meetings and that everyone agreed. She asked what the new percentage is.

Public Works Director/City Engineer Swearingen can't say numbers. It is one of the County's goals to make the cost participation more favorable for the cities. Once we come to terms, it will be better than the 50/50 split.

Mayor Grant said he asked Finance Director Yang to prepare this memo. He asked her to prepare another memo on capital, but that was not prepared. Capital relative to the budget came in \$500,000 positive.

Finance Director Yang clarified it was \$500,000 unfavorable. So more expenditures than what was originally projected.

Mayor Grant said he remembers it being favorable.

Councilmember Weber said he would prefer conversations with Staff, especially regarding the budget, happen at this table. We all need to be getting this information.

Mayor Grant said that is why he asked Director Yang to create this memo. Otherwise, we wouldn't have this memo to discuss. Originally it was \$1,040,000 favorable. That is on a \$6 million levy. That's huge.

Councilmember Weber understands that. He is saying that conversation should happen at this table.

Mayor Grant said we have this memo because he asked for it. His point is we should have another memo regarding the capital.

Councilmember Weber said it doesn't sound like that will be favorable.

Mayor Grant said at one point he thought it was, we'll have to see. Unless Director Swearingen can shed any light on some favorable variances.

Councilmember Holden would like to address the point. She asked why she wouldn't be allowed to call Director Yang and ask a question on the budget without Councilmember Weber knowing exactly what she is asking.

Councilmember Weber said we aren't talking about asking questions about the budget. We're talking about having a closed door meeting with Staff and preparing information that is dispersed to Council for discussion after. This should be something that should go through the City Administrator to Staff who would prepare the memo and bring us their unbiased clear opinion. It shouldn't be prepared by a Councilmember. It allows for bias, or the appearance of it.

Mayor Grant said he talked to Director Yang but he also mentioned it during a Council meeting that he wanted this information. He is stating, at a public meeting, that we need to review our capital.

Councilmember Monson said she also asked for this information. The entire Council got the email about the extra \$1 million. Councilmembers were asking for information in order to have this conversation at a work session. If Staff didn't prepare this memo we would be in a different spot.

Mayor Grant said he would prefer to use the surplus to pay for items like the permit software conversion. It would lower the levy and would move the goal post closer when we're trying to reach 50% of a number \$60,000 higher. He said there is another one-time software migration that would qualify. His assumption is that all of the 2026 proposed operating costs have been identified. He said there is a category for underfunded levy costs from the previous year. He asked staff if we actually write a check for that.

Finance Director Yang said we are asking to increase the levy by that amount. It is a structural funding gap from 2025 that continues to play into 2026.

Mayor Grant said he asked earlier if all of the costs in 2026 had been identified to get us where we need to be and Director Yang said she had identified all of those costs.

Finance Director Yang said the structural gap comes when we look at revenue minus expenditures. Our revenue includes property taxes and other miscellaneous revenues. That number does not cover total costs of the City. It is underfunded. The total costs are underfunded by \$122,000.

Mayor Grant said that was the previous year.

Finance Director Yang said it's a carry forward. Last year the revenues were below the expenditures by \$122,000. That was a structural gap that will continue to flow into 2026. When we look at the 2026 budget, for example, if we say revenues are increasing by \$100,000 our expenditures are also increasing by \$100,000. That's been captured. The levy from the prior year was lower so that becomes the new base. So, we start at a lower base in 2026. There is a gap that needs to be levied.

Mayor Grant asked if this goes from year to year it should have been accounted for it in 2026 with it's full value. We don't put a contract in for less because we can recapture the base from a previous year.

City Administrator Jagoe said she thinks Director Yang is saying the base budget did not include that and we are trying to capture the entire amount.

Mayor Grant said it should be included in the 2026 numbers.

City Administrator Jagoe said that is what is showing here because it was not captured in 2025. The budget was underfunded.

Councilmember Monson understands there is a budget deficit and if we leave that hole, it will carry over. She asked what Staff what amount of the \$900,000 assumption should be reserved for if another cost comes in.

Finance Director Yang thinks some should be left in the reserves in case any one-time unplanned expenditures come in.

Councilmember Monson wanted to know what amount can safely be used. She threw out 75% but she wants Staff's opinion on what the actual amount is.

Finance Director Yang thinks it would be safe to utilize 50%.

Councilmember Monson asked what other one-time fees, like the permitting software and the IT migration, Staff would recommend utilizing this money on.

Finance Director Yang said we could use it for the Comp Plan. We have \$60,000 in the budget for this year and \$60,000 for 2027. It will be a \$120,000 cost and some of this could go towards that.

