



## **Finance Commission Agenda**

**Tuesday, April 8, 2025**

**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, Kanzenbach, Tupy, Vervoort**
- 2. Approve Agenda**
- 3. Oath of Office New Commissioner**
- 4. Receive Public Comment**
- 5. Approval of Meeting Minutes**
  - a. Approve Meeting Minutes
- 6. Business Items**
  - a. Finance Commission Recommendation Tracking Report
  - b. Review 2024 year-end cash reserve levels
  - c. Discuss commission meeting start time
  - d. Maintenance and Operations Center Update/Discussion
- 7. Other Business**
  - a. Future meeting topics and work plan
- 8. Adjourn**

# Roseville Finance Commission Agenda Item

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**DATE:** April 8, 2025

**ITEM:** 5.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 are preserved, the City maintains a practice of keeping meeting minutes. The attached file contains the draft minutes from the March 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**

Amend (as necessary) and approve the Finance Commission meeting minutes for the March 11, 2025, meeting.

## **Attachments**

1. FC 03.12.2025 Minute

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**Finance Commission  
Meeting Minutes  
DRAFT – March 12, 2025 - DRAFT**

**Roll Call/Announcements**

The Finance Commission (FC) meeting was called to order at 6:00 p.m. Chair Bester requested staff call the roll.

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

**Commissioners Absent:** Kevin Davy and Joe Tupy.

**Staff Present:** Finance Director Michelle Pietrick

**Agenda Review**

There were no changes to the agenda.

**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**

Chair Bester explained that, on or around line 61, the Commission had discussed the concern of lost parkland at the new maintenance operations center. It was suggested that the city consider enhancing Howard Johnson Park to mitigate some of that lost parkland. He thought the discussion was at this meeting, but he was unsure, and it was not in the meeting minutes.

Ms. Pietrick indicated she briefly recalled the commission discussing it.

Chair Bester asked to add the following wording to the minutes: “Concerning the loss of parkland at the site of the new maintenance operation center, it was suggested that enhancement of Howard Johnson Park be considered.”

**Commissioner Vervoort moved, seconded by Commissioner Barclay, to approve the amended February 11, 2025, meeting minutes. The motion carried unanimously.**

47 **Receive Finance Commission Recommendations Tracking Report**

48

49 Chair Bester reviewed the Finance Commission Tracking Report and indicated nothing new to  
50 report.

51

52

53 **Review 2024 Investment Portfolio Performance**

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55 Finance Director Pietrick presented the 2024 Investment Portfolio snapshot, highlighting a  
56 portfolio return of 2.42% and the average portfolio term of 5.6 years.

57

58 Ms. Pietrick explained the portfolio composition: forty-seven million dollars invested, with  
59 64.27% in short-term, 35.3% in mid-term, and less than 1% in long-term investments. She  
60 compared the 2024 portfolio with the previous year's, noting a shift towards shorter-term  
61 investments due to the inverted yield curve. She discussed efforts to balance the portfolio,  
62 including moving investments into mid-term ranges to offset potential interest rate reductions in  
63 the future.

64

65 The Commission discussed tracking the performance of the portfolio.

66

67 **Discuss Revision to the Capital Investment Policy**

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69 Finance Director Pietrick introduced modifications to the Capital Investment Policy based on  
70 recommendations from auditors and other cities' policies. Changes included raising the  
71 capitalization threshold from \$10,000 to \$25,000 and requiring individual assets to be at least  
72 \$5,000 when an aggregate purchase is greater than \$100,000. The depreciation life for various  
73 assets, including buildings, furniture and equipment, and streets and public infrastructure, was  
74 added to the policy as well.

75

76 The Commission discussed the implications of these changes.

77

78 **Commissioner Vervoort moved, seconded by Commissioner Sagisser, to recommend the**  
79 **updates to the City Council. The motion carried unanimously.**

80

81 **Consider Selecting Commission Chair, Vice-Chair, and Ethics Commission Representative**

82

83 Chair Bester reviewed the selection process of committee officers.

84

85 Chair Bester expressed his willingness to continue as chair for one more year.

86

87 **Commissioner Vervoort moved, seconded by Commissioner Barclay, to appoint Bester to**  
88 **the Chair position. The motion carried unanimously.**

89

90 The Commission discussed Commissioner Tupy's position as vice chair of the Commission.

91

92 Commissioner Dahir volunteered to be the vice chair with no further nominations.

93

94 **Commissioner Sagisser moved, seconded by Commissioner Vervoort, to appoint**  
95 **Commissioner Dahir to the Vice Chair position. The motion carried unanimously.**

96

97 The Commission discussed the Ethics Commission appointment.

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99 Commissioner Vervoort volunteered for the Ethics Commission position.

