

Memo

To: Roseville Finance Commission
From: Patrick Trudgeon, City Manager
Date: February 11, 2020
Re: Item #3: Approve the Minutes from the January 14, 2020 Meeting

Background

As an advisory commission to the City Council, the Finance Commission's discussions and recommendations play an important role in setting City policies and influencing decisions on programs and services.

To ensure an accurate historical account of the Finance Commission's activities are preserved, the City maintains a practice of keeping meeting minutes. The attached file contains the draft minutes from the January 14, 2020 meeting. The Commission is asked to review the minutes and identify any typos, errors or inaccuracies of the discussion that took place.

Where applicable, Commission members are asked to identify any necessary corrections at the meeting. The Commission should subsequently vote to approve the amended (if necessary) minutes. Once the minutes are approved, they become part of the City's permanent records.

Staff Recommendation

Review the draft minutes.

Requested Commission Action

Amend (as necessary) and approve the Finance Commission meeting minutes for the January 14, 2020 meeting.

Prepared by: Patrick Trudgeon, City Manager
Attachments: A: Draft Minutes from the January 14, 2020 Finance Commission Meeting

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**Finance Commission
Meeting Minutes
DRAFT – January 14, 2020 - DRAFT**

Roll Call/Announcements

The Finance Commission (FC) meeting was called to order at 6:30 p.m. Chair Hodder requested staff call the roll.

Commissioners Present: Matt Harold, Edwin Hodder, John Murray, and Jack Reif.

Commissioners Absent: Wanda Davies, Ryan Lee, Dan Sagisser

Staff Present: City Manager Patrick Trudgeon

Receive Public Comments

There being no one present wishing to speak to the Commission on an item not on the agenda, the Chair moved to the next agenda item.

Commissioner Reif explained he read an article regarding the city providing administrative assistance to Falcon Heights and asked for more details on that. He wondered if the city had someone with excess time or is it being rotated amongst the number of people.

Mr. Trudgeon reviewed this item with the Commission.

Chair Hodder asked if staff would do inspections.

Mr. Trudgeon explained the city does not do inspections for Falcon Heights.

Approval of Meeting Minutes

Chair Hodder asked if there were changes to the minutes.

Commissioner Reif moved, seconded by Commissioner Murray to approve the November 12, 2019 meeting minutes as presented. **The motion carried unanimously.**

Receive Finance Commission Recommendations Tracking Report

City Manager Trudgeon provided a summary of the Finance Commission's recommendations submitted to the City Council. He noted there have not been any changes since the last updated provided in October.

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Chair Hodder asked if the Parks and Recs Commission made a determination as far as their recommendation to the city Council on Parks Reserve level.

Mr. Trudgeon thought the Commission did talk about it but has not gone to the City Council. He noted he would follow up on this to see where this is at.

Discussion on City’s Investment Policy

City Manager Trudgeon stated in October the Commission discussed amending the city’s Investment Policy to allow for a portion of the city’s investments to be in equities. At the November meeting, the Commission reviewed amendments to the Investment Policy but wanted to take more time to review the policy before recommendations were brought to the city Council.

Commissioner Murray thought this reflects what the Commission discussed and agreed to. It looks like it would work. He noted under Safe Keeping and Collateralization, “All investment securities purchased by the city shall be held in third party safe keeping by the institution designated as primary agent”, is kind of quant language and reflects when the city used to have bonds and physical securities but now everything is electronic and asked if it still reflected reality.

Mr. Trudgeon was not sure he could answer that but could check with the Finance Department to see if that language potentially may need to be updated.

Chair Hodder asked if the Commission should wait on approving this until the new Finance Director has a chance to review it.

Mr. Trudgeon believed the city has a person ready for hire but is not official yet and hoped in the next week or so let the Commission know. This person would not probably start until February and after the next scheduled Finance Commission meeting so he would leave it up to the Commission to decide. He indicated the Finance Department has looked at this and like it so he was not sure if there would be much to change.

Commissioner Murray moved, seconded by Commissioner Reif, to approve the city’s Investment Policy as amended.

Commissioner Hodder indicated the Commission discussed the one percent fee but wondered where the fifteen percent turnover comes from. He wanted to make sure the city does not box itself in too much with restricting turnover, basically putting a turnover in the policy. He agreed with the sentiment that the city should be investing in index funds with relatively low turnover, but he was not familiar enough with that figure to know what a reasonable number is.

