

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD
AGENDA**

DATE: October 23, 2018
Black Eyed Susan Conference Room, 3rd Floor City Hall
TIME: 6:30 p.m.

- I. Call to Order at 6:30 p.m.
- II. Approve Agenda
- III. Approve Minutes
 - Attachment: Minutes from September 5, 2018
- IV. Reports
 - Beryl L. Feinberg, Mayor and Council Liaison
 - Stacey Webster, City Staff Liaison
 - FAB Member Reports – See Action Plan
- V. Old Business
 - Follow-up from Last Meeting – Wright
 - Other
- VI. Guest Speaker (approx. 7:30 p.m.), Jessica Blow, Director of Procurement
- VII. New Business
- VIII. Future Agendas and Meeting Dates
- IX. Good of the Board
- X. Adjourn

NEXT MEETING: November 29, 2018

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD**

DATE: September 5, 2018

LOCATION: Back Eyed Susan Conference Room, 3rd Floor City Hall

TIME: 6:30 p.m.

**Board Meeting
MINUTES**

PRESENT: Board Members: Jack Kelly, Kuan Lee (via phone), Corey Orlosky, Bob Wright (Board chair)
Mayor and Council Liaison: Beryl Feinberg
Staff Liaison: Stacey Webster, Deputy Director of Finance
Staff: Rob DiSpirito, City Manager; Gavin Cohen, Chief Financial Officer/Director of Finance; Karen Marshall, Director of Human Resources; Jessica Blow, Director of Procurement
Guest: Andrew Brammer, prospective Board Member

ABSENT: Sylvia Pacher, Board Member

I. Call to Order

Mr. Wright called the meeting to order at 6:33 p.m.

Mr. Wright introduced Andrew Brammer. The Board introduced themselves to Mr. Brammer and Mr. Brammer provided a brief background about himself and why he was interested in joining the Board.

II. Approve Agenda

Mr. Wright asked the Board to review the agenda. There were no changes or comments.

III. Approve Minutes

Mr. Kelly made a motion to approve the minutes from July 17, 2018. Mr. Orlosky seconded the motion. All members voted in favor.

IV. Reports

- Councilmember Beryl Feinberg

Councilmember Feinberg reported the Mayor and Council are on recess until September 17, 2018, at which time they resume with a packed agenda.

- Stacey Webster, Staff Liaison

Ms. Webster reported the FY 2020 Budget Calendar and Process item is scheduled to be presented to the Mayor and Council on October 8, 2018.

- FAB Member Reports

Mr. Lee thanked Ms. Webster for setting up a meeting with the Department of Public Works to discuss performance measures. Mr. Wright and Mr. Kelly attended this meeting with him. Mr. Lee is interested in possibly meeting with additional departments to discuss their performance measure process.

Mr. Wright reported that three members of the Board, Jack Kelly, Kaun Lee and himself, met Tim Chesnutt at the King Farm Dairy Barns for an interesting tour that showed the stabilization and reconditioning of the Dairy Barns. He confirmed that it is a large space that will likely be very expensive to outfit. Mr. Wright commented that the King Farm Task Force has some challenges for coming up with potential uses. Mr. Kelly reminded the Board that there are many elements that must come together to decide on the use, including: property deed and covenants, Historic District Commission, and Mayor and Council. Councilmember Feinberg reminded the Board that sufficient parking is one of the biggest challenges or constraints.

Mr. Wright reported that FourSquare Integrated Transportation Planning was selected as the contractor for the transit gap analysis. A work group will be formed to help with the overall process. Mr. Wright will be a member of the work group. They are currently looking for a date for their first meeting.

Mr. Wright reported that he reviewed the cash and investment portfolio summary and that the interest rate received on the City's cash and investments is steadily increasing as would be expected given that the Federal Reserve is slowly increasing interest rates.

