



## **Finance Commission Agenda**

**Tuesday, October 14, 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, Bergquist, Bester, Dahir, Davy, Kanzenbach, Vervoort**
- 2. Approval of Agenda**
- 3. Receive Public Comment**
- 4. Approval of Meeting Minutes**
  - a. Approve minutes
- 5. Business Items**
  - a. Receive Commission Recommendations Tracking Report
  - b. Update on 2026 Preliminary Tax Levy & Budget
  - c. Debt Policy Revision
  - d. Review and adopt recommendation on 2026 Utility Rates
  - e. Maintenance and Operations Center Update/Discussion
- 6. Commission Direction on Member Initiated Agenda Items**
- 7. Other Business**
  - a. Future meeting topics and work plan
- 8. Adjourn**

# Roseville Finance Commission Agenda Item

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**DATE:** October 14, 2025

**ITEM:** 4.a.

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**ITEM DESCRIPTION:** Approve 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, meeting minutes are maintained. The attached file contains the draft minutes from the September 9, 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, amend (as necessary), and approve the Finance Commission meeting minutes for the September 9, 2025, meeting.

## **Attachments**

1. FC 09.09.2025 Minutes

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**Finance Commission  
Meeting Minutes  
DRAFT – September 9, 2025 - DRAFT**

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**Roll Call/Announcements**

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

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**Commissioners Present:** Bruce Bester, Sadiq Dahir, Kevin Davy, Raye Kanzenbach, and Anna Vervoort

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**Youth Commissioners Present:** Aldo Bergquist

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**Commissioners Absent:** Siafa Barclay and Joe Tupy

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**Staff Present:** Finance Director Michelle Pietrick

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**Approval of Agenda**

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There were no changes to the agenda. The commission reached a consensus to approve it.

**Receive Public Comments**

Since no one was present to address the Commission on an item not listed on the agenda, the Chair moved on to the following item.

**Approval of Meeting Minutes**

Commissioner Kanzenbach moved, seconded by Commissioner Vervoort, to approve the August 27, 2025, meeting minutes as presented. The motion carried unanimously.

**Establish Recommendation on the 2026 City Manager Budget and Tax Levy Scenarios and the 2026-2045 Capital Improvement Plan**

Chair Bester introduced the item and explained the addition of scenario three, which has a smaller impact on the levy. He reviewed scenario three, which included adding seven police positions with a grant and fifteen fire positions, assuming grants, and creating a franchise fee.

Chair Bester discussed the advantages and disadvantages of franchise fees, mentioning that most cities use them, and Roseville was currently among the few that do not.

Commissioner Kanzenbach emphasized the fairness of taxing properties, such as churches and universities, that are currently tax-exempt.

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48 Ms. Pietrick shared information on the number of tax-exempt properties and the potential impact  
49 of franchise fees on commercial properties.

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51 Commissioner Vervoort raised concerns about how franchise fees affect commercial properties  
52 such as Rosedale Mall.

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54 Ms. Pietrick described various methods for setting franchise fees and their impact on capital  
55 improvement funds.

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57 Commissioner Kanzenbach discussed the potential reduction of Minnesota property tax credits  
58 for homeowners and renters due to franchise fees.

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60 Chair Bester and Ms. Pietrick discussed the potential use of Payment in Lieu of Taxes (PILOTs)  
61 as an alternative to franchise fees. They also discussed Public Safety staffing requests from the  
62 Fire and Police Chiefs.

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64 Commissioner Kanzenbach said he didn't feel comfortable making a recommendation on the  
65 levy amount and suggested reducing the staffing requests to more manageable levels.

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67 Chair Bester shared his experience in talks with the fire and police chiefs, noting their hesitation  
68 to discuss staffing levels. He voiced disappointment over the absence of an answer or a  
69 compromise from the public safety chiefs.

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71 Commissioner Davy suggested reducing the requested staffing levels and finding a long-term  
72 solution for the capital budget.

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74 Commissioner Vervoort questioned the role of the Finance Commission in recommending public  
75 safety staffing levels.

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77 Ms. Pietrick discussed how federal grants affect public safety staffing and emphasized the  
78 importance of a balanced budget.

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80 Chair Bester indicated he would like to have the levy number around seven percent.

