



## **Finance Commission Agenda**

**Wednesday, March 12, 2025**

**6:00 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 meeting minutes
- 4. Business Items**
  - a. Finance Commission Recommendation Tracking Report
  - b. Review 2024 Investment Portfolio Performance
  - c. Discuss revision to the Capital Investment Policy
  - d. Consider selecting Commission Chair, Vice-Chair and Ethics Commission Representative
  - e. Maintenance and Operations Center Update/Discussion
- 5. Other Business**
  - a. Future meeting topics and work plan
- 6. Adjourn**

# Roseville Finance Commission Agenda Item

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**DATE:** March 12, 2025

**ITEM:** 3.a.

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**ITEM DESCRIPTION:** Approve meeting minutes

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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 is preserved, the City maintains a practice of keeping meeting minutes. The attached file contains the draft minutes from the February 11, 2025, 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 February 11, 2025, meeting.

## **Attachments**

1. FC 02.11.2025 Minutes

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**Finance Commission  
Meeting Minutes  
DRAFT – February 11, 2025 - DRAFT**

**Roll Call/Announcements**

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

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

**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 Agenda**

Chair Bester indicated that, in the future, the Commission will approve the agenda at each meeting. He thought this was good practice.

The Commission did not have any changes. No motion was made.

**Approval of Meeting Minutes**

Commissioner Tupy moved, seconded by Commissioner Vervoort, to approve the November 12, 2024, meeting minutes as presented. **The motion carried unanimously.**

**Receive Finance Commission Recommendations Tracking Report**

Chair Bester reviewed the Finance Commission Year End Tracking Report and noted that the only open recommendation is the limited use of equity investments.

**Maintenance and Operations Center Update**

Finance Director Pietrick presented the Maintenance and Operations Center update, noting the failure of the half-cent sales tax referendum on the License Center.

46 Ms. Pietrick reviewed options for funding the new license center, passport office, and dance  
47 studio, including using the Port Authority, EDA, and city revenue bonds. She indicated the Port  
48 Authority option was considered the best option due to lower interest rates.

49  
50 Ms. Pietrick mentioned that the City Manager has proposed forming a team to examine designs  
51 for the maintenance facility, involving members from various commissions and the public. She  
52 noted the City Council received information on four different options, including potentially  
53 closing the license and passport center, which was not recommended due to its financial benefits.  
54 The new license center is expected to have a greater capacity and a more efficient layout than the  
55 current facility. She indicated the possibility of being open on Saturdays was discussed at the  
56 Council level, but that would require additional staff and resources.

57  
58 Commissioner Davy raised concerns about the new license center's impact on public  
59 accessibility and equity, noting that the St. Paul facility is not easily accessible by bus.

60  
61 Commission Vervoort inquired about public engagement during City Council meetings after the  
62 referendum failure.

63  
64 Ms. Pietrick explained that comments questioned the need for a new license center and suggested  
65 that residents could use the new St. Paul facility. She indicated that the city does receive some  
66 revenue from the license center but it doesn't generate enough revenue to pay for a building, and  
67 the State does not assist in financing a new facility.

68  
69 Commissioner Tupy suggested exploring the potential to increase office space in the strip mall  
70 area.

71  
72 Ms. Pietrick noted that the shopping center needed capital improvements. She discussed the  
73 potential costs and challenges of repurposing the existing maintenance facility versus building a  
74 new one.

75  
76 Ms. Pietrick explained at the February 10, 2025, City Council meeting that the Council approved  
77 an RFP for an architect to evaluate the feasibility of repurposing the existing facility and provide  
78 cost estimates for a new building.

79  
80 Ms. Pietrick explained the benefits and potential costs of using a construction manager at risk,  
81 including taking all subcontractor risks and managing bid packages. She indicated the project  
82 was expected to cost around sixty-four million, with the construction manager at risk option  
83 already embedded in the cost. She noted the city does not have the staff capacity to manage such  
84 a large project, making the construction manager at risk option a more feasible choice.