Mr. Wright discussed the performance measurement meeting that Mr. Lee, Mr. Kelly and he had with the Department of Public Works. He explained that the Maintenance Operations Division has a specific focus that has objective measures and repetitive tasks; and that the level of quality or depth in performance measures in other parts of Public Works does not yet exist. Mr. Kelly described how Public Works developed SOP's to help them define or measure their performance.

V. Old Business

- FY 2018 Final Report

Mr. Wright asked the Board to approve the FY 2018 Annual Report. Mr. Kelly made a motion and Mr. Orlosky seconded the motion. All members voted in favor.

- FY 2019 Action Plan

Mr. Wright reported that he sent the document to the City Manager for review and comment. Mr. Wright incorporated the City Manager's changes. Mr. Wright asked the Board to approve

the FY 2019 Action Plan. Mr. Kelly made a motion and Mr. Orlosky seconded. All members voted in favor.

Mr. Wright wants both the FY 2018 Annual Report and FY 2019 Action Plan to be included in the October 8, 2018, Mayor and Council agenda item. Ms. Webster will send Mr. Wright a draft of the agenda report when it is complete.

- Performance Measures

Mr. Kelly wants to schedule time to meet with Mr. Lee to review the information from Public Works and to determine if they want to meet with another department. Mr. Lee will email Mr. Kelly to set up a meeting in the near future.

- Follow-up from Last Meeting

Mr. Wright reported that at this time Mr. Brammer was the only person that had submitted an expression of interest to join the Financial Advisory Board. Mr. Wright would prefer Mr. Brammer's appointment take place at the Mayor and Council meeting on September 24, 2018. Councilmember Feinberg asked if Mr. Brammer met with the Mayor yet. Mr. Wright responded that he has not, but they will work on scheduling a meeting with her in the next two weeks.

VI. Guest Speaker

Mr. Wright introduced Karen Marshall, Director of Human Resources. Ms. Marshall provided background on the prior compensation and classification study. The last study was done in 2014/2015, and it focused on compensation, benefits, performance evaluation system, and classifications (exempt v. non-exempt). Subsequent compensation changes went into effect in FY 2016. At the time of the last study, the Mayor and Council and City Manager agreed that there would be another review in three to five years.

The scope of the current compensation and classification study focuses on internal equity. Mr. Kelly asked if there was any thought to looking at total compensation, including benefits. Ms. Marshall explained that we looked at full benefits during the last study, but it is not included in this study. Mr. DiSpirito said that staff is not doing a full benefit analysis based on the time and complexity of doing such an analysis, and the fact that a comprehensive analysis was done in 2014/2015. Human Resources wants to focus on internal equity, which is currently viewed as problematic by some employee groups.

Councilmember Feinberg mentioned that the previous study did not fairly compare Rockville's 37.5 workweek with the more commonly referenced 40 hour workweek. She also added that the Mayor and Council never had a public discussion on the employee benefit portion of the last study. Ms. Marshall said that the consultant looked at benefits even though a full discussion never happened at a public meeting.

Mr. Kelly asked how the salary structure and salary progression reflects employee performance. He described the federal structure and said that he liked the systems that separated experience

and degree of difficulty of work from performance. Mr. Kelly likes a bonus structure. Mr. DiSpirito said that unionized groups/public safety groups have little interest in any system that is not a traditional step system. Mr. Kelly agreed that this type of analysis might be outside of the scope of this project.

Mr. Kelly said that pay changes would have an impact on future budgets. Ms. Webster said that staff prepared extensive forecasts in 2015 to help the Mayor and Council make decisions on policy and implementation of the changes. Councilmember Feinberg requested that any financial impacts be "fully loaded," meaning information should be provided on other benefits such as retiree contributions.