Councilmember Monson asked where else we should apply the money to reduce the levy.

Finance Director Yang said at this point, she is trying to get a gauge on what Council is thinking in terms of how a surplus could be utilized. Staff would go through a process in June when the books are closed. At that time Council can make the decision on how to utilize the surplus.

Councilmember Monson asked if Council can just say we want to use a certain amount to the general fund and this much to reduce the levy. Then we decide later how we use it.

Finance Director Yang confirmed. This is in front of Council today so Council can understand what the potential surplus may be and how we want to think about it in terms of the 2026 budget.

Councilmember Monson said Staff is not recommending changing anything in the 2026 budget.

Finance Director Yang said we will have to wait until next year before we can make a decision. It is likely that we'll see some savings. We can utilize those savings to reduce the levy for one-time costs like the permit software or the IT server migration.

Councilmember Monson understands we have to wait until 2026 because we don't have the money until after the final audit. She wants some to go into the general fund and she wants to lower the levy. She is trying to understand how much Staff needs to allocate the money towards a certain bucket that would help the public understand what we're intending to use the savings for.

Finance Director Yang said she made the one-time cost recommendations. She is comfortable using it for those one-time costs. It can also be used to replenish the general fund. It is up to Council to determine how to use the remaining surplus, if there is any, when the audit is complete in June/July.

Councilmember Holden said if we're at \$900,000 and our budget deficit is \$122,000, why don't we make a budget adjustment and we won't have that budget deficit.

Finance Director Yang asked what is the recommendation for the budget adjustment. Is the recommendation that we lower our costs for 2026?

Councilmember Holden agreed. She would have a hard time telling residents that we over-levied them last year. We still have to put in the 50% for 2026, whatever that is. It wouldn't include the \$122,000 and give us additional money to put elsewhere. She said we can purchase the permit software this year and it would come out of the \$900,000.

Finance Director Yang confirmed.

Councilmember Holden said we can spend it this year and it will lower the final surplus.

Finance Director Yang confirmed.

Councilmember Holden thinks it's better to utilize some of the money now for the one-time costs. She still would like to see a budget adjustment to get rid of the \$122,000. The expenditures weren't there.

Mayor Grant said when we look at how we got here, we got some extra permit revenue, staff savings and a variety of other things that went into that \$900,000 figure. Those revenue and savings are already in the door. If we need to make a budget adjustment so the \$122,000 goes away, then we do a budget adjustment. Then the budget will be spot on and no longer underfunded. We can designate a certain amount of money to leave in the budget because we know we'll spend it.

Councilmember Weber wanted to know how the \$500,000 capital shortfall will impact that \$900,000.

Finance Director Yang said we have \$900,000. There was some additional spending that was not anticipated in the forecast provided to Council during earlier budget discussions. She is showing the fund balance in the PIR Fund will be reduced by \$532,000.

Councilmember Weber said it won't effect the levy directly.

Finance Director Yang confirmed. It will just reduce the overall projections.

Councilmember Weber said it will affect the long-term outlook for the PIR. An email from Administrator Jagoe had a scenario that included the \$180,000 to the PIR and the splitting the projects.

Finance Director Yang said it didn't include the project split.

Councilmember Weber said the email stated that, so it should be clarified. He is happy to hear that because the largest shortfall we saw for the PIR fund projection in that range was \$8,000.

Councilmember Monson said it sounds like some of these ideas are just mathematical ways to reduce the levy. She asked what a budget adjustment is, what it would look like and provide pros and cons.

Finance Director Yang said it is adjusting the budget. For example, if the expenditure budget is \$1 million, we would reduce that by \$120,000. That would be the amount we would be subject to utilizing that year. It just reduces the overall budget.

Councilmember Monson asked how much of the \$900,000 is expenditures that aren't spent.

Finance Director Yang said about half of it.

Councilmember Monson said it's all the same outcome, it is just a question of how we do it.

Finance Director Yang said the question is, is a budget adjustment necessary or do we cut our costs by \$120,000 in 2026. She doesn't know where we would cut the \$120,000. If we don't increase the levy by \$120,000, we will have to cut costs by that much to balance the budget. Currently the revenues are less than the expenditures.

Councilmember Monson said there is a lot of confusion around how this \$122,000 is calculated and why we need to fix it. If there is a deficit budget, that number doesn't just go away. We have this \$122,000 deficit from 2025. We know our expenditures are going to be less than that. How does the deficit amount not get calculated?

