

# Memo

**To:** Roseville Finance Commission  
**From:** Michelle Pietrick, Finance Director  
**Date:** June 3, 2021  
**Re:** Item #3: Approve the Minutes from the May 11, 2021 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 May 11, 2021 meeting. The Commission is asked to review the minutes and identify any typos, errors or inaccuracies of the discussion that took place.

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

## **Staff Recommendation**

Review the draft minutes.

## **Requested Commission Action**

Amend (as necessary) and approve the Finance Commission meeting minutes for the May 11, 2021 meeting.

Prepared by: Michelle Pietrick, Finance Director  
Attachments: A: Draft Minutes from the May 11, 2021 Finance Commission Meeting

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**Finance Commission  
Meeting Minutes  
DRAFT – May 11, 2021 - DRAFT**

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

**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, Rachel Japuntich, Ryan Lee, John Murray.

**Commissioners Absent:** Safia Barclay, Dan Sagisser.

**Staff Present:** Finance Director Michelle Pietrick

**Administer Oath of Office for Finance Commissioner Rachel Japuntich**

Chair Davies administered the Oath of Office to Commissioner Rachel Japuntich

Commissioner Japuntich introduced herself and provided her history to the Commission.

**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**

Commissioner Murray stated line 76 should be changed to: “twenty-five.”.

Chair Davies stated line 78 should be changed to: “appointment only model under which they are...”

Commissioner Murray moved, seconded by Commissioner Japuntich to approve the April 13, 2021 meeting minutes as amended. **The motion carried unanimously.**

46 **Review EDA Loan Programs and Community Development Building Fees**

47  
48 Community Development Director Janice Gundlach and Housing & Economic Development  
49 Program Manager Jeanne Kelsey reviewed the EDA Loan Programs and Community  
50 Development Building Fees with the Commission.

51  
52 Chair Davies asked what the source was for the \$785,000 in the residential loan program.

53  
54 Ms. Gundlach indicated that is an existing EDA fund. She explained it is money sitting in a fund  
55 right now from the EDA and is money that originated from the HRA as levy funds.

56  
57 Chair Davies asked if the program for first time homebuyers is unique to Roseville.

58  
59 Ms. Kelsey explained this program is unique to Roseville and is probably unique to Ramsey  
60 County. The only other city that is offering a program like that is in Woodbury and City staff  
61 had conversations with them, otherwise, most other communities do not offer down payment  
62 assistance in Ramsey County because Ramsey County has their own program, and it is an  
63 income qualification program and also limits the value of the house to \$256,000 and the State  
64 also has a down payment assistance program. In order to provide assistance, staff is not able to  
65 target any funds legally to any one group of people. Staff wanted to come up with a fair, maybe  
66 equitable way of targeting first generation, knowing that most BIPOC community members are  
67 not homeowners and do not have long standing homeownership and this was their way to be able  
68 to assist with down payment assistance in the community that could target more of a unique  
69 group of people who have not owned homes in the past.

70  
71 Chair Davies asked if this had an income restriction or restricted price of the home.

72  
73 Ms. Kelsey explained the City does have a limit and she believed they are at one hundred percent  
74 of area median income and then the price of the home is at a standard level of \$335,000. She  
75 noted the details are in the report as to why staff selected those, knowing that they did not want  
76 to have a subsidy going into a \$500,000 or \$600,000 home in Roseville. Staff really wanted this  
77 to be first generation.

78  
79 Commissioner Murray indicated on attachment A, under eligible borrowers, staff is saying that  
80 seniors, if the property is held in trust, is ok but that is not noted on the other programs.

81  
82 Ms. Kelsey explained it was recommended from CEE to consider homes for elderly people, the  
83 senior program, because many of them do put their homes in trust and there was an opportunity  
84 for them to not automatically rule those homes out of the program.

85  
86 Commissioner Murray indicated under “Ineligible Borrowers”, what about life estates for the  
87 seniors.

88  
89 Ms. Kelsey indicated she took direction from CEE. One of the things staff wanted to do was to  
90 keep all of the programs consistent with other communities that they administer so there were no

91 problems when administering the loan program. These guidelines come from CEE  
92 recommendations with the programs they already currently administer for other cities.

93  
94 Commissioner Murray asked under Ineligible Improvements, would working from home make  
95 those improvements ineligible.

96  
97 Ms. Kelsey indicated it would not.

98  
99 Commissioner Murray asked about sweat equity under revolving rehab, it states that materials  
100 needed to be obtained and installed before disbursement of the funds. He indicated that is  
101 generally the big hurdle to come up with the money for the improvements and may be a big  
102 problem for the people.

