

Commissioners:

John Bachhuber
Matt Harold
Edwin Hodder
Malcolm McRoberts
John Murray
Robin Schroeder
Peter Zeller



**Finance Commission
Agenda
Tuesday, February 13,
2018
City Council Chambers
6:30 p.m.**

Address:
2660 Civic Center Dr.
Roseville, MN 55113

Phone:
651 - 792 - 7002

Website:
www.cityofroseville.com

1. 6:30 P.M. Roll Call / Announcements
2. 6:35 P.M. Receive Public Comments
3. 6:40 P.M. Approve Meeting Minutes

Documents:

[MEMO_MINUTES.PDF](#)
[MINUTES_2018_JANUARY.PDF](#)

4. 6:45 P.M. Receive Finance Commission Recommendations Tracking Report

Documents:

[MEMO_FC_RECOMMENDATIONS_TRACKER.PDF](#)
[FINANCE COMMISSION RECOMMENDATION
TRACKING_ATTACHMENT_A.PDF](#)

5. 6:50 P.M. Continue Discussion On Establishing A Cash Reserve Fund

Documents:

[MEMO_CASH_RESERVE_FUND.PDF](#)
[CASH_RESERVE_FUND_ATTACHMENT_A.PDF](#)

6. 7:30 P.M. Review 2018 Annual Work Plan

Documents:

[MEMO_ANNUAL_WORKPLAN_2018.PDF](#)

7. 7:45 P.M. Discuss Topics For The Joint City Council-Finance Commission Meeting

Documents:

[MEMO_COUNCIL_JOINT_MEETING_REVIEW.PDF](#)
[JOINT_MEETING_ATTACHMENT_A.PDF](#)

8. 8:25 P.M. Identify Discussion Items For Future Meetings (Mar 13, Apr 10, May 8)

- Review 2017 Investment Performance (Mar)
- Select Chair and Vice-Chair (Apr)

- Review 2017 Year-End Cash Balances (Apr)
- 2019-2038 CIP Review (May, Jun)

9. 8:30 P.M. Adjourn

Staff Contact:

Chris Miller, Finance Director
651-792-7031

Memo

To: Roseville Finance Commission
From: Chris Miller, Finance Director
Date: January 9, 2018
Re: Item #3: Approve the Minutes from the January 9, 2018 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 9, 2018 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 will 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 9, 2018 meeting.

Prepared by: Chris Miller, Finance Director
Attachments: A: Draft Minutes from the January 9, 2018 Finance Commission Meeting

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**Finance Commission
Meeting Minutes
DRAFT – January 9, 2018 - DRAFT**

Roll Call/Announcements

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

Commissioners Present: Robin Schroeder, John Bachhuber, Peter Zeller, John Murray, Edwin Hodder, Matt Harold and Malcolm McRoberts

Commissioners Absent: None.

Staff Present: Finance Director Miller

Finance Director Miller stated Commissioner McRoberts had been reappointed for another term by the City Council.

Receive Public Comments

There being no one wishing to address the Commission, Chair Schroeder moved to the next agenda item.

Approval of Meeting Minutes

Chair Schroeder stated Commissioner Zeller had sent out revisions and asked if there were additional changes.

Commissioner Hodder stated line 76 should be changed to: “stated that the guidelines should not be rigid but provide a framework for making decisions.”

Commissioner Zeller moved, Seconded by Commissioner McRoberts to approve the November 14, 2017 meeting minutes as amended. **The motion carried unanimously.**

Commissioner Murray stated in line 23 “Vice chair Zeller” should be changed to “Chair Schroeder”. Line 123 change “tot eh” to “to the”.

Chair Schroeder stated line 82 stated “Matt stated” and he was not at the meeting. It should read “In an email, Matt stated...”.

Commissioner Hodder stated line 239 should read “...investing in renewable technologies...”

47 Commissioner Zeller stated line 153 change “replacement” with “replace” and line 170 strike the
48 word “it”. Line 309 change “weather” to “whether”. Line 366 change “funs” to “funds”.

49

50 Commissioner Zeller moved, Seconded by Commission Hodder to approve the December 12,
51 2017 meeting minutes as amended. **The motion carried unanimously.**

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54 **Receive Finance Commission Recommendations Tracking Report**

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56 Commissioner Harold stated he had made the recommended changes to the report and asked if
57 the Commission had other changes that should be made.

58

59 Chair Schroeder stated the date should be changed for recommendation 2017-9. She asked if the
60 Commission would want to include those items they wish to combine and meet with the City
61 Council to discuss.

62

63 Commissioner Harold stated he would add a comment in the last column that the Commission
64 would meet with the City Council to discuss.

65

66 Commissioner Bachhuber suggested putting this information after the date so it could be easily
67 tracked.

68

69

70 **Establish 2018 Meeting Calendar**

71

72 Chair Schroeder stated the August meeting would be rescheduled to August 16.

73

74 Commissioner Bachhuber moved, Seconded by Commissioner Murray to establish the Finance
75 Commission meeting calendar as the second Tuesday of each month with the exception of the
76 August meeting being scheduled for August 16. **The motion carried unanimously.**

77

78

79 **Continue Discussion on Establishing A Cash Reserve Fund**

80

81 Chair Schroeder stated she would like to include Commissioner’s Zeller idea of including this in
82 the budget as part of this discussion.

83

84 Commissioner Zeller stated one of the alternatives discussed by the Commission had been to
85 budget to target reserves for operating budgets and if there were an average or shortage this
86 would be rolled into the next years budget instead of setting up a separate fund balance for this.

87

88 Chair Schroeder stated she would like to add to the future items discussions taking the capital
89 items out of the operating budget for these funds and having them in the CIP.

90

91 Commissioner Harold stated removing the capital from these funds would be a prerequisite
92 before the Commission could make any recommendations on how the excess operating monies
93 should be carried forward.
94

95 Finance Director Miller stated there are also restricted funds that contain an operating and capital
96 component. He stated the funds the Commission's referring to were established to capture funds
97 for a specific function and it was meant to include both operating and capital pieces for these
98 particular funds.
99

100 Commissioner Bachhuber asked if there was a way to account for the future need within an
101 account.
102

103 Finance Director Miller stated the CIP was setup to track and identify those needs. He stated the
104 Council was looking for a recommendation from the Commission on establishing a cash carry
105 forward fund for excess funds that could be used for future initiatives.
106

107 Commissioner McRoberts stated the Commissioner has expressed concerns regarding those
108 departments that consistently under spending or overachieving revenue. If the excess funds are
109 just moved to another fund then this would just be a mechanism for building up another fund.
110

111 Commissioner Zeller stated the City should not be building up excess funds unless they are
112 needed because this means the citizens are being over taxed. Taking the capital component out
113 of these funds would provided a better picture of the true operating costs.
114

115 Chair Schroeder asked if it was still useful to keep the capital costs in these particular funds.
116

117 Commissioner Bachhuber stated having all of the capital needs together would make it more
118 efficient for the City to determine where the needs are and how best to meet the capital needs of
119 the City. Departments could ask for more capital because it is not included in their budgets.
120

121 Commissioner McRoberts stated in the IT fund there is a budget surplus from an operating point
122 of view, which is designed to cover a capital expenditure. But then the department under
123 achieves in the capital expenditures so there is a greater than expected budget surplus. Yet there
124 is no prioritization of that capital expenditure with everything else. This seems that an
125 operational over or under which is essentially a source of funding and there is a capital
126 expenditure and that sort of funding should be considered with other sources of funding and the
127 capital expenditures should be prioritized with everything else. Otherwise those that are capable
128 of generating their own revenue get to write their own check for capital and there is not point in
129 prioritizing.
130

131 Commissioner Zeller stated the original staff recommendation had been to exclude the funds that
132 have capital built included in their budgets and only look at the general fund.
133

134 Commissioner Harold stated he still felt that all operating funds should be included. The general
135 fund already has a reserve fund and it did not make sense to move these same funds into a

136 different fund when the general fund reserves can be used for what the City needs. There could
137 be more value if the other funds are included because then all of the excess funds can be pooled
138 together to use.

