

**Commissioners:**

Siafa Barclay  
Bruce Bester  
Wanda Davies  
Sandra Klein-Hegge  
John Murray  
Dan Sagisser



**Finance Commission Agenda**

Tuesday, April 12, 2022

City Council Chambers

6:30 pm

**Address:**

2660 Civic Center Dr.  
Roseville, MN 55113

**Phone:**

651-792-7002

**Website:**

[www.cityofroseville.com](http://www.cityofroseville.com)

Following guidance from state health officials, Commission Members may participate in upcoming meetings electronically pursuant to Minn Stat. 13D.021.

Members of the public who wish speak during public comment or an agenda item during this meeting can do so virtually by registering at:

[www.cityofroseville.com/attendmeeting](http://www.cityofroseville.com/attendmeeting)

1. 6:30 P.M. Roll Call / Announcements
2. 6:35 P.M. Oath Of Office For Commissioner Sadiq Dahir

Documents:

[ITEM 2 - OATH OF OFFICE - COMMISSIONER DAHIR.PDF](#)

3. 6:40 P.M. Receive Public Comments
4. 6:45 P.M. Approve Meeting Minutes

Documents:

[ITEM 4 - MINUTES.PDF](#)

5. 7:00 P.M. Receive Finance Commission Recommendations Tracking Report

Documents:

[ITEM 5 - TRACKING REPORT.PDF](#)

6. 7:05 P.M. Review 2021 Cash Reserve Report And Cash Reserve Levels

Documents:

[ITEM 6 - REVIEW 2021 YEAR-END CASH RESERVE LEVELS.PDF](#)

7. 7:25 P.M. Staff Update
8. 7:30 P.M. Identify Discussion Items For Future Meetings

Documents:

[ITEM 8 - ANNUAL\\_WORKPLAN\\_2022.PDF](#)

9. 8:00 P.M. Adjourn

# Memo

**To:** Roseville Finance Commission  
**From:** Michelle Pietrick, Finance Director  
**Date:** April 12, 2022  
**Re:** Item #2: Administer the Oath of Office for Finance Commissioner Sadiq Dahir

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## **Background**

Consistent with past practices, all Roseville advisory commission members are required to take an official Oath of Office. This Oath is an official statement administered by the Commission Chair which instructs commission members to act in accordance with the Constitution of the United States and the State of Minnesota.

## **Staff Recommendation**

Staff recommends that new Commission Member Sadiq Dahir takes the Official Oath of Office at the April 12, 2022 Finance Commission meeting to be administered by the Commission Chair.

## **Requested Commission Action**

Take the Official Oath of Office at the April 12, 2022 Finance Commission meeting.

Prepared by: Michelle Pietrick, Finance Director  
Attachments: A: Not Applicable

# Memo

**To:** Roseville Finance Commission  
**From:** Michelle Pietrick, Finance Director  
**Date:** April 12, 2022  
**Re:** Item #4: Approve the Minutes from the March 15, 2022 Meeting

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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 15, 2022 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.

## **Staff Recommendation**

Review the draft minutes.

## **Requested Commission Action**

Amend (as necessary) and approve the Finance Commission meeting minutes for the March 15, 2022 meeting.

Prepared by: Michelle Pietrick, Finance Director  
Attachments: A: Draft Minutes from the March 15, 2022 Finance Commission Meeting

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**Finance Commission  
Meeting Minutes  
DRAFT – March 15, 2022 - DRAFT**

**Roll Call/Announcements**

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

**Commissioners Present:** Bruce Bester, Wanda Davies, John Murray, Dan Sagisser

**Commissioners Absent:** Siafa Barclay, Sandra Klein-Hegge

**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 Meeting Minutes**

Commissioner Murray moved, seconded by Commissioner Sagisser to approve the February 8, 2022 meeting minutes as amended. **The motion carried unanimously.**

**Receive Finance Commission Recommendations Tracking Report**

Chair Davies reviewed the Finance Commission Tracking Report.

**Review 2021 Investment Portfolio Performance**

Finance Director Pietrick reviewed the 2021 Investment Portfolio performance.

Chair Davies asked if the term was shortened due to the concern of increase in interest rates.

Ms. Pietrick explained she shortened the portfolio because the better interest rates were in the shorter term versus longer term and as things mature, she evaluates what is the best yield. She noted she is starting to go out a little longer because she has gotten some good interest rates there and she has gotten some really good interest rates shorter term as well. She was trying to get the best yield as possible.

47 Chair Davies thought Ms. Pietrick waited until maturity to make the decision to change the term  
48 by selling shorter term things and buying longer term things.