103  
104 Ms. Kelsey explained the City has only had a few homeowners who have done sweat equity and  
105 she had one individual who decided that she wanted to buy all of the materials, put them into  
106 storage and she was not going to do the work until six months later. Staff decided that was not  
107 an eligible use of the program funds because they really want people to complete the work, pull a  
108 permit and not be storing materials and the City not have a project move forward because of the  
109 fact that the program is not a deferred loan and does require payments upon closing out the loan.

110  
111 Commissioner Murray noted he did see something in the information that work has to be done  
112 within 120 days and he wondered if that was in all the programs.

113  
114 Ms. Kelsey indicated that was correct.

115  
116 Commissioner Murray asked if bankruptcy would wipe out these loans.

117  
118 Ms. Kelsey explained bankruptcy is only if a person was wiping out the first mortgage as well  
119 because the loans are all in second mortgage. The City has only had one default loan ever in the  
120 whole time period that the revolving loan program which has been around since 2002.

121  
122 Commissioner Murray wondered about the annual administrative fee of \$2,500. He asked who  
123 paid that fee.

124  
125 Ms. Kelsey explained that is paid through the EDA's programs. The EDA is paying CEE to  
126 administer all of the City's programs.

127  
128 Commissioner Murray thought a program aimed at first generation homeowners sounded like a  
129 nice idea, but it occurred to him it may be difficult for some people to determine what their  
130 parents had done.

131  
132 Ms. Kelsey explained the City is asking the applicant to say that they are the first generation, and  
133 no previous generation currently owns a home.

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135 Commissioner Murray thought that made sense and cleared things up for him.

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Chair Davies asked how staff planned to publicize the programs.

Ms. Kelsey explained one way is the put the information in the newsletter, which is a great tool. She noted the majority of the homeowners that take advantage of these programs do read the newsletter. One of the other things the City can do is to advertise on NextDoor and try to have the City promote it that way. It is hard because they also have to try to market it to mortgage brokers out there to make them aware of it for the first-generation homeowners. On the other programs she did not think there will be any problems of users on it because those are deferred programs. She noted she would also reach out to St. Paul Realtors Association (SPAR).

Commissioner Bester indicated staff mentioned there was low utilization because of unattractive rate in the revolving loan program, he wondered what the unattractive rate was.

Ms. Kelsey explained it is four percent and will be kept at that percentage because that is the percent it costs them on a monthly basis to administer that program and the EDA has chosen not to subsidize an interest rate down to a lower rate and knowing that interest rates could possibly change in the future, staff has decided to leave it as is knowing that the program may be utilized when interest rates do go back up to a higher level.

Chair Davies thought this sounded like a great bunch of programs. She approved of staff's creativity and looking at the first-generation purchaser down payment.

Commissioner Murray asked regarding Open for Business, what is the definition of startup costs.

Ms. Kelsey explained startup costs is a broad definition. She listed some of the approved startup costs. She indicated this is also a loan of last resort and not something every business would qualify for in Roseville. This is truly for the individuals that have risk going to a bank and are not lendable. The reason why the City chose to agree to that is because part of their mission is MCCD has to loan sixty percent of their funds to people of BIPOC community. It is a requirement of theirs by the Federal Government for how they get their funds.

Commissioner Japuntich indicated it seemed to make sense and it seems to plug a few holes in the current lending and she thought it was a good idea.

Chair Davies indicated regarding the Building Permit Fees, staff recently did analysis of this for the Council.

Ms. Gundlach reviewed the Building Permit Fees item with the Commission.

Chair Davies asked at what point, as the fund continues to grow, does staff conclude that the fees may need to be reduced and draw down that balance to a more reasonable level.

Ms. Gundlach explained the City has never encountered a period of time long enough where they have needed to reduce fees because the community development fund has grown to a balance

181 that is just not sustainable unless fees are reduced. They are coming into a very uncertain  
182 economic climate and they have already seen some reductions in work, although there is a lot of  
183 development going on in the community right now. Staff does think that the City probably will  
184 be about level for the next few years and there is no magic number of once the community  
185 development fund reaches x number of dollars, staff can talk about reducing the fees. The other  
186 important point to make is there are large projects that the community development department  
187 undergoes that again are paid for by the community development fund.

188  
189 Commissioner Bester asked for information on the spike in 2016 that caused a big surplus of  
190 revenues over expenses.

191  
192 Ms. Gundlach reviewed the reason for the spike that occurred in the City with the Commission.  
193 She also reviewed with the Commission permit fees and plan review fees.

194  
195 The Commission and staff discussed park dedication fees and Ms. Pietrick noted this was before  
196 the City Council for review and revisions at the May 10<sup>th</sup> meeting. She indicated there was no  
197 final decisions made and was more of a preliminary discussion.

