

CITY OF ANNAPOLIS FINANCIAL ADVISORY COMMISSION
c/o Frederick C. Sussman, Esq., Chair
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February 7, 2012

Mayor and City Council of the City of Annapolis
160 Duke of Gloucester Street
Annapolis, Maryland 21401

Re: Financial Advisory Commission Annual Report

Dear Mayor Cohen and Members of the City Council:

I would like to submit to the City Council the enclosed Financial Advisory Commission 2011 Annual Report. This Report provides an overview of the proceedings of the Commission in 2011 which are contained in greater detail as part of the Commission's meeting minutes. Furthermore, this report does not reflect the ongoing attendance and support provided by City staff, including: Mr. Mallinoff, City Manager, Mr. Paul Rensted, Director of Human Resources, Ms. Shirley Tripodi, Assistant Finance Director, and Bruce Miller, Finance Director.

Thank you for allowing us to be of service. Please let us know if you have any questions.

Sincerely,



Frederick C. Sussman, Chair

cc: Commission Members (By e-mail)
Michael Mallinoff, City Manager (By e-mail)
Bruce Miller, Finance Director (By e-mail)
Shirley S. Tripodi, Assistant Finance Director (By e-mail)
Hilary Raftovich, Boards and Commissions Coordinator (By e-Mail)

FINANCIAL ADVISORY COMMISSION 2011 ANNUAL REPORT
February 6, 2012

<u>Meeting Date</u>	<u>Attendees</u>	<u>Absentees</u>	<u>Discussion Points / Purpose / Meeting</u>	<u>Votes/Outcomes</u>
February 3, 2011 7:30 AM to 9:30 AM 145 Gorman Street; 3rd Floor Conference Room	Fred Sussman, Chair; Lee Finney, Vice Chair; Bob Burdon; Fred Lickteig	Scott Bowling, Bob Stewart, Cecil Thomas	<ul style="list-style-type: none"> • Cash flow projections • Pension and Other Post Employment Obligation actuarial reports • City Council legislation process/input • Debt restructuring and line of credit discussion • Budget Status; staff and/or programmatic analysis and reductions • Commission's mission; more strategic and seeking clarification from the Mayor. 	Committee approved motions to send a letter to the Mayor and City Council regarding the appropriate use of LoC and the debt restructuring.
February 10, 2011 7:40 AM to 9:10 AM 145 Gorman Street; 3rd Floor Conference Room	Fred Sussman, Chair; Lee Finney, Vice Chair; Scott Bowling; Bob Burdon; Fred Lickteig;	Bob Stewart, Cecil Thomas	<ul style="list-style-type: none"> • Purpose / scope of the Commission – requesting from the Mayor • Pension and Other Post Employment Obligation actuarial reports • City Council legislation process/input: <ul style="list-style-type: none"> ○ CA-1-11; increase City's line of credit authority from \$5 million to 10 million ○ Resolution 3-11; authorize line of credit ○ Ordinance 5-11; Authorize Bond restructuring 	

<p>March 10, 2011 8:00 AM to 9:00 AM 145 Gorman Street; 3rd Floor Conference Room</p>	<p>Fred Sussman, Chair; Lee Finney, Vice Chair; Fred Lickeig</p>	<p>Bob Stewart, Scott Bowling; Bob Burdon NOTE: RESIGNATION OF CECIL THOMAS</p>	<ul style="list-style-type: none"> • Update, Bond Rating Agency Meetings • Update, Bond Sale • Update, FY 2012 budget formulation <ul style="list-style-type: none"> ○ Tax Rate ○ User fees, including water and sewer enterprise funds ○ City risk pools; General Liability and Health Insurance ○ Budget cuts versus level of services • Resignation of commission member, Cecil Thomas 	<p>Motion was approved to review labor agreements with an eye toward areas of concern going forward once the bargaining cycle is concluded</p>
<p>April 14, 2011 7:30 AM to 10:05 AM 145 Gorman Street; 3rd Floor Conference Room</p>	<p>Fred Sussman, Chair; Lee Finney, Vice Chair; Bob Burdon; Fred Lickeig</p>	<p>Bob Stewart, Scott Bowling,</p>	<ul style="list-style-type: none"> • Presentation by Anne Arundel County Supervisor of Assessments, Joe Glorioso, regarding status of tri-annual revaluation • Status of labor negotiations • Human Resource department • Status; FY 2012 Budget formation <ul style="list-style-type: none"> ○ Accounting for grants in the budget ○ Netting of expenditures ○ Non-Allocated expenditures ○ Reconciliation of budget increase 	<p>Motion was approved to review labor agreements with an eye toward areas of concern going forward once the bargaining cycle is concluded</p>

