

**Finance Commission
Meeting Minutes
July 12, 2022**

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: Sifa Barclay, Bruce Bester, Wanda Davies, Dan Sagisser and Sadiq Dahir

Commissioners Absent: Sandra Klein-Hegge, 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.

Approval of Meeting Minutes

Commissioner Bester indicated he had sent his revisions into staff.

Commissioner Bester moved, seconded by Commissioner Sagisser to approve the May 10, 2022 meeting minutes as amended. **The motion carried unanimously.**

Commissioner Bester moved, seconded by Commissioner Dahir to approve the June 14, 2022 meeting minutes as amended. **The motion carried unanimously.**

Receive Finance Commission Recommendations Tracking Report

Commissioner Bester reviewed the Finance Commission tracking report.

Review Capital Investment Policy

Finance Director Pietrick stated the Capital Investment Policy was last reviewed in May 2019. She reviewed the Capital Investment Policy with the Commission. She noted staff was recommending under the Street Infrastructure Replacement Fund, the section categorizing this as a permanent fund should be removed. Staff further recommends replacing the sentence “interest

proceeds for at least 10 years based on needed street replacements.” with “maintain 5-10 years of construction projects in reserves”.

Chair Davies indicated for clarification the words “permanent fund” should be removed.

Commissioner Sagisser preferred ten years for the reserves but was open to other comments.

Chair Davies thought 5-10 years was a very big range.

Ms. Pietrick explained the 5-10 years was staff’s way of trying to come up with a non-dollar amount. Currently the street fund has a positive balance for seventeen years and does not go negative until 2040. Looking at outlying years, which staff cannot commit the Council to increasing the tax revenues in 2024 and beyond, one of the things staff does internally is look at the funds and if the funds are going to go negative staff starts looking at ways to incrementally increase taxes and this fund will need an incremental increase starting in 2024. She noted this could be delayed a little bit but ten years of projects is approximately seventeen million dollars. The City does levy into this fund so all of the reserves are not used every year for street projects.

Chair Davies agreed that it is better to put a number of years of projects into the policy.

Ms. Pietrick explained since staff looks at these funds every year, staff is not going to let the funds be depleted completely.

Chair Davies asked why Commissioner Sagisser thought five years was too short.

Commissioner Sagisser thought that longer is better. It is important to him that he does not want to end up like St. Paul, with assessments all of the time.

Chair Davies personally thought five years is adequate and having a large range actually gives the opportunity for economic changes.

Ms. Pietrick indicated the second update is under definitions, the capital asset threshold should be increased to \$10,000 to correspond with the increased purchasing threshold. The third update is under higher-cost capital additions. She recommended removal of the highlighted section and replace with “as separate Council actions with detail fiscal analysis”.

Ms. Pietrick suggested the final update would be that the Enterprise fund definition should replace the “100%” fee supported with “primarily” fee supported. She stated the capital asset needs of the Golf Course are covered by transfers from the Parks Equipment and Parks Improvement funds. She noted she would also recommend removing Exhibit A and B as these are more regularly found in a procedures document, not a policy document.

Commissioner Bester moved, seconded by Commissioner Sagisser to recommend the City Council make the recommended changes to the Capital Investment Policy. **The motion carried unanimously.**

Draft 2023-2042 CIP

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

Chair Davies indicated she found it a little frustrating on the fee supported Capital Funds that it does not break out the revenues so she cannot see which funds have the real deficit. She noted the expenses are broken out.

Ms. Pietrick reviewed the different funds with their balances over the years. She noted she will send out a revision for the Commission on the water fund.

The Commission asked financial based questions of Ms. Pietrick regarding past and current budgets.

Ms. Pietrick indicated this will go before the City Council in September. She asked the Commission to send her any questions or suggestions that can be reviewed at a future meeting.

Staff Update

Ms. Pietrick indicated Commissioner Klein-Hegge will be attending meetings via Zoom. Commissioner Murray was not sure if he would be at the August meeting but will be at the September meeting.

Identify Discussion Items for the Future Meetings

Chair Davies stated the next agenda would include discussions on the Budget and Tax Levy recommendation.

Adjourn

Commissioner Sagisser made a motion, seconded by Commissioner Barclay to adjourn. The **motion passed unanimously.**

Meeting adjourned at 7:52 p.m.