

# Memo

**To:** Roseville Finance Commission  
**From:** Chris Miller, Finance Director  
**Date:** August 13, 2019  
**Re:** Item #3: Approve the Minutes from the August 13, 2019 Meeting

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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 August 13, 2019 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 August 13, 2019 meeting.

Prepared by: Chris Miller, Finance Director  
Attachments: A: Draft Minutes from the August 13, 2019 Finance Commission Meeting

1  
2  
3 **Finance Commission**  
4 **Meeting Minutes**  
5 **DRAFT – August 13, 2019 - DRAFT**

6 **Roll Call/Announcements**

7  
8 The Finance Commission (FC) meeting was called to order at 6:30 p.m. Chair Hodder requested  
9 staff call the roll.

10  
11 **Commissioners Present:** Matt Harold, Edwin Hodder, Ryan Lee, John Murray, Jack Reif, and  
12 Dan Sagisser

13  
14 **Commissioners Absent:** None.

15  
16 **Staff Present:** Finance Director Chris Miller

17  
18  
19 **Receive Public Comments**

20  
21 Chair Hodder thanked Mr. Miller for seventeen years with the City of Roseville and wished him  
22 well in his new job.

23  
24 Mr. Miller thanked Chair Hodder for his comments and indicated he will miss this group but the  
25 job he has taken is a unique opportunity for him and is looking forward to it.

26  
27 There being no one present wishing to speak to the Commission on an item not on the agenda,  
28 the Chair moved to the next agenda item.

29  
30  
31 **Approval of Meeting Minutes**

32  
33 Commissioner Reif noted on line 94, after “Green fees sold, and the number of league  
34 participants it has.”. Line 114 there should be a question mark at the end of the sentence. Line  
35 136, after St. Paul insert “and he asked...”. Line 139, “Mr. Miller explained the city water  
36 supply usage...”. Line 147, the second to the last word should be “do” instead of “does”. Line  
37 153, third word should be “too”. Line 175, the fourth word should be “do” instead of “does”.  
38 Line 184, it should read “Pavement Management Program” instead of “Permit”.

39  
40 Commissioner Reif indicated on Line 205, he was not sure what word should be added to the  
41 sentence but needed to remove invoke “staff is suggesting it will need to ~~invoke~~ the entire strip  
42 mall.”

43  
44 Mr. Miller noted he will go back and review the meeting for the word that was used. (Note - the  
45 word “invoke” was used)

46

47 Commissioner Reif stated on line 207, after the word taxes he would insert the word “are”. Line  
48 220, instead of “on” replace with “regarding” and “are” before taxable. Line 233, after  
49 Commissioner Murray insert “noted that”. Line 322, “Commissioner Reif indicated on page 44  
50 of the report where the footnote is deals with authorized as ~~far~~-as investments...”.

51  
52 Commissioner Reif noted for clarification purposes on line 348 remove the two words at the end  
53 of the sentence “do this” and insert “put some money into an index fund or with the State  
54 Investment Board” to clarify what was intended there.

55  
56 Commissioner Harold noted he was listed as a Commissioner present and absent and he was  
57 absent at that meeting.

58  
59 Chair Hodder noted on line 90, “Commissioner” should be changed to “Chair”.

60  
61 Commissioner Harold moved, seconded by Commissioner Sagisser to approve the June 11, 2019  
62 meeting minutes as amended. **The motion carried unanimously.**

#### 63 64 65 **Receive Finance Commission Recommendations Tracking Report**

66  
67 Finance Director Miller reviewed the tracking report with the Commission. Noting one new  
68 addition per the Finance Commission request, item no. 2019-4, Alternative Investment Options.  
69 He indicated this is scheduled to be presented to the city Council at their September 16<sup>th</sup> meeting.

#### 70 71 72 **Consider Establishing a Recommendation on the Use of the Cash Reserve Fund for the** 73 **Emerald Ash Borer Program**

74  
75 Finance Director Miller explained the Commission is asked to consider establishing a  
76 recommendation on the use of the Cash Reserve Fund for the Emerald Ash Borer (EAB)  
77 program.

78  
79 Parks and Recreation Director Lonnie Brokke, Parks and Recreation Commissioners Jerry Stoner  
80 and Mr. Greg Hoag made a presentation to the Finance Commission on the Emerald Ash Borer  
81 program.

82  
83 Commissioner Lee asked what the Emerald Ash trees are being replaced with.

84  
85 Parks Commissioner Hoag indicated the trees are being replaced with a large variety of trees. He  
86 noted the city has a replacement master plan that has a larger list of trees.

87  
88 Commissioner Reif asked if there was a legal requirement that states cities have to deal with  
89 Emerald Ash Borer diseased trees.

