Finance Commission Agenda

Tuesday, June 13, 2023
6:30 PM
City Council Chambers

(Any times listed are approximate – please note that items may be earlier or later than listed on the agenda)

1. **Roll Call**
2. **Oath of Office New Commissioner**
3. **Receive Public Comment**
4. **Approval of Meeting Minutes**
   a. Approve meeting minutes
5. **Business Items**
   a. Receive Commission Recommendations Tracking Report
   b. Discuss Council request to review Commission purpose, scope, duties and other items
   c. Review what the Commission would like to discuss on pension obligations
6. **Other Business**
   a. Staff update on local option sales tax
   b. Future meeting topics and workplan
7. **Adjourn**

Roseville Finance Commission
Agenda Item

DATE: June 13, 2023 **ITEM:** 4.a.

ITEM DESCRIPTION: Approve meeting minutes

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 9, 2023 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.

Recommendation
Review the draft minutes.

Requested Commission Action
Amend (as necessary) and approve the Finance Commission meeting minutes for the May 9, 2023 meeting.

Attachments
1. FC 05.09.2023

Finance Commission
Meeting Minutes
DRAFT – May 9, 2023 - DRAFT

Roll Call/Announcements

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

Commissioners Present: Siafa Barclay, Bruce Bester, Wanda Davies, Joe Tupy, Dan Sagisser and Sadiq Dahir

Commissioners Absent: Karin Derauf

Staff Present: Finance Director Michelle Pietrick

Oath of Office – New Commissioners

Chair Davies administered the Oath of Office to Joe Tupy. She asked Commissioner Tupy to give a little history about himself.

Commissioner Tupy introduced himself and reviewed his history with 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 Bester moved, seconded by Commissioner Sagisser to approve the April 11, 2023 meeting minutes as amended. **The motion carried unanimously.**

Audit Presentation of the Annual Financial Report as of December 31, 2022

Finance Director Pietrick introduced Ms. Rebecca Peterson from Redpath and Company who presented the 2022 audit results.

Chair Davies indicated there was some questions about why municipalities do not utilize the State Auditor and she did not understand what the State Auditor does with respect to municipal audits and how Redpath and Company fits in with that.

Ms. Peterson explained what the State Auditor does compared to her company.

Commissioner Bester indicated he had a lot of questions about the audited statements. He was curious about the expectation of the Commission to be the eyes and ears for the City Council, for the citizens, he wondered what level of responsibility is expected of the Finance Commissioners.

Ms. Pietrick explained her expectation is that this gives the Commission a basis in Government finance and gives the Commission data to know where the City is at. The Council is the Governance body and have to hear from the auditors because the auditors work for the Council and for the Finance Commission to have a well-rounded understanding of City Government, the audit tells where the City was at the end of 2022. It is a point in time but leads into the Capital Improvement Plan and the budget discussions. She noted the audit is kind of a building block that builds into the coming year.

Commissioner Bester explained the increase in net position from 2021, which was 9.9 million and this year it is 1.1 million which results in an 8.7 million reduction, and he wondered where the 4.9 million changes in the mark to market adjustment occurred. It looked to him as though the excess ARPA revenues decreased by approximately seven hundred thousand from the previous year. The disposal of government operations was 1.2 million.

Ms. Pietrick explained the City did program into 2022 to use some reserves in the Capital Project area. The City had some revenues that came in a little under what staff anticipated, though it was much better than 2020 and 2021.

Commissioner Bester thought, in his opinion, that the City moved in a position of probably overly profitable the previous year to now it has his attention, but then 5 million of it is the mark to market adjustment that is probably not going to repeat so that burden will not be there and as the City looks ahead to 2023-2024.

Ms. Pietrick explained the City is not in the business of making a profit. What the City is in the business of doing is ensuring adequate reserves and delivering services. She indicated the biggest change was the mark to market and other cities also experienced this adjustment. PERA had similar situations and some government agencies had better results due to keeping cash liquid and gave up yield to keep it liquid. The City has been trying to ladder its portfolio to have funds available when needed.

Ms. Peterson continued with her presentation on the audit results.

Commissioner Bester asked if the presentation could pause on the water fund/cash flows page because that whole page confused him. He asked about noncapital financing activities and what that entailed.

Ms. Peterson reviewed page 41 in the packet and explained what the auditors are looking for. She continued with her presentation on the sewer fund and solid waste recycling.

Commissioner Bester indicated he was curious to reconcile the difference in the increase in net position of one million one hundred twenty-seven that shows on page 23 of the audit versus the two million six hundred sixty-five loss that shows on page 37. He was trying to imagine what creates the difference of almost 3.8 million dollars.

Ms. Peterson indicated statement five, page 38, of the packet does give some explanation. That is really the source of most of that difference for the governmental funds.

