

MINUTES

1. CONVENE CITY COUNCIL WORK SESSION MEETING

Mayor Labadie called the meeting to order at 5:30 P.M.

A. Roll Call

Present. Mayor Labadie; Councilmembers Labadie, Sanschagrín, Gorham, and DiGruttolo; City Attorney Shepherd; City Administrator Nevinski; Parks and Recreation Manager Czech; City Clerk/HR Director Thone; Planning Director Griffiths; Director of Public Works Morreim; and, City Engineer Budde

Absent: Councilmember Maddy

B. Review Agenda

Sanschagrín moved, Gorham seconded, approving the agenda as presented. Motion passed 4/0.

2. DRAFT 2025 STRATEGIC PLAN

City Administrator Nevinski explained how City staff had come up with the proposed 2025 Strategic Priorities Work Plan for the Council. He outlined some of the staff tasks and priorities that were not included within the Work Plan because they were just things that staff would be reacting to or just doing as part of their job duties.

Mayor Labadie suggested that the Council take turns sharing their opinions on the proposed work plan for 2025.

Councilmember Sanschagrín suggested that they highlight the items that were time sensitive to ensure the Council focuses on them first.

City Administrator Nevinski suggested that the Council begin on the top and work their way down the list, and noted that many of these things would be happening simultaneously. He explained that he had not put the priorities list in a particular order, but could weigh in on what he felt would be some of the key priorities. He stated that, in his opinion, under Environmental Stewardship, development of a Vegetation Management Plan would be the first priority within that category and that reviewing the Green Steps Cities program would also have some value.

Councilmember Gorham asked what achieving a higher level within the Green Steps City program would get the City.

City Administrator Nevinski noted that as the City moves through the progressions, it meant that the City was making some commitments, dedicating additional staff time/resources, and also developing policies. He explained that because Shorewood was a City with about eight thousand

residents, the Council may want to consider how far they wanted to progress in the program because it may be different than what a larger city, which had more available resources may want to progress.

Mayor Labadie stated that she felt, at some point, that it would be beneficial to have staff educate the Council on the overall Green Steps City program.

Councilmember Sanschagrín stated that he agreed and noted that this was something that residents had flagged for him as something that may bring about unintended consequences.

Councilmember DiGruttolo suggested that it may be a good idea to add a column to the Work Plan document that outlined what resources were required, so it was clear how much staff time or financial support may be necessary.

City Administrator Nevinski cautioned that any estimate would be a guess and gave the example of buckthorn, where it was a situation where one thing just led to another and the City had not really known what they were getting into. He explained that they could try to put some estimates, as suggested by Councilmember DiGruttolo, but they would be pretty wide and broad.

Councilmember DiGruttolo stated that she understood that they may be broad estimates but felt that it would be better than not having anything.

Councilmember Sanschagrín explained that he felt it would be a good idea if the City's goals were 'smart' goals so they would be measurable and clear. He gave the example of the action 'Remove new-growth buckthorn and dead ash trees' and asked if that meant one hundred percent of the new-growth buckthorn in Freeman Park.

City Administrator Nevinski explained that his understanding was that the City would try to go after the new-growth rather than what had been done in the past for the older growth buckthorn. He noted that he felt that they could add some milestones to this document, and explained that he was a bit reluctant to get too specific because these were intended to be more of a high-level policy. He reiterated that he did feel that they could include some milestones in order to help everyone determine if they were on track or not.

Councilmember DiGruttolo stated that she felt the Council should try to prioritize these and then come up with some metrics in order to be able to measure progress. She noted that she felt they could turn this document into a living public dashboard that was available on the City website.

City Administrator Nevinski cautioned that he was afraid that they would spend a lot of time building the dashboard and not doing the actual work. He explained that he had no issue with the City saying here are the City's priorities and this is what they would be spending their time on and agreed that they should be communicating these things to the public either via the newsletter or on the website, but suggested that they walk before they run because the City has not ever really had a strategic plan or list of priorities in the past.

Councilmember Gorham suggested that instead of a dashboard it could just be something that would allow them to sort of check in on how they were doing, for example, every quarter.