139

140 Commissioner Bachhuber stated the License Center would be the only one that could be a stand-
141 alone profit center.

142

143 Commissioner McRoberts stated there is no sense having prioritization if there are departments
144 that can be exempt from this prioritization.

145

146 Chair Schroeder stated if the capital was removed from these funds it would create more
147 consistency in the accounting and how each department is run.

148

149 Commissioner McRoberts asked if the Commission's recommendation to the Council would be
150 capital should be split out and it should be included within whatever the Council deems to adopt
151 of the Commission's recommendations for capital prioritization. Once the capital is taken out
152 the Commission could make a recommendation on the creation of a cash reserve fund.

153

154 Finance Director Miller stated the staff recommendation is already presented. He stated it would
155 be easier for this group if the capital were taken out of the funds but the Commission should
156 consider how it would be easier for the Council to make decisions.

157

158 Chair Schroeder stated the Council does struggle with determining what the excess and deficits
159 are for all of the funds. This is way the Council has discussed creating a cash fund because this
160 would allow them to see these surpluses and deficits. Taking the capital out would make it more
161 clear for the Council to see what the surplus or deficit is for each fund.

162

163 Commissioner McRoberts stated there were inconsistencies of the operating needs being
164 included in the budget when new capital expenditures were approved. If the capital were
165 separated out then it would be consistent for all departments.

166

167 Commissioner Bachhuber stated the Commission would want to establish a threshold for the
168 cash carry forward fund. The funds could be swept after the fund reaches the determined amount
169 or range.

170

171 Commissioner McRoberts asked if the intent was if one of the funds was over the threshold to
172 allocate these funds to another use or to adjust the expenditure for the next year.

173

174 Chair Schroeder stated the excess could follow the capital.

175

176 Commissioner Bachhuber suggested it get swept out and goes somewhere else. He would
177 recommend this because if it used for the next years budget it could create instability within the
178 fund in future years.

179

180 Commissioner McRoberts stated each fund has an upper and lower excess threshold and if funds
181 that are swept out are those that are over the upper threshold amount then there should not be
182 instability or volatility in the fund because there is still an excess in the fund.

183
184 Finance Director Miller asked where the ongoing funding for the capital needs for these funds
185 would come from. Part of the reason for segregating some of these funds was for accountability.
186 If the department knows they will need funds and they know that the decision to make the capital
187 investment is so critical they do not want there to be a choice in doing it or not, they can have the
188 item already funded.

189
190 Commissioner McRoberts asked why the City would prioritize capital items if there were
191 different capital funds for each department.

192
193 Chair Schroeder stated the Commission was in agreement to separate the capital from the
194 operating.

195
196 Commissioner Bachhuber stated departments would need to trust in the prioritization and the
197 work the City does on the CIP to know that these capital needs would be done appropriately. He
198 suggested that the amount that each department contributes to the CIP is based on what their CIP
199 needs and would be part of the departments budgeted expenditures. Then anything that is in
200 excess of the target surplus could be swept into a cash fund.

201
202 Finance Director Miller asked what would happen if the fund falls below the target range.

203
204 Commissioner McRoberts stated this would occur through budgeting. If a department falls
205 below the target levels then they should not be spending as much.

206
207 Finance Director Miller stated if the City lowers budgets and departments fall below the target
208 reserves then the City would have less flexibility to respond to unforeseen expenditures that may
209 arise.

210
211 Chair Schroeder clarified the Commission would recommend taking the capital out of these
212 funds and have it in its own separate CIP fund.

213
214 Commissioner McRoberts stated if the funds in the CIP fund are greater than what is needed to
215 fund the 10-year CIP then the excess funds should be moved out.

216
217 Commissioner Hodder asked where public safety capital and operational needs would be found.

218
219 Finance Director Miller stated the operational needs are in the general fund and both police and
220 fire have separately managed capital equipment replacement funds.

221
222 Commissioner Zeller suggested removing the prioritization from the discussion at this time.
223 Separating the CIP from the operations would be a first step in establishing a cash carry over
224 fund.

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Commissioner Bachhuber stated the target ranges for each fund would need to be reviewed to ensure they are not set to an appropriate level. Once this is done, if a fund is above the target range the excess funds should be swept somewhere, for the City to use in other areas that may have a need.

Chair Schroeder clarified the City Council would have the ability to decide where the excess funds in the cash carry forward fund would be spent.

Commissioner Zeller stated if budgets are set to cover the CIP, operating and the maximum reserve and funds in excess of this are moved to the cash carry forward fund it could encourage under spending to increase the funds in the cash carry forward and these funds may not be used to reduce the tax levy. There is no maximum level set for the cash carry forward fund. If there are capital needs then the City should fund those needs.

Commissioner Bachhuber agreed these funds would be over and above what the City needs and should be used to reduce the levy or fund the short falls in the CIP.

Commissioner Zeller stated the City should budget according to the needs as they exist rather than incentivizing a cash carry forward fund.

Commissioner Bachhuber stated the City should not need another account to grow money for future initiatives. Future initiatives should be identified and prioritized in the CIP and funded that way.

Chair Schroeder stated moving the funds to a separate account is essentially the same as leaving them where they are unless there is a policy stating what to do with the funds. Ideally the fund would be zero because if it were a line item in the budget it would automatically adjust itself each year.

Commissioner McRoberts stated the policy for the excess funds beyond the operating and CIP needs should be that these funds are reviewed as to why they occurred and make adjustments so they do not continue to occur.

Commissioner Bachhuber stated the amount in this fund should be greater than zero and the amount would be dependant on the amount of reserve in each fund. The reserve targets for each fund could be lowered. The City does want to ensure they are prepared for unforeseen expenditures.

Finance Director Miller stated it would not be in the public's best interest to have funds that have zero balances. If the City is presenting financial statements there should not be accounts or funds with zero balances. The structure of the City's finances might not be able to weather this change. Government operates in separate "pots" of money.

269 Commissioner Bachhuber stated the next discussion points would be what are the individual
270 limits in each of the funds and what would the limit be for the sweep fund.

271
272 Commissioner McRoberts suggested the sweep fund have a target level that would be sufficient
273 to be able to fund those areas that fall below their targets and if this account gets above the target
274 there should be a formal review.