198  
199 Ms. Pietrick indicated she would reach out to Parks and Recreation to get more information on  
200 the park dedication fee per unit in an apartment building.

201  
202 City Engineer Dave Englund reviewed the length of the projects and ongoing work over a period  
203 of time where fees would occur.

204  
205 Chair Davies indicated staff mentioned the City is updating the Zoning Code. Given all of the  
206 discussion about housing affordability and the like, she wondered if that has been a part of  
207 Staff's consideration in terms of maybe reducing minimum lot sizes, setbacks, some of that  
208 things that can increase the cost of housing.

209  
210 Ms. Gundlach indicated staff and the Planning Commission met last Wednesday and actually  
211 talked about reducing minimum lot size requirements and looking at allowing more than just a  
212 single-family home in the single-family residential districts so the City could increase  
213 affordability. Those issues are being discussed by the Planning Commission.

214  
215 The Commission thanked staff for the good information.

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### 218 **Review 2020 Annual Audit Report**

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220 Finance Director Pietrick introduced Mr. David Mol, Redpath and Company, LLC who  
221 presented the 2020 Annual Audit Report for review by the Commission.

222  
223 Commissioner Bester indicated on the golf course where revenues are less than expenses, he  
224 wondered if the 2020 bar of expenses was depreciation of the clubhouse. He indicated he was  
225 trying to understand whether there are two different funds involved in the golf course.

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Mr. Mol reviewed the golf course chart and indicated 2020 shows a full year of depreciation for the clubhouse.

Ms. Pietrick noted the Cedarholm building is not in a separate fund, it is in the golf course fund and this is why the depreciation has increased.

Commissioner Bester asked if this is showing that the golf course is not covering its expenses or the activity center of the Cedarholm property or is it both.

Ms. Pietrick indicated the Commission needs to keep in mind COVID occurred two and a half months into the year, and before that occurred and had the lockdown, room rentals, banquet facilities, and concessions, were tracking ahead of budget.

Chair Davies asked when Cedarholm was completed and available for rentals.

Ms. Pietrick believed it was 2019, when it went live, which she thought is what accounted for the increase in revenue.

Commissioner Bester inquired about the Water Fund cash flows, he indicated 2020 seemed to have ended in a great way and looked like operating activity seemed to be stable at 900,000 to one million. He indicated he was less clear on what an ongoing number would be in the noncapital financing activities. By issuing that bond has the City fixed its problem going a couple of years into the future or was that a short-term solution.

Mr. Mol explained the noncapital financing activities as seen in 2020, the \$1,234,554 is the water fund had borrowed cash from other funds internally and that noncapital financing activities was a repayment of that inter-fund loan and presumably will not occur again.

Ms. Pietrick explained the debt capital is taking care of projects. Staff also instituted the new utility rates starting the beginning of 2021. Those two combined should help the water fund regain ground because the utility rates are factoring in capital differently. She thought they have stopped the flow of cash out of this fund, and she thought they were on a path to recovery. She noted this will be evaluated on an annual basis to verify and make sure that it is on track as part of the City rate setting every year.

Commissioner Murray indicated he was looking at the antenna leases and he noticed there were different amounts for different antennas for the same location, also different rates of increases on those leases. He wondered if there is a consistent way the City negotiates those leases.

Ms. Pietrick explained those were all negotiated before her time and it was her understanding that the City has periodically been approached by some of these companies to renegotiate the leases. She indicated she was working with Public Works to figure out a different solution.

270 Commissioner Murray indicated on page 71, it is using a discount rate of 6.25 percent on net  
271 pension liability, but that is different from the discount rate for the PERA which uses 7.5 percent  
272 and he wondered if those two should be coordinated somehow.

273

274 Ms. Pietrick thought the note is straight from PERA.

275

276 Mr. Mol explained this is on the volunteer fire fighter and these are done by different actuaries.  
277 He believed what they are allowed to use is a discount rate, not only what they anticipate will be  
278 the yield on investments, but looking at the history, in the footnotes, there is the expected real  
279 rate of return and how they arrived at the 6.25 percent up above.

280

281 Commissioner Murray thought the two percentages should come close to the same number.

282

283 The Commission reviewed with staff some possible typographical errors.

284

285 Commissioner Japuntich thought in general the City seemed to weather the COVID storm fairly  
286 well and it looks like everything that increased is in line with what increased in other cities. She  
287 did notice that it was mentioned there were some delayed expenses and it looks as if those may  
288 be Public Works expenses, in the appendix. She thought in the budget process that probably  
289 should be increased in future years.

