

MEMORANDUM

April 20, 2010

TO: Management and Fiscal Policy Committee

FROM: Essie McGuire, Legislative Analyst *EMG*

SUBJECT: **Worksession – FY11 Operating Budget, Non-Departmental Accounts: County Associations, Council of Governments, Public Technology, Inc., and Boards, Committees, and Commissions**

Today the Management and Fiscal Policy (MFP) Committee will review the County Executive's recommended FY11 operating budget for the following Non-Departmental Accounts (NDA): County Associations; Council of Governments; Public Technology, Inc.; and Boards, Committees, and Commissions.

Those expected for this worksession:

- Sonetta Neufville, Administrative Manager, County Executive's Office
- Bryan Hunt, Office of Management and Budget (OMB)
- John Cuff, Office of Management and Budget (OMB)

The Executive's recommendations for these NDAs are attached on circles 1-3.

OVERVIEW

For FY11, the Executive recommends total expenditures of \$863,080, the same funding as the FY10 approved level. There are no recommended changes to any of these NDAs, and none have associated positions or workyears.

	FY10 App	FY11 CE Rec	% Change
NDA			
Boards, Committees, and Commissions	\$27,000	\$27,000	0
Council of Governments	\$743,370	\$743,370	0
County Associations	\$72,710	\$72,710	0
Public Technology, Inc.	\$20,000	\$20,000	0
TOTAL	\$863,080	\$863,080	0

FY11 EXPENDITURE ISSUES

NDA: BOARDS, COMMITTEES, AND COMMISSIONS (circle 1)

There are approximately 1200 members of County boards, committees, and commissions, created by law or resolution, who serve the County for a variety of purposes. These funds provide for the reimbursement of certain expenses incurred by eligible members while on official business and/or for expenses related to the establishment of any new boards, committees, or commissions. The dependent care reimbursement rate is \$30.00 per meeting and the travel reimbursement rate is \$10.00 per meeting. **These rates and the total budget amount of \$27,000 are unchanged from FY10.**

Executive branch staff indicated that the NDA is fully used each year, and that the amount was increased in FY10 from the FY09 approved level to more accurately reflect the actual reimbursements and expenses. **Council staff recommends approval of the NDA for Boards, Committees, and Commissions.**

NDA: METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS (circle 2)

The Metropolitan Washington Council of Governments (COG) is a voluntary association of major local governments in the Washington metropolitan area. COG seeks to provide regional answers to, and coordination of, area-wide issues. COG membership assessments are calculated on a per capita (population) basis each fiscal year using an assessment rate adopted by the COG Board of Directors. **The annual formula for FY11 dues will be frozen at the FY10 amount. This is the second year that COG has frozen its annual membership dues.**

This NDA reflects the County’s share of the organization’s operation plus special COG initiatives. The FY11 breakdown of the dues is as follows.

REGULAR	Approved FY 2010	Recommended FY 2011
General Local Contributions (Note 1)	\$ 553,330	\$ 553,330
Water Resources (Note 2)	264,371	256,818
Regional Environmental Fund	107,036	118,161
Blue Plains Support (Note 2)	114,067	114,067
Anacostia Restoration Fund	83,000	83,000
Total	\$ 1,121,804	\$ 1,125,376

1. COG membership assessment are calculated on a per capita(population) basis each fiscal year using an assessment rate adopted by the COG Board of Directors. The annual formula will be suspended for the fiscal year 2011 and membership dues will be frozen at the FY10 amount. COG will further review the assessment formula for the FY2012 budget.

2. Amounts shown are billed to WSSC.

Council staff recommends approval of the NDA for the Metropolitan Washington Council of Governments.

NDA: COUNTY ASSOCIATIONS (circle 2)

This NDA funds Montgomery County membership dues to the National Association of Counties (NACo) and the Maryland Association of Counties (MACo). County dues for both are based on population. The dues for each association are listed below, and the amounts are unchanged from FY10:

- NACo: \$17,417
- MACo: \$55,292

Council staff recommends approval of the NDA for County Associations.

NDA: PUBLIC TECHNOLOGY, INC. (circle 3)

Funds are budgeted each year to continue membership in PTI as the County's research and development link with NACo. For FY10, the County's annual membership dues were reduced from \$27,500 to \$20,000 to reflect the current fiscal challenges faced by the County. **PTI staff informed Council staff that for FY11, the dues are frozen at the same level, in recognition of the fiscal challenges facing local governments.** Annual dues cover research and development assistance for innovative projects; access to a computerized information-sharing network; and membership in the Urban Consortium. The PTI website, <http://www.pti.nw.dc.us>, offers technology-related information for local governments.

In previous years the Council has requested an update on the benefits received from its membership in PTI. OMB reports that PTI works with its membership to identify opportunities for technology research, share solutions and recognize member achievements, and develop best practices that address the technology management, governance, and policy issues that impact local government. The County also receives consulting services, research assistance, internet-based training, and attends technology conferences. A list of benefits is attached on circle 4.

Council staff recommends approval of the NDA for Public Technology, Inc..

