

# Memo

**To:** Roseville Finance Commission  
**From:** Michelle Pietrick, Finance Director  
**Date:** October 11, 2022  
**Re:** Item #3: Approve the Minutes from the September 13, 2022 Meetings

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## **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 September 13, 2022 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 September 13, 2022 meeting.

Prepared by: Michelle Pietrick, Finance Director  
Attachments: A: Draft Minutes from the September 13, 2022 Finance Commission Meeting

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**Finance Commission  
Meeting Minutes  
DRAFT – September 13, 2022 - DRAFT**

**Roll Call/Announcements**

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

**Commissioners Present:** Bruce Bester, Wanda Davies, Sandra Klein-Hegge, John Murray, Dan Sagisser and Sadiq Dahir

**Commissioners Absent:** Siafa Barclay

**Staff Present:** Finance Director Michelle Pietrick

**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.

**Approval of Meeting Minutes**

Chair Davies asked if the Commission had any revisions to the August 24, 2022 minutes.

Commissioner Bester stated he had one proposed addition. Line 150 the following language should be added: “The observation is that our audited financial statements show a gain 17.9 percent in 2021, which seems higher than necessary to stay healthy. Does this present an opportunity to carefully look at the levy for 2023.”

Commissioner Dahir moved, seconded by Commissioner Sagisser to approve the August 24, 2022 meeting minutes as amended. **The motion carried unanimously.**

**Receive Finance Commission Recommendations Tracking Report**

Commissioner Bester reviewed the recommendations on the tracking report.

Chair Davies suggested the Commission look again at the second item on the tracking report at the October meeting.

Ms. Pietrick explained the item is currently to be discussed at the November meeting per the workplan.

47  
48 Chair Davies thought that would be fine.

49  
50

51 **Review and Discuss the 2023 City Manager Recommended Budget & Tax Levy**

52

53 Finance Director Pietrick reviewed the 2023 City Manager recommended Budget and Tax Levy  
54 that was presented to the City Council. She also reviewed changes staff received after the City  
55 Council meeting.

56

57 Chair Davies thought it seemed like property values are increasing that then to raise the same  
58 amount of money they should be able to lower the rate. She indicated she was not quite clear on  
59 this.

60

61 Ms. Pietrick explained the estimate for the City-wide tax base she used in August was too high.  
62 This is used to create the City tax rate. She noted she now has the correct figure from the County  
63 and it was less than her original estimate.

64

65 Chair Davies asked if the median valued home changed and if it was recalculated based on the  
66 market value.

67

68 Ms. Pietrick indicated it did not and explained that also comes from the County and is looking  
69 strictly at the residential homesteaded property. That did not change. The piece she did not have  
70 in August was the actual tax base. She indicated she estimated it and unfortunately she estimated  
71 it too high at that point. Historically the City has gotten that data from the County by mid-  
72 August and the last two years it has been coming out later in August. A few of the Finance  
73 Directors in Ramsey County have discussed kindly requesting the Ramsey County Tax office to  
74 get the City that data sooner. Most of the other cities do not even present median value impact  
75 until their September meetings.

76

77 Chair Davies asked if the information published in the City News was correct.

78

79 Ms. Pietrick indicated it was not.

80

81 Commissioner Murray thought it will be a significant surprise for a lot of people that taxes will  
82 be going up that much.

83

84 Commissioner Bester explained to put that in some perspective, he was looking at his statements  
85 and the County is probably heading toward a three point something percent increase, school  
86 district will have a large increase because of the referendum and the City at a seven percent  
87 increase.

88

89 Commissioner Klein-Hegge indicated she read in the paper that Ramsey County is proposing  
90 4.54 percent as a tax increase this year.

91

92 Chair Davies explained she was trying to understand how all of these numbers work because it  
93 seems like if there is a certain increase across the whole City and it is divided by the number of  
94 houses there that it would be less.

95  
96 Ms. Pietrick explained the increase percentage does not get allocated that way, unfortunately.  
97 She noted some properties went up in value and some less and then there are commercial  
98 properties, apartments, and all other property, which is in the City's tax base and these all  
99 changed at different rates.

100  
101 Commissioner Bester thought Chair Davies raised a good question and it seemed logical that if  
102 the median value increases the tax rate potentially could decrease but that is disconnected from  
103 the levy which is just a number of dollars.

104  
105 Ms. Pietrick explained that is correct. The tax rate is the City's dollars levied divided by the total  
106 property valuation within the City. That is what creates the tax rate and the tax rate did go down.  
107 The tax rate is then applied to the taxable market value of a residential property, more or less.

108  
109 Commissioner Bester asked if that would be a talking point. He thought the talking points were  
110 excellent in terms of the per month did not overstate but the possible shock value with the rate  
111 going down or would that add to much to the talking points.

112  
113 Ms. Pietrick explained some cities focus on the tax rate and others do not. Roseville has  
114 historically used the median value residential property, which is what other cities use as well but  
115 again, some cities really focus on the tax rate. The City does not certify the levy based on the tax  
116 rate; the City certifies the dollar amount. The dollar amount is what the City needs to balance  
117 the budget.

