

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD
AGENDA**

DATE: April 6, 2022

Location: Video/Teleconference on ZOOM

<https://us02web.zoom.us/j/4291992467?pwd=Z21xUm81T3YxbDJLbnYxVGFwVC9wUT09>

Meeting ID: 429 199 2467

Passcode: 627583

301 715 8592

TIME: 6:45 p.m.

- I. Call to Order
- II. Approve Agenda
- III. Approve Minutes
 - Attachment: Minutes from March 9, 2022
- IV. Reports
 - Councilmember Feinberg
 - City staff
 - FY 2023 Proposed Operating Budget and CIP Updates
 - Department of Recreation and Parks Cost Recovery Policies Update
 - Donations Policy Update
 - Board members
- V. Old Business
 - Forward Donations Policy to City Manager?
- VI. New Business
- VII. Future Agenda and Meeting Dates
 - May 11, 2022
 - TBD
- VIII. Good of the Board
- IX. Adjourn

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD**

DATE: March 9, 2022

LOCATION: Video/Teleconference on ZOOM

TIME: 6:45 p.m.

**Board Meeting
MINUTES**

PRESENT: Board Members: Jack Kelly, Vicky Hsu, Darryl Parrish, Harold Hodges, Kenneth MacRitchie, Bob Wright (Board Chair), William Spagnuolo
Staff Liaison: Xiaojing Zhang, Director of Accounting
Staff: Stacey Webster, Chief Financial Officer/Director of Finance; Kimberly Francisco, Deputy Chief Financial Officer

ABSENT: Mayor and Council Liaison: Councilmember Beryl Feinberg

I. Call to Order

Mr. Wright called the meeting to order at 6:45 p.m.

II. Approve Agenda

Mr. Wright asked the Board if there were any changes to the agenda. Board members did not raise any changes. Mr. Wright added the proposed donations policy to the reports section of the agenda.

III. Approve Minutes

Mr. MacRitchie moved to accept the minutes from February 02, 2022. Mr. Kelly seconded the motion. All members voted in favor.

IV. Reports

- Mr. Wright said Councilmember Beryl Feinberg is attending another meeting with a Rockville community regarding the proposal by Montgomery County to locate a school bus depot at the Detention Center Site.

- Ms. Zhang provided a timeline for FY23 budget work sessions in March and April. The Mayor and Council has two budget sessions, one on March 21st and one on April 18th. FAB comments on the Budget are due March 21st. Deputy Chief Financial Officer Ms. Kimberly Francisco joined the meeting. Ms. Zhang informed the Board the City's Chief Financial Officer Ms. Stacey Webster will join shortly.
- Mr. Wright informed each Board member they have a responsible department to review in the FY23 proposed budget. The process for the budget review is as follows: Financial Advisory Board (FAB) members review the assigned chapters; any questions should be sent in writing to FAB staff liaison Ms. Zhang, with Ms. Hsu included in the email; Ms. Hsu should gather documentation for the Board's review; Ms. Zhang forwards the question to appropriate City staff for responses; when responses are received, Ms. Zhang forwards the response to the Board member who asked the questions and also to Ms. Hsu.
- Mr. Kelly preferred to have a hard copy of the FY23 proposed budget. He opined that the review of the operating budget should include the Capital Improvements Program (CIP) for each department; he also advocated for the review of performance measures in their entirety. He believed for him that an intensive review of a hard copy of the budget is the most valuable approach.
- Ms. Francisco agreed and offered to print a copy of the FY23 proposed budget for Mr. Kelly.
- Mr. Wright and Mr. Kelly both recommended that reviewing the CIP within the context of each department is beneficial. Mr. Wright proposed that the reviews are due by March 31st, 2022.
- Mr. MacRitchie asked for the contact information for Department of Human Resources and Ms. Zhang will provide that after the meeting.
- Ms. Hsu inquired if the proposed budget is the only document available to review at this moment. Ms. Francisco confirmed it is. However, during a budget cycle, there will be adjustments to the budget as a result of budget work sessions and meetings of the Mayor and Council and possibly from Public Hearings. If there are adjustments to the budget they are documented separately and available to the public. All the adjustments are incorporated in the budget presented to the Mayor and Council for adoption in May.
- Ms. Hsu and Mr. Kelly inquired which departments have the CIP programs. Ms. Francisco explained that CIP categories include stormwater, transportation, Department of Recreation and Parks, general government – IT related, if needed, staff can provide clarity.