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82 **Commissioner Davy moved, seconded by Commissioner Kanzenbach, to recommend that**  
83 **the City Council not introduce franchise fees for the 2026 budget. The motion carried**  
84 **unanimously.**

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86 Commissioners discussed the need for detailed communication from the city on the budget and  
87 the impact of franchise fees and levy increases.

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89 Chair Bester and Ms. Pietrick discuss how not using franchise fees impacts the city's budget  
90 scenarios.

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92 Commissioner Kanzenbach suggested improving the budget's transparency by adding detailed  
93 explanations to the city's newsletter.

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95 The commission discussed how raising the levy could influence public opinion.

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97 Commissioner Kanzenbach recommended setting a target for the levy increase and providing  
98 detailed explanations in the city's newsletter.

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100 **Commissioner Davy moved, seconded by Commissioner Dahir, to recommend that the City**  
101 **Council recognize the public safety need but also acknowledge that 22 people is not a**  
102 **reasonable request, and to set a base budget with a levy increase of less than 10%. The**  
103 **motion carried unanimously.**

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#### 105 **Maintenance and Operations Center Update/Discussion**

106 Finance Director Michelle Pietrick updated the Commission on the maintenance and operations  
107 center.

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#### 109 **Commission Direction on Member-Initiated Agenda Items**

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#### 111 **Future Meeting Topics and Work Plan**

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113 Chair Bester stated the next agenda would include discussions on the City Budget, with a  
114 presentation from staff.

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#### 116 **Adjourn**

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118 Commissioner Vervoort made a motion, seconded by Commissioner Bester, to adjourn. The  
119 motion passed unanimously.

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121 Meeting adjourned at 8:03 p.m.

## Roseville Finance Commission Agenda Item

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**DATE:** October 14, 2025

**ITEM:** 5.a.

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**ITEM DESCRIPTION:** Receive Commission Recommendations 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 - October 14, 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.
2025-03	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	6/10/2025	6/16/2025	Received	On 6/16/25 in its annual joint meeting with the City Council, the Finance Commission affirmed its recommendation for limited investment in equities. Finance Commission further recommends that we not act on the recommendation at this time. The Finance Commission will monitor market conditions and will update its recommendation based on updated market conditions.
2025-01	Finance Commission recommends revisions to the Capital Investment Policy	Raise capitalization threshold from \$10,000 to \$25,000. Also require individual assets to be at least \$5,000 when the aggregate purchase is greater than \$100,000.	3/12/2025	4/7/2025	Approved	Recommending these updates to the City Council at the next suitable time - 4/7/25
2025-02		See page 127 of the 2024 ACFR. The reported collections on levied property taxes for the years 2022, 2023, and 2024 appeared to be understated. This is an error in reporting, not a collection issue.	5/13/2025		Rescinded	There is no recommendation for action other than careful proofreading of future ACFRs.
2025-03	Finance Commission recommends that Franchise Fees not be used as a source of revenue in the 2026 City budget.	Use of Franchise Fees as a source of revenue. Cable and utility Franchise Fees would be added to local utility bills. These fees would add some \$2.0 million in revenue for the City budget in 2026.	9/9/2025	9/15/2025	Received	Discussed numerous pros and cons. Pros - most cities already use this source of revenue. Cons - it is essentially a tax, a regressive tax, that is identified as a fee, not a tax, on utility bills.
2025-04	Finance Commission recommends a levy increase not to exceed 10%.	A base budget and 4 budget scenarios were presented by City Manager. Scenarios included additions to Public Safety staffing, with and without grants, with and without Franchise Fees.	9/9/2025	9/15/2025	Received	Finance Commission discussed and considered various budget scenarios as presented by the City Manager. The budget scenarios included a base budget and 4 scenarios.

## 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:** October 14, 2025

**ITEM:** 5.b.

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**ITEM DESCRIPTION:** Update on 2026 Preliminary Tax Levy & Budget

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### **Background**

On September 22, 2025, the City Council approved the preliminary 2026 Budget, EDA Levy and City Levy. After much discussion with regard to the various scenarios and the uncertainty of grant funding for the public safety positions, the council approved a preliminary levy increase of 12%. Since the preliminary levy is the maximum, the decision was made to retain flexibility with the understanding that the December levy will be lower than the 12% and closer to the Finance Commission recommendation of no more than 10%.