91 Commissioner Murray explained without going into statistical proof, index funds have been
92 shown to be much below that fifteen percent. When that level is hit, something is wrong with the
93 manager and is costing money for the transactions. He noted it is a bit arbitrary but is a warning
94 sign.

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96 **The motion carried unanimously.**

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99 **Discussion on Establishing A Cash Reserve Fund Policy**

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101 City Manager Trudgeon stated at the September city Council joint meeting with the Commission,
102 the Council asked the Commission to create a policy regarding the mechanisms around the
103 sweeping excess cash reserves from selected funds to a separate Cash Reserve Fund.

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105 Chair Hodder thought there was one modification to this which was made and was worded
106 “maximum reserve level at December 31st of the previous year”. He thought when the
107 Commission finds out about the Park and Rec recommendation for the target high and low, that
108 can be amended to reflect what that would be.

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110 Commissioner Harold was not sure if tracking the numbers over time to get a better picture was
111 brought up only at the Commission level or with the Council but he thought in the section “Cash
112 Reserve Funds” adding to the third paragraph after “this information should then be presented to
113 the Finance Commission and the City Council for information and recorded for record keeping”.
114 Maybe some type of information that can be kept as a way of record tracking and maybe it does
115 not need to live in the policy and something the Commission could do outside of the policy.

116

117 Commissioner Murray thought the Commission came up with an idea for reviewing things about
118 every three years.

119

120 Chair Hodder indicated the Commission talked about that for major projects and thought the
121 thinking was around that line. He liked the idea of doing some kind of annual review of those
122 levels. There might be a place to review that on an annual basis once the reserve levels are given
123 from the previous year.

124

125 Mr. Trudgeon thought to ensure people are looking at this and it is transparent he suggested the
126 following language after the last sentence “The funds transferred to the Cash Reserve Fund shall
127 be tracked on an annual basis and reported to the Finance Commission and City Council”. He
128 thought on annual basis moving forward there will not be as much money eligible to be
129 transferred as when the fund was setup last year.

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131 Chair Hodder indicated he liked that language and clarifies Commissioner Harold’s concerns.

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133 Commissioner Harold moved, seconded by Commissioner Murray to add “The funds transferred
134 to the Cash Reserve Fund shall be tracked on an annual basis and reports to the Finance

135 Commission and city Council” after the last sentence of the Cash Reserve Fund. **The motion**
136 **carried unanimously.**

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138 Chair Hodder asked if the Commission wanted to make a recommendation as far as to approve
139 the policy as amended.

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141 Commissioner Murray asked if staff has had any feedback at all from Parks and Rec whether the
142 Commission wants to go with 15 and 25 percent.

143
144 Mr. Trudgeon believed the Commission talked about it but was not sure of the outcome on that.
145 He would think when this is brought forward staff will make sure that has been resolved and
146 when the Council approves it the 15 and 25 percent will be put into the recommendation.

147
148 Commissioner Murray indicated he would like to go ahead with the approval but was not sure
149 about the percentage.

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151 Chair Hodder explained the Commission could move forward with the recommendation and the
152 language can be amended because the Council will be reviewing it and approving it.

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154 Commissioner Murray moved, seconded by Commissioner Harold, to establish the Cash Reserve
155 Policy as amended. **The motion carried unanimously.**

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158 **Staff Update**

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160 City Manager Trudgeon updated the Finance Commission on the Council’s approval of the 2020
161 Budget and Levy. He reviewed the decrease made to the Communications budget of \$45,000 by
162 the city Council.

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164 Commissioner Reif asked with the building of the new senior mega complexes, would that effect
165 franchise fees.

166
167 Mr. Trudgeon explained to the extent those are cable customers it would. With more units and
168 density there is the potential, but it seems that there are less people that are using cable and he
169 suspected there are generational differences as well. Also, it is so much easier for people to
170 access the media they want. He thought in five years things will look different and the city
171 cannot rely on this fund. Franchise fees might be good funds to put towards capital
172 improvements but as far as funding operations that is not sustainable.

173
174 Commissioner Murray asked regarding enhancing revenue if there were any options there.

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176 Chair Hodder asked if cities will be able to benefit from the 5G infrastructure.

