Finance Commission
Meeting Minutes
DRAFT – January 13, 2026 - 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, Raye Kanzenbach, Anna Vervoort

Youth Commissioners Present: None

Commissioners Absent: Aldo Bergquist

Staff Present: Finance Director Michelle Pietrick

Approval of Agenda

Chair Bester suggested adding a discussion to Item 6, Commission Direction on Member-Initiated Agenda Items, to include additional information for the ACFR.

The agenda was approved, as amended, by general consensus.

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 stated he would like to add information to line 34. The sentence should end "programs are simply not the case."

Commissioner Kanzenbach moved, seconded by Commissioner Dahir, to approve the November 12, 2025, meeting minutes as amended. **The motion carried unanimously.**

Receive Finance Commission Recommendations Tracking Report

Chair Bester reviewed the Finance Commission Tracking Report with various recommendations and decisions. Specific updates included rejecting a recommendation to exclude franchise fees from the budget and approving a levy increase of up to 10%.

Review Final 2026 Budget and Tax Levy

Finance Director Pietrick presented the final budget to the commission, along with three funding scenarios. Scenario One included positions, grants, and a 12% property tax levy. Scenario Two added gas and electric franchise fees to fund various public works and equipment funds, freeing up the levy for other needs. Scenario Three did not provide additional levy support to specific funds; instead, it focused on operations. She noted the city council approved Scenario Two as the final budget, resulting in a combined levy increase of 7.59%.

Commissioner Katzenbach inquired about the inclusion of sales tax in the budget.

Ms. Pietrick stated that the sales tax is not included in the budget as it is dedicated to the maintenance operation center construction.

Commissioner Dahir commended the team for their hard work and expressed hope for less complicated budgets in the future.

Review Government Budget and Financial Processes

Finance Director Pietrick provided an overview of the government budget and financial reporting processes. She explained the structure of the annual comprehensive financial report, including various funds and reporting categories. She noted the city traditionally closes its books in March, with excess cash reserves reviewed and allocated.

Ms. Pietrick reviewed the audit process, including the submission of the audit to the Government Finance Officers Association.

Ms. Pietrick outlined the budget process, starting with the Capital Improvement Plan (CIP) and moving to the operating budget. She noted the City Manager, Patrick Trudgeon, presented the budget in late August, with several alternate scenarios.

The need for earlier budget information was discussed, with the council requesting more timely updates.

Ms. Pietrick emphasized the importance of performance measures and the link to the City strategic plan.

Ms. Pietrick explained the preliminary levy must be certified by the end of September. She indicated the city manager works with departments to refine budgets, ensuring they align with the levy increase. The 2027 budget will be linked to the City strategic plan, potentially changing the budget structure.

Ms. Pietrick mentioned the need for additional performance measures to link service delivery to budget increases.

Maintenance and Operations Center Update/Discussion

A brief update was provide on the Maintenance and Operations Center.

Council Direction on Finance Commission Work Plan

Chair Bester discussed the need for the Finance Commission to look into future maintenance costs and the impact of inflation on the CIP.

The council suggested that the Finance Commission help develop a plan to accommodate future costs for police and fire personnel. The discussion also covered the potential impact of inflation on the CIP and the need for a twenty-year plan. The council did not direct the Finance Commission to perform additional financial analysis of the bike and pathways program.

Chair Bester reviewed the December 1, 2025, joint meeting with the City Council held in response to community correspondence regarding the bike and pathways program. He noted that while the Finance Commission disagreed with several assertions raised, the meeting provided helpful clarification and direction. Council advised that such requests should be directed to the City Council rather than the Finance Commission and emphasized focusing Commission efforts on higher-priority financial matters, including long-term planning for police and fire costs following the expiration of SAFER and COPS grants, future maintenance costs, and the impact of inflation on the Capital Improvement Plan (CIP). Additional discussion included whether the 20-year CIP timeframe is appropriate and whether the Finance Commission should prioritize issues of broader fiscal significance.

Chair Bester stated that the meeting was productive and welcomed additional input or suggestions.

Commissioner Kanzenbach stated that being challenged can be constructive and affirmed that the process functioned as intended.

Ms. Pietrick stated that a Capital Improvement Plan (CIP) discussion has been added to the Finance Commission's February work plan to address whether inflation should be factored into debt issuance or other aspects of the CIP. She noted that the CIP process will begin with departments in March and that the Council requested Commission input. Pat Trudgeon will attend the February meeting to lead the discussion due to his familiarity with the CIP, and the topic may continue over multiple meetings.

Commissioner Kanzenbach noted questions regarding whether a 20-year Capital Improvement Plan remains useful and suggested that alternative timeframes, such as a 10-year plan, could be considered. He expressed interest in exploring how the Commission could evaluate these options and provide meaningful input on the CIP process.

Ms. Pietrick explained that recent efforts have focused on improving consistency in how departments estimate costs within the Capital Improvement Plan (CIP), moving away from automatic annual inflation assumptions and instead updating major capital items to current market costs. She noted that large-ticket items, such as vehicle replacements, are regularly adjusted to reflect present-day pricing, while smaller items may not require inflation adjustments. She added that future considerations, such as transitioning to electric vehicles, could affect costs and should be evaluated as part of the CIP process. She also noted that the 20-year CIP was developed many years ago and may benefit from review, adding that topics such as plan duration and potential debt issuance remain appropriate for further discussion.

Commission Direction on Member Initiated Agenda Items

a. Suggestions for ACFR and Additional Information

Commissioner Katzenbach suggested adding information on the impact of property taxes on the median home value to the ACFR. The suggestion included historical property tax numbers and the year-over-year percentage change. The inclusion of sales tax and franchise fees in the ACFR was discussed. The need for clarity in presenting tax impacts to the public and council was emphasized.

The Commission agreed that this should be added to the February agenda.

Identify Discussion Items for the Future Meeting

Chair Bester raised concerns about the impact of the new Minnesota Family Leave Act on the budget.

Ms. Pietrick explained the employer's share of the new payroll tax and the additional costs of implementing the act have been included with the 2026 budget.

The complexity of managing paid family medical leave, earned sick and safe time, and short-term disability was discussed. The potential for changes in overtime rules and their impact on the budget was mentioned.

Ms. Pietrick noted she was leaving her position in the city.

Chair Bester thanked Ms. Pietrick for her service and contributions to the city.

Commissioners Kanzenbach and Dahir expressed their appreciation for Ms. Pietrick's expertise and support.

Adjourn

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

Meeting adjourned at 8:09 p.m.