

**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.