90

91 Mr. Brokke explained there is a State law that says it is up to the municipality. The city has an  
92 ordinance that does have that requirement.

93  
94 Commissioner Reif asked what the St. Paul Campus of the University of Minnesota is doing  
95 about this.

96  
97 Parks Commissioner Hoag indicated every city is taking a different approach to this disease. St.  
98 Paul and Minneapolis, for the most part have started to decimate their trees canopy by taking  
99 down all of the Emerald Ash trees at once.

100  
101 Chair Hodder asked if the cities are looking at more climate resilient trees as dealing with  
102 climate change and zonal changes in the area.

103  
104 Mr. Brokke indicated there are weather tolerant trees that grow in the area and continual research  
105 on those kinds of things and the City of Roseville is working with tree contractors and growers to  
106 make sure the trees being planted are weather tolerant.

107  
108 Parks Commissioner Stoner indicated if the Parks Commission decided to move forward with  
109 this it would be a multi-year program and at that point contracts would start to be locked in and  
110 better rates would entail.

111  
112 Mr. Brokke explained the city would pursue this on a proposal process and would ideally like to  
113 work with one contractor that works with subs and growers with parameters for this.

114  
115 Commissioner Harold asked if the Parks Commission considered an IDIQ (Indefinite Delivery  
116 Indefinite Quantity) contract for work like this. This is not a complete multi-year contract, but a  
117 duration is set with the indication that a set number of trees would be replaced in year one and  
118 then based on the results of year one there would be a pre-negotiated price to move forward with  
119 different work packages.

120  
121 Mr. Brokke indicated he would like to talk to Commissioner Harold more about this. He thought  
122 it is similar to what the City of Roseville has done with the Natural Resource Program.

123  
124 Commissioner Harold asked if there is a similar long-term layout if no changes were made at this  
125 time and what would the plan look like moving forward.

126  
127 Mr. Brokke indicated if nothing was done the annual budget allocation would remain at \$50,000  
128 a year and would be more of a removal program rather than a replacement program. He did not  
129 think that would keep up with the necessary removals because of hazards.

130  
131 Commissioner Lee indicated he loved the canopies in the parks but from a hard numbers  
132 perspective he did not see any options for recommendations based on what has been presented.

133  
134 Commissioner Murray explained when the Cash Reserve Fund was set up, it was more easily  
135 understood by the city Council what financial resources would be available to use for new

136 programs. He thought it was the Council's prerogative to decide between various competing  
137 needs of the city and not up to the Finance Commission. If the city Council wants to use the  
138 money for the Emerald Ash Borer program, then the city Council could do that.

139

140 Commissioner Reif thought the Council sent this back to the Finance Commission for thoughts  
141 on this program.

142

143 Commissioner Sagisser wondered if the thought was if this program fit under the budget.

144

145 Commissioner Murray indicated this is a worthy program and one of many.

146

147 Chair Hodder asked if staff has taken a look at the proposal as proposed.

148

149 Mr. Miller indicated he has not and was not sure if the City Manager has given Mr. Brokke any  
150 feedback on it.

151

152 Mr. Brokke indicated he has not gotten any negative feedback and the proposed program has  
153 actually received positive feedback and is a program that the monies could be used for. He  
154 indicated the Parks Commission and staff would be looking for a cost-effective program over  
155 time and from his perspective it would be more cost effective to do this as one program.

156

157 Commissioner Stoner asked the Finance Commission if this program is an appropriate use of the  
158 Cash Reserves.

159

160 Commissioner Lee felt this could be a long-term drawn-out program that could be funded as  
161 opposed to funding an emergency that came up overnight. He thought this was an admirable  
162 program which needs funding but was not sure if the Cash Reserves was meant for something  
163 that is ten years in the future.

164

165 Commissioner Sagisser thought it would make more sense to use Cash Reserves if the plan was  
166 to remove all of the trees in one year.

167

168 Commissioner Murray indicated right now the city has a Cash Reserve but in the future the city  
169 may not have those funds.

170

171 Chair Hodder noted one of the issues that will come up during the budget discussion is looking at  
172 that 2020 budget and there are a lot of needs in that document and the percentage increases were  
173 significant from 2019 to 2020 and something the Commission will need to review and will weigh  
174 heavy on them when there is the County and School District, also with large Capital needs and  
175 something he will be asking is to look at all three of those entities and looking at the impact to  
176 the average residential household.

177

178 Commissioner Harold thought he would envision this, if sitting on the Council, that any given  
179 year of this program the city could potentially use the excess cash reserves to fund on an annual  
180 basis but it is such a volatile number that he would be hard pressed to authorize the use of cash

181 reserves every year to pay for \$150,000 of that program. If that was going to be a plan, he  
182 thought that should come through the Parks and Recreation budget and be a planned  
183 implementation through their budget and not just planning on taking cash reserves out every year  
184 for that purpose.