85  
86 Ms. Pietrick explained bond rates for the project were estimated to be around four to five  
87 percent, depending on the length of the bond issue.

88  
89 Ms. Pietrick explained that the new facility would be designed to store all city equipment, both  
90 summer and winter, eliminating the need for renting storage space. She indicated the project is

91 expected to take several years to complete, with the first step being hiring an architect to evaluate  
92 the feasibility of repurposing the existing facility. She noted the City Council would need to pass  
93 an ordinance to start collecting the sales tax and set up a segregated fund for the project.  
94

95 **2025 Revised Rules of Procedure for Council and Advisory Commissions**

96 Ms. Pietrick explained that the City Council amended the advisory commission rules of  
97 procedure, including expanded public comment guidelines and the requirement to approve the  
98 meeting agenda. She indicated she plans to add the approved agenda to future commission  
99 packets to comply with the new guidelines.  
100

101 The Commission discussed the importance of clear guidance on public comment and adding  
102 agenda items under other business.  
103

104 Ms. Pietrick indicated this item would be on the agenda for the Commission's next meeting.  
105

106 **Identify Discussion Items for the Future Meeting**

107 Finance Director Pietrick indicated that the Investment Portfolio Performance information will  
108 be added to the next meeting for discussion. She noted that the Commission will also select a  
109 chair, vice chair, and ethics commission representative.  
110

111 The Commission discussed the next commission meeting date with concerns about Ramadan and  
112 the change to daylight savings time.  
113

114 Sagisser moved, seconded by Dahir, to change the March meeting start time to 6:00 p.m. **The**  
115 **motion carried unanimously.**  
116

117 **Adjourn**

118  
119 Commissioner Vervoort made a motion, seconded by Commissioner Tupy, to adjourn. **The**  
120 **motion passed unanimously.**  
121

122 The meeting adjourned at 7:52 p.m.

## Roseville Finance Commission Agenda Item

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**DATE:** March 12, 2025

**ITEM:** 4.a.

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**ITEM DESCRIPTION:** Finance Commission Recommendation Tracking Report

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### **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 - March 12, 2025**

No.	Recommendation	Description	Date Recomm ended	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.
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	6/17/2024	6/17/2024	Received	On 6/17/24 the Finance Commission in its annual joint meeting with the City Council, presented a recommendation for limited investment in equities.

## 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:** March 12, 2025

**ITEM:** 4.b.

**ITEM DESCRIPTION:** Review 2024 Investment Portfolio Performance

**Background**

The City’s Investment Policy is rooted in industry best practices and has been modified to accommodate the limited resources available to manage the City’s investment portfolio. This limitation necessitates the use of relatively simple investment strategies that require only a nominal amount of time.

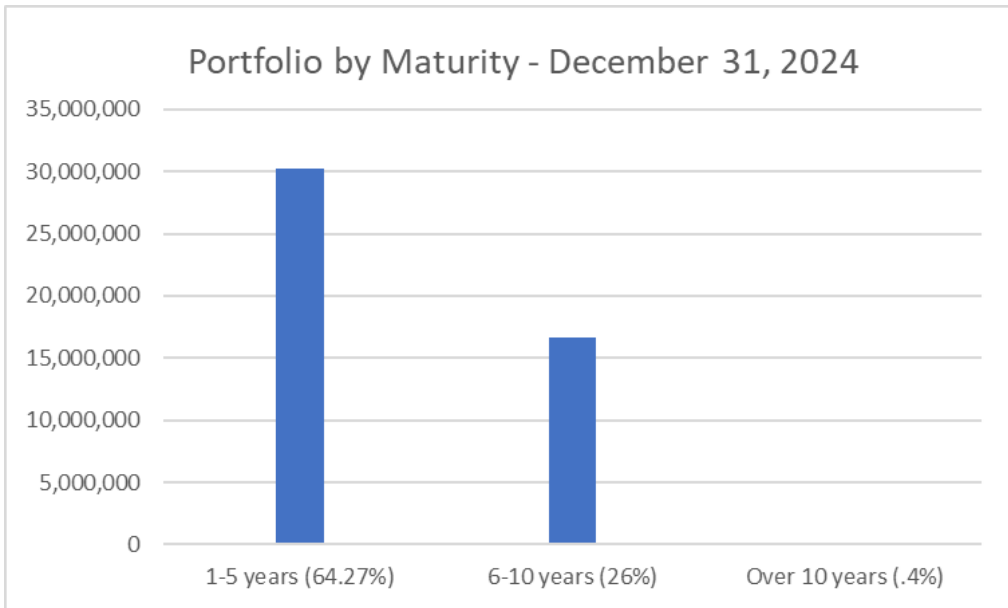
These limitations, accompanied by statutory restrictions on the types of investments we can participate in, will constrain the portfolio’s investment performance. As a result, the Policy calls for the portfolio’s investment performance to equate to, at a minimum, the U.S. Government Bond (Treasuries) Yield for the comparable investment period. In other words, if our general investment horizon is five years, then our portfolio yield should be equal to or greater than the five-year Treasury rate over the long term.