275
276 Chair Schroeder clarified this concept would budget to the target low for each fund and
277 everything above that would be moved to the cash carry forward fund. The cash carry forward
278 fund would also have a target range and if the fund goes above this amount the City would have
279 a formal review and discussion on what the funds should be used for and the remaining funds
280 would be used to keep the funds at the target levels. She asked Finance Director Miller what the
281 target range would have to be for the cash carry forward fund in order to support the City if a
282 need were to arise. The Commission would like to know how these policy changes would
283 impact the funds.

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285

286 **Discussion On Utility Infrastructure Replacement Funding Strategies**

287
288 Chair Schroeder stated the Commission had reviewed this previously and had unanimously
289 agreed that the utility infrastructure replacement funding should not be included in property
290 taxes.

291
292 Commissioner Murray asked if there had been any changes since the Commission had reviewed
293 this item.

294
295 Finance Director Miller stated there were no changes. The impact for the average household
296 may not be significant but other property types would be impacted significantly more.

297
298 Commissioner McRoberts stated the value of the infrastructure does not change with the price of
299 the house.

300
301 Commissioner Harold moved, Seconded by Commission McRoberts to recommend the City not
302 change the way the rates are charged for the utility infrastructure funding. **The motion carried**
303 **unanimously.**

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306 **Identify Discussion Items for the Future Meeting (Feb. 13, Mar. 13, April 10)**

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308 Chair Schroeder stated the next agenda would include continued discussions on the cash carry
309 forward fund, the draft meeting calendar and meeting topics and review and discussion of items
310 the Commission would like to present to the City Council.

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314 **Adjourn**

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316 Commissioner Zeller made a motion, seconded by Commissioner McRoberts to adjourn the
317 meeting. **The motion carried unanimously.**

318

319 Meeting adjourned at 8:21 p.m.

320

321 Respectfully submitted,

322 Tina Borg

323 *TimeSaver Off Site Secretarial, Inc.*

Memo

To: Roseville Finance Commission
From: Chris Miller, Finance Director
Date: February 13, 2018
Re: Item #4: Review Finance Commission Recommendations: Tracking Report

Background

A summary of the Finance Commission's recommendations submitted to the City Council since 2015 is included in *Attachment A* for review.

Staff Recommendation

Not applicable.

Requested Commission Action

For review and discussion purposes only. No formal Commission action is necessary.

Prepared by: Chris Miller, Finance Director
Attachments: A: Tracking Report

**Roseville Finance Commission
Recommendation Tracking Tool**

No.	Recommendation	Date Recommended	Date Presented	Status	Discussion and Next Steps
2015-1	Financial Policies	6/9/2015	8/17/2015	Implemented	
2015-2	CIP Funding Strategies	7/14/2015	8/17/2015	Received - Closed	Recommendation is part of long-term CIP. Specific actions will be addressed year by year moving forward.
2015-3	Park Dedication Funds	8/11/2015	8/17/2015	Received - Closed	Recommendation is part of long-term CIP. Specific actions will be addressed year by year moving forward.
2015-4	Water & Sewer Rate Structure	8/11/2015	8/17/2015	Implemented	
2015-5	CIP: Golf Course Funding Strategy	9/8/2015	8/15/2016	Received - Closed	Recommendation is part of long-term CIP. Specific actions will be addressed year by year moving forward.
2015-6	CIP: PIP Funding Strategy	10/13/2015	8/15/2016	Received - Closed	Recommendation is part of long-term CIP. Specific actions will be addressed year by year moving forward.
2016-1	CIP: PMP Funding Strategy	8/10/2016	8/15/2016	Received - Closed	Recommendation is part of long-term CIP. Specific actions will be addressed year by year moving forward.
2016-2	CIP: Facilities Funding Strategy	8/10/2016	8/15/2016	Received - Closed	Recommendation is part of long-term CIP. Specific actions will be addressed year by year moving forward.
2016-3	Cash Reserves	10/11/2016	10/15/2016	Rescinded	
2016-4	Roles and Responsibilities	10/11/2016	3/20/2017	Implemented	
2017-1	Capital Investment Policy	1/10/2017	3/20/2017	Implemented	
2017-2	Preliminary Cash Carry Over Fund	4/11/2017	11/13/2017	Accepted	Council received recommendation and directed Commission to investigate fund further
2017-3	Priority Ranking Implementation	6/13/2017	11/13/2017	Accepted	Council directed Commission to reassess priority ranking policy and implementation

Roseville Finance Commission
Recommendation Tracking Tool

No.	Recommendation	Date Recommended	Date Presented	Status	Discussion and Next Steps
2017-4	Roles and Responsibilities	7/11/2017	11/13/2017	Closed	Accepted revised roles. Will formally adopt code change at later date.
2017-5	Utility Rate Structure	10/10/2017	11/13/2017	Accepted	
2017-6	Preliminary Tax Levy	10/10/2017	11/13/2017	Received - Closed	Will take recommendation into advisement when setting final levy
2017-7	Preliminary Tax Levy - Long-term	10/10/2017	11/13/2017	Received - Closed	Recommendation is part of long-term budgeting. Specific actions will be addressed year by year moving forward.
2017-8	Priority Ranking Implementation	12/12/2017	TBD		
2017-9	Use of TIF Funds	12/12/2017	TBD		

**Roseville Finance Commission
Recommendation Tracking Tool**

No.	Recommendation	Description
2017-2	Preliminary Cash Carry Over Fund	Preliminary approval of the concept of the creation of the Cash Carry Over Fund and request additional direction from the City Council on the development of a policy.
2017-3	Priority Ranking Implementation	A recommendation to the City Manager that the best way to implement the City's Capital Improvement Policy is to have staff categorize their requests in line with the policy's priority rankings and submit them in a manner that allows the Finance Director to filter the categories.
2017-4	Roles and Responsibilities	Add language to City Code 208.02 as: "Item G: Review City's financial affairs and bring to the City Council any items of concern or suggested improvements" and "Item H: Perform other duties the City Council assigns." <i>Suggested added at 10/10/2017 meeting.</i>
2017-5	Utility Rate Structure	Recommend no change to utility structure with regard to distribution between single family residential and multi family/commercial properties
2017-6	Preliminary Tax Levy	Recommend a total increase of city impact on the average single-family homeowner of 2.0% for 2018; this would amount to a \$250,000 increase to the tax levy over the City Manager Recommended Budget. Further recommend prioritization of CIP shortfalls for these new funds.
2017-7	Preliminary Tax Levy - Long-term	Recommend an additional \$750,000 be added to the tax levy over next 3 years to address deficits in the CIP and use of operating reserves.
2017-8	Priority Ranking Implementation	Recommend the City Council direct staff to begin using the priority rankings as adopted in the Capital Investment Policy for future budgeting cycles.
2017-9	Use of TIF Funds	Recommend the \$850,000 in excess TIF funds be used to pay down the internal loan from the Street Fund for the Golf Course and the remaining monies needed for the construction of the Golf Course taken from the Park Dedication fees and not the Street Fund.