Ms. Pietrick summarized the audit findings with the Commission.

Commissioner Bester wondered if the Commission could have future discussion on the pension changes.

Chair Davies thought that would be a good idea because she thought there was a lot there and she had some questions about that as well.

Receive Finance Commission Recommendations Tracking Report

Commissioner Bester updated the Commission on the tracking report.

Discuss Items for Joint Meeting with the City Council

Finance Director Pietrick stated the Commission will be meeting with the City Council on Monday, June 5th. She asked for suggestions the Commission might want to bring up with the City Council.

Chair Davies thought the Commission could talk with the Council about something more on implementing investment in equities and the status of that.

Ms. Pietrick explained in the market right now, everything is so volatile right now and she did not think it would be the best time. She was hoping to see some moderation in the volatility. She has contacted the State Investment Board to find out what she needs to do to set up an account. If anything, she suggested the Commission still endorse this to the Council.

Commissioner Bester wondered if some of the origins of the excess reserve fund was intended by the Council and Mayer to maybe be a way to reduce the levy if it got strong enough.

Ms. Pietrick thought that was one of the ideas. She explained initially a large amount of funds were swept in there, but it has never really produced what the Council anticipated, largely because staff has gotten better at budgeting and some of the projects that were being built up in the Parks and Rec area, the Council swept those funds and the City is not sitting on millions of dollars and this will never be a money producer or a big way to reduce the levy. It has been used for one-time, infrequent items.

Ms. Pietrick discussed the history of the excess Cash Reserve Fund with the Commission.

Chair Davies thought the fund was an unnecessary and confusing fund and would be inclined to bring up at the City Council joint meeting.

Commissioner Sagisser agreed and thought maybe it should have been a one-time use fund and really is not needed anymore.

Identify Discussion Items for the Future Meeting

Chair Davies stated the next meeting is set for June 13th and she would not be able to attend. She indicated there will be another Oath of Office and a review of the Capital Improvement Plan. She asked Ms. Pietrick to pencil in for the July meeting the discussion on pensions.

Commissioner Sagisser asked for an update on the Campus Master Plan.

Ms. Pietrick explained that has been tabled for now due to the local area sales tax not being taken up by the Legislation at this time.

Adjourn

Commissioner Sagisser made a motion, seconded by Commissioner Bester to adjourn. **The motion carried unanimously.**

Meeting adjourned at 8:03 p.m.

Roseville Finance Commission
Agenda Item

DATE: June 13, 2023 **ITEM:** 5.a.

ITEM DESCRIPTION: Receive Commission Recommendations Tracking Report

---

Background

A summary of the Finance Commission's recent recommendations submitted to the City Council is included in *Attachment A* for review. The report has been updated to reflect items that have been closed or added per Commissioner Bester.

Recommendation

Requested Commission Action

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

Attachments

1. Tracking Report

Roseville Finance Commission
Recommendation Tracking Report
Report Date - May 9, 2023

No.	Recommendation	Description	Date Recommended	Date Presented	Status	Discussion and Next Steps
2022-02	1. Transfer funds from Excess Cash to PMP 2. Transfer funds from Genl Fund to PMP 3. Increase taxes to pay loan. 4 Keep receivable until PMP needs cash **5. License Center has paid $495,000 into Shopping Center Fund. This is the source of funds that will be used to repay the internal loan.**	How to handle remaining $266,829 interfund receivable/payable with respect to PMP funds used for purchase of Shopping Center at 2917 Lexington.	5/10/2022	5/10/2022	Implemented	First discussion at Finance Commission meeting 5/10/22. Tentative consensus to keep the receivable/payable for now, and revisit before end of year. Next discussion 11/15/22, where it was agreed to transfer funds from Excess Cash to PMP to close this item. To Council March 2023. **See the notes and attachments to the March 14, 2023 Finance Commission meeting for details and background.**
2023-01	Finance Commission recomends that steps be taken to begin to act on incorporating limited equities in the City's investment portfolio.	Option to permit limited investment in equity investments	3/14/2023	3/14/2023	Pending	On 4/25/22 the City Council approved expanded Investment Policy language to permit limited use of equity investments.

Roseville Finance Commission

Recommendation Tracking Report - Definitions

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
Received - Closed	Recommendation has been received by the City Council but has not received a formal reply or action and will be considered closed from future updates tracking.
Received - Further Development	Recommendation has been received by the City Council and returned to the Commission for modifications or further development.

Commissioners,
In April the City Council decided to pursue a review and update for our City Commissions. The Council feels any review and update must include the input of the members of the Commissions.

Commissions are an important part of the governance of the City by providing vital information and recommendations to the City Council. In recent years, some commissions have come to the Council asking about changes in name, purpose, scope and duty, and meeting schedule.

