

Memo

To: Roseville Finance Commission
From: Michelle Pietrick, Finance Director
Date: August 25, 2021
Re: Item #3: Approve the Minutes from the July 13, 2021 Meeting

Background

As an advisory commission to the City Council, the Finance Commission's discussions and recommendations play an important role in setting City policies and influencing decisions on programs and services.

To ensure an accurate historical account of the Finance Commission's activities are preserved, the City maintains a practice of keeping meeting minutes. The attached file contains the draft minutes from the July 13, 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 July 13, 2021 meeting.

Prepared by: Michelle Pietrick, Finance Director
Attachments: A: Draft Minutes from the July 13, 2021 Finance Commission Meeting

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**Finance Commission
Meeting Minutes
DRAFT – July 13, 2021 - 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: Siafa Barclay, Bruce Bester, Wanda Davies, Rachel Japuntich, Ryan Lee, John Murray, Dan Sagisser

Commissioners Absent: None.

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

Commissioner Murray stated line 207 should be changed to: “It looked to him that it is not a ~~real~~ stable way to finance parks.”

Chair Davies stated line 65 should be changed to: “...Commissioner Murray indicated looking at ~~proposer~~ proposal 2,...” Commissioner Bester thought the word was “proposer.”

Commissioner Barclay stated line 51 should be changed to: “...Commissioner ~~Barckley~~ Barclay...”

Commissioner Japuntich moved, seconded by Commissioner Murray to approve the June 3, 2021 meeting minutes as amended. **The motion carried unanimously.**

Receive Finance Commission Recommendations Tracking Report

Commissioner Bester reviewed the Finance Commission Tracking report and indicated the format has been changed which makes it easier to track recommendations.

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

47
48 Finance Director Pietrick stated the Finance Commission is asked to review the 2022-2041
49 Capital Improvement Plan and Tentative Funding Strategies to bring forward to the September
50 20, 2021 City Council meeting.

51
52 Commissioner Sagisser asked if Roseville still owned Metro Inet with that as a revenue source.

53
54 Ms. Pietrick indicated that Roseville does not own it. In 2022 this will be a stand alone entity
55 and Roseville will become a member city like everyone else involved.

56
57 Commissioner Murray asked if the City currently owns all of the equipment that Metro Inet is
58 operating with.

59
60 Ms. Pietrick explained any computer equipment at the City is owned by Roseville.

61
62 Commissioner Murray asked if the equipment will be transferred over to Metro Inet.

63
64 Ms. Pietrick indicated it would not. She explained member cities own the equipment that is in
65 their individual city halls. Part of the costing methodology is that some of the servers are shared
66 amongst the cities. In 2022 Roseville will get notified when its City specific hardware needs to
67 be replaced so the City will still have an IT Capital Fund, but it will only be for Roseville
68 equipment.

69
70 Ms. Pietrick continued with her review of the Capital Improvement Plan.

71
72 Chair Davies noted it looked like in 2024 there will be a \$400,000 levy increase to cover the
73 increase in staffing for the six fire fighters.

74
75 Ms. Pietrick explained there is \$200,000 for 2022, an additional \$200,000 in 2023 which goes
76 into the Police vehicle and equipment fund and then an additional \$200,000 and the prior years
77 CIP levy goes into operations. to cover the six fire fighters

78
79 Chair Davies thought the \$200,000 that was going to be levied in 2022 and 2023 was going into
80 the Capital Fund.

81
82 Ms. Pietrick explained it is and then staff is going to turn the capital levy off and move it over to
83 operations.

84
85 Chair Davies asked if that resolves the deficit problem.

86
87 Ms. Pietrick indicated it did at this point in time.

88
89 The Commission discussed the future of the license center and possible revenue as well as other
90 miscellaneous expenses and revenue in the CIP with Ms. Pietrick.

91

92
93 Commissioner Murray moved, seconded by Commissioner Japuntich, to recommend the CIP as
94 proposed to the City Council.

