

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD
AGENDA**

DATE: April 25, 2023

Location: Hybrid - Video/Teleconference on WEBEX

<https://rockvillemd.webex.com/rockvillemd/j.php?MTID=m47a1674a2e3d3ddaee9c604f9d861c44>

Meeting ID: 2631 964 9758

Passcode: vxNRpHgD277

1-408-418-9388

TIME: 6:30 p.m.

Verify quorum is present

Recognize visitors

- I. Call to Order
- II. Approve Agenda
- III. Approve Minutes
 - Attachment: Minutes from March 14, 2023
- IV. Reports
 - Councilmember Feinberg
 - City staff
 - Board members
- V. Discussions
 - Discussion of King Farm Farmstead repurposing and Red Gate [T. Chesnutt]
 - Board review of FY 2023 Action Plan
- VI. Old Business
- VII. New Business
 - Memorandum to Diron Baker RE Comments for Fiscal Impact Analysis
- VIII. Future Agenda and Meeting Dates
May 2, August 9, September 20, and October 25
- IX. Public Comments
- X. Good of the Board

XI. Adjourn

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD**

DATE: March 14, 2023

LOCATION: Hybrid – In Person/Video/Teleconference on Webex

TIME: 6:30 p.m.

**Board Meeting
MINUTES**

PRESENT: Board Members: Kenneth MacRitchie, Bob Wright (Board Chair), David Mack, Jack Kelly, William Spagnuolo, Jr., Lori Merrill, Diane Gould

Mayor and Council Liaison: Councilmember Beryl Feinberg

Staff Liaison: Xiaojing Zhang, Director of Accounting

Staff: Robert DiSpirito, City Manager; Barack Matite, Deputy City Manager; David Gottesman, Assistant City Manager; Stacey Webster, Chief Financial Officer/Director of Finance; Craig Simoneau, Director of Public Works; Jenny Snapp, Assistant Director of Planning and Economic Development at Department of Community Planning and Development Services; Diron Baker, Senior Civil Engineer at Department of Public Works; Manisha Tewari, Research Manager at Department of Community Planning and Development Services

Consultants/Presenters: Michael Maker, NewGen Strategies & Solutions; Aidan Oates, NewGen Strategies & Solutions

ABSENT: None

I. Call to Order

Mr. Wright called the meeting to order at 6:30 p.m. Mr. Wright introduced Ms. Gould to the Board. Ms. Gould was appointed by the Mayor and Council to serve on the Board. Ms. Gould introduced herself. Then all Board members, City staff, as well as consultants attending the meeting, made a brief introduction of themselves.

II. Approve Agenda

Mr. Wright made changes to the agenda and the Board moved forward with the amended agenda.

III. Approve Minutes

- Mr. Wright asked for a motion to approve the minutes from January 25, 2023. Mr. MacRitchie moved to accept the minutes. Ms. Merrill seconded the motion. Mr. Kelly made changes to the minutes from January 25, 2023, and the meeting minutes were revised to state that the April 25 meeting will be held both in-person and virtually. Board members voted with 6 in favor of approving the minutes as amended and 1 abstained.

IV. Reports

- Councilmember Feinberg said that the Mayor and Council is reviewing the proposed FY 2024 Budget and has submitted questions to the City Manager. The Director of Finance and Deputy Director of Finance are diligently providing answers to these questions. Councilmember Feinberg indicated that the Mayor and Council are also performing a deep dive of the City's Capital Improvement Program (CIP) and the work session will be held on March 20, 2023. Councilmember Feinberg thanked all staff who worked on the budget. Councilmember Feinberg mentioned that Mayor and Council is looking into short-term rental housing (ADUs), reviewing the Personnel Policies and Procedures Manual (PPM), Vision Zero updates, and election ordinance, and so on.
- Mr. Simoneau introduced the presentation of the development of a fiscal impact analysis and associated report. He would appreciate the Board's comments on the analysis, and will present the results to the Mayor and Council at a to-be determined date. Mr. Simoneau provided a general overview of the analysis developed by the consultants from NewGen Strategies and Solutions. Mr. Simoneau introduced Mr. Diron from his staff to the Board, and then he explained that this effort incorporates staff from several city departments. Mr. Michael Maker from NewGen Strategies and Solutions started with the presentation and went over general assumptions with the Board. Mr. Aidan Oates, also with NewGen Strategies and Solutions, continued with a detailed presentation of different development types. Mr. Oates cautioned the Board that the analysis excludes city enterprise funds, and select services provided by Montgomery County, e.g., primary and secondary education. Once the presentation was over, the presenters invited questions from the Board.
- Mr. Wright asked if the staff needs the Board to finalize comments at the April 25th Board meeting. Mr. Wright then asked how the data collection was completed. For instance, is the data on the number of persons per household a reflection of Rockville? Mr. Maker replied that the City is currently using this tool to refine the data by the Department of Community Planning and Development Services in developing the comprehensive plan. Mr. Wright asked if the square feet per employee will change over time? Mr. Spagnuolo noted that the original report was completed in 2012, and asked whether there any differences between the data in this analysis compared to the 2012 effort. Mr. Maker replied that they did not backfit any earlier time periods to reveal possible deviations. He indicated that