### **Recommendation**

For information only

### **Attachments**

None

# Roseville Finance Commission Agenda Item

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**DATE:** October 14, 2025

**ITEM:** 5.c.

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**ITEM DESCRIPTION:** Debt Policy Revision

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## **Background**

The City's Debt Policy was last reviewed in September 2015, with no updates at that time. Best practices state that financial policies should be periodically reviewed and updated.

The attached policy shows updates that I have made to the debt policy. Most of the changes are minor language changes but here are the two major changes:

- The City obtains credit ratings from Standard and Poor's, not Moody's at this time.
- The Statutory debt limit was changed in 2008 from 2% to 3%. I have updated the percentage and also included the State Statute.

I would recommend that the Finance Commission approve this amended policy which will then go to the City Council for formal approval.

## **Recommendation**

Discuss and consider recommended changes.

## **Attachments**

1. Debt Policy Revision 10-14-25

Purpose

- To define the role of debt in the City's total financial strategy so as to avoid using debt in a manner that weakens the City's overall financial condition.
- To establish limits on the amount of City debt which will allow for manageable debt service costs.
- To maintain the ~~best possible Moody's and Standard and Poor's credit rating~~ City's AAA Bond rating.

Policy

- The City will confine long-term borrowing to capital improvements ~~or projects~~ or equipment that cannot be financed from current revenues. ~~The City shall not use debt for the purchase of vehicles and other rolling stock, except as authorized by the Council.~~
- When the City ~~finances capital projects by~~ issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the project
- The City will issue bonds for the shortest period possible while maintaining the annual payments at a level that is affordable to the funding source. ~~try to keep the average maturity of general obligation bonds at or below ten years~~
- The City will strive to keep the direct debt per capita and direct debt as a percent of estimated market value at or below the median set out by the credit rating agencies
- Net general obligation debt will not exceed the statutory limit of 3% of the estimated market value of taxable property in the City as required by Minnesota Statute, Section 475.53 and at levels consistent with the City's creditworthiness objectives. ~~Total general obligation debt shall not exceed two percent of the market value of taxable property as required by State law~~
- The City shall not use long-term debt for current operations
- The City will maintain good communications about its financial condition with credit rating agencies. The City will follow a policy of full disclosure on every financial report and bond prospectus
- Refinancing or bond refunding will only be undertaken when there is significant economic advantage to the City, and when it does not conflict with other fiscal or credit policies
- The maintenance of the best possible credit rating shall be a major factor in all financial decisions

# Roseville Finance Commission Agenda Item

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**DATE:** October 14, 2025

**ITEM:** 5.d.

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**ITEM DESCRIPTION:** Review and adopt recommendation on 2026 Utility Rates

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## **Background**

Unlike many city services that are supported by property taxes, the City's utility or *enterprise* operations are funded primarily by user fees and are operated as separate, stand-alone functions. The City engaged Ehlers to perform an updated utility rate study in 2024 of the Water, Sewer and Storm Drainage Funds. The utility rate study recommendations were used for the 2026 utility rates in these funds.

## **Operational Review**

### Water Fund Operations

The updated Utility Rate Study done by Ehlers on the Water Fund recommends a 5.5% increase in rates for 2025-2028 to cover fixed and variable costs, debt service and replenishment of fund reserves. St. Paul Regional Water increased their rate charged to Roseville by 9%, which is the main driver of our needed increases. In addition, this fund is still working on building fund reserves to cover the minimum for operations and capital.