100

101 **Maintenance and Operations Center Update/Discussion**

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103 Finance Director Pietrick provided an update on the operations center, noting that RFPs have  
104 been issued to hire an architect to evaluate the reuse of the current maintenance facility. She said  
105 the Council is expected to approve a firm for this evaluation at its next meeting.

106

107 The discussion ensued on the phased approach to the operations center project, including the  
108 potential reuse of existing buildings and the timeline for various phases.

109

110 Ms. Pietrick emphasized the importance of evaluating all options, including renovation versus  
111 new construction, to make informed decisions.

112

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

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115 Finance Director Pietrick outlined the agenda for future meetings, including the review of  
116 preliminary year-end cash reserves in April and the audit reports in May.

117

118 The Commission discussed the upcoming departure of the assistant finance director, who was  
119 appointed finance director for the City of Buffalo.

120

121 Chair Bester and others thanked Commissioner Sagisser for his contributions and leadership on  
122 the Commission.

123

124 **Adjourn**

125

126 **Commissioner Sagisser made a motion, seconded by Chair Bester, to adjourn. The motion**  
127 **passed unanimously.**

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129 The meeting adjourned at 7:00 p.m.

## Roseville Finance Commission Agenda Item

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**DATE:** April 8, 2025

**ITEM:** 6.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 - April

**Roseville Finance Commission  
Recommendation Tracking Report  
Report Date - April 8, 2025**

No.	Recommendation	Description	Date Recommend	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

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**DATE:** April 8, 2025

**ITEM:** 6.b.

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**ITEM DESCRIPTION:** Review 2024 year-end cash reserve levels

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## Background

At the March 3, 2025, City Council meeting, the preliminary 2024 year-end cash reserves report was presented which showed 2 funds above the high target level and 1 fund below the low target level. The City's Operating Fund Reserve Policy (*Attachment 1*) states that excess reserves above the maximum reserve level for that specific fund (minus funds needed for capital expenditures and funds received as donations) shall be placed into the Cash Reserve Fund.

## Identifying Excess Cash Reserves

*Attachment 2* shows the cash reserve levels along with the targets for each fund. In accordance with the cash reserve policy, the Council approved the following transfers to the cash reserve fund.

From Parks & Recreation	\$424,236	above the high target range of 30%
To Communications	<u>(\$10,308)</u>	below the high target range of 15%
Net Transfers to the Cash Reserve Fund	\$489,525	

The Cash Reserve Fund had a balance of \$1,408,887 after these transfers were approved.

**Parks and Recreation** fund achieved higher than anticipated reserves as a result of higher participation in various programs than were anticipated during the budget preparation. In addition, expenditures came in under budget due to various costs coming in lower and staff vacancies.

**License Center** fund had anticipated revenues exceeding expenditures in the 2024 budget process based on estimated transactions. The License Center cash reserve range is 10%-15% and the year ended with an estimated 24% in reserves. Staff recommend leaving this excess in the License Center fund to build reserves to help pay for preliminary costs associated with a new building.

**General** Fund, exclusive of the cash reserve fund ended the year at a 31% cash reserve level which is below the minimum reserve threshold for this fund. When the City's Comprehensive Annual Financial Report is prepared, the Cash Reserve Fund is rolled up with this fund, so the audit report will show a higher reserve level, currently estimated at 37%.

**Communications** fund ended the year with a 8% cash reserve level, which is below the minimum target range set for this fund of 10%. Franchise fees came in lower than anticipated.

Information about the other City fund balances will be included as part of the audit presentation in May.

## Financial Sustainability Impacts

As noted last year, the COVID-19 pandemic demonstrated why the City has reserves and the impacts that can occur from unforeseen events. The fund balance policies are set up to address such unforeseen situations. The general fund reserve is set at a higher level as this fund is primarily funded through property taxes but also serves as the fund that provides financial support in the short term should another fund fall below its minimum fund balance. Based on reserve fund policies and operational needs, staff recommends that the following amounts should be transferred to (from) the cash reserve fund, for a net of \$413,928:

- \$424,236 from Parks & Recreation fund to the cash reserve fund
- (10,308) to Communications fund from the cash reserve fund

Net transfers \$413,928

**Recommendation**

For information purposes only

**Attachments**

1. Operating Reserve Policy
2. 2024 Estimated Cash Reserves

# Operating Fund Reserve Policy

Revised September 20, 2021

## Purpose

- To provide a cushion against unexpected revenue and income interruptions
- To provide working capital by ensuring sufficient cash flow to meet the City's needs throughout the year
- To provide funds to address unexpected or unplanned events