Roseville Finance Commission Recommendation Tracking Tool

Status	Definition
Pending	Recommendation has not yet been presented to the City Council
Received	Recommendation has been received by the City Council but has not received a formal reply or action
Accepted	Recommendation has been accepted by the City Council but action has not yet been taken
Rejected	Recommendation has been rejected by the City Council and will not move further
Implemented	Recommendation has been accepted by the City Council and action has been implemented
Rescinded	Recommendation has been rescinded by the Finance Commission

Memo

To: Roseville Finance Commission
From: Chris Miller, Finance Director
Date: February 13, 2018
Re: Item #5: Continue Discussion on Establishing a Cash Reserve Fund

Background

At the September 18, 2017 Joint City Council-Commission meeting, the Council directed the Finance Commission to discuss the concept of creating a separate Cash Reserve Fund that would be comprised of excess monies from the City's unrestricted *operating* funds.

As expressed by the Council, the general intent behind the creation of a separate fund was to simplify the determination of whether excess monies were available for future use. For purposes of this discussion, 'excess monies' were meant to include cash amounts that exceeded the cash reserve targeted amount for each fund.

Under the current approach, the City Council received a report of the excess monies as listed by individual fund such as the one depicted most recently in a 12/11/17 Staff Memo:

	12/31/2016	<i>Projected</i> 2017	Less	<i>Projected</i> 12/31/2017	<i>Projected</i> 12/31/2017	12/31/2017 Amount Above Low Target %
	Cash	Surplus	Amount From	Cash	Reserve	
<u>Operating Funds</u>	<u>Reserves</u>	<u>(Deficit)</u>	<u>Donations</u>	<u>Reserves</u>	<u>Level</u>	<u>Target %</u>
General (unrestricted)	\$ 6,646,077	\$ (613,000)	(54,000)	\$ 5,979,077	39%	\$ 646,881
Parks & Recreation	1,637,111	144,000	(305,000)	1,476,111	31%	280,855
Communications	436,616	(2,700)		433,916	80%	379,559
Information Technology	1,041,002	(104,000)		937,002	32%	644,060
License Center	1,172,926	(75,000)		1,097,926	58%	909,503

The available cash balance from all funds would be the summary of the right-hand column which totals \$2,860,858. In this example, the low end of the targeted cash reserve level was used.

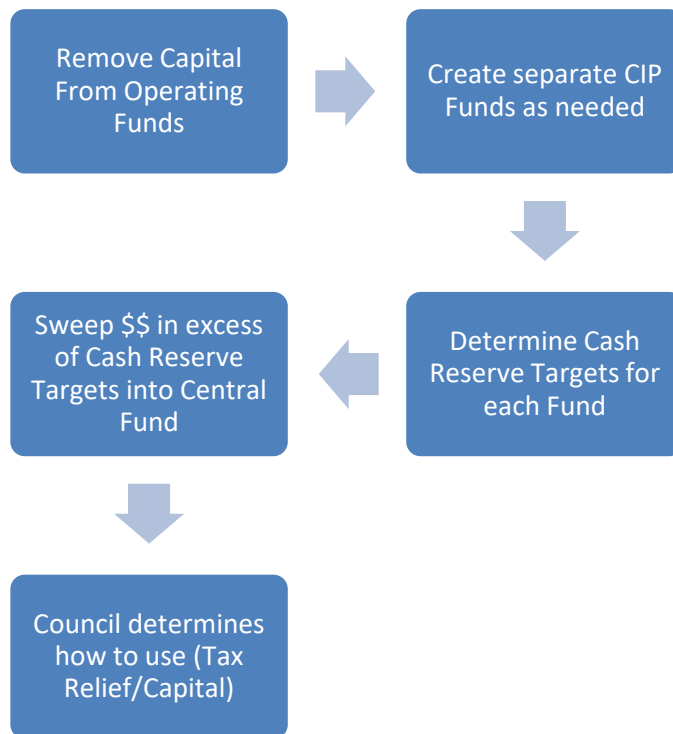
In contrast, if a Cash Reserve Fund was created the Council and others would see something along the lines of:

<u>Description</u>	Amount Available 12/31/2017
Cash Reserve Fund	\$ 2,860,858

At the January Finance Commission meeting, a majority of Commission Members seemed to agree that the general mechanics of creating a Cash Reserve Fund could be achieved by taking the following steps:

- 1) Remove cash reserves set aside for capital replacements within the Communications, Information Technology, and License Center funds to more accurately depict what is needed for future *operations*.
- 2) Transfer these monies to separate capital replacement funds for the Communications, Information Technology, and License Center funds similar to the City's other vehicle & equipment funds.
- 3) Using the Council-adopted Operating Fund Reserve Policy as a guide, transfer any excess cash reserves (less donations) from the individual Funds noted above into the newly-created Cash Reserve Fund.

After the final step is completed, the Council could then determine how to use these excess funds. The mechanics of these steps are depicted in the graphic below which was created by Commissioner Bachhuber:



Staff Recommendation

As noted in previous discussions, City Staff has previously recommended that if the Council chooses to create a separate Cash Reserve fund that it be limited to excess monies that are derived solely from the General Fund. This recommendation is rooted in a number of policy considerations which are cited below.

General (Core) vs. Specific-Purpose Functions

The General Fund is specifically and statutorily designated for *general*-purpose functions funded primarily by *general*-purpose (i.e. property tax) dollars. General Fund functions such as police, fire, streets, administration, etc., typically lack the ability to recover much if any of their costs through revenue-generating initiatives. In fact, societal norms discourage attempts to generate a fee-for-service for these types of functions.

As a result, Organizational responsibility to create sustainable funding (i.e. property taxes) for these functions lies primarily with the City Council. Fortunately, these funding sources are fairly reliable.

In contrast, *specific*-purpose functions such as Parks & Recreation, Communications, Information Technology, and the License Center are associated with program-specific revenues that have been intentionally established to recover some or all of the related costs. Both the Council and Staff are encouraged to explore entrepreneurial means to offset costs and minimize any burden on property taxpayers. This entails a different business model which carries less certainty and greater risk from year-to-year because a significant funding source(s) is outside of the City's direct control.

As a result, *specific*-purpose funds are more likely to experience volatility in cash reserves as investments in opportunities are made, and uncertainties & added risks play out. Systematically removing excess monies at fiscal year-end diminishes the City's ability to adjust the business model in response to changing circumstances.

Staff believes that a preferred approach for *specific*-purpose funds is to monitor financial performance over an extended period of time and where applicable, determine which component of the business model needs adjustment including whether Staff is making sound decisions or fees are set too high.

Unrestricted vs. Dedicated Funds

As noted earlier, the cash held in the four specific-purpose funds noted above are considered *unrestricted* in the sense that there are no legally-imposed restrictions. However, the monies associated with these funds have been intentionally dedicated for a specific purpose for several decades or more. That intent should be considered before advocating for a different outcome.

For example, Information Technology Fund monies have largely accumulated due to service fee amounts charged to other agencies that we provide IT Support to. Those agencies are aware that were holding excess funds with the understanding that they will be used for IT-related functions that directly benefit them. If we re-purpose these funds for non-technology initiatives, it would undermine the very trust those partnering agencies place with the City of Roseville, and we can expect them to question the fee structure that we have in place.