185  
186 Mr. Brokke noted that if the Finance Commission authorized the use of the Cash Reserve fund  
187 for this program the funds would be set aside in for EAB and would be placed back in the Parks  
188 and Recreation budget to be used over time for this program.

189  
190 Commissioner Harold wondered if the Finance Commission was ready to recommend taking  
191 \$634,000 from the Cash Reserves and moving it to the Parks and Recreation budget. He could  
192 not see recommending taking money in excess of the minimum in the General Fund.

193  
194 Chair Hodder thought the Finance Commission is going to have to make a lot of decisions  
195 regarding the 2020 budget. He asked if comments could be taken from the public.

196  
197 Ms. Cynthia White, explained this spring she was house sitting for a friend of hers and a very  
198 large branch came off of her Ash tree into the boulevard and the house across the street also had  
199 a branch come off his Ash tree a few hours later. It completely blocked the street and was  
200 unexpected. Everyone was very lucky that a car was not passing through at the time or that a  
201 child or adult was not walking when the branch fell off. She was not sure if the city would be  
202 liable in that circumstance or not. She suspects that a lot of these trees are accidents waiting to  
203 happen. She noted the city responded extremely fast and she suspected it was more expensive to  
204 get someone out to clear the tree on that kind of a notice then it would be in a planned kind of  
205 way. She did not think a price could be put on being able to have no one hurt, not car or house  
206 destruction, etc. She would think this plan sounds very sensible to her and was not sure why the  
207 Council sent this back to the Finance Commission to review but thought the Commission want to  
208 provide some reasoned logic to Mr. Brokke's approach. It seemed to her that the city just cannot  
209 let it go. She also wondered if a resident did not want a replacement tree in the boulevard would  
210 that be an option.

211  
212 Mr. Miller indicated in regard to liability, if it is a tree on private property and it happens to fall it  
213 would not necessarily create a liability for the city. The city's liability would come in when the  
214 city would demonstrate some sort of negligence. If through nature a tree or limb were to fall and  
215 nothing to suggest to a reasonable eye that it was in danger of falling, he was not sure it would  
216 create any liability.

217  
218 Park Commissioner Hoag stated it depends on where the tree is located and if a tree should be  
219 there in the first place.

220  
221 Commissioner Lee asked how this would compare to trees the die from old age and what is the  
222 budget for that.

223

224 Mr. Brokke indicated there is a \$78,000 annual budget for disease and hazardous tree for that  
225 program and is not all full tree replacement. The city does as much as it can in house but some  
226 of the bigger stuff is hired out.

227

228 Commissioner Sagisser asked if the State Grant money does show up would the plan be to  
229 accelerate this or to reduce need.

230

231 Mr. Brokke thought that would depend on the proposals that the city would get and would  
232 replace some of the monies the Parks and Recreation would get.

233

234 Commissioner Lee thought the Commission has exhausted all possible questions for the Parks  
235 and Recreation Commission and should take some time to ponder this and move onto other items  
236 on the agenda.

237

238 Chair Hodder agreed and suggested this matter be discussed in September with some  
239 recommendations that the Commission sees fit.

240

241

### 242 **Receive An Historical Review of the City's Property Tax Levy & Budget**

243

244 Finance Director Miller reviewed the city's property tax levy & budget history with the  
245 Commission. He indicated tax rates have been going up and have outpaced inflation. What has  
246 been driving that has been some of the city's capital investments and other operations-based  
247 decisions the city has had to make as well.

248

249 Chair Hodder thought this was a great overview and does help frame and tee off the discussion  
250 for the City Manager's recommended budget item.

251

252

### 253 **Discuss Recommendations on the 2020 City Manager Recommended Budget and Tax Levy**

254

255 Finance Director Miller reviewed the 2020 City Manager recommended Budget and Tax Levy  
256 with the Commission.

257

258 Chair Hodder asked if there are police incident numbers for 2018.

259

260 Mr. Miller thought it was around this time that the stats do come out but have not heard from the  
261 Police Department if those numbers have been published.

262

263 Commissioner Harold noted regarding the stopping of the use of General Fund reserves to  
264 balance the budget, he thought this Commission had been making that recommendation for  
265 awhile but he thought two or three years ago the Finance Commission recommended a more  
266 gradual approach and he thought this recommended budget illustrates the benefit of doing a  
267 gradual approach. The city is looking at a substantial increase in the levy while at the same time  
268 coming off of a reliance of Cash Reserves and based on the most recent numbers seen he

269 wondered if there was an opportunity to soften the blow and do one final transition and use some  
270 of the existing funds to offset the levy a little bit. He asked if the \$285,000 number the  
271 Commission was looking at in the EAB current or is there a number that staff projects the fund to  
272 be at in December 2019.