Mr. Kelly asked Ms. Marshall for the overall timeline. Ms. Marshall said they would like the final compensation recommendations adopted by the Mayor and Council by the end of May 2019. Mr. DiSpirito said any changes would be adopted after the budget and applied retroactively to July 1, 2019. In the near term, Mr. DiSpirito would like to select the vendor and get a contract approved by the Mayor and Council by the end of this calendar year. Mr. DiSpirito said that they would like to release the RFP by the end of this month. Mr. DiSpirito reiterated that it is an aggressive schedule so there is limited time for additional review by the Board. Mr. Wright asked Councilmember Feinberg and Mr. Kelly to send their comments to Ms. Marshall by September 6, 2018. Ms. Marshall will send an updated draft of the scope of services when it is complete.

Mr. Orlosky asked Ms. Marshall if the City is providing turnover information for the five-year forecast period. He explained that the consultant might want the information by job class, so that they can predict a more accurate future fiscal impact. Mr. Orlosky also added that when the County discusses compensation-related topics at the negotiation table, they often need to define the word "competitive." Ms. Marshall said that the Mayor and Council previously adopted a compensation philosophy that this study will be based on.

Mr. Wright concluded with the request that the Board have an opportunity to review the final draft report. Mr. DiSpirito confirmed that the Board will be sent the final draft prior to approval by the Mayor and Council. Mr. Wright reiterated that the Board will not be involved in the interim steps.

Councilmember Feinberg asked who was serving on the evaluation committee. Mr. DiSpirito said that they have not decided.

VII. New Business

Mr. Wright asked the Board to decide what departments they are interested in for general budget review (he sent out a prior email with this request).

- Mr. Orlosky offered to take Police.
- Mr. Kelly offered to take Recreation and Parks.
- Mr. Lee offered to take Human Resources and Information Technology.

- Mr. Wright offered to take Public Works.
- Mr. Brammer offered to take City Manager's Office and Finance if he is appointed to the Board.
- Mr. Wright assigned Ms. Pacher the departments of Mayor and Council/City Clerk and Community Planning and Development Services.

VIII. Future Meeting Dates and Future Agendas

The Board discussed holding a special meeting on September 25, 2018, to discuss the Annual Procurement Report that was scheduled to be presented to the Mayor and Council on October 8, 2018.

After this meeting, the Annual Procurement Report was moved to the November 19, 2018, Mayor and Council meeting; therefore, the Board will not hold a meeting on September 25, but will review the Annual Procurement Report at their previously scheduled October 23, 2018, meeting.

The next meeting is scheduled for **October 23, 2018**, at 6:30 p.m. in the Black Eyed Susan Conference Room and will include the following:

- I. Call to Order
- II. Approve Agenda
- III. Approve Minutes
- IV. Reports
- V. Old Business
- VI. Guest Speaker, Jessica Blow
- VII. New Business
- VIII. Future Agenda and Meeting Dates
- IX. Good of the Board
- X. Adjourn

The Board scheduled a future meeting for November 29, 2018. Ms. Webster will present staff's recommendations for changes to the Recreation and Parks Cost Recovery Policies at this meeting.

IX. Good of the Board

X. Adjourn

Mr. Kelly made a motion to adjourn. Mr. Orlosky seconded the motion. All members voted in favor. The meeting adjourned at 8:10 p.m.

Summary of follow-up items:

- Ms. Webster will send Mr. Wright a draft of the October 8, 2018, Mayor and Council agenda report for the FY 2018 Annual Report and FY 2019 Action Plan when it is complete.
- Mr. Lee will email Mr. Kelly to set up a meeting to discuss future tasks related to performance measurement review.
- Councilmember Feinberg and Mr. Kelly will send their comments on the comp and class scope of services to Ms. Marshall by September 6, 2018.
- Ms. Marshall will send an updated draft of the comp and class scope of services to the Board after she incorporates all comments.
- Mr. Wright will verify that Mr. Brammer's appointment is on the September 24, 2018, Mayor and Council agenda. Mr. Wright will also work with Mr. Brammer to set up an appointment to meet the Mayor in the next few weeks.