Finance Commission Agenda

Thursday, June 13, 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, Davy, Sagisser, Tupy, Vervoort**
2. **Receive Public Comment**
3. **Approval of Meeting Minutes**
   a. Approve Minutes
4. **Business Items**
   a. Receive Finance Commission Recommendation Tracking Report
   b. Continued discussion on Joint meeting with City Council
   c. Discussion and recommendation for refunding water meter deposits
5. **Other Business**
   a. Staff update, if any.
   b. Future meeting topics and work plan
6. **Adjourn**

Roseville Finance Commission
Agenda Item

DATE: June 13, 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 is preserved, the City maintains a practice of keeping meeting minutes. The attached file contains the draft minutes from the May 14, 2024, 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 via motion, the Finance Commission meeting minutes for the May 14, 2024, meeting.

Attachments
1. FC 05.14.2024 Minutes

Finance Commission
Meeting Minutes
DRAFT – May 14, 2024 - DRAFT

Roll Call/Announcements

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

Commissioners Present: Bruce Bester, Sadiq Dahir, Kevin Davy, Dan Sagisser, Joe Tupy, and Anna Vervoort

Commissioners Absent: Siafa Barclay

Staff Present: Finance Director Michelle Pietrick and Assistant City Finance Director Josh Kent

Receive Public Comment

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

Chair Bester asked if the Commission had any changes to the minutes.

Commissioner Sagisser stated lines 32 and 34 are not needed and should be removed.

Chair Bester indicated on line 110, he was a little puzzled by what he said but after re-reading the sentence he thought it said what was intended.

Commissioner Sagisser thought the wording after "…at the next meeting" could be removed to make better sense of the sentence.

Commissioner Sagisser moved, seconded by Commissioner Davy, to approve the April 9, 2024, meeting minutes as amended. The motion carried unanimously.

Audit Presentation of the 2023 Annual Financial Report

It was noted on May 6, 2024, the City Council received the City's annual audit presentation from the City's Redpath & Company.

Ms. Rebecca Peterson explained she was at the meeting to present the audit and 2023 annual financial report to the Finance Commission. She made a presentation to the Commission.

Ms. Peterson and City staff answered Commission questions about the audit during the presentation.

Ms. Peterson finished her presentation and asked if the Commission had any questions that she did not cover in her presentation.

Chair Bester explained at their last meeting he was anticipating a higher General Fund Balance Reserve, based on discussion. He thought the balance would be around forty-two.

Ms. Pietrick did not think this fund would get to forty-two but there were a few things when she pulled the numbers that had not yet been booked. She thought that was probably why it was a little lower. It is still in an acceptable range in that it is above thirty-five percent. She thought a part of it was the City did not have all of the restricted fund balance known then, so she was guessing as to what was going to be restricted.

Chair Bester understood the discussion was based on estimates. He thanked Ms. Peterson for the presentation.

Receive Finance Commission Recommendations Tracking Report

Chair Bester reviewed the Finance Commission Tracking Report.

Discuss Items for a Joint Meeting with the City Council.

Finance Director Pietrick stated the Joint meeting is set for June 3, 2024. She indicated if the meeting needs to be moved to June 17, 2024, to let her know. She explained historically the meeting is an opportunity for the Commission to have a conversation with the City Council to go over what was accomplished last year and what is on the Finance Commission work plan for this year. This is an opportunity for all of the Commission to attend but is not mandatory.

Most of the Commission felt June 17, 2024, would be preferred to meet with the City Council.

Chair Bester indicated he would like to move ahead with the recommendation on limited use of equities in City Investments.

Ms. Pietrick indicated the Commission can bring that up. She has been in contact with PERA and the State Investment Board. She explained she has been juggling several things, The Capital Improvement Plan is one of them, and not that she was opposed to giving it a try but when the Commission goes over the Capital Improvement Plan, they will see that the City's available reserves are shrinking. When this was first discussed, the Capital Improvement plan looked to have about ten million dollars available throughout the 20 years, which is how staff produced fifteen percent of ten million, which is the maximum that can be invested. The City now does not have ten million dollars over the twenty years. She noted she has information on how to set up the account, but she has a lot of the City's long-term dollars invested right now so she would be taking short-term dollars to try to substitute for a long-term.