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City Administrator Nevinski noted that there were things included on the Work Plan that would come back to the Council throughout the year as things progress and develop, but they could also do a specific check-in as suggested by Councilmember Gorham.

Councilmember Gorham stated that they would also add another column that showed the status of each item so it was part of the record that they could check out every once in a while.

Councilmember Sanschagrín asked if there would be room to add urban forestry management planning, by broadening the Vegetation Management Plan.

City Administrator Nevinski explained that the vision of the Vegetation Management Plan was intended to have three chapters: how to deal with invasives; how to deal with turf; and, how to deal with trees.

Councilmember DiGruttolo asked if the Park Commission had been asked to give input on this section.

City Administrator Nevinski stated that the Park Commission has seen the first draft of the Vegetation Management Plan related to invasives and would be a key player in its development.

Councilmember DiGruttolo stated that she felt that this plan needed to be integrated with the Park Commission's plan to ensure that they were synchronized and the appropriate budget resources were in place.

The Council discussed the Green Steps City program.

Mayor Labadie moved the conversation onto the Fiscal Responsibilities portion of the Work Plan.

City Administrator Nevinski explained that he felt the priority for this section was 'Develop long-term financial plan for operations and capital investments', which was already underway. He stated that the other things in this section were things that they would just be doing this year.

Councilmember DiGruttolo stated that there were things that she wanted to add but was not sure they fell into the Fiscal Responsibilities bucket. She explained that she when she thinks about this from a resident standpoint, she thinks about whether there were ways that the City could save money. She stated that she felt that this should be included as a goal and gave examples of some of the recent RFPs that Finance Director Schmuck had done for things like banking services. She noted that she understood that the City was trying to save money, when possible, but felt it should be emphasized in the document to show that the City was doing its best to try to lower the financial burden for residents.

Councilmember Sanschagrín stated that he agreed and also felt that it should be tracked throughout the year so they were able to show residents that the Council was being proactive in managing costs.

Councilmember Gorham noted that he felt the fourth item on the list, 'Explore options for increasing use and revenue of SCEC; Task force to generate ideas; Marketing; Partnerships', was slipping away because they were already at the end of the first quarter. He stated that he would like the SCEC to have a full explanation of options and asked if the target date of the end of the third quarter was being driven by the 2026 budget.

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City Administrator Nevinski stated that part of the discussion was about trying to have more data and insights into what could be done with the SCEC. He noted that if they wanted to try to do something quickly, it would be driven by the budget, and that if they wanted to make any substantial or significant changes, the end of the third quarter may be a bit too soon. He stated that they would be able to go into 2026 with their eyes wide open because they would have more information, but there may be some incremental changes that could be implemented beginning in 2026.

Councilmember Gorham explained that he would like the SCEC to work, but was not sure that six months was enough time to do everything listed in that line item of the Work Plan. He stated that he did not want them to set themselves up to fail and also to ensure that they were able to put in some real effort.

City Administrator Nevinski stated that they could get a full year of analysis, try a few things, and then schedule out a strategy.

Councilmember Gorham stated that he would also like them to get feedback from the community because this was a big decision that affected a lot of people.

Councilmember DiGruttolo noted that this was where she felt it would be helpful to have the column, where the Council could see how much effort and manpower it would take.

Councilmember Sanschagrín asked if the modeling tool would help this process.

Finance Director Schmuck explained that the modeling tool would just represent the status quo of the current situation. She noted that they would be able to modify it, tweak it, and run various scenarios with it but explained that it would be beneficial for staff to know some of the potential decisions or what types of scenarios they may want to run.

Councilmember Sanschagrín asked if she meant pricing things differently.

Finance Director Schmuck stated that depending on what the Council wanted to do with the facility, they may need to delay some things within the CIP until everything was hashed out.

Councilmember DiGruttolo noted that she did not believe the Council had any input yet on what direction they wanted to take regarding the SCEC.

Finance Director Schmuck explained that they would just move forward with it as status quo.

Mayor Labadie stated that she felt that the end of the third quarter was most likely assigned to it for budget purposes and suggested that they may want to change it so it was more accurate.

Councilmember Gorham noted that he felt that six months may be enough time for them to get to an informed decision, but would not be enough time to create a task force to generate ideas.

