

**Finance Commission
Meeting Minutes
February 8, 2022**

Roll Call/Announcements

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

Commissioners Present: Sifa Barclay, Bruce Bester, Sandra Klein-Hegge, John Murray, Dan Sagisser

Commissioners Absent: Wanda Davies

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

Vice Chair Sagisser asked if there were any changes.

Commissioner Bester stated line 116 should be changed to: “Commissioner Bester noted that based on the City Council meeting minutes of 4-13-20, Councilmember Etten seemed to be most concerned about risk of market fluctuations, thus, opposed to the notion of Equity Investments.”

Ms. Pietrick indicated if Commissioner Bester would prefer the sentence could be stricken. The minute taker has been instructed to be very inclusive.

Commissioner Bester asked if the Commission was ok with what he stated.

The Commission concurred it was ok.

Commissioner Bester moved, seconded by Commissioner Klein-Hegge to approve the January 11, 2022 meeting minutes as amended. **The motion carried unanimously.**

Receive Finance Commission Recommendations Tracking Report

Commissioner Bester indicated there were no open items as of January 31, 2022.

Finalize Discussion Items at Joint Meeting

Finance Director Pietrick reviewed items the Commission should update the City Council on. She noted the Commission is also asking the City Council to reconsider the investment options.

Commissioner Bester explained previously the Commission has talked about utility rates, trash and recycling, reviewed the CIP budget, budget recommendations for 2021.

Vice Chair Sagisser thought the Commission reviewed quite a few things throughout the year.

Ms. Pietrick indicated she could combine a few things into one topic to present to the Council.

Vice Chair Sagisser indicated he could review some of the items and Chair Davies could review some as well. He noted he planned on being at the meeting remotely.

The Commissioners indicated they would also be at the meeting.

Commissioner Murray indicated he could talk about the investment topic.

Vice Chair Sagisser indicated he would be interested in discussing recycling and he would put Chair Davies down for overview of the year.

Vice Chair Sagisser reviewed items reviewed by the Commission in 2021.

Commissioner Bester indicated he could cover the cash reserve level policy changes.

Ms. Pietrick indicated for the CIP the Commission did endorse the increase in tax levies.

Commissioner Klein-Hegge indicated she would observe, if possible.

Commissioner Barclay indicated he would update the City Council on the CIP.

Ms. Pietrick reviewed the investment items the City can invest in.

The Commission continued to review the investment policy with Ms. Pietrick and how this would be presented to the Council.

Commissioner Bester indicated the last time this was presented the Council thought the risk was too much to invest City dollars. He noted each year the City makes market to market adjustments.

Ms. Pietrick indicated those are accounting adjustments only and reflect a book loss, not a realized loss unless an investment is sold early. The investment adjustments reflect what the market says the investment is worth.

Commissioner Murray indicated the City lost money when the strip center was purchased because investments were sold.

Commissioner Bester asked if there is a real difference in the market risk.

Commissioner Murray indicated over the last 43 years there have been 11 down years and 32 up years. It is approximately 3 out of 4 that it is up and 1 out of 4 that it is down. He did not see why it would be a risk that the Council could not live with because over a ten-year period they are almost safe and that is what the Commission is looking at.

The Commission continued to discuss the pros and cons of investing in the equity market.

Staff Update

Finance Director Pietrick explained that the local sales tax option was discussed by the City Council on January 10th and 24th. When this initially started staff was looking at transportation projects but those no longer qualify. The Legislature believes there is enough alternative funding out there for road projects. Staff revised the projects, based on the regional nature of Roseville, to utilize the local sales tax option for funding a new license center and passport office, funding the new maintenance facility and a bike/walking bridge over Highway 36. These are three separate components and if the Legislature approves, the question would be on the ballot in November for a vote.

Ms. Pietrick indicated the Legislature can approve or deny any part of the proposal. She noted Roseville is not the only City asking to have a local sales tax option.

Vice Chair Sagisser asked what was the success rate of other cities that have asked.

