

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD**

DATE: March 27, 2018
Red Maple Conference Room, 2nd Floor City Hall
TIME: 7:00 p.m.

**Board Meeting
MINUTES**

PRESENT: Board Members: Jack Kelly (Chair), Corey Orlosky, Kuan Lee, Sylvia Pacher, Bob Wright
Mayor and Council Liaison: Beryl Feinberg
Staff Liaison: Stacey Webster, Deputy Director of Finance
Staff: Jessica Blow, Director of Procurement

ABSENT: Board Members: Len Briskman, Eric Strong

The meeting commenced at 7:02 p.m.

Mr. Kelly made the announcement that Len Briskman will be resigning. Ms. Webster will notify Mr. Briskman that he needs to send a formal letter of resignation to the City Clerk/Director of Council Operations.

Mr. Kelly reported that Mr. Strong has been unavailable due to personal reasons and Mr. Kelly will reassign some of Mr. Strong's work until he is back.

I. Approval of Minutes from January 16, 2018

Mr. Orlosky made a motion to approve the minutes from January 16, 2018. Mr. Wright seconded the motion. All members voted in favor.

II. FAB Member Reports

Procurement Action Plan Update:

Mr. Kelly said that he was concerned that movement on developing a purchasing guide/manual has slowed. Ms. Blow said that understanding the procurement knowledge base at the City and developing a guide to meet the City's needs has been challenging. She explained that it will take another year until she has a complete draft guide because there are multiple parties writing and reviewing the guide. She also explained that she created focus groups to get early feedback in the development of the guide.

Councilmember Feinberg said that it might be helpful to develop a detailed timeline so that all parties involved will see the progress on the guide's development. Mr. Kelly said that Ms. Blow

should show the Board and interested parties the individual sections of the guide when they are drafted so that they can provide early input.

Mr. Kelly went on to state his concern with the lack of IT support for the Procurement function. He referenced the Calyptus Report and the need to be able to produce certain spend analytics to support the recommended strategic sourcing effort. Ms. Blow said she will research what the system can create, but most of the information in the annual report was retrieved manually.

Mr. Kelly asked about the progress of the contract management system. Ms. Blow said that funding was included in the FY 2019 budget.

Mr. Kelly concluded with saying that a strategic plan would be helpful for communicating priorities and needs to interested parties. He urged Ms. Blow to take another look at the current four year timeline of the creation of a strategic plan and consider speeding it up.

Ms. Webster will send Councilmember Feinberg the email containing the draft Procurement Action Plan Update.

Circulator Study Update:

Mr. Wright asked Ms. Blow for an update on the RFP. Ms. Blow reported that the RFP is currently under review by Procurement.

Water/Sewer Rates:

Mr. Wright said that Mayor and Council have not formally endorsed the new rates yet, but he does not anticipate any major opposition. He said that Rockville's rates are going up by a combined 6 percent and WSSC's rates by 4.5 percent. He also said that Rockville's rate increases appear to be consistent with the rest of the nation. Councilmember Feinberg explained that City residents can turn to the REAP program for emergency assistance, if needed. Mr. Kelly said that the City may need to consider an assistance program to help residents on a longer-term basis.

FY 2019 Budget:

Mr. Wright mentioned that Councilmember Pierzchala was concerned about the growth in the City's budget versus overall revenue growth. Ms. Webster and Councilmember Feinberg explained that Councilmember Pierzchala was specifically concerned with the growth in personnel spending.

Boards and Commissions Task Force:

Mr. Kelly asked for an update from Councilmember Feinberg. Councilmember Feinberg said that the elected body is still in the process of selecting and nominating board members. Mr. Kelly said that he submitted his Expression of Interest.

Performance Measures Update:

Mr. Lee reported that he is on the interview panel for the new Police Chief. After that process he thinks he will have a better idea of what performance measures are important to the City.

Mr. Kelly asked Ms. Webster about the status of the business process review. Ms. Webster will check with the City Manager's Office and get back to the Board.

Caregiver Task Force:

Ms. Pacher reported that the Task Force had their first meeting last week. The current members observed that there is a lack of representation from grass roots organizations, and that they might reach out for additional board members. She said that their first task is to define what constitutes a "caregiver" agency. Their next meeting is scheduled for May.

PAFR:

Mr. Orlosky mentioned that the PAFR should include a comment on the auditor's review/findings as presented in the annual financial statements.

CAFR:

Mr. Orlosky said that the CAFR was sufficient in reporting. Ms. Pacher made notes of the highlights that expressed that the City was in a strong financial position. She mentioned that the highlights called out the water and sewer rate increases and the special hotel tax audit. Mr. Kelly said that he found the tables in the CAFR that compared the amended budget to the actual expenses and revenues to be helpful.

Mr. Wright mentioned that there has been recent discussion about charging hotel tax to Airbnb's. Ms. Webster recalled that State law may prohibit municipalities from charging smaller establishments. Ms. Webster will follow up with City staff about this topic.

III. FY 2019 Budget Review

Mr. Kelly asked the Board if they had any ideas for deleting any pages out of the budget document. There were no comments from the Board.

Ms. Feinberg requested additional revenue information for FY 2017 and FY 2018. Ms. Webster will have staff compile the information, which consists of revenue by category as of 12/31 for each year and revenue by category for the FY 2017 adopted budget.

IV. FY 2017 CAFR Review

Discussed under Item II.

V. Status Report Update

Mr. Kelly said that the Board's work on the CAP is complete.

Mr. Orlosky said that he will take the lead on reviewing the City's cost recovery policies.

Ms. Webster reported that the Board's comments on the quarterly financial report were incorporated and submitted to the Mayor and Council.

Mr. Kelly noted that the Board reviewed the CAFR and identified no issues of concern.

Mr. Wright said that Mr. Kelly should consider reassigning Mr. Briskman's items. Mr. Wright said that he will take over the quarterly investment report review.

Mr. Kelly asked about the presentation of the administrative charge in the financial tables throughout the budget document. Ms. Webster said that it is not her preference to move the administrative charge "below the line."

VI. Future Agendas and Meeting Dates

The next meeting is scheduled for **April 25, 2018** at 6:30 p.m. and will include the following:

- I. Approval of Minutes
- II. Discussion of FY 2019 Action Plan
- III. FY 2019 Budget Discussion
- IV. Future Agendas

The next meeting after that will take place on June 5, 2018, at 6:30 p.m.

Action Items:

- Ms. Webster will notify Mr. Briskman that he needs to send a formal letter of resignation to the City Clerk/Director of Council Operations.
- Ms. Webster will send Councilmember Feinberg the email containing the draft Procurement Action Plan Update.
- Ms. Webster will check with the City Manager's Office on the status of the business process review.
- Ms. Webster will follow up with City staff to see if State law prohibits the City from charging hotel tax to small establishments, like Airbnb's.
- Ms. Webster will have staff compile the requested revenue information for 12/31 for FY 2017 and FY 2018.

Mr. Wright made a motion to adjourn. Mr. Orlosky seconded the motion. All voted in favor.

The meeting adjourned at 8:30 p.m.