The following table depicts the City’s investment portfolio performance over the past ten years:

<b>City of Roseville Investment Portfolio Performance</b>						
		Average		Var. + / -		Var. + / -
	Portfolio	Portfolio	10-Year	10-Year	5-Year	5-Year
<u>Year</u>	<u>Earnings</u>	<u>Term (yrs.)</u>	<u>Treasury</u>	<u>Treasury</u>	<u>Treasury</u>	<u>Treasury</u>
2014	3.43%	11.0	2.17%	1.26%	1.61%	1.81%
2015	2.88%	9.8	2.27%	0.61%	1.76%	1.12%
2016	2.61%	9.8	2.45%	0.17%	1.93%	0.68%
2017	2.69%	10.5	2.41%	0.28%	2.21%	0.48%
2018	2.93%	11.8	2.68%	0.25%	2.51%	0.42%
2019	2.74%	10.8	1.92%	0.82%	1.69%	1.05%
2020	1.32%	6.3	0.94%	0.38%	0.59%	0.73%
2021	1.40%	6.1	1.52%	-0.12%	1.26%	0.14%
2022	1.47%	5.7	3.88%	-2.41%	3.99%	-2.52%
2023	1.96%	5.0	3.88%	-1.92%	3.84%	-1.88%
2024	2.42%	5.6	4.58%	-2.16%	4.38%	-1.96%

Note: As measured on December 31st

Currently, the City’s investment portfolio (excluding monies set aside for short-term cash flow needs) has an average term of 5 years, earning 2.42%. This is 1.96% lower than the 5-year portfolio target. As a reminder, this represents a snapshot-in-time as measured on 12/31/24. The City’s investment portfolio performance relative to the benchmark can vary from year to year in conjunction with changing economic factors, including interest rate changes. It will also fluctuate as the makeup of the portfolio itself changes. The average portfolio term has shortened since 2020 as a function of market impacts during 2020. As of December 31, 2024, the \$47,053,000 portfolio is invested with 64.27% in shorter term, 35.37% in mid-term and .36% in long term, as shown in the chart below:



As a comparison, on December 31, 2023, the total invested portfolio was \$45,614,000, with 73.6% short term, 25.99% mid-term and .37% long term. The portfolio changes over time and for the past year the higher yields have been in short-term investments.

**Recommendation**

For information purposes only. No formal Commission action is required.

**Attachments**

None

# Roseville Finance Commission Agenda Item

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**DATE:** March 12, 2025

**ITEM:** 4.c.

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**ITEM DESCRIPTION:** Discuss revision to the Capital Investment Policy

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## **Background**

The City's Capital Investment Policy was last reviewed and updated in 2022. Best practices state that financial policies should be periodically reviewed and updated.