today's parcel(land) values were used to refine the data. Ms. Gould expressed her appreciation of the analysis and questioned the interest rate used in the assumption. Mr. Kelly asked about the purpose of this effort and was advised that Department of Community Planning and Development Services will use the analysis (spreadsheet model) as a tool to project the fiscal impact of different development proposals. Councilmember Feinberg commented that higher interest rate should have been applied in the model considering the current economic situation. She questioned that estimates of the number of persons per household in different development categories. Mr. Maker replied that the analysis does not include tax-exempt properties, as well as the capital costs. Councilmember Feinberg commented the open space. Ms. Gould asked if the Department of Community Planning and Development Services could adjust the percentage of inflation? Mr. Maker confirmed that it was possible to do so. Mr. Wright asked for a Board volunteer to collate comments from the other Board members. Since no volunteer came forward, Mr. Wright volunteered to be the point of contact. Mr. Mack asked to whom he should forward questions to. They should be forwarded to. Questions should be forwarded to Mr. Diron Baker with CCs to Ms. Zhang and Mr. Wright. Ms. Zhang will forward Mr. Baker's contact information to Board members. Ms. Zhang will forward all documents to Councilmember Feinberg.

- Ms. Tewari from the Department of Community Planning and Development Services commented that the department is responsible for preparing forecast of the fiscal impacts of development on the city. Mr. Simoneau continued that this effort is a joint effort from three departments – Department of Finance, Department of Public Works and Department of Community Planning and Development Services. The Department of Finance and Department of Public Works provided data that was used as input to the analysis. The Department of Community Planning and Development Services is the primary user of this tool (spreadsheet model). Mr. Simoneau said that Department of Public Works stepped forward and assumed the role of project management because, at the time, the Department of Community Planning and Development Services was experiencing excessive staff vacancies. Mr. DiSpirito said that all comments from staff are true, and this is really an inter-departmental effort. Mr. DiSpirito said teamwork and quality control were put in place when developing this tool. Mr. DiSpirito acknowledged and thanked Councilmember Feinberg's for championing this initiative and he appreciates the contributions from the Planning Commission to the effort. Councilmember Feinberg was very pleased and hoped that this can be placed on an agenda before Mayor and Council go on recess in August.
- Mr. MacRitchie commented on his review of proposed FY 2024 budget for the Department of Housing and Community Development and the Department of Human Resources. He stated that all his questions were answered satisfactorily. Mr. Mack said he was very pleased with answers to questions he had regarding his assigned department. He was pleased that 85% of the performance measures recommended by Raftelis were incorporated in the proposed FY 2024 operating budget. Mr. Spagnuolo commented that staff provided satisfactory answers to his questions about the Department of Community

Planning and Development Services, Department of Finance and Department of Police. Ms. Merrill reported that she reviewed the processes used for grants, and the processes are reasonable. Mr. Kelly reported that he reviewed the budget for the City Manager's office and Department of Recreation & Parks and provided complimentary comments to the City staff. Mr. Kelly said that the meeting on March 13th with Mr. DiSpirito and Ms. Lewis, Director of Procurement, was very constructive. They reached consensus on the information that will be included in the Procurement Annual Report. This report will consolidate all reporting on the City's procurement activities.