## Policy

- The City will maintain a general fund reserve of 35-50% of the general fund's total annual operating budget. This ensures that the City has adequate funds on hand to provide for operations between bi-annual property tax collection periods. Any surplus beyond the required general fund reserve may be transferred to another reserve fund with a funding shortfall.
- The City will strive to create a reserve in the Recreation Fund of 20-30% of the annual recreation budget. This reserve will provide a cash flow cushion to cover operations between bi-annual property tax collections and the fluctuation in charges for services revenues during the year. Because of more frequent cash inflows during the year, a 20-30% reserve will be adequate to support the daily cash needs of the fund.
- The Community Development Fund is supported solely by building permit fees and charges. Because the economic environment has a major effect on this Fund, a fund balance of 25-50 % of the annual budget is a reasonable target. It is expected that as economic downturns take place, this reserve will provide for a transition period during which the Council will be able to assess and to better match operations with the economic need.
- City enterprise funds shall have operating cash reserves sufficient to provide for monthly cash flow, and for a reasonable level of equipment and infrastructure replacement. Major reconstruction or system upgrades, may need to be funded from enterprise revenue bonds. Annual utility rate reviews will be made in regard to projected operating expenses and capital improvements. The Council will, on an annual basis, establish rates in accordance to operating cost recovery and the projected capital improvements. Based on consulting other cities, a minimum cash reserve level of 25% of the operating budget is a target that the City of Roseville will strive to maintain, though major capital projects may cause periodic deviations from this reserve level.
- The Communications Fund had greater cash flow variability in prior years and now receives a small amount of property tax levy support It is expected to operate with reserve balances of 10-30% of the annual operating budget.
- The License Center fund has consistently demonstrated strong cash flows which allowed for a lower overall reserve level. Based on the experiences of 2020, these fund reserves may need to be increased in the future. At this time the License Center fund will operate with balances of 10-15%of the annual operating budget.

## Operating Fund Reserve Policy

Revised September 20, 2021

- The Information Technology fund will operate with positive reserve balances of 10-15% which will eventually be eliminated once Metro Inet is fully established at which time, the IT function will simply be a division of the General Fund.
- Capital Project funds are identified in the Capital investment policy. Annual property tax levies supply funding for the various projects and fund balances increase over time to pay for equipment and infrastructure projects, the balances then drop and rebuild over time to cover the next projects.
- For the EDA, its General Operating Fund should maintain a reserve level of 35% of the annual budget to ensure that it has sufficient funds to provide for operations in-between property tax collection periods.
- In the event the minimum fund balance drops below prescribed levels, the City shall dedicate new incoming property tax or program revenues (where applicable) in an amount sufficient to bring fund balance levels back into compliance within three fiscal years.
- Unless otherwise directed by the City Council, monies held in individual Funds shall be expended first from restricted fund balances, second from committed fund balances, then from assigned fund balances, before using unassigned fund balance.

### Implementation

All fund reserves shall be reviewed each year at the time of the annual budget preparation and at the annual audit for the purpose of complying with this policy. Budgets shall be prepared on an "All Resources" basis, so that the City Council and Community can readily discern the current and projected management of all reserves.

If aggregate unrestricted reserves in the tax-supported operating funds are outside of targeted goals, the Council is advised to create a plan to get reserves into targeted goal ranges by committing reserve funds, using aggregate excess reserves to reduce the levy, or making appropriate budget or tax levy adjustments. With the creation of the Cash Reserve Fund, certain funds will have their reserves swept if they exceed the high target range, see the next section.

### Cash Reserve Fund

The City has established a Cash Reserve Fund that will take the excess cash reserves from selected funds that are over the maximum reserve levels as defined under this policy, less funds needed for capital expenditures or funds donated to the City. The following funds are subject to the Cash Reserve Fund policy:

- General Fund (unrestricted portion)
- Parks and Recreation Fund
- Communication Fund
- Information Technology Fund
- License Center



# Operating Fund Reserve Policy

Revised September 20, 2021

As part of the annual audit, the excess funds above the maximum reserve level at December 31 of the previous year (less funds needed for capital expenditures and funds donated to these accounts) shall be transferred to the Cash Reserve Fund before the books are closed for that particular year. The funds transferred to the Cash Reserve Fund shall be tracked on an annual basis and reported to the Finance Commission and approved by the City Council by April of the subsequent year.

Any expenditures from the Cash Reserve Fund must be authorized by the City Council.