Mayor Labadie stated that the City wanted to be thorough and not rush things, and felt that some of the time goals the Council had set would need to be adjusted.

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Councilmember DiGruttolo stated that she also felt this should be an action item for a future work session to discuss the task force to generate ideas. She noted that the SCEC not being a sustainable model, had been discussed since she first served on the Park Commission.

Mayor Labadie noted that she felt that past Councils had looked on the SCEC as an amenity, but the current Council was looking at it as a budget item in addition to being an amenity.

City Administrator Nevinski noted that from the Council's discussion tonight, he would agree that it sounded more like it would require a much longer timeframe than originally planned.

Mayor Labadie stated that she felt the entire Council agreed that they wanted to have the community involved in decisions related to the SCEC. She moved the discussion onto Safe and Secure Community.

City Administrator Nevinski explained that he felt their main focus was going to be around Highway 7 and noted that there were a lot of things happening on that front. He stated that with relation to the Public Safety Department he would say it was important to spend more time talking with the Chiefs and making sure that they were in front of the Council. He stated that costs for Public Safety were rising and he felt that was something that the City needed to pay attention to because it would impact the budget. He noted that there was obviously a need for increased security at the City's parks and facilities, and staff was already coming up with some ideas on how that may happen.

Mayor Labadie explained that she would like to bump the Council discussion about public safety expectations and aspirations earlier than June because she wanted to be able to hear from the Council before they were at the end of the process in hiring a new Chief.

Councilmember DiGruttolo explained that she would like to see something on the issues she raised during the retreat about Yellowstone and County Road 19 related to safety.

Mayor Labadie stated that she felt that they should also add Smithtown to those discussions, specifically by the school and noted that there are a lot of roads in the City that are unsafe.

City Administrator Nevinski stated that it may be helpful for the Council to have conversations on these issues, but reminded them that the Comprehensive Planning process was coming up and he envisioned some of those conversations would help to inform that process. He clarified that the Council could discuss them, but they may be more of a long-term set of projects and policies.

Mayor Labadie stated that with the County Rd. 5 project, that will impact the City's streets and believed that some side streets would end up being used as cut-throughs. She noted that County Rd. 5 would be shut down for quite a while and the detour routes would be 212 and Highway 7.

Councilmember DiGruttolo stated that she agreed and felt it was important that the City try to get ahead of that situation before it happened.

Councilmember Sanschagrín suggested that they try to find a way to have more a police presence on the neighborhood streets to help have a traffic calming effect.

City Administrator Nevinski stated that they can have those conversations with the Police Department and noted that it may end up becoming a budget conversation.

Mayor Labadie moved the discussion onto Organizational Strength and Good Governance.

City Administrator Nevinski noted that this was an area where there were a lot of things that the Council 'can' do, along with a number of things that the City 'has' to do, for example, implementing the paid FMLA program that the State has required and also the cannabis management plan. He noted that the priorities that he saw included the agenda software implementation for agenda management because it will help the City to be more efficient and transparent. He stated that there has been talk about an annual business meeting with commissions and volunteers for a number of years. He noted that he also felt it was important for the Council and the Commissions to have bylaws.

Councilmember Sanschagrín asked if it was clear what the Council's goals should be for the code review and update item.

City Administrator Nevinski stated that he believed they had begun working around land use because they had the 2040 Comprehensive Plan and were moving through the implementation process since it had been approved. He noted that he did feel that there may be some other items within the code that they should look at such as right-of-way and licensing. He explained that staff had created a spreadsheet and were trying to track the process and reiterated that their focus for now has really been on land use or reacting to things like cannabis.

Councilmember DiGruttolo stated that she heard at a recent meeting that there may be some State law coming that would impact the City's abilities for zoning and asked if that was factored into the code review and update plans.

City Administrator Nevinski acknowledged that they were factoring that into their plans.

City Planner Griffiths stated that right now, the Planning Department was focusing on finishing the implementation of the last Comprehensive Plan because they needed to begin work on the next Comprehensive Plan at the end of 2025. He noted that one of the last sections has to do with low-density housing, which was the prime target of much of the proposed State legislation, and explained that because of that they were essentially putting that section on hold until the legislative session ended.