Finance Director Yang said it doesn't go away because we have to think about it as 2025 and 2026 separately. In 2025, these are one-time savings. If the revenues and expenditures both came in at 100%, we would still have a \$122,000 deficit.

Councilmember Monson understands it can't just go away because this is a gap that we budgeted. She asked if there is any way to close that gap without adding a levy point.

Finance Director Yang said it either needs to be a levy point or we have to cut costs.

Councilmember Holden said the \$122,000 also dictates the 50% that we have to have as the reserve.

Finance Director Yang said it doesn't because the 50% is based off of the total budgeted expenditures.

Councilmember Holden said the \$122,000 is within the budget expenditures. We're inflating what the reserve needs to be.

Finance Director Yang said the costs are at 100% and the revenue is short by \$122,000. That's where the overall gap is. We're setting the levy at an amount lower than total costs. The fund balance is off of the total expenditures not the levy.

Councilmember Holden said the \$900,000 with a \$7 million levy and we're almost \$1 million less in expenditures. How did we spend the \$122,000?

Finance Director Yang said we're talking about different buckets. We have to think about actuals separate than budget. When you set the budget, you are setting the cost structures. These are recurring costs and we need to levy enough to cover those recurring costs. What happens in the prior year is great news if you have a surplus but that's one time. If we didn't have the additional revenues and savings, we would have needed to levy enough to cover 100% of those costs.

Councilmember Holden asked why the \$122,000 doesn't come out of the nearly \$1 million surplus.

Finance Director Yang said it is one-time savings vs. the overall cost structure.

Discussion ensued that the \$122,000 was not levied. We don't have money coming in to cover that amount so it must stay in the 2025 "bucket". Staff confirmed.

Mayor Grant wants to be certain that the numbers for 2026 accounts for everything, going forward. There isn't anything structural to make up, in terms of budget. We've accounted for everything we can account for.

Finance Director Yang said we have accounted for 100% of the expenditures for 2026. We have not accounted for 100% of the levy or the revenues.

Mayor Grant believes this number is an accounting number just to make something balance.

Councilmember Monson said our general fund has been staying flat or decreasing because we have these deficits that never get levied to cover the cost.

Mayor Grant said we are fine this year.

Finance Director Yang said every year we pass a budget deficit and every year we've had a surplus. For 2026, if there are no vacancy savings and no incremental permit revenues beyond what's in the budget, we will be under on the levy by \$122,000 in 2026. It's a gap. She said for 2025, if our expenditures came in at 100% and our revenues came in at 100%, we passed a budget deficit that was \$122,000 negative. We didn't have enough levy to cover it. We have to eat into the reserves. Our savings can cover it. Going into 2026, we have the same issue. We didn't levy enough because we are setting increases on the revenue side and the expenditures side to be balanced.

Mayor Grant said we aren't going into 2026 behind. We're going into 2026 \$900,000 positive.

Finance Director Yang said that is a one-time savings that goes into the reserves.

Mayor Grant understands that. He said Staff has accounted for all the costs going forward.

Finance Director Yang said we have accounted for all the costs going forward but we haven't accounted for the levy shortfall to cover those expenses.

Mayor Grant said we are way under on those expenses. If it makes you whole, we can go back and adjust that.

Councilmember Monson said even though we don't spend it, it doesn't equate to money in our pocket. If we have extra revenue coming in, could we make a transfer this year for the \$122,000 from last year?

Finance Director Yang said it doesn't work that way. When we have a surplus, it just sits in your reserves. We are trying to solve for a lower levy number. We aren't levying enough to cover our expenditures. These are reoccurring costs that are going to go out into the future. We shouldn't bank on our reserves. If we keep having a recurring \$122,000 deficit moving forward, we will eat away at the reserves and we'll have to bump up the levy again at some point.

Mayor Grant said there is nothing from the previous year that is going to impact 2026 because Staff has accounted for absolutely everything and we have a \$900,000 surplus. He doesn't know why we need to include this \$122,000. It seems like double counting. There are no structural costs going forward past the 2026 because everything has been accounted for and the previous year we had a humongous surplus.

Councilmember Rousseau asked if we put \$50,000 into the EDA fund this year and then reduce that to \$0 next year, would it have an impact on the levy number?

Finance Director Yang confirmed that would lower the overall levy.

Councilmember Rousseau said we are really talking about \$760,000 if we include the \$140,000 from Ramsey County. If we did the technology piece and the EDA fund, that would be two levy points. She sees there are park maintenance sign replacements. She asked if there is anything we can pay for this year.

Public Works Director/City Engineer Swearingen said that is for repair work. It isn't labeled appropriately. There are a lot of diseased trees that will be removed and replacing a culvert that is pedestrian bridge.

