



Finance Commission Agenda

Tuesday, January 9, 2024

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 - Barclay, Bester, Dahir, Davies, Sagisser, Tupy**
- 2. Receive Public Comment**
- 3. Approval of Meeting Minutes**
 - a. Approve Minutes
- 4. Business Items**
 - a. Receive Finance Commission Tracking Report
 - b. Discuss and recommend Electric versus Diesel Fire Engine
 - c. Follow up regarding Vehicle Maintenance
- 5. Other Business**
 - a. Staff update
 - b. Future meeting topics and work plan
- 6. Adjourn**

Roseville Finance Commission Agenda Item

DATE: January 9, 2024

ITEM: 3.a.

ITEM DESCRIPTION: Approve 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 November 14, 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 November 14, 2023 meeting.

Attachments

1. FC 11.14.2023

**Finance Commission
Meeting Minutes
DRAFT – November 14, 2023 - 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, Joe Tupy, Dan Sagisser and Sadiq Dahir

Commissioners Absent: Karin Derauf (resigned from commission in October)

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 Barclay moved, seconded by Commissioner Sagisser to approve the October 10, 2023 meeting minutes as amended. **The motion carried unanimously.**

Receive Finance Commission Recommendations Tracking Report

Commissioner Bester updated the Commission on the Finance Commission Tracking report.

Discuss Electric vs Diesel Fire Engines

Finance Director Pietrick explained the Fire Department is proposing to transition to Electric Fire Engines. She introduced Fire Chief David Brosnahan and gave a brief background of the item.

Fire Chief David Brosnahan reviewed the information with the Commission.

Chair Davies asked if the engine was a hybrid if it has a diesel tank on it.

Chief Brosnahan indicated the diesel tank was on the truck for the backup generator to the battery engine. He explained when the battery wears down the generator will kick in to recharge the battery, but the engine is run completely by the electric battery source.

Chair Davies asked if the City would buy one electric fire engine every five years.

Chief Brosnahan indicated that was correct. He indicated there are still unknowns about the life span of the electric fire engine truck, but it is estimated to last up to twenty years with ten years as main engine and then after that as backup.

The Commission reviewed the plan for purchasing electric fire engines.

Chief Brosnahan reviewed some of the nice features of an electric fire engine including quietness, speed, lighting, lower to the ground for easier access and taking up less space.

Ms. Pietrick reviewed some different types of funding and bonding that could be used to purchase the electric fire engines.

Commissioner Bester explained he looked at the schedule and took a different approach and compared the cost of amortizing the cost of an electric vehicle of 1.8 million dollars over twenty years coming up with ninety thousand dollars minus fuel savings, he came up with eighty thousand dollars per year per an electric vehicle. He also took the one million sixty for fifteen years to get seventy thousand dollars and he was finding an approximate fifteen-thousand-dollar difference per year diesel versus electric.

Ms. Pietrick explained that is per year and the problem is how does the City make that first step because it is a large step. If the City were to use cash to purchase this, it would drain the fund of everything it has.

Chair Davies explained she looked at this another way and went out another five years which would make it even. She noted if the City stuck with diesel engines it would be purchasing four of them over the twenty-year period for 4.2 million. Even aside from fuel costs, electric ends up being cheaper when factoring in the fuel costs.

Chief Brosnahan thought there were operational benefits to the electric engine, but he wondered if that offset the additional costs.

Commissioner Dahir thought it would benefit the environment and the City is trying to head that way.

Ms. Pietrick indicated staff will ask more questions and do some analysis and bring this back again for the Commission to review in January before it goes to the City Council.

Chair Davies indicated she liked the concept but would like more information and analysis.

91
92 **Discussion on Vehicle Replacement Schedule**
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94 Finance Director Pietrick stated the Commission asked to review the City's vehicle replacement
95 schedule. She reviewed the current replacement schedule of City vehicles with the Commission.
96

97 Chair Davies indicated she would like to know why the numbers are so different for the
98 snowplows. She also asked if the Public Works Department is considering EV's or hybrids for
99 the engineering vehicles and if that would make sense financially.
100

101 Ms. Pietrick indicated the Public Works Department has one hybrid vehicle already.
102

103 Commissioner Barclay asked if the Police Department was looking to expand their fleet.
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105 Ms. Pietrick indicated at this time the Police Department was not looking to expand their fleet.
106 They will use an unmarked vehicle if needed for patrol and the Community Action Team, social
107 workers and police officers use non-patrol vehicles when working on CAT related things. So
108 far, the Police Department has not asked to expand their fleet, but it is possible in the future if
109 more officers are added.
110

