

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD**

DATE: March 11, 2020

LOCATION: Oriole Conference Room, 2nd Floor City Hall

TIME: 6:30 p.m.

**Board Meeting
MINUTES**

PRESENT: Board Members: Harold Hodges (via phone), Jack Kelly, Darryl Parrish (via phone), Bob Wright (Board chair)
Mayor and Council Liaison, Beryl Feinberg
Staff Liaison: Stacey Webster, Deputy Director of Finance
Staff: Gavin Cohen, Chief Financial Officer/Director of Finance
Guests: Kenneth MacRitchie, Prospective Board Member

ABSENT: Board Members: Andrew Brammer, Kuan Lee, Corey Orlosky

I. Call to Order

Mr. Wright called the meeting to order at 6:28 p.m.

II. Approve Agenda

Mr. Wright asked the Board if there were any changes to the agenda. Mr. Hodges requested that the Board discuss protocols for future teleconference meetings (under 'New Business'). There were no other changes to the agenda.

III. Approve Minutes

Mr. Kelly made a motion to approve the minutes from January 7, 2020. Mr. Parrish seconded the motion. All members voted in favor.

IV. Reports

- Mayor and Council Liaison Report – Councilmember Feinberg reported that the dates and times of the next several Mayor and Council meetings may change. March 18 will begin at 7:00 and topics on the agenda include COVID-19 update and 5G small cell discussion. For March 23, the Mayor and Council are looking to begin at 6:00 or 6:30, and the agenda will include a budget public hearing, budget worksession, PROS Plan update, and discussion of the RedGate property.

- Staff Liaison Report – Ms. Webster reported that the Mayor and Council began to discuss the FY 2021 budget on March 2 and she encouraged the Board to watch the on-demand video.
- FAB Member Reports – Mr. Wright reported that the City’s water and sewer consultant was scheduled to meet with members of the Board and the Mayor and Council on March 18/19 to discuss the potential changes to the City’s water and sewer rate structure based on property classification (*note: all meetings were canceled as a result of the COVID-19 pandemic).

V. Old Business

Mr. Wright reviewed the action items from the January 7 meeting and confirmed all action items were completed.

VI. Review/Approval of Board Comments on Annual Procurement Report

Mr. Kelly started the item by noting that there is a fundamental problem with the spending data by fiscal year in the annual procurement report. Mr. Kelly is most concerned with the amount spent from master agreements. Mr. Cohen said that it is possible to run a master agreement report by fiscal year; Mr. Cohen gave Mr. Kelly an example. Mr. Kelly confirmed that what Mr. Cohen had produced is exactly what he requested from Procurement.

Mr. Wright said he would set up a meeting with Ms. Lewis and the City Manager to discuss the master agreement spending report. Mr. Kelly agreed to hold his memorandum until the meeting happens.

VII. Review of FY 2019 Popular Annual Financial Report

Mr. Parrish referenced the Water and Sewer funds being out of compliance with the Financial Management Policies and asked when the rates will stabilize and only be adjusted by inflationary increases. Ms. Webster explained that inflationary increases were assumed to start in FY 2022, but there are many unknowns that could impact that date. Mr. Cohen and Ms. Webster then explained the history of the water and sewer systems and rate increases, with focus on the difference between fixed and variable expenses and revenues.

VIII. Review of the Proposed FY 2021 Operating Budget and Capital Improvements Program

Mr. Wright asked each member to comment on their assigned sections of the budget. Some members were still working on their sections or trying to schedule meetings with the department directors to discuss their budget proposals. Ms. Webster answered various questions including what is considered capital outlay, what is the fund balance and when can it

be used, and the difference between the operating and capital budget. Ms. Webster asked if anyone reviewed the budget at a macro-level, with focus on the budget highlights section and the Compensation and Classification Study. The Board did not comment but agreed to review the Compensation and Classification Study that was posted to the City's website.

The Board agreed to continue their budget discussion at the next meeting.

IX. New Business

Mr. Hodges requested that future Board meetings that cannot be held in person be held via Zoom or WebEx so that he is able to see the other meeting participants. The Board agreed that they would look into it if future circumstances prohibited in-person meetings.

X. Future Meeting Dates and Future Agendas

The next meeting will be held on **March 26, 2020**, 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. Procurement Annual Report
- VII. Compensation and Classification Study
- VIII. Budget Follow-Up
- IX. New Business
- X. Future Agenda and Meeting Dates
- XI. Good of the Board
- XII. Adjourn

The next meeting after that will be held on April 16, 2020, at 6:30 p.m.

XI. Good of the Board

XII. Adjourn

Mr. Kelly made a motion to adjourn. Mr. Hodges seconded the motion. All members voted in favor. The meeting adjourned at 8:05 p.m.

Summary of follow-up items:

- Mr. Wright will request a meeting with the City Manager and Ms. Blow to discuss the procurement issues related to master agreement spending.
- Mr. Kelly will review the Compensation and Classification Study from the City's website.