Chair Bester explained the minutes from the last meeting stating that one of the barriers to moving ahead with this might be the sentiment of the City Council. He thought the joint meeting might give the Commission a chance to get a sense of what that sentiment was.

Ms. Pietrick reviewed the history of discussions with the Council and Commission regarding this item.

Chair Bester thought short of a recommendation the Commission could present to the City Council what this could look like if the City had the resources to do it.

Ms. Pietrick reviewed the Capital Improvement Plan and the funding needed for it. She said the City Council did approve an updated investment policy which includes equity investments. She thought it made sense to check in with the City Council to see if they are still ok with this type of investing of City funds.

The Commission thought that made sense.

<u>Commission Members Brief Background Discussion</u>

Chair Bester explained with the addition of new Commission members, it is often helpful to have the Commission give a brief bio of their background and why they volunteered for the Finance Commission.

Chair Bester introduced himself, described his background, and why he volunteered for the Commission.

Commissioner Tupy introduced himself to the Commission, his financial background, and the reason he volunteered for the Commission. He hoped at a future meeting there could be a discussion about meeting format and making motions.

Commissioner Vervoort introduced herself, her business background as well as the reason why she volunteered for the Commission.

Ms. Pietrick presented her financial background and work history with the Commission.

Commissioner Dahir introduced himself, his financial background, and the reason he joined the Finance Commission.

Commissioner Davy introduced himself, his background, and why he volunteered for the Finance Commission.

Commissioner Sagisser reviewed his work history, finance background, and the reason why he joined the Finance Commission.

Staff Update

Ms. Pietrick updated the Commission on City Finance business.

Identify Discussion Items for the Future Meeting

Chair Bester stated the last page of the agenda packet shows future meeting agendas. He noted there is room on the June agenda. He wondered what the Commission would like to discuss or learn about.

Commissioner Tupy indicated he would like to learn more about motions or raising questions appropriately.

Adjourn

Commissioner Tupy made a motion, seconded by Commissioner Sagisser, to adjourn. The m**otion passed unanimously.**

The meeting adjourned at 7:45 p.m.

Roseville Finance Commission
Agenda Item

DATE:	June 13, 2024	**ITEM:**	4.a.

ITEM DESCRIPTION: Receive Finance Commission Recommendation 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 - June 13, 2024

No.	Recommendation	Description	Date Recommended	Date Presented	Status	Discussion and Next Steps
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.
2024-01	The Finance Commission recommends the purchase of electric fire engine over the diesel engine. Despite the extra cost associated with electric engines, Finance understands that there are environmental advantages that are in line with the City priorities. Also grant opportunities that may offset some of the cost and possible opportunities to negotiate a lower purchase price.	The Fire Department is proposing to transition to Electric Fire Engines.	1/9/2024	11/14/2023	Implemented	On 11/14/23 Fire Chief Brosnahan and Finance Director Pietrick presented information about electric vs diesel fire engines. Further discussion and financial analysis presented by Finance Commissioners on 1/9/24. Information and recommendation will be presented to City Council on 1/22/24. Approved by Council 1/22/24.

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: June 13, 2024 **ITEM:** 4.b.

ITEM DESCRIPTION: Continued discussion on Joint meeting with City Council

Background
The Finance Commission has a joint meeting with the City Council on June 17, 2024, for purposes of reviewing the Commission's activities during the past year, to receive any Commission guidance or recommendations, and to discuss the Commission's workplan for the current year.

