



STAFF REPORT ON PROPOSED LEGISLATION

To: Mayor Gavin Buckley

From: Michael Mallinoff, City Manager

Date: May 5, 2025

Subject: O-12-25: Prioritizing Affordable Spending Through Expansion of Financial Advisory Commission Duties

Purpose of legislation

The purpose of this legislation is to list the duties of the Financial Advisory Commission; add "spending affordability" to review the City's finances so that spending levels align with the City's income, review projected revenue, debt levels, and long-term fiscal outlook; and generally related to the Financial Advisory Commission.

Impact of legislation on operations

The idea of doing a spending affordability assessment is a sound one that is practiced by a number of jurisdictions, including Anne Arundel County. Having an outside assessment to inform budget development is a helpful check on the assumptions we make. That said, the City has some concerns about the legislation as written around report content and timing.

The ordinance includes a long list of topics that a report should cover. Some of the data required is produced by the City itself and is up to date such as expenditure projections. Other data is harder to obtain at the City level, and the Financial Advisory Commission may find that only County-level data is available. Other data may have lags. It may be helpful to provide the Financial Advisory Commission with some flexibility to adjust as needed by requiring the report to address broad topic areas that affect revenues and expenditures of the City but that leave the particulars of what data to consult up to the Commission. Simplification of the ordinance would give the Commission more flexibility to report on factors they deem relevant and important drivers of the City's financial situation at the time.

The ordinance says that the Mayor, City Manager, and Finance Director are supposed to consider the recommendations made in the report when developing the recommended operating and capital budgets. The required timing of the report - it must simply be produced prior to the submission of the Mayor's budget to the Council - does not guarantee sufficient time for the report's findings to be incorporated into budget decisionmaking. The City recommends that the report be due in January instead.

Prepared by Victoria Buckland, Assistant City Manager and Brittany Moran, Director of Finance