290

291 Ms. Pietrick explained as a whole, the City of Roseville did weather COVID fairly well. The  
292 two areas that were most impacted where the license center, which was closed for six weeks and  
293 has now been open using the appointment model. The City lost about half a million dollars of  
294 revenue which will most likely be recovered under the new Fiscal Recovery Act dollars that the  
295 City will be receiving from the Federal Government in 2021. The other area was Parks and  
296 Recreation. Their programs basically came to a halt for the majority of the year or were operated  
297 under very limited capacity at points in the year. Because the programs were not run, expenses  
298 were not incurred. While the revenue for 2020 is down compared with what was budgeted and  
299 compared with 2019, expenses are also down significantly. Their net reduction was about  
300 \$200,000. She indicated the City has weathered the storm fairly well.

301

302 Chair Davies thanked Mr. Mol for the presentation.

303

### 304 **Receive Finance Commission Recommendations Tracking Report**

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306 Chair Davies stated the Commission is still looking for someone to take this over and keep it up  
307 and report on this at each meeting.

308

309 Commissioner Bester indicated he will volunteer to take the tracking report over.

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311

### 312 **Recap Joint Meeting with City Council**

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314 Chair Davies reviewed the Joint meeting with the City Council. She thought the Cash Reserve  
315 review will be at the June meeting. She noted Councilmember Strahan was interested in the  
316 pricing of parks programs and the Commission may want to take a look at what they charge and  
317 at the same time find out how the Park Commission decided on the four thousand dollars that  
318 gets charged to each home. Mayor Roe was interested in Emerald Ash Borer funding and she  
319 believed that they were looking for some funding in addition to the Park budget on that. She was  
320 not sure what the status on that was.

321  
322 Ms. Pietrick indicated that is in the Parks CIP, which they have been budgeting roughly two  
323 hundred thousand per year.

324  
325 Commissioner Murray asked if the Parks Commission came up with some estimates as to what  
326 things would cost or what could possibly be done to solve the problem.

327  
328 Ms. Pietrick explained all she has heard is that it is an extremely large dollar amount. She  
329 reviewed what the Parks Commission is doing to try to find the funds for the EAB problem.

330  
331 Chair Davies explained Councilmember Willmus encouraged the Commission to be involved in  
332 the new City campus project. Councilmember Etten encouraged the Commission to work on  
333 communicating with the public on taxes and levy and helping people to understand what the  
334 different terms are and how they work together.

335  
336 Commissioner Bester thought the Mayor and Council exceeded his expectation in terms of trying  
337 to give the Commission good feedback and suggestions.

338  
339 Chair Davies agreed and she thought the Council was actually quite interested and engaging with  
340 the Commissioners with suggestions. She thought it was a good meeting.

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343 **Staff Update**

344

345 Finance Director Pietrick updated the Commission on the Park Dedication Fee Ordinance  
346 discussed at the City Council meeting. She indicated she intended to have the purchasing policy  
347 on the April 26<sup>th</sup> Council meeting, but staff is using a racial equity toolkit to evaluate policies to  
348 make sure there are not any unintended bias in them. She planned on bringing it to the Council  
349 for approval in June. She noted the EDA approved entering into a purchased agreement with the  
350 Genesis Credit Union for the sale of the Fairview Fire Station. Public Works discussed water  
351 efficiency rebate program related to irrigation systems and the PWETC is going to be reviewing  
352 the Recycling RFP results at their May 27<sup>th</sup> meeting. She indicated in order for the Finance  
353 Commission to look at the RFP before it goes to the City Council the Commission will need to  
354 meet on June 3<sup>rd</sup> to review this.

355

356 The majority of the Commission indicated they could meet on that date.

357

358 Commissioner Murray indicated the Commission has really tried to up the Purchasing Policy  
359 threshold to ten thousand and he wondered if that looks like it will likely go through.

360

361 Ms. Pietrick explained she is going to try to encourage the Council to adopt that, using the fact  
362 that it has been over twenty years, the fact that the surrounding cities actually have a higher rate,  
363 the fact that State Statute allows a City Manager to have authority up to twenty thousand dollars  
364 and just the mere amount of staff time spent.

365

366 Commissioner Murray wondered if the City Council would be receptive to that or not.

367

368 Ms. Pietrick was not sure but would do her best to encourage that change.

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370

371 **Identify Discussion Items for the Future Meeting (June 3, 2021)**

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373 Chair Davies stated the next agenda would include discussions on:

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- 375 • Review Recycling RFP results
- 376 • 2022-2041 Capital Improvement Plan review

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378

379 **Adjourn**

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381 Commissioner Japuntich made a motion, seconded by Commissioner Murray to adjourn. The  
382 **motion passed unanimously.**

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384 Meeting adjourned at 8:47 p.m.