111 Chair Davies indicated she was looking at the maintenance schedule and noticed that the mix of
112 in-housework orders and outside work orders has been shifting so there are more outside work
113 orders and she wondered if that was a function of vehicles being harder to work on in-house.
114 She found that interesting.
115

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117 **Adopt 2024 Meeting Calendar**
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119 The Commission reviewed the 2024 meeting calendar.
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121 Commissioner Bester moved, seconded by Commissioner Sagisser, to adopt the 2024 Meeting
122 Calendar. **The motion carried unanimously.**
123
124

125 **Adopt 2024 Work Plan**
126

127 Finance Director Pietrick reviewed the 2024 Work Plan with the Commission.
128

129 Commissioner Sagisser moved, seconded by Commissioner Bester, to adopt the 2024 Work
130 Plan. **The motion carried unanimously.**
131
132

133 **Identify Discussion Items for the Future Meeting**
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Ms. Pietrick updated the Commission on finance related items and noted Commissioner Karin Derauf resigned due to accepting a job in another State.

Adjourn

Commissioner Barclay made a motion, seconded by Commissioner Bester, to adjourn. The **motion passed unanimously.**

The meeting adjourned at 8:19 p.m.

**Roseville Finance Commission
Agenda Item**

DATE: January 9, 2024

ITEM: 4.a.

ITEM DESCRIPTION: Receive Finance Commission Tracking Report

Background

A summary of the Finance Commission’s recent recommendations submitted to the City Council is included in Attachment 1 for review. The report has been updated to reflect items that have been closed or added per Commissioner Bester.

Recommendation

Not applicable.

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 - January 9, 2024 (End of Year Report 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. Closed by Council action March 2023. See the notes and attachments to the March 14, 2023 Finance Commission meeting for details and background.
2023-01	Finance Commission recommends 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.
2023-02	The Finance Commission questions whether holding vehicles for longer service lives could reduce overall vehicle capital and operating expense.	The recommendation and question applies to all types/classes of vehicles used by the City of Roseville.	9/12/2023	11/14/2023	Implemented	As a result of the vehicle retention practices verbally reported in the tour of Maintenance facility on 9/12/23, Finance Commission wishes to engage in further conversation about vehicle retention and replacement practices at its meeting of 11/14/23. Detailed retention report was presented 11/14/23. Reported retention seems more reasonable than the verbal report.
2023-03	If and when budget or levy reductions are made, the Finance Commission should be apprised of those adjustments.	In September each year the Finance Commission makes a budget and levy recommendation and the City Council approves a preliminary budget and levy.	9/12/2023	10/10/2023	Implemented	Budget and levy reductions can and often do happen after the preliminary budget is approved by City Council. On 10/10/23 it was agreed that when changes are made to the preliminary budget approved by City Council, the Finance Commission will be so advised.

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.

Roseville Finance Commission Agenda Item

DATE: January 9, 2024

ITEM: 4.b.

ITEM DESCRIPTION: Discuss and recommend Electric versus Diesel Fire Engine

Background

At the November 14, 2023 Finance Commission meeting, Chief Brosnahan presented information regarding electric versus diesel fire engines. The Finance Commission had a few questions that they wanted more information on regarding this transition.

Chief Brosnahan provided the answers to the questions related to batteries and charging stations. With regard to cost of a new battery, a new battery would cost \$42,000 for an electric engine. With a diesel engine, a complete emission system replacement would cost \$65,000. With regard to how quickly the battery power/ability diminishes every year, current data and research for the Volvo Penta battery system provides a <1% loss of capacity per year. This is less of a diminished capacity than the typical consumer electric vehicle.

A commission question related to whether we need a second charging station when a second EV fire engine will be purchased in 2035. A single charging unit could support 2 EV engines, but 2 charging units would allow for a more seamless recharge process. The Fire Chief is also looking at EV command vehicles in the future, so there will likely be a need for added charging capacity. If the decision is made to proceed with electric vehicles, we will have the opportunity to design the charging infrastructure and can determine the most cost-effective option, which may be to build to accommodate more electric vehicles in the future.

Chief Brosnahan has been working with the Sustainability Coordinator on finding grants and other reimbursement opportunities to help fund the electric vehicle purchase. Attached is a list of current options. More grant fund options may come up in the future.