Board of Investment Trustees

The mission of the Board of Investment Trustees is to manage prudent investment programs for the members of the Employee Retirement Plans and the Retiree Health Benefits Trust and their beneficiaries. Expenditures associated with this program are funded from the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), Retiree Health Benefit Trust (RHBT), and the General Fund on behalf of the Montgomery County Deferred Compensation Plan (DCP) trust funds and are, therefore, not appropriated here. The Board of Investment Trustees manages the assets of the ERS and RHBT through its investment managers in accordance with the Board's asset allocation strategy and investment guidelines. The Board also administers the investment programs for the RSP and DCP. The Board consists of 13 trustees including the Directors of Human Resources, Finance, Management and Budget, and the Council Staff; one member recommended by each employee organization; one active employee not represented by an employee organization; one retired employee; two members of the public recommended by the County Council; and two members of the general public.

<i>FY11 Recommended Changes</i>	Expenditures	WYs
FY10 Approved	0	0.0
FY11 CE Recommended	0	0.0

Boards, Committees, and Commissions

There are approximately 75 boards, committees, and commissions, created by law or resolution, which serve the County for a variety of purposes. These funds provide for the reimbursement of certain expenses incurred by eligible members of boards, committees, or commissions while on official business and/or for expenses related to the establishment of any new boards, committees, or commissions.

<i>FY11 Recommended Changes</i>	Expenditures	WYs
FY10 Approved	27,000	0.0
FY11 CE Recommended	27,000	0.0

Charter Review Commission

Section 509 of the County Charter requires that a Charter Review Commission be appointed by the County Council every four years, within six months after the Council assumes office, for the purpose of studying the Charter. The Commission shall report at least once to the Council on the Commission's activities within one year after appointment. Commission reports shall be submitted no later than May 1 of every even-numbered year. The reports shall contain recommendations concerning proposed Charter amendments, if any. This NDA provides for the expenses of the Commission.

<i>FY11 Recommended Changes</i>	Expenditures	WYs
FY10 Approved	1,000	0.0
FY11 CE Recommended	1,000	0.0

Climate Change Implementation

This NDA provides funding to implement the initiatives the Council adopted in Bills 29-07, Environmental Sustainability - Climate Protection - Motor Vehicles; 30-07, Buildings - Energy Efficiency; 32-07, Environmental Sustainability - Climate Protection Plan; and 35-07, Consumer Protection - Energy and Environmental Advocacy; and to fund the Clean Energy Rewards program established in County Code 18A-11.

<i>FY11 Recommended Changes</i>	Expenditures	WYs
FY10 Approved	656,760	0.5
Enhance: Advocacy and Assistance by the Office of Consumer Protection Regarding Energy and Environmental Matters Before Federal and State Agencies	20,000	0.0
Eliminate: Tank Preparation for B-20 Fuel	-24,000	0.0
Eliminate: Part-Time Human Resources Specialist III for Coordinating Telecommuters	-34,760	-0.5
Eliminate: Funding for Implementation of Sustainability Working Group Recommendations	-50,000	0.0
Shift: Climate Change Advocacy and Assistance to the Office of Consumer Protection	-50,000	0.0
Eliminate: Clean Energy Rewards Program	-518,000	0.0
FY11 CE Recommended	0	0.0

tourism marketing grant provided annually by the Maryland Tourism Development Board. The CVB operates on contract with the Department of Economic Development. Funding is based on 3.5 percent of the total hotel/motel tax revenues.

The CVB also creates additional marketing opportunities brought about by the opening of new cultural and recreational venues such as the Montgomery County Conference Center, the American Film Institute, the Music Center at Strathmore, the Soccerplex, and new special events like the AT&T National and U.S. Open. In addition to maintaining a visitor information center in Germantown off of Interstate 270, the CVB also provides visitor information services at the Conference Center during peak periods.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	700,490	0.0
Decrease Cost: Appropriation Adjustment Based on Hotel Motel Tax Revenue Projection	-93,140	0.0
FY11 CE Recommended	607,350	0.0

Conference Center

Prior to FY06, the Conference Center NDA primarily provided for pre-opening expenses. Since the Conference Center opened in November 2004, the NDA has expanded its scope to fund:

- a full-time position to manage the operational and fiscal oversight of the Conference Center complex;
- non-routine or major repairs, alterations, improvements, renewals, and replacements; and
- the designated reserve required by the management agreement with Marriott International, Inc.

Funding is also included to reimburse the contractor for costs not covered by operations during accounting periods when losses occur. These costs will be offset by contractor payments to the County during accounting periods with operating gains.

Revenues consisting of net operating income from the Conference Center and land rent from the hotel are also reflected in the NDA. Twenty percent of the County's net proceeds from Conference Center operations will be retained for investment in marketing and facility improvements that will increase Conference Center usage. All proposed investment expenditures will be reviewed and approved by the Conference Center Management Committee.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	617,400	1.0
Decrease Cost: Elimination of One-Time Items Approved in FY10	-50,000	0.0
FY11 CE Recommended	567,400	1.0

Council of Governments

The Metropolitan Washington Council of Governments (COG) is a voluntary association of major local governments in the Washington Metropolitan Area. COG seeks to provide regional answers to, and coordination of, area-wide issues such as air and water pollution, day care, housing, crime, water supply, land use, and transportation.