95
96 Chair Davies suggested in regard to the Pavement Management Fund, before this goes into a
97 deficit, she thought there needed to be some kind of placeholder in the next year or two to adjust
98 those numbers going out further into the future.

99
100 **The motion carried unanimously.**

101
102
103 **Review and Discuss Cash Reserve Levels**

104
105 Finance Director Pietrick stated best practices recommend that policies be reviewed periodically
106 to insure they remain relevant. The Finance Commission is asked to review the cash reserve
107 levels. Staff recommends modifying the Operating Fund Reserve Policy with the recommended
108 by staff and approve the revised policy which will be forwarded to the City Council

109
110 Ms. Pietrick reviewed the range for the Recreation fund.

111
112 Commissioner Japuntich asked if the Parks and Recreation fund goes over the allotted
113 percentage does it trigger anything.

114
115 Ms. Pietrick indicated it will at year end. If the Parks and Recreation fund is over the high,
116 twenty-five percent, money gets swept and gets transferred over to the excess Cash Reserve
117 Fund. If they are under their low, which was the case in 2020, then money gets transferred from
118 the excess Cash Reserve Fund over to the Recreation Fund to get to the twenty-five percent.

119
120 Commissioner Japuntich wondered if there should be a range of fifteen to thirty percent, if the
121 target is twenty-five percent, they might want to have a percentage a little below and a
122 percentage a little above the twenty-five percent.

123
124 Chair Davies indicated what matters is what the percentage is on December 31st. She noted the
125 high of this fund is rarely, if ever, above twenty-five percent and she wondered if Parks and
126 Recreation is somehow thinking that if they accept this range that goes lower then it will
127 somehow impact the budget and they are going to have less money available to spend, which is
128 not the case because whatever is budgeted is what the Parks and Recreation will have.

129
130 Ms. Pietrick indicated she did not see a problem with the fifteen to twenty-five percent and these
131 ranges are only important at year end. She noted if the fund runs out of money during the year,
132 then the General Fund needs to cover this fund and pay its bills, which is why the General Fund
133 has a much higher reserve ratio and it is normal for this fund to have higher reserve ratios.

134
135 Ms. Pietrick reviewed the range for the License Center with the Commission. She noted the
136 range is currently between ten to fifteen percent and she recommended this one be consistent at

137 the fifteen to twenty-five percent. This fund for 2018-2019 exceeded their range so the funds
138 were swept out of the License Center and into the Excess Cash Reserve fund and then at the end
139 of 2020 all of that money was swept back into the License Center fund from the Excess Cash
140 Reserve fund.

141
142 Ms. Pietrick reviewed the Communications fund and noted it currently has a range of ten to
143 thirty percent. The primary source of revenue for this fund has been cable franchise fees which
144 had been steadily dropping for the last few years. In 2021 the City introduced a property tax
145 levy in the amount of \$50,000 to help bolster this fund, which will be an ongoing levy support.

146
147 The Information Technology fund currently is ten to fifteen percent and she was not
148 recommending any changes to this fund because the fund will eventually go away.

149
150 Ms. Pietrick reviewed the Capital Projects with the Commission. She indicated there are a
151 number of them without any stipulated policy ranges. She noted these are analyzed through the
152 CIP process.

153
154 Ms. Pietrick explained in the case of the Enterprise funds, this is sort of addressed in the Capital
155 Improvement plan. When the utility rate study was done on the Water and Storm Drainage
156 funds, Ehlers recommended a minimum working capital equal to fifty percent of operations plus
157 the next years' debt service. It was noted this was industry standard for Enterprise funds. She
158 wondered if the Commission wanted to include a range in the recommendation to the Council.

159
160 Commissioner Bester thought it looked like there was a long way to go to get to the fifty percent
161 number. He thought the Ehlers recommendation made sense, but he wondered how the City will
162 get there.

