

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD
AGENDA**

DATE: June 12, 2019
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 March 21, 2019
 - Attachment: Minutes from April 9, 2019
- 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. Review Board Action Plan
- VII. Overview of Comprehensive Master Plan (Levy/Kebba)
- VIII. New Business
- IX. Election of Board Chair
- X. Future Agendas and Meeting Dates
- XI. Good of the Board
- XII. Adjourn

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD**

DATE: March 21, 2019

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

TIME: 6:30 p.m.

**Board Meeting
MINUTES**

PRESENT: Board Members: Jack Kelly, Kuan Lee, Corey Orlosky, Darryl Parrish, Bob Wright
(Board chair)
Staff: Gavin Cohen, Chief Financial Officer/Director of Finance
Guest: Rob DiSpirito, City Manager

ABSENT: Board Members: Sylvia Pacher, Andrew Brammer
Staff Liaison: Stacey Webster, Deputy Director of Finance
Mayor and Council Liaison: Beryl Feinberg

I. Call to Order

Mr. Wright called the meeting to order at 6:30 p.m.

Mr. Wright then asked Mr. Cohen if they could add an item to the agenda. Mr. Cohen said they need to vote to add the item to the agenda since the agenda was already publicly posted. Mr. Kelly made a motion to add an item on the 36-Month Procurement Action Plan update to the agenda. There was general Board discussion about the 36-Month Update to the Procurement Action Plan (more specifically the notion that some completion dates for action items were moved to “ongoing” from a date certain), but ultimately the motion failed for lack of a second. Mr. Cohen told Mr. Kelly that he could speak to the Procurement Action Plan as an individual at the Mayor and Council’s Community Forum.

Mr. Wright then asked if he and Mr. Kelly could meet with Mr. DiSpirito and Ms. Lewis about the specifics in the Procurement Action Plan Update. Mr. DiSpirito was agreeable to a meeting.

Mr. Kelly asked if the ‘Boards and Commissions’ section could say that staff provided the Board with an advanced copy and the Board provided staff comments.

II. Discussion and Approval of Board's comments/recommendations to the Mayor and Council on the FY 2020 Operating Budget and Capital Improvements Program

Mr. Wright described three recommendations/comments regarding the FY 2020 proposed budget. Mr. Kelly authored two of these and Mr. Wright authored the third.. Mr. Kelly requested more detail on Recreation and Parks revenues (more specifically their grant funding) and wanted to see a FY 2018 budget-to-actual comparison throughout the document. Mr. Wright wanted the Board to consider a recommendation on balancing the General Fund forecast. The Board discussed these three items with Mr. DiSpirito and Mr. Cohen, and provided staff with the following recommendations to include in the agenda packet for the Mayor and Council's April 1, 2019, budget worksession:

"1) We understand that the Rockville City Manager does not use reserves to balance a proposed operating budget for adoption. However, for the FY 2020 proposed operating budget, the table on p. 60, Financial Summary: General Fund, shows in Fiscal Years 2021 and beyond a projected use of reserves to balance those future budgets. We note, however, that these reserve amounts are not material. And staff has opined that in any given fiscal year the variation in labor and program costs allow them to propose a balanced operating budget that does not require the use of reserves. However, where reserves are used in future years to balance the General Fund, as shown in FY 2021, FY 2022 and FY 2023 on page 60, the Board recommends that Mayor and Council ask the City staff to present options for balancing the future years' budgets absent the use of reserves. This forward look would reveal expectations regarding spending, the City's assessed property base, anticipated income taxes, property tax rates and potential other approaches.

2) Many small businesses and organizations show in their proposed budgets a comparison of prior years' budgets versus actual spending. This is usually not the case for large businesses and organizations such as the City of Rockville. The City makes this comparison in its quarterly financial reports and in material found on the City's website. Many Rockville residents are familiar with a "budget versus actuals" comparison but do not find it in the City's operating budget. The Board recommends a reference be placed in the budget pointing to the appropriate City website page for such "budget versus actuals" comparisons."

After the discussion of the Board's recommendations, Mr. Kelly described how the Maintenance and Emergency Operations Facility Improvements CIP project sheet was insufficient in explaining the changes from FY 2019 to FY 2020. He would like staff to add language about the mid-year change. Mr. Cohen expressed concern on Ms. Webster's behalf about changing or adding language in one area of the book because of the importance of consistency of information in the entire budget document. Mr. DiSpirito said that staff would think about Mr. Kelly's concerns.

Mr. Wright asked for a motion to approve the intent of the two recommendations listed above giving him the power of the pen to make final edits Mr. Wright would circulate the memorandum for review and edit by the Board before forwarding to Mayor and Council. Mr. Kelly moved the motion and Mr. Orlosky seconded the motion. All voted in favor.

III. Adjourn

Mr. Lee made a motion to adjourn. Mr. Orlosky seconded the motion. All members voted in favor. The meeting adjourned at 8:17 p.m. The next meeting is April 9, 2019.

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD**

DATE: April 9, 2019

LOCATION: Red Maple Conference Room, 2nd Floor City Hall

TIME: 6:30 p.m.

**Board Meeting
MINUTES**

PRESENT: Board Members: Andrew Brammer, Jack Kelly, Kuan Lee, Corey Orlosky, Darryl Parrish, Bob Wright (Board chair)
Staff Liaison: Stacey Webster, Deputy Director of Finance
Mayor and Council Liaison: Beryl Feinberg
Staff: Gavin Cohen, Chief Financial Officer/Director of Finance

ABSENT: None

I. Call to Order

Mr. Wright called the meeting to order at 6:32 p.m.