- Mr. Wright asked if the proposed budget would stay static until the work sessions with any changes on the green sheets. Mr. Wright asked how the Board can get access to the documents.
- Ms. Francisco explained the proposed changes will be listed as agenda items in budget meetings of the Mayor and Council. Any changes will be built into the next work session on April 18th. All changes in the 1st work session will be incorporated and carried over to the 2nd work session.
- Ms. Hsu asked about the process of commenting on the performance measurements. Mr. Wright and Mr. Kelly reported that City staff will provide responses, and they need to be documented, so that when the consultant comes, these responses can be delivered to and shared with the consultant.
- Mr. Wright reported that he talked to Councilmember Feinberg about the City's Cost Recovery Policy and acknowledged that Ms. Webster had done a thorough presentation in November 2018 and the fact that such policy was adopted by the Mayor and Council. The Board had no questions about that. The comments that the Board has are on the five tiers; specifically, as to how much money was not recovered by the city. Mr. Wright recalled the Financial Management Policies require that when a program in any of the five tiers is not in compliance for two consecutive years, the City Manager needs to approve the program's continuance. Mr. Wright also would like to understand the number of people who receive subsidies to attend these programs. It was reported by Mr. Wright that Councilmember Feinberg had concerns about special interest groups asking for more programs. For example, if seniors do not fully pay for programs, they most likely would like more programs. Similarly, if parents do not pay fully for programs like summer camps and after-school programs, they most likely will advocate for more programs.
- Ms. Francisco reported that on page 373 of the FY23 proposed budget book, the FY19, FY20 and FY21 data are presented, along with the values for the FY22 adopted budget. This presentation serves as a Matrix to hold City staff accountable for the program targets. Communities and individuals that benefit from different program tiers, are documented for program compliance and data can be produced internally to support those.
- Mr. Wright asked, should there be a cap on the total subsidy for programs in Tiers 2-4? Can the departments individually increase the financial amount of the subsidy for a program if it falls within the range of percentages allowed?

- Ms. Francisco said that given the pandemic, there may be programs out of compliance that skewed the information. Mr. Parrish would like to see the net costs by tier. Ms. Francisco reported that all revenues and expenses data are not presented in the FY23 proposed budget; however, the percentage for each tier is in there, presented as targets. These percentages are used as evaluation tools for program managers to assess if the targets are met.
- Mr. Wright wants to know the dollar amount of unrecovered indirect costs for each tier. Ms. Francisco confirmed that the dollar amount underlies the percentage, and staff can get the information. Mr. Wright also asked if any programs are not in compliance. If so, did city staff ask the City Manager for approval to continue? Ms. Francisco replied that City staff do ask permission to continue programs. During the pandemic, the City incurred some personnel costs when the facilities were closed; however, the revenues were \$0.00.
- Mr. Wright reported that Mr. MacRitchie proposed another draft of a donations policy. He believed the Board supported moving forward with such a policy, but to be certain he polled the Board for direction. Mr. MacRitchie provided an overview of the donations policy. He continued to state that there is not a global statewide policy or a statute. The City Charter had provisions regarding that. He discussed the policy including the purpose, documentation, donor, etc.
- Ms. Hsu reported that principles should be incorporated into the donations policy. Mr. Kelly supported the Board forwarding a donations policy to the city. Mr. Parrish reiterated that in prior meeting, the Chief Financial Officer Ms. Stacey Webster provided clarification about the immateriality of the donations received by the City; given the absence of a donations policy in every municipal government, he did not favor a draft policy. Mr. Spagnuolo concurred with Mr. Parrish. Ms. Hsu, however, said that the previous version was better, and acknowledged that the City has the process in place to handle donations.
- Mr. Wright counted at least four Board members wanting to move forward with a proposed donations policy. Mr. Hodges mentioned cash controls. Ms. Hsu indicated that the policy should be kept simple, and she will work with Mr. MacRitchie. The donations policy will be considered at the next Board meeting on April 6.
- There were no other Board member reports.

V. Old Business

Mr. Kelly reported that within the next three weeks, the awardee should be announced as the consultant for performance measurements.

VI. New Business

Board members had no new business to take up.

VII. Future Meeting Dates and Agendas

The next meeting will be held on **April 6, 2022**, at 6:45 p.m. via teleconference and will include the following:

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

The meeting after that will be held on May 11, 2022, at 6:45 p.m.

VIII. Good of the Board

Mr. Wright thanked all Board members for their efforts to review the FY23 proposed operating budget and CIP.

IX. Adjourn

Mr. MacRitchie made a motion to adjourn. Mr. Kelly seconded the motion. All members voted in favor. The meeting adjourned at 7:58 p.m.

Summary of follow-up items:

- Ms. Hsu will edit the draft donations policy.