163
164 Ms. Pietrick explained the City needs to identify that for Enterprise Funds the City will not be
165 able to get to the fifty percent in one year but will get there over a number of years. It is going to
166 take a longer effort through annual utility rate adjustments as well as refining the City's CIP
167 needs as well.

168
169 Commissioner Murray thought the fifty percent for the minimum working capital seemed like a
170 lot, plus the debt service. He wondered on a typical billing cycle, every three months, how much
171 is collected.

172
173 Chair Davies wondered why the Enterprise fund would need to be at fifty percent when all of the
174 other funds are a much lower percentage.

175
176 Ms. Pietrick explained the Enterprise fund has to pay for its operations and capital, which is the
177 only difference between the operating funds and the Enterprise fund. She thought fifty percent
178 was high. She could see a range that would keep the Enterprise fund healthy enough to cover the
179 next five years of capital. She indicated the money is still going to flow in and they need to
180 recognize that these funds need to be scrutinized.

181

182 Commissioner Murray indicated he has been on the Finance Commission a long time and
183 previously the Commission spent a lot of time coming up with these ranges for the various funds,
184 it is nice to know that the Commission hit the target for the most part on these funds, with
185 exception of the Recreation fund. He also wondered if there has been enough time and enough
186 track record to find out if the License Center fund should be adjusted or not.

187
188 Ms. Pietrick thought that fund could be left as is for now.

189
190 Commissioner Sagisser thanked Ms. Pietrick for laying out the funds the way she did because it
191 was really helpful and straightforward.

192
193 Commissioner Bester moved, seconded by Commissioner Sagisser to establish a reserve level for
194 the General Fund at thirty-five to fifty percent.

195
196 Commissioner Japuntich wondered if the percentage range should be forty to fifty percent to
197 keep in line with other funds.

198
199 Commissioner Bester thought thirty-five would give the City more flexibility.

200
201 **The motion carried unanimously.**

202
203 Chair Davies thought the fifty percent for the Enterprise Fund should be struck in the revised
204 Operating Fund Reserve Policy because they do not know where the information came from
205 other than Ehlers stating it was industry standard. She wondered what it was based on.

206
207 The Commission indicated to postpone approval of the revised Operating Fund Reserve Policy
208 until the next Finance Commission meeting in order to get information requested about some of
209 the funds.

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211

212 **Finance Department Responsibilities**

213
214 Finance Director Pietrick noted Chair Davies thought it would be helpful for the Commission to
215 understand how the Finance Department is organized and what areas the department is
216 responsible for. She reviewed the Finance Department functions and responsibilities with the
217 Commission.

218
219 Ms. Pietrick reviewed new features and software systems being implemented in the Finance
220 Department for payroll and City transactions. She noted in the next year or two she hoped to
221 implement a new AP system as well.

222
223

224 **Identify Discussion Items for the Future Meeting (August 2021)**

225

226 Finance Director Pietrick stated the next agenda would include discussions on the 2022 City
227 Manager recommended Budget and Tax Levy, continued Cash Reserve discussion, as well as a
228 campus facility tour.
229

230 Ms. Pietrick asked if the Commission would like to meet on August 25th or August 26th rather
231 than August 17th in order to review the Preliminary 2022 City Council budget after it is reviewed
232 by the City Council.
233

234 Commissioner Bester wondered if Commissioners could ZOOM in for the meeting.
235

236 Ms. Pietrick indicated she would check on that and let the Commission know.
237

238 Chair Davies indicated she would not be at the meeting in person so Commissioner Sagisser
239 would be in charge, and she could ZOOM in if possible.
240

241 The Commission preferred August 25th to meet.
242

243 The Commission discussed which facilities should be toured in the City if there is time.
244

245

246 **Adjourn**

247

248 Commissioner Japuntich made a motion, seconded by Commissioner Bester to adjourn. **The**
249 **motion passed unanimously.**
250

251

Meeting adjourned at 8:20 p.m.