<p>April 26, 2011 7:30 AM to 9:30 AM 145 Gorman Street; 3rd Floor Conference Room</p>	<p>Fred Sussman, Chair; Lee Finney, Vice Chair; Scott Bowling; Bob Burdon; Fred Lickteig</p>	<p>Bob Stewart</p>	<ul style="list-style-type: none"> • Update, FY 2012 budget formulation <ul style="list-style-type: none"> ◦ Tax Rate ◦ User fees, including water and sewer enterprise funds ◦ City risk pools; General Liability and Health Insurance ◦ Budget cuts versus level of services • Labor negotiations; public process • Legislation reversed to the Commission by City Council (<i>included process as legislation was not received by Commission</i>) <ul style="list-style-type: none"> ◦ Water and Sewer rates ◦ FY 2012 Capital Improvement Budget <ul style="list-style-type: none"> ◦ FY 2012 Operating Budget • FY 2012 budget public hearing; Vice Chair L. Finney shared her statement during public hearing regarding FY 2012 budget 	<p>Motion was approved to have the City Attorney to find a way for the Commission to review labor agreements, that the Commission make efforts to do so in a timely manner in order to provide proactive vs. reactive input.</p> <p>Submission of Commissions budget recommendations by May, 23 2011</p>
<p>May 3, 2011 7:50 AM to 11:45 AM 145 Gorman Street; 3rd Floor Conference Room</p>	<p>Fred Sussman, Chair; Lee Finney, Vice Chair; Bob Burdon; Scott Bowling; Fred Lickteig;</p>	<p>Bob Stewart</p>	<ul style="list-style-type: none"> • Update, FY 2012 budget formulation <ul style="list-style-type: none"> ◦ Munis Lease Change ◦ Change in revenue estimates ◦ Enterprise fund activity <ul style="list-style-type: none"> ◦ Union negotiations • Ordinance 11-11; Water and Sewer fees • Resolution 15-11; FY 2012 Fees Schedule • Resolution 17-11 Capital Improvement Budget 	

<p>May 5, 2011 7:30 AM to 9:00 AM (1) 145 Gorman Street; 3rd Floor Conference Room</p>	<p>Fred Sussman, Chair; Lee Finney, Vice Chair; Scott Bowling; Bob Burdon;</p>	<p>Fred Lickteig, Bob Stewart</p>	<ul style="list-style-type: none"> • Cash flow presentation • TAN discussion • Review of Finance Committee report by Lee Finney • FY 2012 budget formulation/ <ul style="list-style-type: none"> ◦ staffing levels ◦ Tax rate impact • Debt structure and liabilities • Strategic planning • Productivity Analysis • Grants/Grant administration 	<p>FAC to prepare and present report to City Council regarding the IAFF agreement and the following:</p> <ul style="list-style-type: none"> • Ordinance O-11-11: the annual operating budget for FY 2012, • Resolution R-17-11; the Capital Improvement Budget and Program for FYs 2012 to 2017 • Ordinance O-11-11; Water and Sewer Rates • Resolution R-15-11 the FY 2012 Fee Schedule effective July 1, 2011 • Ordinance O-14-11; Review and Award of Community Grants
<p>May 19, 2011 7:30 AM to 9:00 AM (1) 145 Gorman Street; 3rd Floor Conference Room</p>	<p>Fred Sussman, Chair; Lee Finney, Vice Chair; Fred Lickteig; Scott Bowling; Bob Burdon;</p>	<p>Bob Stewart</p>	<ul style="list-style-type: none"> • Review of IAFF union agreement • Pension Liability growth / cost drivers • Discussion relative to staffing and promotions, should not be in Collective Bargaining Agreements, are management rights • Discussion relative to layoffs- should not be in the Collective Bargaining Agreement • Cash flow, reserve levels • FY 2012 budget formulation <ul style="list-style-type: none"> ◦ Budget cuts ◦ Capital Reserves ◦ Fuel Reserve ◦ Finance Reserve 	<p>FAC to prepare and present report to City Council regarding the IAFF agreement and the following:</p> <ul style="list-style-type: none"> • Ordinance O-11-11: the annual operating budget for FY 2012, • Resolution R-17-11; the Capital Improvement Budget and Program for FYs 2012 to 2017 • Ordinance O-11-11; Water and Sewer Rates • Resolution R-15-11 the FY 2012 Fee Schedule effective July 1, 2011 • Ordinance O-14-11; Review and Award of Community Grants