Since the last joint meeting on June 5, 2023, the Finance Commission has conducted the following discussions or activities:

- Reviewed Commission purpose, scope, duties, and functions
- Reviewed excess cash reserve fund for 2022 and 2023
- Received and reviewed 2023 audit reports
- Reviewed and made recommendations on the 2024-2043 Capital Improvement Plan
- Toured the Maintenance Facility to get a better understanding of the capital needs
- Reviewed and provided recommendations on the 2024 Budget, Tax Levy and Utility Rates
- Reviewed the classification and compensation study
- Reviewed and obtained understanding of vehicle replacement schedules.
- Reviewed and made recommendation on Electric vs Diesel Fire Engine purchase
- Reviewed 2023 Investment Portfolio performance
- Reviewed equity investment results throughout the year, looking for implementation of this investment option.

The Finance Commission should determine who will be presenting the various topics – past accomplishments, current workplan, etc.

Recommendation
Not applicable

Requested Commission Action
Discussion on topics and preparation of recommendations for City Council consideration at a Joint City Council-Finance Commission meeting.

Attachments
None

Roseville Finance Commission
Agenda Item

DATE: June 13, 2024 **ITEM:** 4.c.

ITEM DESCRIPTION: Discussion and recommendation for refunding water meter deposits

Background

At the March 18, 2024, Council meeting, Public Works Director Jesse Freihammer recommended ordinance amendments specific to eliminating the water meter deposits. Chapter 801.10 of the Roseville City Code deals with water meters. Currently, the ordinance requires a meter deposit be charged to all new meter installations and new customers. When customers change as homes are sold, the old meter deposit is returned, and a new meter deposit is required from the new customer. This creates a lot of accounting and tracking as meter deposit costs change over time.

The intent of the deposit was to make sure meters were not removed. Staff have reviewed other cities' policies and most no longer require a meter deposit from all customers but do charge a meter fee for new construction. The current deposit requirement is more of an accounting burden and provides little benefit to the city. With radios on most meters, if a meter is tampered with or removed, staff would be made aware of the issue very quickly. Staff would have other mechanisms to deal with lost meters, including charging a fee for the cost of a new meter. The City Council approved the ordinance amendment which changed the deposit requirement to a fee on new construction.

As part of the council report, the Public Works Director noted that it would likely take 40-50 years to deplete the deposit account if the city refunded the deposit when the property was sold. The council asked staff to come up with a plan to refund these water meter deposits sooner than 40-50 years.

The water meters measure the consumption of water which is then billed to the customer for water and sanitary sewer consumption. Historically, the water fund has paid for any costs associated with the meters and the sanitary sewer fund has not paid anything towards these costs. The sanitary sewer fund receives revenue based on the metered water and should have been allocated a portion of the cost of the meters.

To process refunds of the water meter deposits, finance staff would apply the deposits to the third or fourth quarter utility bill. The current balance of these deposits is $1.46 million, and the Water fund had a cash balance of $837,986 as of December 31, 2023. Staff has analyzed a couple of options, one being to split the refunds over a period of time, say 3-5 years. This would result in more staff time to apply the refunds to the accounts but would allow for the cash in the water fund to build up enough to refund these deposits. The other option, given the fact that the sanitary sewer fund derives revenue from the water consumption, would be to tap the cash balance in that fund and transfer the dollars over to the water fund.

Recommendation

Staff recommends transferring money from the sanitary sewer fund to the water fund so refunds of the water meter deposits can occur in the third or fourth quarter of 2024.

Requested Commission Action

Discuss options and make a recommendation to forward to council.

Attachments

None

Roseville Finance Commission

2024 Meeting Topics & Calendar

Month	2024 Discussion Topics (Tentative)
January 9	▪ Continue discussion and recommend Electric vs Diesel Fire Engine ▪ Follow up regarding vehicle maintenance
February 13	▪ CANCELLED
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	▪ Finalize discussion items for joint City Council-Finance Commission meeting ▪ Review staff recommendations on refunding water meter deposits
July 9	▪ City Manager will update the Commission on the Sales Tax and Campus Plan ▪ 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