118  
119 Chair Davies wondered what is the significance of the highlighted numbers in the reports the  
120 Commission received.

121  
122 Ms. Pietrick reviewed the highlighted items in the reports disbursed to the Commission. She  
123 indicated those were corrected from the previous reports.

124  
125 Chair Davies indicated the budget does show the expected significant decline in the Fund  
126 Balance at the end of 2022.

127  
128 Ms. Pietrick explained that is because the City using the Fund Balance in the Capital Project  
129 Funds for the most part. The City is also using strategic use of the General Fund for one-time,  
130 infrequent projects as noted in the budget presentation. Staff is also proposing utilizing the  
131 excess Cash Reserve Fund to infuse the Parks and Recreation Vehicle and Equipment Fund,  
132 which according to the CIP, needed a cash infusion and by infusing that now, it actually sustains  
133 the fund for the next seven to ten years.

134  
135 Commissioner Bester asked Ms. Pietrick to explain fluctuation analysis.

136

137 Ms. Pietrick explained the City Council budget went down in the proposed budget because the  
138 2022 budget had the visioning project in there as an expense and the revenue side was the  
139 reserves. She explained that Administrative expenses went up due to the Compensation and  
140 Classification Study as well as the Strategic Plan and the recodification which the City is using  
141 reserves to offset those increases. She explained the Police Admin budget increased due to the  
142 Housing Navigator budgeted for part of the year and a social worker and across a lot of these  
143 departments are the COLA and step increases.

144  
145 Ms. Pietrick continued her review of the changes to the proposed budget.

146  
147 Commissioner Klein-Hegge asked if there has been any feedback from the community about the  
148 proposed tax increase.

149  
150 Ms. Pietrick explained she has not seen all of the feedback but has had a few phone calls and she  
151 actually talked to her neighbors at Night to Unite and at that point she did not know exactly  
152 where the City was at but most people she has talked to have been supportive. Essentially an  
153 additional ten dollars a month the people were supportive of. She did explain that was just the  
154 City portion of the increase and did not know what the County or School District had proposed  
155 for increases. She explained she has not heard anything negative.

156  
157 Commissioner Murray asked if it was a State Law or Ordinance that the City Attorney needed to  
158 attend City Council meetings because most of the time he just sits at the meeting.

159  
160 Ms. Pietrick indicated the City Attorney is required to attend meetings but she did not know if it  
161 was a State Law or City Ordinance. She explained the City Attorney is at the meeting to answer  
162 questions and provide legal advice to the Council.

163  
164 Commissioner Murray asked if it would be feasible to have the City Attorney electronically  
165 connected to the meeting so staff could call him if the Council had a question.

166  
167 Ms. Pietrick explained that would not change the amount the City pays for Attorney services.

168  
169 Commissioner Murray thought if the City Attorney was in contact via phone rather than go to the  
170 meetings the City could negotiate a lower rate.

171  
172 Commissioner Murray explained Country-wide there is a labor shortage situation and if there is  
173 an opportunity to cut down on required personnel than the City should do that.

174  
175 Commissioner Klein-Hegge asked if staff would be looking at any potential areas for possible  
176 expense decreases or cuts to ease the burden on the taxpayer because she thought the seven  
177 percent and four percent with the County is pretty steep and has concerns about that.

178  
179 Ms. Pietrick explained the budget staff started with is not the budget that is in front of the  
180 Council and Commission. There were certain things that the City Manager could not support at  
181 this point in time because he was not prepared to bring in a levy increase as high as it started out

182 to be. She noted the levy increase started at eleven and half percent. There were expenses cut  
183 and departments had been asked to revisit their budgets. Certain things were deferred which  
184 does not help down the road but there were changes made on the expense side and then as she  
185 said staff used strategic use of the General Fund for specific items and applied the excess Cash  
186 Reserve Fund to bring the levy down even further to get to the seven percent.

187  
188 Commissioner Bester asked if the City budgets to recover for vacancies.

189  
190 Ms. Pietrick explained the City budgets for one hundred percent employment. It does not budget  
191 a turnover or vacancy ratio. She indicated most of the vacancies have been occurring in the  
192 Police Department or in Public Works. Work still has to occur when a person leaves and  
193 generally that person has to be paid out any personal time off or vacation or comp. time. While  
194 that job is vacant, overtime increases so what limited savings the City would get from a vacancy  
195 generally are eaten up by overtime. If the City were to budget for vacancies and all of jobs  
196 would fill up the City would run into the issue of not having enough money within the budget to  
197 pay for the employees.

198  
199 Commissioner Klein-Hegge asked if there are any other areas that could potentially be cut. She  
200 wondered if anything has been identified.

201  
202 Ms. Pietrick indicated she was not aware of any other areas.

203  
204 Commissioner Klein-Hegge thought it was something that should be considered.

205  
206 Ms. Pietrick reviewed with the Commission the staff budgeted with changes to the proposed  
207 budget to include a new position, some reclassifications, 2 part time increased to full time and  
208 the COLA/Step increases.

209  
210 Commissioner Bester asked if leasing equipment would help the City to push the expense into  
211 the future.