**City of Roseville**

Cash Reserve Levels: Unrestricted Operating Funds

12/31/24 Cash Reserves Updated 3/3/2025

**Cash Reserve Levels: *Unrestricted* Operating Funds**

<u>Operating Fund</u>	12/31/2024	Less	12/31/2024	12/31/2024	2025	Target	Target	12/31/2024	12/31/2024	Variance from	Variance from
	Cash Reserves	From Donations	Available Cash Reserves	Reserve Level	Operating Budget	Low	High	Low Target Reserve Level	High Target Reserve Level	Low Target	High Target
General: Primary	\$ 7,512,707	\$ (92,673)	\$ 7,420,034	31%	\$23,637,883	35%	50%	\$ 8,273,259	\$ 11,818,942	\$ (853,225)	\$ (4,398,908)
(1) General: Cash Reserve Fund	994,959	-	994,959								
Parks & Recreation	2,467,184	(208,370)	2,258,814	37%	6,115,259	20%	30%	1,223,051	1,834,578	1,035,763	424,236
Communications	52,818	-	52,818	8%	631,260	10%	30%	63,126	189,378	(10,308)	(136,560)
License Center	491,883	-	491,883	22%	2,256,876	10%	15%	225,688	338,531	266,195	153,352

(1) See analysis below

## City of Roseville

### Cash Reserve Levels: Cash Reserve Fund

Unaudited 12/31/23 Cash Reserves Updated 3/12/2024

	Year	Funding Sources ( Uses)						Excess Cash Reserve Fund
		General	Information Technology	Parks & Recreation	License Center	Communi-cations	Use of Funds	
Cash Balance: January 1	2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	2018	-	170,000	635,000	81,000	-	-	886,000
Cash Balance December 31	2018	-	170,000	635,000	81,000	-	-	886,000
Contributions	2019	-	234,924	169,985	249,140	124,947	-	778,996
Interest Revenue	2019	10,084	-	-	-	-	-	10,084
Tranfer to Gen Fd-min. balance	2019	-	-	-	-	-	(918,583)	(918,583)
Cash Balance December 31	2019	10,084	404,924	804,985	330,140	124,947	(918,583)	756,497
Contributions	2020	-	193,990	-	-	-	-	193,990
Interest Revenue	2020	6,323	-	-	-	-	-	6,323
Equity Consultant	2020	-	-	-	-	-	(100,000)	(100,000)
Trf to Parks & Recreation	2020	-	-	-	-	-	(235,798)	(235,798)
Trf to License Center	2020	-	-	-	-	-	(354,958)	(354,958)
Cash Balance December 31	2020	16,407	598,914	804,985	330,140	124,947	(1,609,339)	266,054
Contributions	2021	-	360,160	79,662	-	-	-	439,822
Interest Revenue	2021	1,070	-	-	-	-	-	1,070
Cash Balance December 31	2021	17,477	959,074	884,647	330,140	124,947	(1,609,339)	706,946
Contributions	2022	-	-	20,317	-	-	-	20,317
Trf to Communications	2022	-	-	-	-	-	(31,436)	(31,436)
Interest Revenue	2022	(66,079)	-	-	-	-	-	(66,079)
Cash Balance December 31	2022	(48,602)	959,074	904,964	330,140	124,947	(1,640,775)	629,748
Trf to Parks & Rec Vehicle & Equip	2023	-	-	-	-	-	(200,000)	(200,000)
Contributions	2023	-	-	162,207	327,318	-	-	489,525
Interest Revenue	2023	53,076	-	-	-	-	-	53,076
Cash Balance December 31	2023	4,474	959,074	1,067,171	657,458	124,947	(1,840,775)	972,349
Interest Revenue	2024	22,610	-	-	-	-	-	22,610
Trf to Communications	2024	-	-	-	-	-	(10,308)	(10,308)
Contributions	2024	-	-	424,236	-	-	-	424,236
Cash Balance December 31	2024	27,084	959,074	1,491,407	657,458	124,947	(1,851,083)	1,408,887
Transfer to CIP funds	2025	-	-	-	-	-	(525,000)	(525,000)
		27,084	959,074	1,491,407	657,458	124,947	(2,376,083)	883,887

## Roseville Finance Commission Agenda Item

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**DATE:** April 8, 2025

**ITEM:** 6.c.

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**ITEM DESCRIPTION:** Discuss commission meeting start time

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### **Background**

At the March 11th meeting, we adjusted our start time to 6 pm instead of the historical 6:30. There was a suggestion made after the meeting to consider moving all Finance Commission meetings to a 6 pm start.

Discussion on this suggestion is recommended and the Commission can made a decision about when the meetings will start going forward.

### **Recommendation**

Discuss and recommend when the Finance Commission meetings will start.

### **Attachments**

None

## Roseville Finance Commission Agenda Item

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**DATE:** April 8, 2025

**ITEM:** 6.d.

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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>▪ Oath of Office by new Commissioner</li> <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>