The updates that staff are recommending are both in the definition section of the policy and are as follows:

- The capital asset unit value was increased to \$25,000 and an aggregate amount of over \$100,000 was added.
- Asset Life now includes the useful life by asset type.

The increase in value is consistent with other cities' policies. Adding the aggregate amount is being done as a result of new interpretations of the accounting standard that addresses capital assets. Example:

Purchase new chairs with an individual value of \$250 each but the aggregate come to \$50,000. It doesn't make sense to depreciate the chairs and there is no intent to replace them as a group in the future - we would make individual replacements as needed.

## **Recommendation**

Discuss and consider the recommended changes.

## **Attachments**

1. Capital Investment Policy-2025 Revision

## **Capital Investment Policy**

The purpose of the City’s Capital Investment Policy is to ensure future capital improvements and replacements are made when needed in a manner which is both fiscally and operationally prudent. The Policy also outlines the general process for considering higher-cost capital asset additions or replacement of existing assets that feature substantial changes from their original size, functionality, or purpose.

The goal of this policy is to provide a stable funding mechanism for the City’s infrastructure by setting aside specific resources on a periodic basis. This will ease the burden on present and future taxpayers, without significant fluctuations in annual property tax levies.

It is not the intent of the Capital Improvement Plan to fund major new facilities, which have not had the original funding established either through tax increment, general taxes, bonding or other such sources. The replacement funds and corresponding fund interest earnings are expected to be only for replacement purposes.

### Scope

All City departments are included in this Policy

### Policy

- The city will develop a 20-year Plan for capital investments and update it at least every 2 years.
- All capital investments shall be made in accordance with an adopted Capital Improvement Plan or in conjunction with a strategic or other long-term planning process.
- The city will coordinate development of the capital improvement budget with development of the operating budget. Future operational costs associated with new capital improvements will be projected and included in operating budget forecasts.
- The city will provide ongoing preventative maintenance and upkeep on all its assets at a level adequate to protect the City’s capital investment and to minimize future maintenance and replacement costs. The city should periodically review and follow industry-recommended replacement schedules for all City capital assets.
- The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to Council for approval.
- The city will determine the least costly financing and acquisition method for all new projects.
- For future development or redevelopment proposals that require public infrastructure and/or public financing assistance and/or City support services, a fiscal analysis shall be

prepared identifying the project sources and uses. The analysis should also demonstrate the costs and benefits of the project. The cost of this analysis shall be borne by the developer.

- The City will establish departmental Vehicle and Equipment Replacement Funds. The city will appropriate monies to them annually to provide for timely replacement of vehicles and equipment. The amount will be maintained at an amount equal to the proportion of useful life expired multiplied by estimated replacement cost.
- The City will establish a Building Capital Fund and will appropriate funds to it annually to provide for timely preservation of all buildings supported by general governmental funding. Only preservation which meets the capitalization threshold shall be paid for out of this fund. Preservation includes major items such as roof repair and HVAC replacement.
- The City shall establish a Street Infrastructure Replacement Fund to provide for the general replacement of streets and related infrastructure throughout the community. The annual MSA capital allocation will be included as a part of the source of funds for computing the adequacy of this fund. This fund will maintain five to ten years of construction projects in reserves as identified in the City’s approved Capital Improvement Plan.
- The City shall establish a Park Capital Fund to provide for the general replacement of parks and related infrastructure throughout the community. The funding should equal the proportion of useful life expired multiplied by estimated replacement cost for all park system assets.
- Within each enterprise fund, the City shall establish a funding mechanism to provide for the general replacement of related infrastructure throughout the community. The funding should equal the proportion of useful life expired multiplied by estimated replacement cost for all enterprise fund system assets.
- From time to time the City Council shall establish additional replacement funds as the need becomes apparent.
- The Finance Commission will annually oversee and report to the City Council a review and analysis of planned capital investments and related reserve balances. The purpose of such analysis will be to gauge the health and sustainability of City reserves related to capital investments for the short (1-3 year), medium (4-9 years), and long term (10+ years). It will also take into account related borrowing and repayment costs.
- Capital Replacements should be considered using the following priority guidelines (in order):
  - 1) Projects necessary for the public’s health and safety, or to meet legal mandates.
  - 2) Projects that responsibly preserve or replace existing assets to either extend remaining service life or to create efficiency.
  - 3) Projects that expand existing assets or services in order to benefit the Public Good.