Councilmember Rousseau asked if we are building "purchasing of equipment" into the 2027 budget. Is there anything we can purchase this year and remove from 2027's budget?

Public Works Director/City Engineer Swearingen can review the equipment that is programmed for next year.

Councilmember Rousseau would support finding a way to reduce the levy by six points. If we can find some spaces to pay for things this year, then any additional can be put toward the general fund or the reserves.

Mayor Grant wanted confirmation if Councilmember Rousseau is suggesting we remove six points from the 15.97% or from the original 18.3%.

Councilmember Rousseau said from the 15.97%.

Councilmember Holden wants to understand the \$122,000. Did our budget spend more than the levy amount in 2025?

Finance Director Yang said we did not. She is talking about actuals vs. budget. On the budget side we didn't set the levy at the amount that we thought we needed. We built the 2026 budget off of the 2025 budget.

Councilmember Holden said that's why a budget adjustment makes sense. It isn't a math problem to solve. We are actually reducing the costs to the City. If we do a budget adjustment for the \$122,000 our reserve dollar amount goes down. Then when we add 2026 on top of it, our reserve number is lower because the 2025 number was lower.

Finance Director Yang said we don't have to do a budget adjustment if Council deems that some costs are budgeted too high.

Councilmember Holden said there is a monetary difference with the \$122,000. When we build on 2026, we're building on a foundation that is \$122,000 lower so the reserve isn't going to be as high as if we took it from the existing 2025 to the new 2026. So, it is a reduction in costs.

Finance Director Yang confirmed. We need to solve for the \$122,000. For 2026 we still have the same issue.

Councilmember Weber said, the current proposed levy is at 15.97%, call it 16%. The most straight forward way to solve it is to levy and that would be approximately two points so we're back to 18%.

Finance Director Yang said the 15.97% includes the underfunded \$122,000 levy amount.

Councilmember Weber thinks Councilmember Rousseau's recommendation to find items to purchase now, would mean budget amendments to 2025 to pay for the permit software or some piece of equipment. Aren't we still taking it into 2026.

Finance Director Yang said we wouldn't need to do a budget adjustment for 2025. If Council decides that they want to spend \$60,000 on permit software this year, we can utilize the surplus to pay it. It is a one-time cost that wouldn't require a budget adjustment.

Councilmember Weber thinks that is part of the solution.

Mayor Grant said it appears everyone agrees that makes the most sense. It also wouldn't push the goal post for 2026 so far out.

Councilmember Monson thinks the goal is to bring the levy down as much as possible with trying to get to the 50%. She is okay with the EDA being a one-time \$50,000 payment. Any other equipment we can pull forward will be nice but she doesn't know how the math shakes out.

Mayor Grant said we are never going to spend 100% of the budget. Staff is accountable to not overspend their budgets.

Councilmember Holden asked why we would penalize ourselves. The \$122,000 wasn't spent and we have a reserve of \$1 million. She doesn't understand.

Councilmember Weber said the Finance Director is telling us there is nothing we can do about that. He suggests we move on from that subject.

Finance Director Yang said there are two options. We either increase the levy or we reduce the costs to balance the budget in 2026. We have a \$122,000 deficit. If we want to solve for that, we have those two options. A budget adjustment for 2025 is not necessary. We just need to reduce the costs in 2026. The question is where do we reduce the cost.

Councilmember Holden said that would give us savings in 2026 so maybe instead of \$122,000 it may be \$118,000 because the base is lower to achieve the 50%.

Mayor Grant still thinks the \$122,000 is being double counted. It's already accounted for in 2026.

Councilmember Holden asked Director Yang to provide a list of items that can be cut from 2026 and be moved to 2025.

Discussion ensued regarding whether Council should recess or adjourn the work session. Council agreed not to return if the Council Meeting lasts beyond 9:00 pm. The work session will still need to be reconvened in order to adjourn.

Council recessed the Work Session at 6:51 pm.

Council reconvened the Work Session at 9:24 pm.

C. Affordable Housing Policy Discussion

Not Discussed.

D. 2026 Committee/Commissions Liaisons and Mayor Pro Tem Discussion

Not Discussed.

E. Committee/Commission Liaison Role Policy

Not Discussed.

F. Rice Creek Commons/TCAAP Discussion

Not Discussed.

G. Agenda Planning

Not Discussed.

4. COUNCIL/STAFF COMMENTS

None.

ADJOURN

Mayor Grant adjourned the City Council Work Session at 9:25 p.m.

Jen Estling
Deputy Clerk

David Grant
Mayor