The purpose of this review by Commissioners is to flesh out potential changes that can improve the Commission experience for members and ensure Commissioners are making a positive impact on the governance of the City of Roseville and their community in general.

As part of your work:

- Examine sections of Roseville City Code Chapters 201-208 that are relevant to your Commission
- Review your Commission's Purpose, Scope, Duties and Functions
- Consider your number of Commissioners, frequency and spacing of meetings and other aspects of the operation and work of your Commission that you feel would enhance the quality of meetings, engagement of Commissioners and the community, and strengthen information coming to the City Council.

For each of these areas think about these questions:

  - What is good
  - What needs to be changed
  - What might be removed
  - What might be added to better serve the community

It is possible some Commissions will have very few recommended changes and that is OK. Some or all of this work may not be relevant for Commissions such as the Planning and the Police Civil Service Commissions that have statutory guidelines that must be followed.

Commissioners should try to align their format with a clear Purpose statement, membership, an outline of the Scope of the Commission's work including enumerated Duties and Functions, and meeting requirements (see city code Chapter 201).

Here is our current timeline:

1. Commission review and recommendations, May 2023 to August or September 2023,
2. Council consideration, September and October, 2023
3. Final Council passage of updates, November/December 2023

CHAPTER 208
FINANCE COMMISSION

SECTION:

208.01: ESTABLISHMENT AND MEMBERSHIP:

There is established a Finance Commission of the City which shall consist of seven members appointed by the City Council and which shall be subject to Chapter 201 of the City Code. A minimum of three members shall have financial management experience or training.

208.02: SCOPE, DUTIES AND FUNCTIONS:

The City Council has created the Finance Commission to serve in an advisory capacity regarding the City's financial matters to make recommendations that will provide clarity, transparency and accessibility of financial information, to review policies and offer strategies for improved budgeting and funding for present-day operations and future needs, and to review the city's financial affairs.

The duties and functions of the Commission may include:

A. Advise on short and long-term financial policy matters, including but not limited to cash reserve funds, budgets, financing, and capital replacement policies.
B. Review and recommend funding strategies for the Capital Improvement Plan.
C. Recommend budget goals, including but not limited to local tax rate and tax levy targets, management of enterprise funds, and spending levels,
D. Review and recommend standardized budget and financial reporting methods and tools to make financial communications and budget information more transparent, comprehensible, and accessible to the public.
E. Review and recommend the annual timeline and process for creating City budgets.
F. Review the annual financial information, the annual audit report and management letter.
G. Review City's financial affairs and investment policy and portfolio, and bring to the City Council any items of concern or suggested improvements.
H. Perform other duties the City Council assigns.

(Ord. 1481, 07-20-2015) (Ord. 1522 04-10-2017) (Ord. 1538 12-11-2017)

Roseville Finance Commission
Agenda Item

DATE: June 13, 2023 **ITEM:** 5.c.

ITEM DESCRIPTION: Review what the Commission would like to discuss on pension obligations

---

Background

Commissioners noted they had questions during the audit presentation regarding pension obligations.
To help inform the commissioners about this item it would be helpful to hear what areas they have questions on this topic so that staff can bring a report back in July to help answer the questions

Recommendation

Attachments

None

Roseville Finance Commission

2023 Meeting Topics & Calendar

Month	Discussion Topic (Tentative)
January 10	▪ Review Government Budget Practices and Accounting Standards to try and inform how Government Financial Processes Work
February 14 CANCELLED	▪
March 14	▪ Select Chair, Vice-Chair, and Ethics Commission Representative ▪ Review 2022 Investment Portfolio performance ▪
April 11	▪ Review 2022 preliminary year-end cash reserve levels ▪
May 9	▪ Discuss items for Joint City Council-Finance Commission meeting ▪ Oath of Office for new Commissioners ▪ Review 2022 Audit Reports
June 13	▪ ~~2024-2043 Capital Improvement Plan review #1~~ ▪ Discuss Council request for Commission to review purpose, scope, duties, functions and other items
July 11	▪ 2024-2043 Capital Improvement Plan review #1
August 23 * Wednesday	▪ Discuss the 2024 City Manager Recommended Budget & Tax Levy ▪ 2024-2043 Capital Improvement Plan review #2
September 12	▪ Establish Recommendation on 2023 City Manager Recommended Budget & Tax Levy ▪ Establish Recommendation on 2024-2043 Capital Improvement Plan ▪
September 18	▪ Present Budget Recommendation to City Council
October 10	▪ Update on the Council-adopted 2024 preliminary Budget & Tax Levy ▪ Review and adopt a recommendation on the 2024 proposed utility rates
November 14	▪ Adopt 2024 Meeting Calendar ▪ Adopt 2024 Work Plan