Councilmember DiGruttolo stated that she would like to have more time to discuss the review and scope of engineering services.

Councilmember Sanschagrín stated that he agreed because this was a high-cost area.

Mayor Labadie asked if fall of 2025 was the correct timeframe to have the discussion surrounding the engineering services.

City Administrator Nevinski stated that if the Council wanted to make changes for 2026, they would have to know this information sooner rather than later. He noted that the contract renewal was coming up for the next three-year term, which was why staff had pegged those discussions to take place in the fall of 2025, but it could be moved earlier.

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Councilmember DiGruttolo stated that she felt discussing it sooner would be a good idea because it was a potentially contentious, would also take some time to discuss it all, and suggested that they move it to sometime in July.

Councilmember Gorham asked if the item listed for holding an annual business meeting with commissions and volunteers was included because of comments the Council had made about not being connected to the commissions.

City Administrator Nevinski stated that it had a bit to do with that and explained that there were two things that he hoped to accomplish with that item which was for the City to recognize its volunteers and thank them for their time and effort on behalf of the City and to also give the Council the change for some direct dialogue with Commissioners and volunteers about the City's goals and objectives.. He noted that they were a bit hamstrung by public expenditure statutes, but the business meeting aspect would give the opportunity for the Council to have some of that direct dialogue with them.

Councilmember Gorham stated that he did not envision the Council having a discussion about their objectives and goals at that type of event, where they are expressing appreciation. He stated that he saw this type of event and a work session being two different things and not jammed together.

Mayor Labadie stated that item had also caught her eye and shared some of the questions that arose for her. She noted that she had flashbacks of the Joint Park and Planning Commission meetings regarding the fire lanes and gave examples of some of the difficulties she felt arose due to not having the proper framework for the Commissioners. She stated that she felt the only thing that was accomplished in that example was creating frustration. She stated that if there was a joint meeting, she did not want something like that to happen again. She stated she also felt that if they were holding a social event, she felt the business aspect needed to be removed as much as possible.

City Administrator Nevinski stated that staff can explore this a bit further.

Councilmember Gorham stated that his other concerns were that this was slated for September/October and asked if the Council had aligned with what the Park Commission was doing in 2025.

City Administrator Nevinski stated that he believed that the Park Commission would be bringing their proposed Work Plan to the Council at one of their next meetings. He stated that as the City tries to get things aligned, they may end up playing a bit of catch-up for the rest of the year, but felt that they needed to start somewhere.

Mayor Labadie moved the discussion onto Functionally and Financially Sound Infrastructure.

City Administrator Nevinski stated that one priority would be completing the Parks Master Plan, which he felt was part of infrastructure, and the other would be updating the construction specifications and standards. He noted that some of the other projects listed were already underway.

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Mayor Labadie stated that, during the retreat, the Council stated that they wanted data-driven decisions and felt that everything listed under actions were things that would help them achieve that goal.

Councilmember Sanschagrín noted that one thing he felt was missing was the broader water infrastructure issue and asked if it belonged here or somewhere else.

Councilmember DiGruttolo stated that she had the same question and explained that she felt that the Council needed to have a conversation about water.

City Administrator Nevinski stated that he felt that would fall under fiscal management.

Councilmember DiGruttolo stated that she felt this needed to be more of a conversation with the Council because it was possibly the most thorny issue facing them. She noted that she understood that there would be some modeling done and Finance Director Schmuck would come up with some things, but she did not feel that would be enough data for the Council to be able to use to make a decision. She reiterated that she felt the Council needed to have a conversation about the hard choices and the trade-offs, as well as what information they may need from the residents. She felt that she felt that this needed to be another separate Work Session discussion for the Council to undertake, just like the SCEC, and the road safety topics. She expressed concern that if it was not written down and prioritized, they would lose track of it and end up having to rush it.

City Administrator Nevinski stated that he felt the question was about the format to tee that conversation up, and staff was thinking that would happen as part of the financial discussions. He stated that he did not think staff knew what to bring to the Council until they had some more data because then they could talk about different models and assumptions. He stated that he felt what Councilmember DiGruttolo was essentially saying was that she wanted it louder and brighter, and find a way to articulate in this document how that conversation may happen.