212  
213 Ms. Pietrick indicated it would not. The interest rate the City would pay on leases is extremely  
214 high. The City would be better off bonding for purchases.

215  
216 Chair Davies thought if the Commission wanted to trim the budget they would need specific  
217 proposals if they wanted staff to take them out of the budget. A lot of these increases are not  
218 optional to remove.

219  
220 Commissioner Sagisser asked if the Commission found some things that should be shaved off the  
221 budget how would the Commission go about doing that and what would people be comfortable  
222 with. Is there a percentage or an amount the Commission could recommend the budget get down  
223 to.

224  
225 Ms. Pietrick indicated there are some cities that are budgeting a higher increase percentage than  
226 Roseville.

227  
228 Chair Davies explained it is up to the Commission to make a recommendation. She wondered if  
229 the Commission wanted to make a recommendation to cut the levy increase or accept it as  
230 proposed by the City Manager.

231  
232 Commissioner Sagisser thought the Commission needed to figure out what should be changed in  
233 order to make a recommendation for change.

234  
235 Commissioner Murray indicated he would lean towards keeping the levy increase to five percent  
236 because that is what the income increase has been.

237  
238 Commissioner Bester asked what is likely to happen if the Finance Commission makes the  
239 increase at five percent.

240  
241 Chair Davies indicated this is just a recommendation so the Council will do what they want. If  
242 she made a prediction she thought the City Council will approve this as proposed by staff in  
243 September and then see what the reaction is from the citizens and then work down from there  
244 because the Council cannot increase the levy once approved for a lower amount.

245  
246 Chair Davies explained the Commission could make a recommendation to the City Council to  
247 approve this in September as a not to exceed number but try to find ways to cut the levy increase  
248 closer to five percent.

249  
250 Commissioner Klein-Hegge understood that ten dollars a month increase does not sound like  
251 much but when looking at a year that is a twelve-hundred-dollar tax increase for the City for the  
252 year and for some people that is pretty substantial and she did not know if their wages have  
253 increased to that same extent over the last year and on top of that Ramsey County will be  
254 increasing their tax by four and a half percent. She wondered if staff could see if there are other  
255 places such as projects that could be put on hold because she thought it is going to be tough for a  
256 lot of people and has been a tough year.

257  
258 Commissioner Murray moved to have staff try to get down to five percent.

259  
260 Commissioner Dahir indicated he would rather try to get down to six percent because of the  
261 COLA and other items that cannot be removed.

262  
263 Commissioner Bester indicated he would be more inclined to push the City's General Reserve  
264 Fund further rather than try to cut expenses. He suspected staff has done a pretty good job of  
265 bringing expenses down and it is pretty hard to send a tough message to the community,  
266 especially around election time.

267  
268 Chair Davies was not sure there is much more to shave off the budget without coming awfully  
269 close to that thirty-five threshold on the General Reserve Fund.

270

271 Commissioner Murray figured the City will have a larger property tax base in the coming years  
272 with the new buildings that have been built.

273  
274 Ms. Pietrick explained if the City Council agrees with the Commission recommendation they  
275 will direct staff to get to that level by the deadline.

276  
277 Most of the Commission wanted to aim at the six percent level and using the General Reserve  
278 Fund.

279  
280 Commissioner Murray moved, Commissioner Klein-Hegge seconded a motion to recommend to  
281 the City Council reducing the 2023 Budget to five or six percent increase because the community  
282 would feel more comfortable with the increase. **The motion carried unanimously.**

283  
284  
285 **Appoint Member to the Community Advisory Group for EnVISION Roseville**

286  
287 Finance Director Pietrick explained the City is establishing a Community Action Group (CAG)  
288 as part of the enVISION Roseville community visioning project. The City would like a  
289 Commissioner from each Commission to participate on the CAG as a representative of their  
290 respective Commission.

291  
292 Chair Davies volunteered to serve on the Community Action Group.

293  
294

295 **Staff Update**

296 Ms. Pietrick updated the Commission on the Civic Campus Pre-Design that was presented to the  
297 City Council. She noted it is coming back to the City Council in early October with more  
298 refined cost figures.

299  
300 Chair Davies wondered if it would be possible to add this to the Commission's October 11<sup>th</sup>  
301 meeting to take a look at those cost figures.

302  
303 Ms. Pietrick indicated these will be rough estimates and these are still in the pre-design phase.

304  
305 Commissioner Murray thought this would be bonded when the project starts.

306  
307 Ms. Pietrick indicated sales tax dollars will be allocated to pay the debt serve costs for this  
308 project.

309  
310

311 **Identify Discussion Items for Future Meetings**

312  
313 Chair Davies stated the next agenda would include discussions on:

- 314  
315
  - Update on the Council adopted 2023 Preliminary Budget & Tax Levy



- 316           • Review and adopt a recommendation on the 2023 proposed utility rates  
317

318

319    **Adjourn**

320

321    Commissioner Sagisser made a motion, seconded by Commissioner Bester to adjourn. The  
322    **motion passed unanimously.**

323

324    Meeting adjourned at 8:12 p.m.