- 4) Projects that purchase new assets or services in order to benefit the Public Good.
- Higher-cost capital asset additions or replacement of existing assets that feature substantial changes from their original size, functionality, or purpose should be considered as separate Council actions with detailed fiscal analysis.

Definitions

Capital assets – Assets with a per unit value of \$25,000 or more and a useful life of two or more years. Assets in the aggregate over \$100,000 will be recognized as a capital asset even if the per unit value is under \$25,000. But more than \$1,000 each.

Capital Improvement Plan – A comprehensive 20-year outlook itemizing all capital assets and their replacement funding requirements. The plan will take into account useful asset lives and salvage values.

Replacement Cost– In today’s dollars, the cost to replace the asset. If it is expected the retired asset will have a salvage value, the estimated salvage value should be deducted from the expected replacement cost.

Asset Life – The number of years which the asset is in use, also known as the useful life of a capital asset. The following chart shows the useful life by asset type:

Assets	Years
Buildings	40
Building Improvements	25
Furniture and Equipment	5
Light Vehicles	5
Heavy Vehicles	10
Fire Trucks	20
Streets and public infrastructure	50
Utility distribution systems	80

Bonding – The amount of debt incurred to obtain capital assets.

Capital Asset Maintenance – Expenditures which protect the City’s investment in capital assets and provide for ongoing upkeep.

Equipment – A tangible capital asset which does not qualify as a vehicle, building, street, or park asset. Examples are mowers, tools, etc.

MSA Capital Allocation – Municipal State Aid is money the city receives from the State to help pay for maintenance of MSA-designated streets. MSA streets are collector or arterial streets that interconnect to other cities or major thoroughfares.

Revised – 9/19/2022

Revised – 3/4/2025

Enterprise Fund – A separate accounting and financial reporting mechanism for municipal services which are primarily fee supported. Examples are Water, Sewer, and Golf Course.

General Governmental Fund – A separate accounting and financial reporting mechanism for spending in which a property tax is generally levied. Examples are police, fire, streets, parks and recreation.

Enterprise Fund System Asset – Assets which support enterprise services such as water, sewer, and golf course.

Park System Asset – All assets within city parks excluding buildings. Examples would be trails, equipment, and courts.

### Implementation

The City shall use replacement funds to assist in the replacement of equipment, vehicles, and capital building maintenance. New equipment or buildings are to be funded from new dollars, unless they are designated to replace currently owned assets. Funds may be used up to the amount of the replacement funds set aside for that particular asset. Any additional funding shall be from new sources.

# Roseville Finance Commission Agenda Item

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**DATE:** March 12, 2025

**ITEM:** 4.d.

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**ITEM DESCRIPTION:** Consider selecting Commission Chair, Vice-Chair and Ethics Commission Representative

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## **Background**

City Code Chapter 201.06 requires the Finance Commission to annually select a Chair, Vice-Chair to perform ongoing duties; and a representative to serve on the City's Ethics Commission as needed. The Chair and Vice-Chair positions carry the same decision-making privileges as all other members, but they do have some additional administrative duties.

The Chair position is expected to run the Commission meetings. This includes recognizing members before they speak, ensuring the discussions stay on task and are conducted in a timely fashion, and allowing the public an appropriate amount of time to participate. The Vice-Chair assumes all duties of the Chair in their absence. The current appointments are as follows:

- Chair: Bruce Bester
- Vice-Chair: Joe Tupy
- Representative to the Ethics Commission: Joe Tupy

It should be noted that there are no limits when it comes to the length of service members can serve in these capacities. Advisory Commission Chairs, Vice-Chairs, and Ethics Commission Representatives often remain in their roles for more than one year to preserve continuity from one year to the next. However, the Commission may also find value in working within varying leadership styles and approaches over time.