Councilmember DiGruttolo stated that she felt that residents will want to be in the audience when the Council was having those conversations, so she felt it needed to be very clear when those conversations would be taking place.

Mayor Labadie noted that she felt it would be valuable for the Council to compare the City's current policy for water hook-ups to other cities as well. She moved the discussion onto Comprehensive Approach to Planning and Development.

City Administrator Nevinski reviewed the action points in this section.

Councilmember Gorham noted that this was the first he had seen MNDOT turnback mentioned.

City Administrator Nevinski explained that there was a piece of property off Old Market Road that is currently owned by MNDOT, which is a potential turnback property that could be developed. He noted that it would be likely that the EDA would need to be involved in order to do any development in this location.

City Planner Griffiths stated that there is also one other property, the former Park and Ride lot, which may be another potential option for development. He noted that with the new Comprehensive Plan coming, this may be an opportunity to potentially bring on some land that

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was not currently within the City's Plan in order to try to meet some of the State requirements without having to re-guide other parts of the City.

Councilmember DiGruttolo stated that she would like the Council to have a conversation about what they want Shorewood to be for the next generation. She noted that this was briefly mentioned during the retreat, but in order for them to have a comprehensive approach to planning and development, they really need to decide what they want the City to be for the next generation.

City Administrator Nevinski echoed an earlier comment that this sort of conversation helped tee up the 2050 Comprehensive Plan work because that is probably not something that the Council would want to do on their own and would want to get input and involvement from others. He noted that the City will need to put some money away in order to hire some consultants because all the necessary work cannot be completed in-house.

Councilmember DiGruttolo expressed concern that the target date for this was fourth quarter of 2025 through 2028 and explained that she did not want the community engagement to happen in 2028 and would like to have a due date set earlier.

City Administrator Nevinski explained that it would take several years to get through this process and was not something that could be bitten off quickly.

Councilmember DiGruttolo stated that she understood that, but would like to get some input from residents as soon as possible, in terms of things like the vision for Shorewood.

Mayor Labadie moved the discussion onto Effective Engagement and Communications.

City Administrator Nevinski stated that he felt the number one goal in this section was to develop a Strategic Communications Plan and noted that it may be something that they want to seek some outside assistance.

Councilmember DiGruttolo stated that she would like to see the City hold regularly scheduled Town Hall meetings in order to just keep residents updated on what has been happening.

Councilmember Sanschagrín stated that he would also support holding regular Town Hall meetings in order to get more interaction going with the residents and be able to have some free-flowing conversations.

Mayor Labadie noted that they had run out of time at the Work Session and had to move on to the regular Council meeting.

City Administrator Nevinski suggested that the Council recess and reconvene after the regular City Council meeting in order to at least discuss the Financial Management Plan and the 2026 Budget Process/Schedule.

Mayor Labadie recessed the meeting at 6:49 p.m. and reconvened at 8:22 p.m.

3. FINANCIAL MANAGEMENT PLAN ASSUMPTIONS

Finance Director Schmuck stated that they were planning to use the existing financial statements, budgets, and Capital Improvement Plans, in creating the Financial Management Plan, but at the

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retreat they had discussed some possible policy changes. She explained that she was looking for some direction from the Council on those possibilities in order to be able to build that into the existing structure. She gave a brief overview of the current assumptions, outlined her proposals, and explained that she would like input from the Council on the fund balance policies, utility rates structures, fees, conservation, and franchise fee allocations. She asked if the Council had a desire to look into changing the existing fund balance policy.

Councilmembers Sanschagrín and DiGruttolo stated that they would like to look into the possibility of changing the fund balance policy.

Councilmember Sanschagrín stated that he felt the reality was that the City had been operating much higher than the existing policy.

Finance Director Schmuck stated that the existing policy used the language of 'not less than' and noted that the City had been spending those reserves down over the last few years, so they were getting closer to the sixty percent range. She explained that she felt confident that the City would be able to maintain the fifty percent level, and if they created the policy with a range, it would give them a bit of wiggle room.

Councilmember DiGruttolo stated that she would support stepping down to the fifty percent level and noted that she felt that the City should be putting the money sitting in the reserves to work because it was not doing the City any good by just sitting there.