License Center Consideration

Another unique consideration lies with the License Center Fund. Unlike the other *specific*-purpose funds noted above, the License Center already provides surplus monies to the General Fund on an annual basis with the intended effect of reducing the General Fund's reliance on property taxes. This cash transfer amount is established as part of the annual budget process.

It's not entirely clear how a secondary cash-transfer exercise might come into play in this circumstance.

For discussion purposes, *Attachment A* provides a 5-year summary of the year-end results for the selected operating funds that have generally been included in previous discussions associated with cash reserve balances. The Commission is now asked to develop its own recommendation to the Council.

Staff Recommendation

See above.

Requested Commission Action

Consider the concept of developing a Cash Reserve or Cash Carryforward Policy.

Prepared by: Chris Miller, Finance Director

Attachments: A: 5-Year Summary of Financial Results for Selected Operating Funds.

City of Roseville

Budget vs. Actual Comparison for Selected Operating Funds

2014-2016

General Fund	2012			2013			2014		
	Operations	Capital	Total	Operations	Capital	Total	Operations	Capital	Total
Budgeted Revenues	\$ 12,411,697	\$ -	\$ 12,411,697	\$ 12,836,937	\$ -	\$ 12,836,937	\$ 13,083,006	\$ -	\$ 13,083,006
Actual Revenues	12,806,712	-	12,806,712	12,905,511	-	12,905,511	13,369,799	-	13,369,799
\$ Over (Under) Budget	\$ 395,015	\$ -	\$ 395,015	\$ 68,574	\$ -	\$ 68,574	\$ 286,793	\$ -	\$ 286,793
% Over (Under) Budget	3%	0%	3%	1%	0%	1%	2%	0%	2%
Budgeted Expenditures	\$ 12,411,697	\$ -	\$ 12,411,697	\$ 12,836,937	\$ -	\$ 12,836,937	\$ 13,429,235	\$ -	\$ 13,429,235
Actual Expenditures	12,435,015	-	12,435,015	13,262,605	-	13,262,605	13,295,088	-	13,295,088
\$ Over (Under) Budget	\$ (23,318)	\$ -	\$ (23,318)	\$ (425,668)	\$ -	\$ (425,668)	\$ 134,147	\$ -	\$ 134,147
% Over (Under) Budget	0%	0%	0%	-3%	0%	-3%	1%	0%	1%
Actual Surplus (Deficit)	\$ 371,697	\$ -	\$ 371,697	\$ (357,094)	\$ -	\$ (357,094)	\$ 74,711	\$ -	\$ 74,711

	2015			2016		
	Operations	Capital	Total	Operations	Capital	Total
Budgeted Revenues	\$ 13,558,430	\$ -	\$ 13,558,430	\$ 13,908,635	\$ -	\$ 13,908,635
Actual Revenues	13,347,799	-	13,347,799	15,462,734	-	15,462,734
\$ Over (Under) Budget	\$ (210,631)	\$ -	\$ (210,631)	\$ 1,554,099	\$ -	\$ 1,554,099
% Over (Under) Budget	-2%	0%	-2%	11%	0%	11%
Budgeted Expenditures	\$ 13,977,930	\$ -	\$ 13,977,930	\$ 14,359,435	\$ -	\$ 14,359,435
Actual Expenditures	13,661,717	-	13,661,717	14,258,190	-	14,258,190
\$ Over (Under) Budget	\$ 316,213	\$ -	\$ 316,213	\$ 101,245	\$ -	\$ 101,245
% Over (Under) Budget	2%	0%	2%	1%	0%	1%
Actual Surplus (Deficit)	\$ (313,918)	\$ -	\$ (313,918)	\$ 1,204,544	\$ -	\$ 1,204,544

12/31/17 Cash Balance (Projected)	\$ 6,033,077	Cash Reserve Level	39%
Less Amount from Donations	(54,000)	Cash Reserve Target: Low	35%
12/31/17 Adjusted Cash Balance (Projected)	\$ 5,979,077	Cash Reserve Target: High	45%

Amount Above Cash Reserve Target: Low	\$ 646,881	10-Year CIP Amount	n/a
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** Note - \$681,000 use of cash reserves included in 2018 Budget

City of Roseville

Budget vs. Actual Comparison for Selected Operating Funds

2014-2016

Parks & Rec Fund	2012			2013			2014		
	Operations	Capital	Total	Operations	Capital	Total	Operations	Capital	Total
Budgeted Revenues	\$ 3,904,863	\$ -	\$ 3,904,863	\$ 4,008,105	\$ -	\$ 4,008,105	\$ 4,060,710	\$ -	\$ 4,060,710
Actual Revenues	3,966,739	-	3,966,739	3,996,699	-	3,996,699	4,057,333	-	4,057,333
\$ Over (Under) Budget	\$ 61,876	\$ -	\$ 61,876	\$ (11,406)	\$ -	\$ (11,406)	\$ (3,377)	\$ -	\$ (3,377)
% Over (Under) Budget	2%	0%	2%	0%	0%	0%	0%	0%	0%
Budgeted Expenditures	\$ 3,904,863	\$ -	\$ 3,904,863	\$ 4,069,844	\$ -	\$ 4,069,844	\$ 4,134,050	\$ -	\$ 4,134,050
Actual Expenditures	3,688,114	-	3,688,114	3,808,075	-	3,808,075	4,069,483	-	4,069,483
\$ Over (Under) Budget	\$ 216,749	\$ -	\$ 216,749	\$ 261,769	\$ -	\$ 261,769	\$ 64,567	\$ -	\$ 64,567
% Over (Under) Budget	6%	0%	6%	6%	0%	6%	2%	0%	2%
Actual Surplus (Deficit)	\$ 278,625	\$ -	\$ 278,625	\$ 188,624	\$ -	\$ 188,624	\$ (12,150)	\$ -	\$ (12,150)

	2015			2016		
	Operations	Capital	Total	Operations	Capital	Total
Budgeted Revenues	\$ 4,283,320	\$ -	\$ 4,283,320	\$ 4,551,710	\$ -	\$ 4,551,710
Actual Revenues	4,336,384	-	4,336,384	4,671,526	-	4,671,526
\$ Over (Under) Budget	\$ 53,064	\$ -	\$ 53,064	\$ 119,816	\$ -	\$ 119,816
% Over (Under) Budget	1%	0%	1%	3%	0%	3%
Budgeted Expenditures	\$ 4,283,320	\$ -	\$ 4,283,320	\$ 4,551,710	\$ -	\$ 4,551,710
Actual Expenditures	4,150,534	-	4,150,534	4,318,652	-	4,318,652
\$ Over (Under) Budget	\$ 132,786	\$ -	\$ 132,786	\$ 233,058	\$ -	\$ 233,058
% Over (Under) Budget	3%	0%	3%	5%	0%	5%
Actual Surplus (Deficit)	\$ 185,850	\$ -	\$ 185,850	\$ 352,874	\$ -	\$ 352,874

12/31/17 Cash Balance (Projected)	\$ 1,781,111	Cash Reserve Level	31%
Less Amount from Donations	(305,000)	Cash Reserve Target: Low	25%
12/31/17 Adjusted Cash Balance (Projected)	\$ 1,476,111	Cash Reserve Target: High	25%
Amount Above Cash Reserve Target: Low	\$ 280,855	10-Year CIP Amount	n/a