49

50 Ms. Pietrick indicated that was correct.

51

52 Commissioner Murray asked how much time Ms. Pietrick spent on managing the portfolio.

53

54 Ms. Pietrick indicated she was not sure but probably half an hour per week, if averaged out. She  
55 explained she tries to keep enough cash on hand so investments did not need to be sold at a loss  
56 to cover expenses and the City does get revenue outside of taxes, but in smaller amounts and if  
57 unforeseen revenue does come in she will look for an investment to put the money in.

58

59 Commissioner Murray asked if something were to happen to Ms. Pietrick is there someone in the  
60 City that could take over and carry on.

61

62 Ms. Pietrick explained her assistant would know what to do as he did so during the period  
63 between the former Finance Director leaving and herself arriving. Lessons learned from that  
64 situation has resulted in better written procedures on how to get ahold of the bank and the  
65 investment brokers. Unfortunately, she is losing the Assistant Finance Director who is going to  
66 the City of Woodbury.

67

#### 68 **Review Draft Revision to Investment Policy**

69

70 Finance Director Pietrick stated the purpose of the Investment Policy is to ensure the most  
71 efficient use of the City's idle funds, and to ensure the best return on these funds while making  
72 only those investments allowed by law.

73

74 Chair Davies indicated the City Council seemed receptive to the Finance Commission reviewing  
75 the Investment Policy for possible changes.

76

77 Ms. Pietrick indicated the Council minutes are included in the packet and she has also drafted a  
78 revised policy with the inclusion of Equity Investment option. She noted she also included the  
79 Minnesota State Statute 118A.09. She explained she did reach out to the City of Woodbury for  
80 information on their program. She reviewed the City of Woodbury's investment summary with  
81 the Commission. She thought this could be a good tool for the City because it is focused on the  
82 capital dollars side.

83

84 Chair Davies asked what time period Ms. Pietrick would see moving the money into the market.

85

86 Ms. Pietrick thought over the course of two years to three years.

87

88 Commissioner Murray indicated the City Council had asked for a ten-year track record and he  
89 wondered if staff could get that out of the State Investment Board.

90

91 Ms. Pietrick explained the State Investment Board has different reports out there and she has  
92 reached out to the Board to see if more data could be provided than the very high-level  
93 summaries.

94

95 Commissioner Murray thought that might make the City Council more comfortable.

96

97 Ms. Pietrick thought the Council was receptive to the presentation and she thought the City is in  
98 a much different point in time than the City was back in April 2020.

99

100 Chair Davies thought the timing of the first presentation could not have been worse.

101

102 Ms. Pietrick indicated that was correct. She indicated she does have information from the City of  
103 Woodbury but that city has only been with the State Investment Board for three years and  
104 remains the only city utilizing this investment option.

105

106 Commissioner Murray made a motion, seconded by Commissioner Davies to recommend the  
107 draft Investment Policy to the City Council. **The motion passed unanimously.**

108

109 **Select Chair, Vice-Chair, and Ethics Commission Representative**

110

111 Chair Davies indicated she was willing to continue as Chair of the Finance Commission.

112

113 Commissioner Sagisser indicated he was willing to continue as Vice-Chair.

114

115 The Commission left all positions the same as in the previous year.

116

117 Commissioner Murray made a motion, seconded by Commissioner Sagisser to appoint  
118 Commissioner Davies as Chair and Commissioner Sagisser as Vice-Chair of the Finance  
119 Commission. **The motion passed unanimously.**

120

121 Commissioner Murray made a motion, seconded by Commissioner Sagisser to appoint  
122 Commissioner Bester to the Ethics Commission. **The Motion passed unanimously.**

123

124 **Staff Update**

125

126 None

127

128 **Identify Items for Future Meetings**

129

130 Chair Davies indicated at the April meeting the Commission will review the preliminary year  
131 end cash reserve levels and may end up reviewing the decision from the City Council regarding  
132 the Investment Policy.

133

134 Ms. Pietrick explained she did present the Year End Cash Reserves to the City Council and there  
135 was some discussion about two funds with excess cash reserves being swept to the Excess Cash

136 Reserve Fund. She reviewed the discussion of the City Council with the Finance Commission  
137 and thought the Commission should discuss this in more depth at the April meeting.

138

139 Chair Davies reviewed the Commission interviews with the Commission and her  
140 recommendation to the City Council.

141

142 Ms. Pietrick indicated at the May meeting the Commission will be touring the Roseville OVAL.  
143 She also indicated the Zoom meeting option will not be available for the City Commissions to  
144 use after April.

