

Memo

To: Roseville Finance Commission
From: Michelle Pietrick, Finance Director
Date: July 13, 2021
Re: Item #3: Approve the Minutes from the June 3, 2021 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 June 3, 2021 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 June 3, 2021 meeting.

Prepared by: Michelle Pietrick, Finance Director
Attachments: A: Draft Minutes from the June 3, 2021 Finance Commission Meeting

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**Finance Commission
Meeting Minutes
DRAFT – June 3, 2021 - DRAFT**

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Pursuant to Minn. Stat. 13.D.021, Finance Commission members, City Staff, and members of the public participated in this meeting electronically due to the COVID-19 pandemic.

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Roll Call/Announcements

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

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Commissioners Present: Siafa Barclay, Bruce Bester, Rachel Japuntich, Ryan Lee, John Murray, Dan Sagisser

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Commissioners Absent: Wanda Davies

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Receive Public Comments

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

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Approval of Meeting Minutes

Commissioner Barclay stated line 139 should be changed to: “Ms. Kelsey explained one way is to ~~the~~ put the information in the newsletter...”

Commissioner Murray moved, seconded by Commissioner Japuntich to approve the May 11, 2021 meeting minutes as amended. **The motion carried unanimously.**

Review Recycling Proposals

Public Works Director Marc Culver presented the recycling proposals to the Commission.

Commissioner Bester thought if the index values that were in the proposal for 2021 are at all what they are likely to be looking forward, he knew they were highly variable, but that is going to cover a lot of the new processing fee.

Mr. Culver indicated there is certainly a reward opportunity with the revenue sharing and it looks like it is going in a positive direction. Staff is recommending and the Public Works Commission agreed, the shorter contract amount of 3.5 years to see how the recycling market recovers and if

46 there is some stability over a period of time. He noted there has not been stability for five years.
47 In any event, whether the City goes with or without the revenue sharing he would still
48 recommend the 3.5-year model which will give them the opportunity to make the decision about
49 whether the City buys its own carts in a few years.

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51 Commissioner Barkley asked how the participation rates and low residual rates of the Roseville
52 recycling markets may have an impact on future costs.

53
54 Mr. Culver thought the City has really benefited over the last two contracts because of that.
55 Eureka has been the City's recycling contractor since the early 2000's. When the City went to
56 the carts in 2012-2015 the City got a really good rate at that point because Eureka knew what the
57 City's market was and also Eureka was really confident that with the carts there would be a
58 much larger participation rate. Eureka took a little bit of a gamble on the City by giving
59 Roseville a really good rate at that point and it paid off for them. The City also maintained that
60 good rate with the next contract even with revenue sharing. The base rate was still really good in
61 2016-2017 with Eureka and now it is starting to catch up with the City because of the
62 performance of the markets and is not a reflection of anything changing in Roseville, as far as the
63 participation rates. It really comes down to those index values.

64
65 Commissioner Murray indicated looking at proposer 2, version A-1 versus C-1, the difference is
66 who owned the carts and looking at the numbers the difference is .83 a month for Eureka to do
67 this.

68
69 Mr. Culver indicated if the City were to amortize the carts over fifteen years the price per month
70 would be approximately .33. If the City were to amortize them over ten years the price per
71 month would be around .50.

72
73 Vice Chair Sagisser asked if the City Council requested the Finance Commission give a
74 recommendation for this.

75
76 Ms. Pietrick thought the Council was looking for a recommendation or comments with regard to
77 the fee.

78
79 Vice Chair Sagisser asked if the Commission had a recommendation to give to the City Council.

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81 Commissioner Japuntich indicated she would recommend going with what the Public Works
82 Commission came up with. She thought the benefit of owning a cart right now does not look
83 like it is paying off. The neighboring cities that do own carts, their rates are higher as well as the
84 proposed rates received, they are not any lower by owning the carts. She would also recommend
85 not going with the revenue sharing based off the volatility of the market and knowing that there
86 is not yet a place for glass and glass makes up seventeen percent of the mix.

87
88 Commissioner Murray indicated historically the City has come out pretty well on revenue
89 sharing, not in the last few years, but someone absorbs the risk in these deals when there is

90 revenue sharing. If Eureka is absorbing the risk, they have to pad the numbers a little bit in their
91 favor to do it. He thought the City should take a chance.

92

93 Commissioner Bester agreed with Commissioner Murray’s assessment and was hopeful that this
94 is at profitable as it can be. He wondered if the City had any leeway if it is very profitable and
95 works out as good as it can. Would the City have an option to make an adjustment to the
96 homeowner’s fees in a future year.

97

98 Mr. Culver explained if the City went with the revenue sharing model and they maintained in the
99 budget an additional cost beyond the fixed cost with the expectation of losing money in the
100 revenue sharing rather than making money on it or breaking even then at some point if that
101 revenue sharing remains positive and becomes more stable than the budget could be reduced for
102 the extra dollars and maybe eventually the City can increase its budget to show that revenue
103 instead of a cost on that item. He thought if that were to happen the City could maintain the
104 same fee over a period of time instead of reducing the fee to the residents.