City of Roseville

Budget vs. Actual Comparison for Selected Operating Funds

2014-2016

Communications Fund	2012			2013			2014		
	Operations	Capital	Total	Operations	Capital	Total	Operations	Capital	Total
Budgeted Revenues	\$ 366,735	\$ -	\$ 366,735	\$ 374,698	\$ -	\$ 374,698	\$ 438,000	\$ -	\$ 438,000
Actual Revenues	419,847	-	419,847	407,080	-	407,080	473,221	-	473,221
\$ Over (Under) Budget	\$ 53,112	\$ -	\$ 53,112	\$ 32,382	\$ -	\$ 32,382	\$ 35,221	\$ -	\$ 35,221
% Over (Under) Budget	14%	0%	14%	9%	0%	9%	8%	0%	8%
Budgeted Expenditures	\$ 356,735	\$ 10,000	\$ 366,735	\$ 364,695	\$ 10,003	\$ 374,698	\$ 396,195	\$ 10,000	\$ 406,195
Actual Expenditures	335,660	14,523	350,183	356,742	56,801	413,543	423,082	1,052	424,134
\$ Over (Under) Budget	\$ 21,075	\$ (4,523)	\$ 16,552	\$ 7,953	\$ (46,798)	\$ (38,845)	\$ (26,887)	\$ 8,948	\$ (17,939)
% Over (Under) Budget	6%	-45%	5%	2%	-468%	-10%	-7%	89%	-4%
Actual Surplus (Deficit)	\$ 84,187	\$ (14,523)	\$ 69,664	\$ 50,338	\$ (56,801)	\$ (6,463)	\$ 50,139	\$ (1,052)	\$ 49,087

	2015			2016		
	Operations	Capital	Total	Operations	Capital	Total
Budgeted Revenues	\$ 448,000	\$ -	\$ 448,000	\$ 480,000	\$ -	\$ 480,000
Actual Revenues	441,703	-	441,703	449,029	-	449,029
\$ Over (Under) Budget	\$ (6,297)	\$ -	\$ (6,297)	\$ (30,971)	\$ -	\$ (30,971)
% Over (Under) Budget	-1%	0%	-1%	-6%	0%	-6%
Budgeted Expenditures	\$ 410,325	\$ 145,000	\$ 555,325	\$ 496,275	\$ 10,000	\$ 506,275
Actual Expenditures	457,098	148,984	606,082	481,766	-	481,766
\$ Over (Under) Budget	\$ (46,773)	\$ (3,984)	\$ (50,757)	\$ 14,509	\$ 10,000	\$ 24,509
% Over (Under) Budget	-11%	-3%	-9%	3%	100%	5%
Actual Surplus (Deficit)	\$ (15,395)	\$ (148,984)	\$ (164,379)	\$ (32,737)	\$ -	\$ (32,737)

12/31/17 Cash Balance (Projected)	\$ 433,916	Cash Reserve Level	80%
Less Amount from Donations	-	Cash Reserve Target: Low	10%
12/31/17 Adjusted Cash Balance (Projected)	\$ 433,916	Cash Reserve Target: High	25%
Amount Above Cash Reserve Target: Low	\$ 379,559	10-Year CIP Amount	\$ 228,500

City of Roseville

Budget vs. Actual Comparison for Selected Operating Funds

2014-2016

Info. Technology Fund	2012			2013			2014		
	Operations	Capital	Total	Operations	Capital	Total	Operations	Capital	Total
Budgeted Revenues	\$ 1,206,147	\$ -	\$ 1,206,147	\$ 1,263,897	\$ -	\$ 1,263,897	\$ 1,702,280	\$ -	\$ 1,702,280
Actual Revenues	1,310,871	-	1,310,871	1,694,063	-	1,694,063	1,735,993	-	1,735,993
\$ Over (Under) Budget	\$ 104,724	\$ -	\$ 104,724	\$ 430,166	\$ -	\$ 430,166	\$ 33,713	\$ -	\$ 33,713
% Over (Under) Budget	9%	0%	9%	34%	0%	34%	2%	0%	2%
Budgeted Expenditures	\$ 1,055,361	\$ 192,871	\$ 1,248,232	\$ 1,182,095	\$ 379,965	\$ 1,562,060	\$ 1,449,000	\$ 190,000	\$ 1,639,000
Actual Expenditures	1,038,179	155,526	1,193,705	1,303,064	258,249	1,561,313	1,200,547	240,892	1,441,439
\$ Over (Under) Budget	\$ 17,182	\$ 37,345	\$ 54,527	\$ (120,969)	\$ 121,716	\$ 747	\$ 248,453	\$ (50,892)	\$ 197,561
% Over (Under) Budget	2%	19%	4%	-10%	32%	0%	17%	-27%	12%
Actual Surplus (Deficit)	\$ 272,692	\$ (155,526)	\$ 117,166	\$ 390,999	\$ (258,249)	\$ 132,750	\$ 535,446	\$ (240,892)	\$ 294,554

	2015			2016		
	Operations	Capital	Total	Operations	Capital	Total
Budgeted Revenues	\$ 1,964,195	\$ -	\$ 1,964,195	\$ 2,271,120	\$ -	\$ 2,271,120
Actual Revenues	1,976,894	-	1,976,894	2,322,445	-	2,322,445
\$ Over (Under) Budget	\$ 12,699	\$ -	\$ 12,699	\$ 51,325	\$ -	\$ 51,325
% Over (Under) Budget	1%	0%	1%	2%	0%	2%
Budgeted Expenditures	\$ 1,659,520	\$ 356,640	\$ 2,016,160	\$ 1,975,020	\$ 275,000	\$ 2,250,020
Actual Expenditures	1,598,773	187,488	1,786,261	2,063,106	62,639	2,125,745
\$ Over (Under) Budget	\$ 60,747	\$ 169,152	\$ 229,899	\$ (88,086)	\$ 212,361	\$ 124,275
% Over (Under) Budget	4%	47%	11%	-4%	77%	6%
Actual Surplus (Deficit)	\$ 378,121	\$ (187,488)	\$ 190,633	\$ 259,339	\$ (62,639)	\$ 196,700

12/31/17 Cash Balance (Projected)	\$ 937,002	Cash Reserve Level	32%
Less Amount from Donations	-	Cash Reserve Target: Low	10%
12/31/17 Adjusted Cash Balance (Projected)	\$ 937,002	Cash Reserve Target: High	25%
Amount Above Cash Reserve Target: Low	\$ 644,060	10-Year CIP Amount	\$ 1,848,500