145

146 **Adjourn**

147

148 Commissioner Murray made a motion, seconded by Commissioner Sagisser to adjourn. **The**  
149 **motion passed unanimously.**

150

151 Meeting adjourned at 7:12 p.m.



# Memo

**To:** Roseville Finance Commission  
**From:** Michelle Pietrick, Finance Director  
**Date:** April 12, 2022  
**Re:** Item #5: Review Finance 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 A* for review. The report has been updated to reflect items that have been closed or added per Commissioner Bester.

## **Staff Recommendation**

Not applicable.

## **Requested Commission Action**

For review and discussion purposes only. No formal Commission action is necessary.

Prepared by: Michelle Pietrick, Finance Director  
Attachments: A: Tracking Report

**Roseville Finance Commission  
Recommendation Tracking Report**

No.	Recommendation	Description	Date Recommended	Date Presented	Status	Discussion and Next Steps
2022-01	Expanding Investment Policy Language to permit limited use of equity investments	Proposal to permit Finance Commission to bring to the City Council for consideration - expanded policy language for limited equity based investments.	2/8/2022	2/14/2022 4/11/2022	Pending	Initial proposal presented to Finance Commission 2/8/22. Request for consideration presented to City Council 2/14/22. Draft of proposed policy to Finance Commission 3/15/22. Proposed policy draft presented to City Council 4/11/22.

## 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.

# Memo

**To:** Roseville Finance Commission  
**From:** Michelle Pietrick, Finance Director  
**Date:** April 12, 2022  
**Re:** Item #6: Review 2021 year-end cash reserve levels

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## Background

At the March 14, 2022 City Council meeting the 2021 year-end cash reserves report was presented which showed 2 funds above the high target level. The City's Operating Fund Reserve Policy states that excess reserves above the maximum reserve level for that specific fund (less funds needed for capital expenditures and funds received as donations) shall be placed into the Cash Reserve Fund.

## Identifying Excess Cash Reserves

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

From Information Technology	\$360,160
From Parks & Recreation	<u>\$ 79,662</u>
Transfers to the Cash Reserve Fund	\$439,822

The Cash Reserve Fund had a balance of \$700,501 after these transfers were approved.

**License Center** fund would have ended the year with a deficit of \$325,783, however, ARPA funds of \$688,000 which equaled the revenue loss in this fund for 2020 were transferred into the fund in 2021. The year end balance is 11%, which is slightly above the low target range.

**General** Fund, exclusive of the cash reserve fund ended the year at a 46% cash reserve level which is a good financial sign. 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.

**Communications** fund ended the year with a 18% cash reserve level which is within the target range for this fund.

**Information Technology** (IT) fund had a large excess fund balance as a result of the 2022 budget which was reduced since Metro-INET operations are now a standalone JPA organization. As noted at the City Council meeting, there will be increasing costs over time and the 2022 budget utilized some of the fund reserves and also repositioned part of the Tax Levy from IT Capital over to IT operations.

## Requested Commission Action

For information purposes only

Prepared by: Michelle Pietrick, Finance Director  
Attachments: A: Operating Fund Cash Reserve Policy updated 9/20/21  
B: 2021 Year-end Fund Balance 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. The fund 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

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



# Operating Fund Reserve Policy

Revised September 20, 2021

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

12/31/21 Cash Reserves Updated 3/8/2022

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

<u>Operating Fund</u>	12/31/2021	Less	12/31/2021	12/31/2021	12/31/2021	12/31/2021	2022	Target	Target	12/31/2021	12/31/2021
	Cash	From	<i>Available</i> Cash	Reserve	<b>Above High</b>	<b>Below Low</b>	Operating Budget	Low	High	Low Target Reserve	High Target Reserve
	<u>Reserves</u>	<u>Donations</u>	<u>Reserves</u>	<u>Level</u>	<u>Target %</u>	<u>Target %</u>	<u>Budget</u>	<u>Low</u>	<u>High</u>	<u>Level</u>	<u>Level</u>
(1) General: Primary	\$ 8,875,026	\$ (79,803)	\$ 8,795,223	46%	\$ -	\$ -	\$ 19,049,751	35%	50%	\$ 6,667,413	\$ 9,524,876
(2) General: Cash Reserve Fund	266,054	-	266,054								
Parks & Recreation	2,003,435	(323,085)	1,680,350	31%	79,662	-	5,335,628	20%	30%	1,067,125	1,600,688
(3) Communications	94,362	-	94,362	18%	-	-	516,998	10%	30%	51,700	155,099
(4) Information Technology	485,792	-	485,792	58%	360,160	-	837,549	10%	15%	83,755	125,632
(5) License Center	243,267	-	243,267	11%	-	-	2,151,630	10%	15%	215,163	322,745
					\$ 439,821	\$ -					

(1) Unrestricted cash only

(2) See analysis below

(3) The Communications Fund capital outlay was moved in 2020 to the facilities replacement fund.