<p>June 7, 2011 7:45 AM to 9:35 AM 145 Gorman Street; 3rd Floor Conference Room</p>	<p>Fred Sussman, Chair; Lee Finney, Vice Chair; Bob Burdon; Scott Bowling</p>	<p>David Gallitano, Fred Lickteig, Bob Stewart</p> <p>NOTE: Appointment of David Gallitano to fill vacancy created by resignation of Cecil Thomas</p>	<ul style="list-style-type: none"> • Use of bond funds and purpose of line of credit • Resolution 31-11; Municipal Taxing Authority- sales tax sharing • Discussion regarding the Commissions ongoing work program <ul style="list-style-type: none"> ◦ Corporate Governance ◦ Evaluating Budgeting methods • Provide resource to City; Mayor • Presentation from Mayor; 	<p>Motion was approved to support R 31-11 and other revenue generating potential</p>
<p>July 14, 2011 7:45 AM to 8:50 AM 145 Gorman Street; 3rd Floor Conference Room</p>	<p>Fred Sussman, Chair; Lee Finney, Vice Chair; Bob Burdon; David Gallitano, Fred Lickteig</p>	<p>Scott Bowling, Bob Stewart</p>	<ul style="list-style-type: none"> • Review of Labor agreements <ul style="list-style-type: none"> ◦ Police Local 400 ◦ ASFCME Local 3162 ◦ ASFCME Local 3406 • Commission's ongoing work plan • Collective Bargaining process 	<p>Motion(s) were approved to write a letter to the Mayor and the City Council including;</p> <ul style="list-style-type: none"> ◦ pension and health care costs ◦ Comp-time provisions <p>Motion was approved to allow commission members to participate, vote via remote access</p>

August 11, 2011 7:40 AM to 9:05 AM 145 Gorman Street; 3rd Floor Conference Room	Fred Sussman, Chair; Lee Finney, Vice Chair; Scott Bowling; David Gallitano; Fred Lickteig	Bob Burdon, Bob Stewart	<ul style="list-style-type: none"> Status of Collective Bargaining- AFSCME and Police Unions Consolidating Memorandum of Agreements in union contracts 	
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September 8, 2011 7:40 AM to 9:30 AM 145 Gorman Street; 3rd Floor Conference Room	Fred Sussman, Chair Lee Finney, Vice Chair; Scott Bowling; Bob Burdon; David Gallitano, Fred Lickteig	Bob Stewart	<ul style="list-style-type: none"> Joe Mason from Davenport presented benefits of "termining out" \$8 - \$10 million Line of Credit to a 5-7 year bond Collective bargaining process Commission's ongoing work plan 	Motion to prepare a document on the restructuring proposal
September 29, 2011 7:35 AM to 9:20 AM 145 Gorman Street; 3rd Floor Conference Room	Lee Finney, Vice Chair; Scott Bowling; Bob Burdon; David Gallitano	Fred Sussman, Chair, Fred Lickteig	<ul style="list-style-type: none"> Status; FY 2011 audit Transportation budget Debt / Line of Credit- discussion of extending LOC into five-seven year note to provide financial stability and to take advantage of low borrowing rates- Mr. Joe Mason from Davenport spoke in detail 	Vice Chairman L. Finney provided list of labor negotiation recommendations to be forwarded to the City Council

<p>October 13, 2011 8:00 AM to 9:10 AM 145 Gorman Street; 3rd Floor Conference Room</p>	<p>Fred Sussman, Chair; Scott Bowling; Bob Burdon; Fred Lickteig</p>	<p>Lee Finney, Vice Chair; David Gallitano; Bob Stewart</p>	<ul style="list-style-type: none"> • Commission's work program draft • Possible Debt restructuring 	
<p>November 17, 2011 7:35 AM to 9:37 AM 145 Gorman Street; 3rd Floor Conference Room</p>	<p>Fred Sussman, Chair; Lee Finney, Vice Chair; Bob Burdon; Fred Lickteig</p>	<p>Scott Bowling, David Gallitano; NOTE: Resignation of member Bob Stewart</p>	<ul style="list-style-type: none"> • Election of Commission's officers • Transportation Department presentation by Director, Richard Newell • Commissions ongoing work plan 	
<p>December 8, 2011 7:35 AM to 9:40 AM 145 Gorman Street; 3rd Floor Conference Room</p>	<p>Fred Sussman, Chair; Lee Finney, Vice Chair; Scott Bowling; Bob Burdon; David Gallitano; Fred Lickteig</p>	<p>NONE</p>	<ul style="list-style-type: none"> • Closed session to hear/discuss status of collective bargaining • Open meeting to discuss Department of Transportation presentation • FY 2011 audit status • Status; Commission's work plan 	

(1); Estimate- minutes are in draft form


Frederick C. Sussman, Chair