## **Recommendation**

By separate motions, Staff recommends the Commission select a Chair, Vice-Chair, and representative to the Ethics Commission for the period April 1, 2025, through March 31, 2026.

## **Requested Commission Action**

Motion to approve a Chair, Vice-Chair, and representative to the Ethics Commission for the period April 1, 2025, through March 31, 2026.

## **Attachments**

None

## Roseville Finance Commission Agenda Item

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**DATE:** March 12, 2025

**ITEM:** 4.e.

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**ITEM DESCRIPTION:** Maintenance and Operations Center Update/Discussion

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### **Background**

At each meeting throughout the planning and construction process, staff will provide updates on the progress of the Maintenance and Operations Center. The February 11th Commission meeting contained a lot of information with regard to this project and it is recommended that Commission members bring this information to each meeting for reference.

### **Recommendation**

No recommendation at this time.

### **Attachments**

None

# Roseville Finance Commission

## 2025 Meeting Topics & Calendar

Month	2025 Discussion Topics (Tentative)
January 14	<ul style="list-style-type: none"> <li>▪ CANCELLED</li> </ul>
February 11	<ul style="list-style-type: none"> <li>▪ Maintenance and Operations Center update</li> </ul>
March 12 <span style="color: red;">Wednesday</span>	<ul style="list-style-type: none"> <li>▪ Select Chair, Vice-Chair, and Ethics Commission Representative</li> <li>▪ Review 2024 Investment Portfolio performance</li> <li>▪ Capital Investment Policy review updates</li> <li>▪ Maintenance and Operations Center update</li> </ul>
April 8	<ul style="list-style-type: none"> <li>▪ Review 2024 preliminary year-end cash reserve levels</li> <li>▪ Maintenance and Operations Center update</li> </ul>
May 13	<ul style="list-style-type: none"> <li>▪ Discuss items for Joint City Council-Finance Commission meeting</li> <li>▪ Review 2024 Audit Reports</li> <li>▪ Maintenance and Operations Center update</li> </ul>
June 10	<ul style="list-style-type: none"> <li>▪ Finalize discussion items for joint City Council-Finance Commission meeting</li> <li>▪ Maintenance and Operations Center update</li> </ul>
July 8	<ul style="list-style-type: none"> <li>▪ 2026-2045 Capital Improvement Plan review #1</li> <li>▪ Maintenance and Operations Center update</li> </ul>
August 27 * <span style="color: red;">Wednesday</span>	<ul style="list-style-type: none"> <li>▪ Discuss the 2026 City Manager Recommended Budget &amp; Tax Levy</li> <li>▪ 2026-2045 Capital Improvement Plan review #2</li> <li>▪ Maintenance and Operations Center update</li> </ul>
September 9	<ul style="list-style-type: none"> <li>▪ Establish Recommendation on 2026 City Manager Recommended Budget &amp; Tax Levy</li> <li>▪ Establish Recommendation on 2026-2045 Capital Improvement Plan</li> <li>▪ Maintenance and Operations Center update</li> </ul>
September 15	<ul style="list-style-type: none"> <li>▪ Present Budget Recommendation to City Council</li> <li>▪ Maintenance and Operations Center update</li> </ul>
October 14	<ul style="list-style-type: none"> <li>▪ Update on the Council-adopted 2026 preliminary Budget &amp; Tax Levy</li> <li>▪ Review and adopt a recommendation on the 2026 proposed utility rates</li> <li>▪ Maintenance and Operations Center update</li> </ul>
November 12 <span style="color: red;">Wednesday</span>	<ul style="list-style-type: none"> <li>▪ Adopt 2026 Meeting Calendar</li> <li>▪ Adopt 2026 Work Plan</li> <li>▪ Maintenance and Operations Center update</li> </ul>