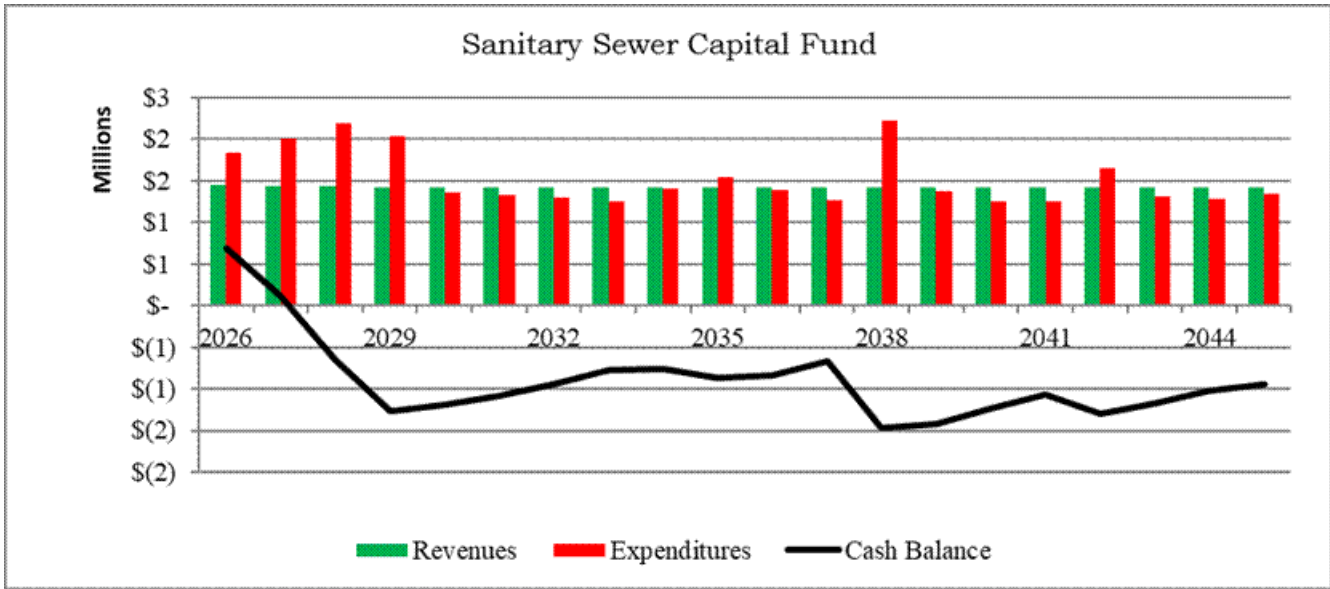
### Storm Drainage Operations

The City provides for the management of stormwater drainage to prevent flooding and pollution control, as well as the street sweeping program. The updated utility rate study recommended a 0% increase for 2026 and this is adequate to cover operating and capital needs at this time.

### Sanitary Sewer Operations

The City maintains a sanitary sewer collection system to ensure the public's health and general welfare.

Met Council increased their rates by 1.06% for fiscal year 2026. The updated utility rate study recommends a 2% increase; the increase for the past 2 years has been held to 0%. Public Works previously deferred capital projects to accommodate the 0% increase. Based on the 2026-2045 CIP, a 2% increase is necessary at this time. See the chart below:



**Recycling Operations**

The recycling operation provides for the contracted curbside recycling pickup throughout the city and related administrative costs. The primary operating cost is the amount paid to a contractor to pick up recycling materials. The current contract for recycling services started in 2026 and based on cost increases, public works and finance are recommending a 3% increase in rates to cover these cost increases.

**Recommended Rates for 2026**

Attachment 1 has the full chart of proposed rates for the Water, Sewer, Stormwater and Recycling Utility Funds, which depicts how the operating cost burden is distributed to various customer types.

Based on staff analysis and the updated Ehlers Utility Rate study, the estimated impact to a Single Family Home for all four utility funds is as follows:

<b>Utility Rate Impact: Single Family Home (Quarterly)</b>			
Service	2025	2026	\$ Increase
Water - base fee	44.67	47.13	2.46
Water - usage fee	49.32	52.08	2.76
Sanitary Sewer - base fee	43.98	44.86	0.88
Sanitary Sewer - usage fee	30.25	30.91	0.66
Storm Sewer	26.22	26.22	-
Recycling	14.94	15.39	0.45
<b>Total per Quarter</b>	<b>\$ 209.38</b>	<b>\$ 216.58</b>	<b>\$ 7.21</b>
Percentage Change			3.44%
per month	\$ 69.79	\$ 72.19	\$ 2.40
per year	\$ 837.50	\$ 866.33	\$ 28.83
Avg. Water consumption (1,000 gals.)	12		
Avg. Sewer consumption (1,000 gals.)	11		

**Recommendation**

The enclosed information is recommended by Staff for Council review on November 10, 2025, with final Council approval on December 8, 2025. The Commission may want to submit a recommendation to the City Council on the proposed 2026 utility rates as they have in the past.