Ms. Pietrick explained out State cities have been a little more successful than metro cities. She noted some cities have had part of their projects authorized. She explained it is one way for non-residents to have a hand in paying for services that they use when in the City.

Commissioner Klein-Hegge asked if the sales tax would be applied to everything purchased in the City or just specific items.

Ms. Pietrick indicated it would be everything that Minnesota currently applies sales tax to.

Commissioner Murray asked if the City Council asked the Finance Commission to consider this previously.

Ms. Pietrick indicated the Council did not but at this point there is nothing to consider.

Vice Chair Sagisser asked if the sales tax will cover that or will there be items that will still need to be paid for.

Ms. Pietrick explained the Campus Master Plan had a number of things within it and these were two pieces of the plan.

Ms. Pietrick indicated the ARPA spending plan will be going to the City Council on February 14th. Staff received Federal dollars and the total amount the City will receive is slightly over 3.9 million dollars. For much of the year the City was following an interim final rule from the US Treasury. The Federal Government did issue the final rule after listening to comments from cities. Roseville is a non-entitlement City, which means the City does not get direct CBDG funding and the City is small. The City will have the ability to do a one-time standard revenue loss exemption under the final rule. The City will be able to take the full amount of 3.9 million and report it as revenue loss. The standard exemption goes up to 10 million dollars. The Federal rule states the money can be used for general Government services, however, in keeping with the intent behind these funds, the City has developed a spending plan in the categories that were in the original interim rule and are in the final rule. Those categories are: responding to the public health emergency, responding to negative economic impact, premium pay for essential workers, water, sewer, broadband infrastructure, and revenue replacement. Department heads have been discussing the use and came up with a broad list of items. They started the discussion with the 2022 budget, staff did allocate some ARPA dollars during the budget in the capital area for records management systems in Police and Fire and the EDA was given \$150,000 for a Choose Roseville campaign for hiring/shopping local.

Ms. Pietrick will be asking the Council to approve taking the standard revenue loss exemption which satisfies the Federal reporting requirements and will also ask the Council to approve a preliminary spending plan, which is looking at one time items. Not all of the funding will be allocated however, one of the critical needs is the license center requires their lost revenue back to keep operating.

Ms. Pietrick indicated she has a conflict on the March meeting. She asked the Commission if March 9th, 10th or 15th works for them. She noted Chair Davies indicated the 10th will not work for her.

Commissioner Klein-Hegge indicated she will be out of town all of those dates.

Vice Chair Sagisser indicated his preference is March 15th but could make them all work.

The rest of the Commission indicated all of the dates could work for them.

Identify Discussion Items for Future Meetings

Finance Director Pietrick explained at the March meeting the Commission will select a Chair, Vice-Chair and Ethics Commission Representative and also will review the 2021 Investment Portfolio performance.

Commissioner Murray thought the Commission could tour some more facilities in May.

Vice Chair Sagisser thought the OVAL would be a good tour as well as the area where the campus will be moving into.

Commissioner Murray indicated the Commission had recommended additional budget for staffing for the Police Department and thought they should talk to them and find out how they are doing and if it has made a difference.

The Commission discussed the Campus Master Plan proposal.

Commissioner Murray indicated he would like to comment about sales tax. He indicated Ms. Pietrick stated 78 percent of license center users are non-Roseville residents, historically the City has made money on that anyway so the non-residents are kind of paying the way, supposedly, even though in the last few years it has not been too good. Sales taxes are seen as somewhat generally regressive, poor people pay more than wealthy people and one of the principles of taxation is the ability to pay and also that there is a benefit to the people paying the tax. Rosedale would get the bridge but fifty percent is clothing stores and they are not paying any sales tax. He talked to one of the owners there, the jewelry store, and they were not too enthusiastic about that because they have had the same COVID problems as everyone else has had.

Adjourn

Commissioner Murray made a motion, seconded by Commissioner Bester to adjourn. The **motion passed unanimously.**

Meeting adjourned at 7:45 p.m.