(4) Used \$91,682 to balance 2022 budget and moved \$50,000 of Tax levy from the Capital Fund to IT operations

This excludes capital outlay which is in a separate fund.

(5) \$688,000 ARPA dollars transferred in to cover 2020 revenue loss- FB was deficit (\$325,783) before the transfer

### Cash Reserve Target Levels

<u>Operating Fund</u>	Target	Target
	<u>Low</u>	<u>High</u>
General (unrestricted portion)	35%	50%
Parks & Recreation	20%	30%
Communications	10%	30%
Information Technology	10%	15%
License Center	10%	15%

Percentages reflect the amount of cash holdings relative to the operating budget



**Cash Reserve Fund 105****2018 Approved Transfers:**

From Parks & Rec	635,000
From IT	170,000
From License Center	81,000
To General Fund	0
12/31/2018 Balance	<u>886,000</u>

**2019 Approved Transfers:**

From Parks & Rec	169,985
From Communications	124,947
From IT	234,924
From License Center	249,140
To General Fund	(918,583)
2019 Interest Revenue	<u>10,084</u>
12/31/2019 Balance	<u>756,497</u>
2020 Interest Revenue	6,323
Authorized use: Equity Consultant	(100,000)

**2020 Approved Transfers:**

To License Center-minimum balance	(354,958)
To Parks & Rec	(235,798)
From IT	<u>193,990</u>
12/31/2020 Balance	<u>266,054</u>
2021 Interest Revenue	(5,375)

**2021 Approved Transfers:**

From Parks & Rec	79,662
From IT	<u>360,160</u>
12/31/2021 Balance	<u>700,501</u>

## Roseville Finance Commission

### 2022 Meeting Topics & Calendar

Month	Discussion Topic (Tentative)
January 11	<ul style="list-style-type: none"> <li>▪ Discuss Items for a Joint Meeting with City Council</li> </ul>
February 8	<ul style="list-style-type: none"> <li>▪ Sales Tax Discussion update ( tentative)</li> <li>▪ Finalize items for Joint Meeting with City Council on February 14</li> </ul>
March 8	<ul style="list-style-type: none"> <li>▪ Select Chair, Vice-Chair, and Ethics Commission Representative</li> <li>▪ Review 2021 Investment Portfolio performance</li> <li>▪ Investment Policy revision discussion</li> </ul>
April 12	<ul style="list-style-type: none"> <li>▪ Review 2021 preliminary year-end cash reserve levels</li> <li>▪</li> </ul>
May 10	<ul style="list-style-type: none"> <li>▪ Tour Ice Oval/Arena</li> <li>▪ (Tentative)Discussion with Police Chief – give detail questions that can be responded to in writing</li> </ul>
June 14	<ul style="list-style-type: none"> <li>▪ Review 2021 Audit Reports</li> <li>▪ 2023-2042 Capital Improvement Plan review #1</li> </ul>
July 12	<ul style="list-style-type: none"> <li>▪ 2023-2042 Capital Improvement Plan review #2</li> </ul>
August 24 * Wednesday	<ul style="list-style-type: none"> <li>▪ Discuss the 2023 City Manager Recommended Budget &amp; Tax Levy</li> <li>▪ Discuss items for Joint City Council-Finance Commission meeting</li> </ul>
September 13	<ul style="list-style-type: none"> <li>▪ Establish Recommendation on 2023 City Manager Recommended Budget &amp; Tax Levy</li> <li>▪ Establish Recommendation on 2023-2042 Capital Improvement Plan</li> <li>▪</li> </ul>
October 11	<ul style="list-style-type: none"> <li>▪ Update on the Council-adopted 2023 preliminary Budget &amp; Tax Levy</li> <li>▪ Review and adopt a recommendation on the 2023 proposed utility rates</li> </ul>
November 15	<ul style="list-style-type: none"> <li>▪ Adopt 2023 Meeting Calendar</li> <li>▪ Adopt 2023 Work Plan</li> </ul>
December 13	<ul style="list-style-type: none"> <li>▪</li> <li>▪</li> </ul>