Finance Director Schmuck asked for input on whether the Council's philosophy going forward would be to have the SCEC have a balanced budget.

Councilmember DiGruttolo stated that she felt the SCEC should have a balanced budget moving forward.

Councilmember Sanschagrín stated that he felt the Council needed to at least try to get the SCEC budget to balance and not undercharge for services, because otherwise it was essentially being subsidized by the taxpayers. He noted that there may be an argument to be made that the SCEC was an amenity and that having it was good for the community, but felt that the City should try harder to have it break even.

Councilmember DiGruttolo agreed that the goal should be to have it break even though they will not be able to make it self-sufficient in the near future, but if they set this as the goal, they could work to come up with plans and strategies.

Finance Director Schmuck explained that they would build the Financial Management Plan to always have a balanced budget and the offset for revenue shortfalls would be levy support. She noted that the SCEC does not have a fund balance policy and explained that she had found some written notes that said that it should have fifty percent of the budgeted expenditures for the next year and one hundred percent of the capital expenditures for the next year. She stated that she felt this was something that they could build toward, but would also like to build it into the fund balance policy. She noted that the City only has a fund balance policy for the General Fund and explained that she would like to include all the City funds and the criteria of what they were trying to accomplish, so it was all documented in one place.

Councilmember DiGruttolo stated that she felt that approach made sense.

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Mayor Labadie agreed that made sense and noted that they have some potential major capital expenses, for example, overhauling the kitchen, so she did not feel that they should go too low.

Finance Director Schmuck stated that they would have levy support for the fund in order to keep it a balanced budget and would also have levy support to be able to start building towards the future capital needs. She stated that if they kept it within the SCEC it was saying that this was how much the City was supplementing this facility and its activities, rather than having part of it in this fund and part of in another fund.

Councilmember DiGruttolo stated that she felt keeping it within the SCEC fund was more transparent and also much easier to understand.

Mayor Labadie stated that she agreed and thought that Councilmember Gorham had mentioned during the retreat that the City may have to make some big decisions about the SCEC facility and she felt having it set up like Finance Director Schmuck had suggested will help the Council make accurate decisions.

Finance Director Schmuck reminded the Council that they will be able to run different scenarios in the model.

Councilmember Gorham stated that in the short term, while the City tackles the long-term future of the SCEC they should probably not tackle any giant capital projects.

Mayor Labadie stated that she agreed, unless there was an emergency.

Finance Director Schmuck asked for Council input on the capital funds and the incremental levy increases of five-thousand dollars every year. She noted that this year they increased the levy in order to be able to support a bit more of the activity within the capital funds and also issued debt service for some of the City's street projects. She stated that a fund balance policy for something like these capital funds should be sufficient for at least three years of the CIP. She noted that the franchise fees used to come into the street capital fund, but were moved to the stormwater fund in order to build up the reserves. She stated that staff was recommending that the franchise fees return back to the street capital fund because that is really what they were intended for. She noted that she felt that they should also talk about pay-as-you-go versus debt service or some kind of combination. She explained that she wanted to make the model flexible in order to work with some of those ideas, unless the Council felt strongly about going one way or the other.

Councilmember DiGruttolo stated that it made sense to her to make the model flexible.

Finance Director Schmuck stated that for the Enterprise Funds, the City made a balanced budget for the sanitary sewer fund this year which was the first time she was able to find any history of balanced budgets within the Enterprise Funds. She clarified that they should be balanced budgets on a regular basis, and that is what the rate analysis should prove. She explained that she was recommending that they build this structure to have balanced budgets for all the City's Enterprise Funds and also fifty percent of subsequent expenses in the unrestricted net position. She noted that the City only bills utilities on a quarterly basis, which is why it was fifty percent, but if the City moved to monthly billing, they would only need thirty percent. She explained that staff was also trying to come up with some internal efficiencies for some of their processes and noted that if they were able to lower their net position, it would change the cash flow within the utility funds.

Councilmember Gorham stated that it would lower the burden, but it would involve changing how the City bills the residents.