105

106 Vice Chair Sagisser indicated he could go either way on the revenue sharing.

107

108 Commissioner Japuntich asked Mr. Culver if he could get some kind of a chart showing revenue
109 sharing versus non-revenue sharing.

110

111 Mr. Culver indicated he could get that information with different levels of sensitivity on impacts
112 to the City.

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114 Commissioner Japuntich moved, seconded by Commissioner Murray to recommend to the City
115 Council move forward with proposer 2, with either proposal A-1 or A-2 with the Council
116 deciding between revenue sharing or non-revenue sharing. **The motion carried unanimously.**

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119 **Receive Finance Commission Recommendations Tracking Report**

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121 Commissioner Bester reviewed the tracking report with the Commission. He noted he made
122 some format changes. He explained on recommendation 2020-2 he did not have any background
123 information on the discussion and next steps, and he hoped someone could fill that in for him.

124

125 Ms. Pietrick indicated this was discussed a couple of months ago. She indicated she has looked
126 backwards and has not really found anything regarding this item. This was referred to Council
127 for them to make a decision and it could be discussed when she brings all of the cash reserve
128 language forward because all of the funds will be looked at during the next Commission meeting.
129 This is one of the funds on the list. She noted she will have some recommendations to bring to
130 the Commission at the meeting in July because the Commission will be looking at the cash
131 reserves then.

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133

134 **Review Draft 2022-2041 Capital Improvement Plan & Tentative Funding Strategies**

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136 Finance Director Pietrick stated the Capital Improvement Plan contains the larger ticket items.
137 There are individual funds set aside for each different departments or type of equipment. She
138 reviewed the draft CIP with the Commission.

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140 Commissioner Murray asked if the City recently sold the fire station.

141

142 Ms. Pietrick indicated there currently is a due diligence period and once the sale is finalized she
143 has slotted that money to go into the pavement management program to repay the loan.

144

145 Commissioner Murray asked what the logic is of putting the money into the pavement
146 management fund rather than the fire department fund. He asked if the Council told the Finance
147 Department to do that or how did staff come to that conclusion.

148

149 Ms. Pietrick explained the street fund lent a million and a half dollars to purchase the Lexington
150 shops and part of that original agreement involved the owner of the shops having an option to
151 obtain the fire station. That fell through and bids were solicited. At this point she has a
152 receivable on the books with 1.3 million dollars coming in and she is relying on the original
153 agreement where this was what the intended consequence was.

154

155 Commissioner Murray asked if the OVAL was in the CIP.

156

157 Ms. Pietrick explained the majority of the OVAL was in the 2021 CIP and the City did receive
158 3.9 million dollars of State bonding. There were a few components that were not funded with
159 the State bonding that are in the 2022 CIP and those items may get moved out further. She noted
160 the City has been trying to get some more State bonding.

161

162 Commissioner Bester asked if the proposed levy increase covers them for the first round of
163 increases but does not intend to do the whole twenty years.

164

165 Ms. Pietrick indicated the increase gets the City going on the right track, it does not get the City
166 the full twenty years, but she did take a look at the outlying years and there are a couple of funds
167 that in about five or six years the City will be able to reduce slightly and offset some future
168 increases with decreases.

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170 Commissioner Bester thought there should be minimal impact in the 2022 budget for the Master
171 Campus plan.

172

173 Ms. Pietrick indicated that was correct.

174

175 Vice Chair Sagisser explained he liked the capital improvement plan idea of starting now instead
176 of doing it all at once.

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178 Commissioner Japuntich agreed and thought it seemed like a reasonable amount. She would like
179 to see going forward in the future some adjustments being made so there is not a proposed
180 decrease.

181
182 Ms. Pietrick explained historically the Commission has looked at the CIP at two meetings. She
183 did not know if the Commission wanted to discuss this again at the July meeting.

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185 Vice Chair Sagisser thought it would be nice to have Chair Davies look at this item before the
186 Commission votes on it.

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189 **Staff Update**

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191 Finance Director Pietrick indicated she did not have any staff updates other than the City Council
192 discussing when the Commissions and Council will be back to meeting in person versus virtual.

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195 **Identify Discussion Items for Future Meetings**

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197 Finance Director Pietrick stated the next agenda would include discussions on review number
198 two of the CIP, review 2022 budgetary impacts and City Council priorities, which at this time is
199 tentative. The Commission is also supposed to look at the Cash Reserve levels.

200
201 Vice Chair Sagisser indicated he watched the video of last months' meeting where
202 Commissioner Murray pointed out and Chair Davies agreed that the Commission should discuss
203 more of the \$4,000 fee for parks when a unit is subdivided or when a house is built and talk to
204 the Parks Director to get information from him on that. He would also like information on that.

205
206 Commissioner Murray thought where he would like to start with that is to find out how much
207 that \$4,000 fee of revenue has been generating. It looked to him that it is not a real stable way to
208 finance parks.

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210 Vice Chair Sagisser indicated that was his thought as well.

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212

213 **Adjourn**

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215 Commissioner Bester made a motion, seconded by Commissioner Japuntich to adjourn. The
216 **motion passed unanimously.**

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218 Meeting adjourned at 8:18 p.m.