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178 Mr. Trudgeon explained there was an aggressive lobby by the cable companies at the Federal and
179 State level to put in place laws that really prevent cities from regulating that effectively and his

180 perspective, as a city official it is a shame. The 5G equipment is smaller and have a shorter range
181 meaning that there will need to be a lot them in the city to do 5G. He thought there is an
182 aesthetic issue when rights-of-way are used and the new regulations limit the cities on how much
183 fees can be charged. That would be potential revenue source as technology changes and there
184 are other opportunities for other franchise fees for utilities if needed. He noted in the 2020
185 budget all of the capital needs were moved out of the Communication Fund into the General
186 Facilities fund. That helped lessen the need for funds in the Communication Fund but
187 operationally every year the city uses that for capital but there is not any large expenditure slated
188 until 2024. It is not solving any problems by moving it but gives the city some breathing room
189 until the problem can be figured out and corrected.

190
191 Mr. Trudgeon indicated the city is in the final process of hiring a Finance Director and hope to
192 have an announcement soon. That person would be the Finance Commission staff liaison but
193 will probably not be in place for the February meeting. He would like to bring that person to the
194 March meeting to transition the meeting to that person. The challenges are the meeting is March
195 10th and he will be out of town and wondering if the Commission could meet March 17th when
196 he would be able to attend and transition to the new Finance Director.

197
198 The Finance Commission indicated March 17th would be fine but to send out an email to the
199 Commissioners not at the meeting to make sure that date is open for them.

200
201 Mr. Trudgeon explained there are some Commissioner vacancies coming out. Chair Hodder has
202 timed out and can no longer serve and Commissioner Harold is not able to do his second term.
203 Interviews for Commission appointees will be end of February with the City Council and terms
204 end in March with new Commissioners coming on board in April. He suggested holding off on
205 the tour until the new Commissioners are on board.

206
207 Mr. Trudgeon indicated the city is at the very beginning stages of the facility study and have
208 hired BKV and Company to help guide the city through that process. He explained he wanted
209 the Finance Commission to be involved and aware of some things as that happens. He is
210 preparing information for the February meeting.

211
212 Chair Hodder asked how the bonding for the OVAL go with the Legislatures. He wondered how
213 the process works.

214
215 Mr. Trudgeon explained in November the House Investment Committee came and toured the
216 Metro area, including the OVAL. He noted the Committee was very engaged and very
217 interested. One legislator actually got some skates and started skating on the rink. He thought
218 the tour was very successful. He thought the OVAL hit home to a lot of the members and really
219 emphasized the regional aspect of it including the national impact it has for speedskaters and
220 other skaters as well. He noted staff is seeing if the Senate Capital Investment Committee can
221 come and tour the OVAL as well. He was hoping to show the Senators that the OVAL is an
222 important investment. He is also hoping this will be in the Governor's bonding bill. He
223 indicated he was optimistic this will get passed in the bonding budget this year for financing of
224 the OVAL.

225 Commissioner Harold explained at the December meeting it was mentioned about having the
226 city discuss seeking a local sales tax. He knew that was something this Commission has
227 discussed previously, and he was curious about it and wondered if it was something that should
228 be added to the agenda going forward, if it gets to that point.

229
230 Mr. Trudgeon explained since December 2nd staff has followed up on January 6th with the
231 Council on legislative priorities and the Council decided to not include that officially as a
232 priority but did want to learn more about it and have conversations to keep bringing it forward.
233 He reviewed the process to get local sales tax approved with the Commission.

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235 Mr. Trudgeon noted thought process for local sales tax is that Roseville has a lot of visitors into
236 the community that utilize the roads, parks and facilities and it would be a way to have people
237 that get the benefits of the city without paying any taxes contribute to road and infrastructure
238 needs and would be a benefit to residents in the community.

239
240 Commissioner Murray explained as sales taxes go up per city, sales tend to migrate somewhere
241 else a little bit, so sales do go down. Using Rosedale as an example, when sales go down, rents
242 are tied to that which valuation is tied to that and property taxes are tied to that and there may
243 have some decrease in valuation.

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245 Chair Hodder indicated he actually attended the Ramsey County hearing when property tax
246 statements came out and his valuation went up significantly, more than seventeen percent, yet his
247 income has gone up less than inflation and he will have to pay taxes on the property tax valuation
248 increase. He thought that was a concerning situation for people on a fixed income as well.

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251 **Identify Discussion Items For Future Meetings**

252 a. 2020 Meeting Topics and Calendar

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254 Mr. Trudgeon stated the next agenda would include discussions on facilities,
255 communications fund and developments in Roseville.

256

257 **Adjourn**

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259 Commissioner Harold made a motion, seconded by Commissioner Murray to adjourn. The
260 **motion passed unanimously.**

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262 Meeting adjourned at 7:30 p.m.