Mr. Wright announced that Ms. Pacher's term ended and she is not seeking reappointment. Mr. Orlosky is seeking reappointment and submitted his expression of interest; his term expired on April 1, 2019.

II. Approve Agenda

Mr. Wright asked the Board if there were any changes to the agenda; he asked to add the approval of the March 21 minutes. Ms. Webster asked that the March 21 minutes be added to the next agenda for approval since they were not publicly posted. The Board agreed to receive the March 21 minutes at the next meeting.

III. Approve Minutes

Mr. Kelly made a motion to approve the minutes from February 27, 2019. Mr. Orlosky seconded the motion. All members voted in favor.

IV. Reports

- Councilmember Feinberg – Ms. Feinberg reported that Mayor and Council meetings have been running late. She mentioned the previous evenings discussion of: developer rights and responsibilities agreement (DRRA) and Chapter 24 water and sewer changes

related to APFS. She also mentioned the April 1 meeting's discussions related to budget changes, including: the delay in the implementation of the compensation and classification study to FY 2021; the elimination of the employee leave buyback program; and additional funding for REDI for salary and benefit increases.

- Stacey Webster, Staff Liaison – nothing to report.
- FAB Member Reports – Mr. Wright asked the Board members to discuss their changes/updates to the Action Plan.
 - Mr. Kelly reported that he and Mr. Wright worked on the Procurement Action Plan update; Ms. Lewis modified some the update because of her discussion with Mr. Kelly and Mr. Wright on April 1, 2019. Mr. Kelly also expressed concerns with Procurement's ability to do strategic sourcing with the City's current technology.
 - Mr. Brammer reported that he sent various investment policy questions to Mr. Cohen and Ms. Webster and expects to hear back from them soon on his recommendations. Ms. Webster reported that the City's investment manager is currently reviewing all investment policy materials, including his recommendations.
 - Mr. Lee said he is still trying to reach Mr. Simoneau to discuss performance measures. Mr. Wright suggested that he contact Deputy Director Judy Ding due to Mr. Simoneau being out on leave. Mr. Lee said that he would work on scheduling a meeting with Ms. Ding.
 - Mr. Orlosky is following the Financial Management Policy changes and will report back to the Board if changes occur between now and budget adoption.
 - Mr. Parrish reported that he reviewed the second quarter financial report and did not have any questions.
 - Mr. Wright reported that the Transit Gap and Needs Analysis will go to the Mayor and Council on May 20, 2019.

V. Old Business

- Procurement Action Plan Update – Mr. Wright briefly reviewed the discussion from the last meeting about the Procurement Action Plan Update. He and Mr. Kelly met with Ms. Lewis and Mr. DiSpirito to discuss the update on April 1, 2019. There was some concern with changing the timeframes to “ongoing” with no explanation. Ms. Lewis said that there are challenges with the City's current system that makes it difficult to generate the requested information. In the future after the applicable software is procured such reports would be possible to produce. However, the timing of the purchase of the

software is not known. Following a discussion regarding the future date of the purchase of the software it seemed that the terminology "To-Be-Determined" would be more appropriate than "ongoing." Mr. Wright prepared some language for Ms. Lewis to include on the Mayor and Council agenda sheet that says they will send a memorandum to the City Manager.

Mr. Wright asked the Board to approve the memo to the City Manager on the Procurement Action Plan update. Mr. Kelly discussed his concerns with the City's inability to do strategic sourcing.

Mr. Brammer asked Mr. Wright to eliminate #6 of the draft memorandum and re-number the remaining items; the Board agreed. Mr. Kelly made a motion to send the memorandum to the City Manager; Mr. Brammer seconded the motion. All voted in favor.

- Mr. Wright reviewed the follow-up items from last meeting and all members provided updates.

VI. City Manager's FY 2020 Budget and Budget Process

Mr. Wright introduced this item by briefly explaining the federal budget process. He mentioned that Mr. DiSpirito could not be at the meeting so Ms. Webster and Mr. Cohen would explain the process.

Ms. Webster referenced page 24 of the budget book, which contains a description of the annual budget process. The next page of the budget book contains a diagram that represents the budget process as a flowchart with "swim lanes." She explained that the visual graphic illustrates the sequence and timing of activities in the City's budget process, in addition to the person or people responsible for completing them.

The Board then discussed the following topics:

- How base budgets are estimated
- How are the revenues and expenditures are forecasted
- How Planned Improvement Projects (PIPs) are included in the forecast
- The presentation of the Neighborhood and Homeowner Association requests in the budget book

Mr. Wright thanked staff for the explanation of the process.

VII. New Business

- Mr. Wright mentioned that he asked a prospective Board member to attend the next Board meeting (as a result of Sylvia Pacher's resignation there is a vacancy on the Board).

VIII. Future Meeting Dates and Future Agendas

The Board agreed to cancel the May 14, 2019, meeting. The next meeting is scheduled for **June 12, 2019**, 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. Review Board Action Plan
- VII. Overview of Comprehensive Master Plan (Levy/Kebba)
- VIII. New Business
- IX. Future Agenda and Meeting Dates
- X. Good of the Board
- XI. Adjourn

IX. Good of the Board

X. Adjourn

Mr. Kelly made a motion to adjourn. Mr. Brammer seconded the motion. All members voted in favor. The meeting adjourned at 8:00 p.m.

Summary of follow-up items:

- Ms. Webster will notify Ms. Ding that Mr. Lee will contact her about another performance measurement meeting.
- Mr. Wright will send a request to Ms. Kebba and Mr. Levy to attend the June 12, 2019, meeting to discuss the Comprehensive Master Plan