Finance Director Schmuck stated that was correct and noted that one of the things the Council should think about was that in 2011, the State required the City to build a tiered water rate structure in order to promote conservation. She stated that if the City was really trying to promote conservation of water resources, they should think about monthly billing and shared examples of people watering their lawns all summer and not realizing how much water they had used until they received their quarterly bill. She noted that most cities that had quarterly billing have converted to monthly billing for those types of conservation purposes. She noted that another discussion from the retreat was surrounding the City's rate structure and explained that right now, the City purchases water and sewer from Excelsior, Tonka Bay, and Chanhassen. She stated that the City pays those entities the fees that they are charging, but the City charged the residents the City's fees, which meant they were losing money on some of those conversions. She stated that she would like to talk about establishing a policy that if residents were on another city's service, they would pay those rates. She noted that when the City goes through fee approvals for 2026, they could make that change or they could change them mid-year, but since they have not had real discussion on this, she would suggest that they include it in their 2026 budget session discussions.

Councilmember Gorham asked if Finance Director Schmuck knew any of the history behind the decision to only charge the residents Shorewood's rates.

Councilmember Sanschagrín stated that it was most likely made because it was easier for the City to administer one rate and noted that residents who are getting Excelsior water were getting a great deal.

Finance Director Schmuck noted that there are areas where both Excelsior and Shorewood water are available and people were still hooked up to Excelsior water because the City did not have a hook-up policy.

City Administrator Nevinski noted that it could be that Excelsior water was just available first.

Finance Director Schmuck noted that the other thing they have within the existing rate structure was a low income rate which required a manual review to be done annually and noted that it had not been reviewed for several years. She explained that there were only a few households on the low-income rates and asked if this was something that the City wanted to keep as a 'feel-good' policy. She explained that it was not a cost-benefit based on the amount of time that needed to be put into reviewing resident financial statements and doing the manual review.

Councilmember Sanschagrín asked if it would be easier to administer if they were charged the regular rates but then the City issued them refunds.

Finance Director Schmuck indicated that would require the same level of effort because she would still have to review their financial statements to determine if they were eligible for a refund.

Councilmember DiGruttolo asked how many low-income accounts the City had.

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Finance Director Schmuck stated that there were six accounts and explained that meant there was a lot of monkeying around for a very few accounts. She shared the communication and follow-up efforts that go into verifying this information and reiterated that it was a lot of manual work for just a handful of accounts. She noted that there was a city-wide infrastructure fee along with the base fee and consumption fee, and explained that if that was something the Council wanted to consider, she could build another type of rate into the Financial Management Plan in order to try some different modeling.

Mayor Labadie asked for an explanation of a city-wide infrastructure fee.

Councilmember Gorham asked if it would be a hydrant access fee.

Finance Director Schmuck stated that was what she was referring to.

Councilmember Sanschagrin stated that he would like to consider it, but would like to be able to zero it out as part of the model.

Finance Director Schmuck explained that it would just be another component that would have to be added to the structure because it did not exist now. She stated that they do have to discuss a connection program at some point, and staff would like that to happen sooner rather than later. She noted that the City would be getting a draft of the model by the end of May or beginning of June in order to be able to see what it can do. She stated that the formal presentation on it would be at the end of July and suggested that they play with it a bit between the draft and the formal presentation timeline and have some of those types of conversations before the formal presentation. She noted that the City did not have a street light utility, which was also fairly common in other cities around the State, in order to help supplement the street lighting expenses, and explained that this was included in the General Fund levy.

Councilmember Gorham stated that when a new development comes in and they want fancy fixtures was that something that ended up being covered under the levy.

Finance Director Schmuck explained that when they put the fancy fixtures in, that would be included in the development agreement, so the developer would pay for the fixtures, but when future repairs are necessary, that would come out of the City's budget.

Councilmember DiGruttolo asked who paid for the electricity for the street lights, for example, in a subdivision.

Finance Director Schmuck stated that the City paid for that electricity.

Councilmember DiGruttolo stated that she felt subdivisions should pay for that electricity, not the City.

Councilmember Gorham asked if Finance Director Schmuck was suggesting that there be a fee for street lighting.

Finance Director Schmuck explained that the City could create an enterprise fund for street lighting, but it would require code changes.

Councilmember Gorham stated that he would like to consider it.

Mayor Labadie agreed and stated that she felt it was something that should be discussed.