In addition to reducing greenhouse gas emissions, another positive is that electric engines would be held by the city for 20 years. The current diesel engines are retained for a total of 15 years – 5 years on the front line, 5 years on the second line and then 5 years as a reserve vehicle. The replacement schedule comparison is below and assumes no increase in the cost of vehicles:

Replacement - assumes no increases in cost over the next 20 years					
Fire Engines	2025	2030	2035	2040	Total
Electric	\$1,800,000		\$1,800,000		\$3,600,000
Diesel	\$1,060,000	\$1,060,000	\$1,060,000	\$1,060,000	\$4,240,000

While electric engines cost more initially, we get the additional life of the vehicle, we get a bumper- to-bumper 5-year warranty (versus a 1-year warranty for Diesel) and a 10-year warranty on the battery components of the electric engine. These increased warranty options from the manufacturer will contribute to a reduction in initial operating costs of the electric engine. We also have the potential motor fuel cost savings of about \$100,000 over the next 20 years. While the company offered a lease option, the interest rate on leases was 5.37% - 5.67%. The City could issue equipment certificates for a lower interest cost – 3.2-4.5% depending on the market. If the city were to issue debt for other capital projects, the equipment notes could be bundled into that debt issuance, which would reduce the costs of issuance. Given the

amount of lead time to build either engine, the City Council will be discussing this at their January 22nd meeting.

Recommendation

The Finance Commission may want to make a recommendation to the City Council regarding purchase of an electric or diesel fire engine.

Attachments

None

Roseville Finance Commission Agenda Item

DATE: January 9, 2024

ITEM: 4.c.

ITEM DESCRIPTION: Follow up regarding Vehicle Maintenance

Background

At the November 14, 2023 Finance Commission meeting a discussion occurred regarding the vehicle replacement schedules used by various departments. The Public Works Director provided a memo regarding the replacement of various public works vehicles which are used by the Streets and Utilities divisions. This clarified a comment that was made during the Commission's tour of the maintenance facility that occurred in September.

A question did arise in November regarding vehicle maintenance as data was provided that showed work order history from 2018 through 2022 – which showed an increase in outside work orders. Public Works staff reviewed the work orders and have provided some additional details with regard to outside work orders as follows. Almost half of the outside non-warranty work in a year is for police department vehicles. PD vehicles have a 3 year, 30,000-mile warranty. PD keeps vehicles up to 60,000 miles. The main failures that occur after warranties expire are front suspensions, AC and cooling system issues. Cracked motor mounts were an issue for several years in the Chargers with Hemi engines. The engines have been changed, so this is no longer an issue. Car dealerships have 2 shifts working in their garages, so with the demand to get the PD vehicles back in service as quickly as possible, the dealership is the best option.

The City garage does not have a front end rack to deal with suspension issues, so those repairs need to be done outside. Other outside contract work includes mounting larger tires on the off road equipment – the city shop does not have equipment setup to do this work. There are other computer repairs with larger equipment that require outside servicing. International MaxForce engines in the snowplows have had several issues that require tear downs in a large engine shop. The chart below shows in house and outside work orders along with the cost of those work orders.

Year	Number of In House Work Orders	Total Cost of In House Work Orders	Number of Outside Work Orders	Total Cost of Outside Work Orders
2021	812	\$ 251,060	75	\$ 80,635
2022	792	\$ 257,012	80	\$ 131,168
2023	792	\$ 303,063	65	\$ 84,481

Recommendation

No action necessary, for information purposes only.

Attachments

None

Roseville Finance Commission

2024 Meeting Topics & Calendar

Month	Discussion Topic (Tentative)
January 9	- Continue discussion and recommend Electric vs Diesel Fire Engine - Follow up regarding vehicle maintenance
February 13	
March 12	- Select Chair, Vice-Chair, and Ethics Commission Representative - Review 2023 Investment Portfolio performance
April 9	- Review 2023 preliminary year-end cash reserve levels
May 14	- Discuss items for Joint City Council-Finance Commission meeting - Review 2023 Audit Reports – might be moved to June
June 13 Thursday	
July 9	2025-2044 Capital Improvement Plan review #1
August 22 * Thursday	- Discuss the 2025 City Manager Recommended Budget & Tax Levy 2025-2044 Capital Improvement Plan review #2
September 10	- Establish Recommendation on 2025 City Manager Recommended Budget & Tax Levy - Establish Recommendation on 2025-2044 Capital Improvement Plan
September 16	Present Budget Recommendation to City Council
October 8	- Update on the Council-adopted 2025 preliminary Budget & Tax Levy - Review and adopt a recommendation on the 2025 proposed utility rates
November 12	- Adopt 2025 Meeting Calendar - Adopt 2025 Work Plan