City of Roseville

Budget vs. Actual Comparison for Selected Operating Funds

2014-2016

License Center Fund	2012			2013			2014		
	Operations	Capital	Total	Operations	Capital	Total	Operations	Capital	Total
Budgeted Revenues	\$ 1,130,525	\$ -	\$ 1,130,525	\$ 1,195,295	\$ -	\$ 1,195,295	\$ 1,394,090	\$ -	\$ 1,394,090
Actual Revenues	1,305,990	-	1,305,990	1,313,640	-	1,313,640	1,516,814	-	1,516,814
\$ Over (Under) Budget	\$ 175,465	\$ -	\$ 175,465	\$ 118,345	\$ -	\$ 118,345	\$ 122,724	\$ -	\$ 122,724
% Over (Under) Budget	16%	0%	16%	10%	0%	10%	9%	0%	9%
Budgeted Expenditures	\$ 1,130,525	\$ -	\$ 1,130,525	\$ 1,195,295	\$ -	\$ 1,195,295	\$ 1,275,075	\$ -	\$ 1,275,075
Actual Expenditures	1,110,768	2,662	1,113,430	1,172,132	6,892	1,179,024	1,282,652	5,335	1,287,987
\$ Over (Under) Budget	\$ 19,757	\$ (2,662)	\$ 17,095	\$ 23,163	\$ (6,892)	\$ 16,271	\$ (7,577)	\$ (5,335)	\$ (12,912)
% Over (Under) Budget	2%	0%	2%	2%	0%	1%	-1%	0%	-1%
Actual Surplus (Deficit)	\$ 195,222	\$ (2,662)	\$ 192,560	\$ 141,508	\$ (6,892)	\$ 134,616	\$ 234,162	\$ (5,335)	\$ 228,827

	2015			2016		
	Operations	Capital	Total	Operations	Capital	Total
Budgeted Revenues	\$ 1,413,500	\$ -	\$ 1,413,500	\$ 1,603,500	\$ -	\$ 1,603,500
Actual Revenues	1,638,072	-	1,638,072	1,695,107	-	1,695,107
\$ Over (Under) Budget	\$ 224,572	\$ -	\$ 224,572	\$ 91,607	\$ -	\$ 91,607
% Over (Under) Budget	16%	0%	16%	6%	0%	6%
Budgeted Expenditures	\$ 1,544,775	\$ 10,000	\$ 1,554,775	\$ 1,856,125	\$ 21,500	\$ 1,877,625
Actual Expenditures	1,548,563	-	1,548,563	1,766,084	-	1,766,084
\$ Over (Under) Budget	\$ (3,788)	\$ 10,000	\$ 6,212	\$ 90,041	\$ 21,500	\$ 111,541
% Over (Under) Budget	0%	100%	0%	5%	100%	6%
Actual Surplus (Deficit)	\$ 89,509	\$ -	\$ 89,509	\$ (70,977)	\$ -	\$ (70,977)

12/31/17 Cash Balance (Projected)	\$ 1,097,926	Cash Reserve Level	58%
Less Amount from Donations	-	Cash Reserve Target: Low	10%
12/31/17 Adjusted Cash Balance (Projected)	\$ 1,097,926	Cash Reserve Target: High	25%
Amount Above Cash Reserve Target: Low	\$ 909,504	10-Year CIP Amount	\$ 1,275,600

Memo

To: Roseville Finance Commission
From: Chris Miller, Finance Director
Date: February 13, 2018
Re: Item #6: Review the 2018 Work Plan

Background

At the December 14, 2017 meeting, the Commission established its 2018 Work Plan. As noted at the meeting, the presence of an annual work plan allows for advanced public notification of the various topics scheduled for review and discussion. It also aids in the scheduling of future agenda topics.

The Commission is reminded that the Work Plan merely serves as a guideline and is not intended to mandate the types of discussions that take place nor their timetable. A copy of the 2018 Work Plan is included in *Attachment A*.

Staff Recommendation

Not applicable.

Requested Commission Action

For information purposes only. No formal Commission action is requested.

Prepared by: Chris Miller, Finance Director
Attachments: A: 2018 Work Plan

Roseville Finance Commission 2018 Meeting Topics & Calendar

Month	Discussion Topic
January	<ul style="list-style-type: none"> ▪ Continue discussion on creating a Cash Reserve fund (30 mins.) ▪ Discussion on funding utility infrastructure via property taxes (30 mins.)
February	<ul style="list-style-type: none"> ▪ Continue discussion on funding utility infrastructure via property taxes (30 mins.) ▪
March	<ul style="list-style-type: none"> ▪ Review 2017 Investment Portfolio performance (15 mins.) ▪
April	<ul style="list-style-type: none"> ▪ Select Chair & Vice-Chair (10 mins.) ▪ Review 2017 year-end cash reserve levels (20 mins.)
May	<ul style="list-style-type: none"> ▪ 2019-2038 Capital Improvement Plan review #1 of 2 (45 mins.) ▪
June	<ul style="list-style-type: none"> ▪ 2019-2038 Capital Improvement Plan review #2 of 2 (45 mins.) ▪ Review 2017 Audit Reports (20 mins.) ▪
July	<ul style="list-style-type: none"> ▪ Discuss Items for Joint City Council-Commission Meeting (20 mins.) ▪
August	<ul style="list-style-type: none"> ▪ ▪
September	<ul style="list-style-type: none"> ▪ Discuss 2019 City Manager Recommended Budget (30 mins.) ▪ Consider recommendation on the 2019 Tax Levy (30 mins.)
October	<ul style="list-style-type: none"> ▪ Update on the Council-adopted 2019 preliminary Budget & Tax Levy (30 mins.) ▪ Review 2019 proposed water & sewer rates (20 mins.)
November	<ul style="list-style-type: none"> ▪ ▪
December	<ul style="list-style-type: none"> ▪ Adopt 2019 Meeting Calendar (10 mins.) ▪ Adopt 2019 Work Plan (15 mins.)

Memo

To: Roseville Finance Commission
From: Chris Miller, Finance Director
Date: February 13, 2018
Re: Item #7: Identify Discussion Topics for the Joint Meeting with the City Council

Background

At the January 9, 2018 Finance Commission meeting, it was noted that an upcoming joint meeting with the City Council was slated to be scheduled for March or April to allow the Finance Commission to submit their recommendations regarding several policy issues that the City Council had directed them to review. These requested recommendations included:

- 1) A recommendation on whether to revise the Capital Investment Policy regarding the incorporation of a CIP Priority Ranking process (*Dec 12, 2017 Discussion*).
- 2) A recommendation on the final disposition of the \$850,000 in excess TIF proceeds from the recently decertified TIF District #11 (*Dec 12, 2017 Discussion*).
- 3) A recommendation on whether to fund water, sanitary sewer, and storm sewer infrastructure replacement through the property taxes rather than utility base rates (*Jan 9, 2018 Discussion*).
- 4) A recommendation on whether to establish a Cash Reserve (Cash Carryforward) Fund (*Pending Feb 13, 2018 Discussion*).

Excerpts of the December, 2017 and January, 2018 meeting minutes denoting the Commission's recommendations are included in *Attachment A*.

It is suggested that the Commission affirm what its recommendations are for these items and determine how they might be presented at the Joint Meeting. It is further suggested that the Commission consider its availability for the March 12 or March 26, 2018 City Council meeting dates.

Staff Recommendation

Not applicable.

Requested Commission Action

For review purposes only. No formal Commission action is necessary.

Prepared by: Chris Miller, Finance Director
Attachments: A: Minutes from the December 2017 and January 2018 Meetings

Finance Director Miller clarified the concept of creating some sort of cash carry forward fund was so the City could take the excess monies and prioritize how they are spent. This would imply that the City has priorities that are more than the department priorities.