**Attachments**

1. Draft 2026 Utility Rates

## 2026 Utility Rates

<u>Water Base Rate Category</u>	<u>2025 Rates</u>	<u>2026 Rates</u>	<u>Comments</u>
Single-Family Residential	\$ 44.67	\$ 47.13	5.5% increase
Non-SF Residential (5/8" Meter)	44.67	47.13	
Non-SF Residential (1.0" Meter)	111.67	117.81	
Non-SF Residential (1.5" Meter)	223.33	235.61	
Non-SF Residential (2.0" Meter)	357.34	376.99	
Non-SF Residential (3.0" Meter)	714.68	753.99	
Non-SF Residential (3.0" Compound Meter)	781.68	824.67	
Non-SF Residential (4.0" Meter)	1,116.68	1,178.10	
Non-SF Residential (4.0" Compound Meter)	1,340.03	1,413.73	
Non-SF Residential (6.0" Meter)	3,573.38	3,769.92	

<u>Water Usage Rate Category</u>	<u>2025 Rates</u>	<u>2026 Rates</u>	<u>Comments</u>
SF Residential: Up to 15,000 gals./qtr	\$ 4.11	\$ 4.34	5.5% increase
SF Residential: 15,001 to 30,000 gals./qtr	5.14	5.42	
SF Residential: Over 30,000 gals./qtr	6.44	6.79	
Apartments: Up to 8,000 gals/unit/qtr	4.11	4.34	
Apartments: 8,001- 15,000 gals/unit/qtr	5.14	5.42	
Apartments: Over 15,000 gals./unit/qtr	6.44	6.79	
Commercial: Up to 60,000 gals./qtr	4.11	4.34	
Commercial: 60,001 to 400,000 gals./qtr	5.14	5.42	
Commercial: Over 400,000 gals./qtr	6.44	6.79	
Irrigation Water Usage	5.82	6.14	

Rates are per 1,000 gallons

<u>Sewer Base Rate Category</u>	<u>2025 Rates</u>	<u>2026 Rates</u>	<u>Comments</u>
Single-Family Residential	\$ 43.98	\$ 44.86	2% increase
Single-Family Residential: Low-Income Discount	28.59	29.16	
Multi-Family Residential (townhomes)	43.98	44.86	
Multi-Family Residential (apartments & condos)	31.49	32.12	
Non-SF Residential (5/8" Meter)	33.54	34.21	
Non-SF Residential (1.0" Meter)	67.15	68.49	
Non-SF Residential (1.5" Meter)	100.75	102.77	
Non-SF Residential (2.0" Meter)	157.06	160.20	
Non-SF Residential (3.0" Meter)	325.26	331.77	
Non-SF Residential (4.0" Meter)	650.54	663.55	
Non-SF Residential (6.0" Meter)	1,301.07	1,327.09	
Sewer Only accounts	72.33	73.77	
Maplewood sewer accounts	23.79	24.75	set by City of Maplewood

Multi-family rate is per housing unit

<u>Sewer Usage Rate Category</u>	<u>2025 Rate</u>	<u>2026 Rate</u>	<u>Comments</u>
Residential	\$ 2.75	\$ 2.81	2% increase
Commercial	6.55	6.68	
Maplewood sewer accounts	5.66	5.89	set by City of Maplewood

Rates are per 1,000 gallons

<u>Stormwater Base Rate Category</u>	<u>2025 Rates</u>	<u>2026 Rates</u>	<u>Comments</u>
Single-Family Residential & Duplex	\$ 26.22	\$ 26.22	0% increase
Multi-Family & Churches	202.83	\$ 202.83	
Cemeteries & Golf Course	19.68	\$ 19.68	
Parks	61.03	\$ 61.03	
Schools & Community Centers	98.66	\$ 98.66	
Commercial & Industrial	405.48	\$ 405.48	

Rates for single-family are per housing unit; all others are per acre

<u>Recycling Rate Category</u>	<u>2025 Rates</u>	<u>2026 Rates</u>	<u>Comments</u>
Single-Family	\$ 14.94	\$ 15.39	3% increase
Multi-Family	14.94	\$ 15.39	

## Roseville Finance Commission Agenda Item

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**DATE:** October 14, 2025

**ITEM:** 5.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>▪ 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> </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>▪ Debt Policy Update</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>