This NDA reflects Montgomery County's share of the organization's operation plus special COG initiatives. Additionally, the contribution supports the Cooperative Purchasing Program; the Anacostia Restoration Fund; the Regional Environmental Fund; the Airport Noise Abatement Program; and a membership fee for participation on a regional housing committee.

As in previous years, the Washington Suburban Sanitary Commission will provide Montgomery County's contribution to support the Water Resources Management Planning Program and the Blue Plains Users Program.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	743,370	0.0
FY11 CE Recommended	743,370	0.0

County Associations

This NDA funds Montgomery County membership dues to the National Association of Counties (NACo) and the Maryland Association of Counties (MACo).

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	72,710	0.0
FY11 CE Recommended	72,710	0.0

This program was reviewed in FY96 and technical formula amendments proposed. The changes were approved, and payment calculations since then are prepared in accordance with County Council Resolution No. 13-650, adopted September 10, 1996. Specifically, as the exact payment amount for the current year cannot be determined until both municipal and County books are closed, reimbursements are based on the final audited cost of performing eligible services during the fiscal year two years prior to the budget year. Also, reimbursements are now made at the County's cost and not at "the lesser of County or Municipal costs" of eligible service provision.

Finally, payments to municipalities are also made from other sources, including Cable TV Franchise Fees, Grants in Lieu of Shares Tax, Non-Departmental Accounts, and as part of the County's Community Development Block Grant.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	7,488,240	0.0
Decrease Cost: Reduce by Five Percent	-374,410	0.0
FY11 CE Recommended	7,113,830	0.0

Prisoner Medical Services

This NDA provides reimbursements to physicians and hospitals for medical care provided to individuals in the custody of any Montgomery County law enforcement agency, with the following exceptions:

- Offenders committed to the custody of the Department of Correction and Rehabilitation (DOCR) and receiving medical treatment paid for by the budget of that department.
- Medical treatment expenses covered by Workers' Compensation,
- Medical treatment expenses covered by personal medical insurance,
- Medical treatment expenses covered by the Federal government,
- Medical treatment expenses covered by other appropriate and available outside resources.

The Department of Police will manage this account, and, with the assistance of the County Attorney, will determine costs for which the County is responsible. All bills are to be reviewed for appropriateness of cost by a private contractor prior to payment.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	10,000	0.0
FY11 CE Recommended	10,000	0.0

Public Technology, Inc.

Funds are budgeted each year to continue membership in Public Technology, Inc. (PTI) as the County's research and development link with the National Association of Counties. Annual dues cover research and development assistance for innovative projects; access to a computerized information-sharing network; and membership in the Urban Consortium. The County participates in, and has received grants as a result of, initiatives in task forces on energy, solid waste, and telecommunications. PTI, as an organization, specializes in the research and assessment of ideas of interest to local governments for increasing efficiency, reducing costs, improving services, and solving problems. A current emphasis is on public enterprise, toward helping local governments identify and capture potential sales from products and information that are outcomes of government investment.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	20,000	0.0
FY11 CE Recommended	20,000	0.0

Restricted Donations

This NDA was established to comply with the requirements of Government Accounting Standards Board Statement No. 34 (GASB 34) by budgeting for the receipt of private donations for County programs. The proceeds of the former Expendable Trust Fund accounts and other miscellaneous funds have been transferred to the Restricted Donations Special Revenue Fund. Appropriation authority to spend additional donations received during the year is provided through the County Council Resolution for the Approval of and Appropriation for the Operating Budget of the Montgomery County Government. The budget resolution provides that the unexpended balance in this fund at the end of the fiscal year is reappropriated by the County Council for the next fiscal year; and if needed, the Restricted Donations NDA can receive transfers from the Future Federal, State, or Other Grants NDA for any individual donations up to \$200,000. Additional information relating to the financial activities of this NDA is displayed in Schedule A-4, Fiscal Summary by Fund, Non-Tax Supported, Montgomery County Government, Restricted Donations.

Benefits the County Receives From Membership in PTI

- Participation in research Councils, Forums, and Trainings, sample topics include:
 - Geospatial Information Systems (GIS)
 - Public Safety Technology and Homeland Security
 - Sustainability
 - Transportation
 - Web Management and E-Government
- Consulting Services, sample topics include:
 - Technology Management Consulting: Provide local governments with strategic and technical guidance with a team of industry experts.
 - Executive-On-Loan: These teams bring together officials who have addressed similar problems to share their insights and make recommendation in a particular problem area.
 - Surveys: Can be designed to help define the most pressing constituent service delivery issues, identify key barriers to technology implementation, examine internal service issues and determine customer needs.
- Research: Members are invited to participate in pilot demonstration projects designed to test new technologies and practices for the public sector.
- Publications: PTI publications cover a variety of technology topics including wireless applications, web and GIS services, telecommunications and information technology, sustainability and public safety and emergency management.