Commissioner Bachhuber stated it would be the City Manager's job to know what the City's priorities were.

Finance Director Miller stated this is what the City Manager does with the City Manager Recommended Budget. He is letting the City Council know what he feels should be funded to meet the needs of the City.

Chair Schroeder stated this item should be added to the next agenda for further discussion.

Continue Discussion On The CIP Priority Rankings

Chair Schroeder provided Commissioner's Harold's comments: At this point there are two options to recommend to the Council. The first is to add the CIP priority rankings as guidance only and state it as such in the Capital Investment Policy. The other is to update the policy to direct staff to add the priority rankings to next year's expenditures when updating the CIP. The Council did not seem to think that having staff assign the priority rankings had value so until the Council changes their mind it would probably be best to add language that the rankings are guidance only.

Commissioner McRoberts stated the guidelines would not be useful if the projects are not classified or ranked in order of importance.

Commissioner Bachhuber stated his recommendation would be follow the policy that was adopted and ask staff to start categorizing their projects.

Chair Schroeder stated she would agree because if it is done this information would be available in the future. The Council asked the Commission to review this item so the Commission should make a formal response and this could be in the form of a motion.

Commissioner Bachhuber made a motion, seconded by Commissioner McRoberts to recommend the City Council direct staff to begin using the priority rankings as adopted in the Capital Investment Policy for future budgeting cycles.

Commissioner McRoberts stated if the City felt there was value in prioritization whether for discussion or advisory you cannot do this unless the projects are categorized.

Commissioner Bachhuber stated the Capital Investment Policy is guidelines and is not binding by law. The City can make decisions without following the policy.

Chair Schroeder called the motion to a vote. The motion carried unanimously.

Finance Director Miller stated the Commission could ask for a joint session with the City Council to discuss this recommendation. There are other items the Council requested recommendations on and he would recommend combining these.

Chair Schroeder stated she would like to see this item presented to the Council so they understand the Commission's view.

Discussion On The Distribution Of Excess TIF Monies

Finance Director Miller stated the City recently received approximately \$850,000 in excess TIF funds. This is a one-time capture of money. Council also asked staff for a recommendation. Staff's recommendation had been to use these funds to offset the costs with the Golf Course and community building construction.

Commissioner Zeller stated the monies are taken off the tax roll to fund the TIF money up front. He clarified these funds were not restricted.

Finance Director Miller stated once the district has been decertified the funds are no longer restricted.

Commissioner Zeller stated he sees these funds as belonging in the general fund as part of tax revenues coming from other tax revenue sources.

Commissioner McRoberts stated if the City were using priority rankings then the City would know where the needs are. At this time, he is not sure there would be any reasons not to use these funds for the Golf Course.

Commissioner Hodder stated using these funds for the Golf Course would be prudent, as the City had discussed transferring \$1 million from the street fund. Making this type of transfer would destabilize the street fund if these monies were not paid back.

Commissioner Bachhuber stated the City had already made a commitment and at the time this was made the project had not been fully funded. Using the TIF monies for the Golf Course would make sense.

Commissioner McRoberts asked why the deficit between the TIF monies and the amount needed for the Golf Course would not come from the park dedication fees.

Finance Director Miller stated the Council is using \$1 million of these funds but would like to leave the remaining to be used for future park acquisitions and improvements.

Chair Schroeder stated this gets back to what Commissioner Bachhuber stated in that the City should use the funds available so as not to incur additional debt and also not have monies set aside “just in case”. The Golf Course is a new initiative and the Council did not want to spend down the park dedication fund for future new initiatives. Since this is a new initiative it should qualify and the City should use the available funds in the park dedication fund.

Commissioner Bachhuber stated the Commission had originally recommended using the parks funds since this is a park initiative. The Council had decided against this recommendation.

Chair Schroeder stated her recommendation would be to use the TIF monies toward the Golf Course and the remaining gap in funding from the park funds. And not the street fund.

Commissioner Zeller made a motion, seconded by Commissioner Bachhuber to recommend the \$850,000 in excess TIF funds be used to pay down the internal loan from the Street Fund for the Golf Course and the remaining monies needed for the construction of the Golf Course taken from the Park Dedication fees and not the Street Fund. **The motion carried unanimously.**

Consider Establishing A 2018 Work Plan

Chair Schroeder reviewed the work plan prepared by staff.

Commissioner McRoberts asked to include an update of the financials for the General Fund, Parks and Recreation Fund, Communication Fund, Information Technology Fund, and License Center Fund in March.

Finance Director Miller stated these financials would not be available until June for the Commission to review. Staff could provide preliminary information for these funds by the April or May Commission meeting.

Commissioner McRoberts stated he would like to know what the short falls would be for the Golf Course.

Finance Director Miller stated the Parks and Recreation Department could prepare this information for the Commission.

Commissioner McRoberts stated the Commission needs to somehow figure out some visibility to the ongoing operating expense for the CIP where it is materially different from that which is in place with existing capital.

Finance Director Miller clarified the Commission would be looking for the costs for the ongoing maintenance costs for new capital investments. He stated this would not be something that he could provide.

Chair Schroeder stated they could add discussions on the CIP policy to the work plan.

269 Commissioner Bachhuber stated the next discussion points would be what are the individual
270 limits in each of the funds and what would the limit be for the sweep fund.

271
272 Commissioner McRoberts suggested the sweep fund have a target level that would be sufficient
273 to be able to fund those areas that fall below their targets and if this account gets above the target
274 there should be a formal review.

275
276 Chair Schroeder clarified this concept would budget to the target low for each fund and
277 everything above that would be moved to the cash carry forward fund. The cash carry forward
278 fund would also have a target range and if the fund goes above this amount the City would have
279 a formal review and discussion on what the funds should be used for and the remaining funds
280 would be used to keep the funds at the target levels. She asked Finance Director Miller what the
281 target range would have to be for the cash carry forward fund in order to support the City if a
282 need were to arise. The Commission would like to know how these policy changes would
283 impact the funds.

284
285

286 **Discussion On Utility Infrastructure Replacement Funding Strategies**

287
288 Chair Schroeder stated the Commission had reviewed this previously and had unanimously
289 agreed that the utility infrastructure replacement funding should not be included in property
290 taxes.

291
292 Commissioner Murray asked if there had been any changes since the Commission had reviewed
293 this item.

294
295 Finance Director Miller stated there were no changes. The impact for the average household
296 may not be significant but other property types would be impacted significantly more.

297
298 Commissioner McRoberts stated the value of the infrastructure does not change with the price of
299 the house.

300

301 Commissioner Harold moved, Seconded by Commission McRoberts to recommend the City not
302 change the way the rates are charged for the utility infrastructure funding. **The motion carried**
303 **unanimously.**

304
305

306 **Identify Discussion Items for the Future Meeting (Feb. 13, Mar. 13, April 10)**

307
308 Chair Schroeder stated the next agenda would include continued discussions on the cash carry
309 forward fund, the draft meeting calendar and meeting topics and review and discussion of items
310 the Commission would like to present to the City Council.

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