V. Old Business

Board members had no old business to take up.

VI. New Business

- Memorandum to Mayor and Council regarding Board review of the proposed FY 2024 Operating Budget and CIP – Mr. Wright explained that the enclosure A to an earlier version of this memorandum will be a separate document that is available upon request. Ms. Webster commented that the finding #2 needs to be revised because the City Manager is not proposing to increase the property tax rate. Mr. Wright will make a revision to state that the FY 2024 budget forecasts an increase of 2¢ per \$100 in the FY 2025 tax rate to include more projects in the CIP, to cover inflation in expenses, and to fund initiatives such as Vision Zero, Climate Action, and other plans. Mr. DiSpirito stated that Ms. Webster's comments are correct. Mr. Mack asked about more funding for CIP. Ms. Webster replied that it would require additional debt service and additional Paygo funding. Mr. Mack moved to approve the revised memorandum and Mr. Spagnuolo seconded. Ms. Merrill commented that the process for caregiver grants is very clear. The process for grants to outside agencies, however, does not appear to have much outside community input. She also asked about Rockville Economic Development Inc. (REDI)'s budget. Ms. Webster explained that REDI is one of the cost centers within the City Manager's budget. REDI is considered as a component unit of the City. Councilmember Feinberg reassured if any information is needed, REDI is willing to share. Board members voted with 6 members in favor of the revised memorandum and 1 member abstaining.
- Memorandum to Mayor and Council from FAB RE Performance Measures in the proposed FY 2024 Operating Budget – Mr. Wright said that he was very pleased to see that the performance measures are incorporated in the proposed FY 2024 Operating Budget and with Mr. Gottesman's efforts to work with departments. Mr. Gottesman said that the City departments did implement many of Raftelis' recommended performance measures in the proposed FY 2024 Operating Budget. The remainder need to be worked on. Mr. Gottesman recommended deleting the last sentence of the last paragraph. Mr. Kelly commented to replace "provided" with "informed" in the last

sentence of the 1st paragraph of the memorandum. Mr. Mack moved to approve the revised memorandum and Mr. Spagnuolo seconded the motion. All Board members voted in favor of the motion.

- Forwarding the statement for the Boards and Commission Review of the FY 2024 Budget to staff to include in an agenda for a Mayor and Council Meeting – it was recommended that the sentence starting with “Board questions, ...” be deleted. Mr. Spagnuolo moved to forward the statement as amended. Mr. Kelly seconded the motion. Board members voted with 6 members in favor of the motion and 1 member abstained.
- Mr. Mack requested a new member roster to be distributed to all Board members and Mr. Wright will send one out.

VII. Future Agenda and Meeting Dates

The next meeting will be held on **April 25, 2023**, at 6:30 p.m. via teleconference/ in-person and will include the following:

- I. Call to Order
- II. Approve Agenda
- III. Approve Minutes
- IV. Reports
- V. Discussion
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- X. Good of the Board
- XI. Adjourn

- Mr. Wright’s vision for the meeting on April 25, 2023, includes three major items: 1. Discussion about updates on King Farm Farmstead and Red gate; 2. Review of Board’s Acton Plan; 3. Finalization of comments for the draft development fiscal impact analysis.
- The next meeting dates for the Board after April 25 are May 2, 2023, August 9, 2023, September 20, 2023, and October 25, 2023, all beginning at 6:30 p.m.

VIII. Public Comments

There was no public participation at this meeting.

IX. Good of the Board

Mr. MacRitchie expressed his appreciation of the City to include performance measures in the proposed budget. Mr. Wright expressed respect on Mr. Gottesman for his efforts on performance measures. Councilmember Feinberg was pleased to see performance measures being commented. Mr. DiSpirito thanked all the support he received from the Board and Councilmember Feinberg. Mr. Jack complimented Mr. DiSpirito's support for the performance measure initiative and Councilmember Feinberg added her support for that compliment.

X. Adjourn

Mr. MacRitchie made a motion to adjourn the meeting. Mr. Spagnuolo seconded the motion. All members voted in favor. The meeting adjourned at 8:28 p.m.

Summary of follow-up items:

- Board members will review the draft development fiscal impact analysis report and model and provide comments to Mr. Wright.