4. 2026 BUDGET PROCESS/SCHEDULE PREVIEW

Finance Director Schmuck noted that they had been discussing preparation of the 2026 budget and gave a brief overview of the proposed calendar for those activities and noted that they were planning to talk about things earlier in the year than they have done in the past. She stated that they had discussed possibly holding open houses or town hall meetings and noted that, if they ended up holding one this month, she would not actually have anything to present except for the 2025 budget. She stated that she understood the desire to hold those kinds of meetings, but without the direction of some of the policies, it was difficult to have anything tangible that would be worthwhile to hold an open house. She stated that the hope was that by moving the schedules a bit earlier they would be able to talk about the long-term financial management plan at the July 28, 2025, Council Work Session and also have a summary at the regular Council meeting. She explained that at the first meeting in August they would be able to look at the overall tax impacts of the proposed budget and reminded the Council that the preliminary levy would be established in September of 2025. She asked if the Council had any comments or feedback on the proposed schedule for discussion of the 2026 budget.

Councilmember Sanschagrín asked where staff felt that the City would get public input.

City Administrator Nevinski stated that he felt that there were a couple opportunities and also some different ways to think about those touch points. He stated that if they think about the open house they held last fall, it was kind of after the fact and he did not think the City had received anything of value from it that resulted in any change to the budget. He felt that it was too late, but felt it was good that the City tried it and learned from it. He explained that moving forward, he and Finance Director Schmuck have discussed looking at some sort of community survey and clarified that it would not be a statistically valid survey that the City would pay ten or twenty thousand dollars to have put together by a consultant. He stated that their thought was to ask quality of life sorts of questions about what the City was doing well and what they would like to see done differently. He stated that he felt that this could be the basis for the 2026 budget, and as they go through the process, there would be other touch points available, for example, the Council could choose to set aside small segments of the Work Session meetings to take public comments. He noted that as the City was doing projects or making policy decisions, there may be things that have to be done and places that they have to invest, for example, with the Green Steps program or the Park Master Plan. He stated that if they hear from the public that those are good things that they would like to see done, then the City could begin to reflect those activities within the budget. He stated that he sees it as kind of a long connection and communicating here is what the City has heard from the residents, here is what the City is doing, and here is where they are showing up. He noted that the City will not just be able to flip a switch and be great at this because it may take a few years to get some traction, but this was what staff was thinking about in terms of public engagement.

Councilmember Sanschagrín stated that he felt it would be a big win for the City if they could tee up options of things that the City could spend money on now or wait a few years and let resident weigh in with their preferences. He stated that it would help answer the question if they wanted the City to work hard to minimize the levy or if they wanted the City to invest in those items.

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City Administrator Nevinski stated that they could look into that and noted that it was important to remember that if they were implementing something out of the Park Master Plan, that would most likely already be something that was resident-driven. He stated that he felt that they wanted to be able to communicate both the long-term engagement/planning, but also some other policy decisions. He noted that much of the City's budget was related to staff, public safety, and equipment and only a small portion was discretionary.

Councilmember Sanschagrín stated that meant that the City needed to work to find some huge cost saving opportunities.

Finance Director Schmuck noted that one of the things she felt would be very beneficial about a survey was to be able to find out if status quo was okay with the residents as far as the budget process went, because that was what it was when she came to the City. She stated that if the status quo was not okay with the residents, they can ask the questions about what they should be doing differently. She noted that even if the survey started out as a bigger picture view, she felt it was still going to be very beneficial because the City does not really know what the residents feel about Shorewood today and what they want it to be in the future. She noted that the City had already communicated agendas and meeting dates to the public, but they have not had many people come to participate. She stated that she understood the desire for public input, but it can be difficult to actually get sometimes.

There was Consensus of the Council that the 2026 budget schedule proposed met the Council's expectations.

5. COUNCIL BYLAWS

City Administrator Nevinski explained that this would be added to a future agenda.

6. ADJOURN

Sanschagrín moved, DiGruttolo seconded, Adjourning the City Council Work Session Meeting of March 24, 2025, at 9:00 P.M. Motion passed 4/0.

ATTEST:



Sandie Thone, City Clerk


Jennifer Labadie, Mayor