273  
274 Mr. Miller explained that is the number at the end of 2018 and he indicated he did not have a  
275 projection for 2019. For the first six months the city is trending as expected and the expectation  
276 is in 2019 the Cash Reserves would be drawn down by \$340,000 because that is what was  
277 programmed into the 2019 budget.

278  
279 Commissioner Harold noted at the end of 2019 the city would be at a deficit below the minimum  
280 target of the General Fund by approximately \$60,000.

281  
282 Mr. Miller indicated that is true with the caveat that there are a lot of moving pieces to a very  
283 complex General Fund budget and that is only through the first six months.

284  
285 Commissioner Harold thought if the city is farther along in the process and staff felt there might  
286 be some other reserves then he thought to use it to soften the blow, so to speak, on the levy might  
287 be appropriate.

288  
289 Commissioner Murray indicated looking at the 12.8 percent increase he was chocking on that  
290 number and is not reasonable. He was also aware that Ramsey County is going up by ten  
291 percent. He noted taxes are paid out of current income and current income is not going up that  
292 much so if the city could hold it down to somewhere close to inflation that would be more  
293 palatable to him.

294  
295 Chair Hodder remembered that discussion about doing things more gradually, particularly with  
296 restoring funds. There was talk about the pavement management fund specifically, which was  
297 putting a little bit aside, so the fund does not completely bottom out. He thought in this case that  
298 Commissioner Harold's point is well taken. He wondered if there was a way to soften that blow  
299 so the city is not seeing the increase all at once.

300  
301 Commissioner Murray thought a three percent increase would be more reasonable.

302  
303 Commissioner Harold thought there was somewhere in the packet where it outlined the new  
304 initiatives and had separate dollar amounts for those as well as the cost of living increases and  
305 another existing program increases. He thought unless there was talk about removal of the new  
306 programs or budget cuts the city is pretty much stuck at the \$600,000. If the General Fund does  
307 not have any cash reserves at the end of the year the city is stuck at the \$340,000. He thought for  
308 the median homeowner the increase would be close to five percent.

309  
310 Mr. Miller stated the Commission can be as specific as it wants in a recommendation to the city  
311 Council or the Commission could be more policy driven.

312



313 Commissioner Sagisser thought if this were to go above inflation, he thought the question that  
314 should be able to be answered easily is what the residents are getting from the increase and  
315 nothing jumps out at him.

316

317 Commissioner Harold noted the city will be getting four new Police Officers and three new Fire  
318 Fighters.

319

320 Commissioner Sagisser explained for the general population that will not be as evident as if a  
321 new school building were the reason for the increase.

322

323 Chair Hodder felt the five to six percent increase was reasonable given inflation. He suggested  
324 the Commission review the information in the packet and revisit this again at the September  
325 meeting.

326

327

328 **Identify Topics & Recommendations for the Joint City Council-Finance Commission**  
329 **Meeting**

330

331 Finance Director Chris Miller explained he identified six different areas where recommendations  
332 have been already generated by the Finance Commission or still in play waiting for the  
333 Commission to come up with a recommendation. He reviewed the six items with the  
334 Commission.

335

336 Mr. Miller noted an item that the Commission discussed at the May meeting was an item  
337 Commissioner Murray brought up which was to look at alternative investment options that are  
338 now available to the city. The Commission did make a recommendation to the Council that the  
339 city should take a look at taking advantage of that and to look to partner with the State Board of  
340 Investment to enter into that opportunity or get involved in some other separate index fund which  
341 can take advantage of some of the gains the stock market has been producing over the last couple  
342 of years.

343

344 Mr. Miller explained the City Manager has suggested the city break off \$200,000 of the money  
345 that was suggested going to the Pavement Improvement program. It is now suggested instead of  
346 390,000 going to that program that \$190,000 go to the program and \$200,000 of that would be  
347 directed to the General Operations Fund to help shoulder some of the tax levy burden. The  
348 Finance Commission has not formulated any recommendations on the CIP funding strategies.

349

350 Chair Hodder asked if there was a way to revise the scenarios the Finance Commission would  
351 utilize to reflect where the funds are currently. He knew when the Finance Commission talked  
352 about the Pavement Management program there was much more in there then what is in there  
353 now.

354

355 Commissioner Harold indicated he could take the latest numbers from the CIP that Mr. Miller  
356 provided and update the scenarios for the Finance Commission.

357

358

359 **Identify Discussion Items for the Future Meeting**

360

361 Finance Director Miller reviewed the items to be discussed at the September meeting.

362

363

364 **Adjourn**

365

366 Commissioner Harold made a motion, seconded by Commissioner Lee to adjourn. The **motion**  
367 **passed unanimously.**

368

369 Meeting adjourned at 8:32 p.m.