

**Finance Commission  
Meeting Minutes  
June 14, 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:** Bruce Bester, Dan Sagisser and Sadiq Dahir

**Commissioners Absent:** Siafa Barclay, Wanda Davies Sandra Klein-Hegge, and John Murray

**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.

**Auditor Presentation of 2021 Audit Reports**

Ms. Rebecca Petersen, Director at Redpath and Company, presented the 2021 audit report to the Commission. She reviewed the information with the Commission and asked if there were any questions.

The Commission did not have any questions.

**Approval of Meeting Minutes**

Vice-Chair Sagisser indicated there were not enough Commission Members in attendance to approve the minutes for the May 10, 2022 meeting. He requested this be moved to the July meeting for approval.

Commissioner Bester thought the tour of the OVAL should be included in the minutes.

Commissioner Bester thought the conversation with the Police Chief was excellent.

Vice-Chair Sagisser agreed and indicated he read the meeting notes and was able to follow them. He thought it was very well written.

Ms. Pietrick indicated she will bring back the meeting minutes to the next meeting for approval.

### **Receive Finance Commission Recommendations Tracking Report**

Commissioner Bester updated the Commission on the progress of items on the Tracking report.

### **Review Capital Investment Policy**

Finance Director Pietrick updated the Commission on the Capital Investment Policy. She noted the policy was last updated in 2019.

Vice Chair Sagisser asked if there was a replacement for how much the cash reserve should remain at for the Street Fund.

Ms. Pietrick indicated there is not. The fund is currently supported by levy and Municipal State Aid (MSA) dollars. If the City has a street project that is on an MSA road the City receives dollars. The fund is currently running around five million dollars for a fund balance. She explained as long as the fund can cover the next ten years' worth of projects and the fund is analyzed yearly, that seems like reasonable reserves.

Vice-Chair Sagisser thought previously the discussion was around making sure the street reserve fund was well financed for a long time so it should be left alone. He noted he did not remember a lot of the details of the conversation but he would be interested to see what the rest of the Commission thinks about that. His opinion is that the desire was to keep at least some reserve and to make sure it is funded out ten years. He would like to change the language to reflect that.

Commissioner Dahir asked what the ideal amount of money staff would like to have in the fund reserve. He wondered if this should be a set amount or set to a number of years.

Ms. Pietrick thought the years would be preferable, simply because the City has no idea what costs will be in the future and even with a ten year plan the most reliable number and projects are in years one through five. This is kind of two-fold because staff does examine all of the Capital Funds each year and last year some changes were made to the tax levy. She thought using the years rather than the dollar amount is better because the further out this goes the less is known what a dollar will cover.

Commissioner Bester asked if staff was working harder than needed by having that extra ten years to go out to twenty years with questionable values.

Ms. Pietrick indicated it helps to start seeing potential areas where funding will be needed. Last year was the first year the City Manager and herself sat down with all of the CIP funds and really examined every fund, looking at the chart, and where the fund balance was going to go negative they explored options with the tax levy and brought forward a list of funds that would need help in the short term and the goal was to get the funds positive through ten years, if not longer. This helps to get a handle on what might be happening down the road.

Commissioner Bester thought this plan was terrific.

Ms. Pietrick continued with the policy review. She recommended increasing the Capital Assets definition to ten thousand dollars or more from five thousand or more. She noted this corresponds with the City's purchasing threshold.

The Commission agreed.

Ms. Pietrick reviewed the Enterprise Fund definition with the Commission. She noted the Enterprise funds are not all one hundred percent fee supported. The golf course gets transfers in. The change would be from "one hundred percent" to "primarily". She explained this was the first discussion on the policy and can be brought back to the next meeting for further discussion when more Commissioners are present.

The Commissioners concurred.

### **Review Draft 2023-2042 Capital Improvement Plan & Tentative Funding Strategies**

Finance Director Pietrick reviewed the 2023-2042 draft Capital Improvement Plan and Tentative Funding Strategies with the Commission.

Ms. Pietrick indicated City Manager Trudgeon and herself reviewed this and are proposing the second-year increase of \$200,000 into the Police Vehicle and Equipment Fund. The City did a \$200,000 increase in 2022 with an additional \$200,000 in 2023 and then in 2024 the City would have the levy capacity to pay for the six firefighters. Staff is also recommending some minor increases in the levy support to the Administration Equipment Fund and the Finance Equipment Fund. Staff is proposing a decrease in the Central Services Equipment Fund and a decrease in the IT Equipment Fund for two years. She provided a few charts and reviewed some of the funds with the Commission.

Commissioner Bester asked in the 2023 budget there is no anticipation for the campus redesign.

Ms. Pietrick indicated that the campus redesign is not yet included in the Capital Improvement Plan. The city currently has a conceptual design and this plan will be refined over the next year or so. As the plan becomes firmed up, the cost of the project will become more concrete. At this time, she anticipates that it will be programmed into the CIP with potential funding sources identified. A project of this nature takes time and needs a lot of discussion on the different parts to the project.

### **Staff Update**

Ms. Pietrick indicated she received a phone call from Commission Murray before the meeting and he indicated to her that he was stepping down from the Finance Commission. She explained his term ends March 31, 2023. She reviewed the reason for his resignation.

Ms. Pietrick explained Commissioner Klein-Hegge sent her an email about some health issues that would need to be taken care of in September and asked if she could attend meetings via Zoom or she would have to resign. Ms. Pietrick indicated she reached out to the City Attorney and he explained that Commissioner Klein-Hegge could attend via Zoom only if her home address were posted and make it open to the public under State Statute.

Vice-Chair Sagisser thought the State Statute needed a post COVID update. He asked if Commissioner Klein-Hegge could resign and then be reappointed later because it takes a couple of months to interview and find another Commissioner. He thought it seemed like an unfortunate reason to lose a Commissioner because of a health issue.

Ms. Pietrick indicated she would explore that idea if Commissioner Klein-Hegge was in support of that.

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

Vice-Chair Sagisser stated the next agenda would include discussions on 2023-2042 Capital Improvement Plan and the Capital Improvement Plan Policy review number two and approval of the May 10, 2022 meeting minutes.

Ms. Pietrick noted the August meeting has been adjusted to a Wednesday, later in the month and the Commission will be reviewing the City Manager recommended budget tax levy. She also reviewed the September-November possible agenda items with the Commission.

### **Adjourn**

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

Meeting adjourned at 7:34 p.m.