

MEMORANDUM

April 26, 2012

TO: Government Operations and Fiscal Policy Committee
FROM: Jacob Sesker, Senior Legislative Analyst 
SUBJECT: FY13 Operating Budget: NDAs

Relevant pages from the FY13 Recommended Operating Budget can be found at pages 66-1 through 66-17 in the Executive's FY13 Recommended Operating Budget.

Overview

This memorandum addresses several non-departmental accounts: future federal/state/other grants; leases; grants to municipalities in lieu of shares tax, Takoma Park Police Rebate, and Municipal Tax Duplication.

Future Federal/State/Other Grants

The Executive requests \$20 million for this NDA in FY13, which represents no change from the FY12 Approved Budget.

This account is funded entirely from non-County sources. Having this account permits the County Government to accept and spend funds from grants without requesting a supplemental appropriation, saving both time and paperwork.

The appropriation can only be spent if grants are received. If the County receives less than the appropriated amount, then no harm is done. If the County receives more, then the Council will have to process a supplemental appropriation.

Council staff recommends approval of the Executive's recommended amount.

Leases

The Executive requests \$23,650,520 for this NDA in FY13, an increase of \$277,510 above the FY12 Approved Budget of \$23,373,010. The Department of General Services (Division of Real Estate) administers leases and use of leased space by the County, as well as County leases to non-government entities that lease County-owned space from the County. Currently there are approximately 90 leased facilities.

Change	Expenditure	FTE
FY12 Approved	23,373,010	0.00
Increase cost: Adjustment for fixed leases	722,320	0.00
Increase cost: CPI adjustment	485,260	0.00
Increase cost: IG's Office	92,820	0.00
Eliminate: Piney Branch Satellite Facility	(44,430)	0.00
Decrease cost: Elimination of One-Time Items	(50,000)	0.00
Decrease cost: Annualization of FY12 moves	(928,460)	0.00
FY 13 CE Recommended	23,650,520	0.00

DGS will be available to discuss the relationship between the Lease NDA and the Brickyard disposition. The Property Disposition Bill will be discussed by the full Council on May 1, 2012.

Council staff recommends approval, subject to any actions of the Public Safety Committee regarding the Long Branch/Piney Branch Police Substation.

Grants to Municipalities in Lieu of Shares Tax

The Executive requests \$28,020 in FY13, no change relative to the FY12 Approved Budget. This NDA funds payments required in accordance with State law.

Council staff recommends approval of the Executive's request.

Takoma Park Police Rebate

The Executive requests \$949,860 in FY13, an increase of \$27,690 over the FY12 Approved Budget of \$922,170. The payment is based on a formula, which uses \$0.048 per \$100 of assessable base tax rate with full value assessment levied on real property.

Council staff recommends approval of the Executive's request.

Municipal Tax Duplication

The Executive requests \$7,521,140 in FY13, an increase of \$748,830 over the FY12 Approved Budget amount of \$6,772,310.

The City of Gaithersburg submitted testimony (see © 6-7) at the Council's public hearing expressing gratitude that the budget includes this one-time increase for the municipal tax duplication payment.

The City of Takoma Park testified (see © 2-5) that, even with the one-time increase, the payment was below the amount that would be due under an existing, albeit outdated, Memorandum of Understanding between the City and the County. In FY12, the Executive requested, and the Council approved, less than the City of Takoma Park would have received under the Memorandum of Understanding (according to the City, \$653,200 less).

The City of Takoma Park has requested that \$653,220 be placed on the reconciliation list to increase the County's payment to the City of Takoma Park for municipal tax duplication (see e-mail from Barbara Matthews, © 1). The City has suggested that that amount be broken into three smaller chunks:

- \$163,305
- \$163,305
- \$326,610

Council staff recommends approval of the Executive's request.

Issues to Pursue After Budget Season

The City of Takoma Park urges that the County Executive should resume negotiations regarding a new MOU for police services. Council staff understands the need for the County to maintain flexibility during a period of fiscal uncertainty, but also understands the burden that year-to-year uncertainty places on municipalities. The Council should receive an update regarding the efforts of the parties to reach an agreement when the Council reviews the Municipal Revenue Sharing Task Force Report later this calendar year.

From: Barbara Matthews
Sent: Wednesday, April 25, 2012 1:56 PM
To: Sesker, Jacob
Cc: Suzanne Ludlow
Subject: Meeting Follow-up (Takoma Park Police Tax Duplication Payment)

Hi, Jacob:

Thanks for taking the time to meet this morning regarding the Takoma Park police tax duplication payment. The City is requesting the following of the Montgomery County Council:

- 1) That the Council urge the County Executive to resume negotiation of a new MOU for police services so that Takoma Park is properly reimbursed for the police services it provides, pursuant to County law; and
- 2) That \$653,220 be placed on the Reconciliation List to add to the amount to be paid to the City of Takoma Park for municipal tax duplication. This amount represents the shortfall/underpayment in the Takoma Park police payment for FY 2012 and would partially reimburse the City (and by extension its taxpayers) for the revenue loss that has resulted from the County's termination of negotiations of a new MOU.

We suggest that the amount be broken into three amounts (which total \$653,220) to allow some flexibility for the Council when considering the Reconciliation items:

- a. \$163,305
- b. \$163,305
- c. \$326,610

In your write up of the agenda item, do you plan to note that the County Executive has proposed a 6.9% increase in the MCPD budget? While Takoma Park's request does not relate directly to this figure, I think it reflects the County's strong financial commitment to its police department, which serves as the basis for the Takoma Park police payment.

Per your request, I talked to the Takoma Park Police Chief about the MCPD substation at Flower and Piney Branch. He indicated that many City residents appreciate the fact that MCPD has this police presence just outside of Takoma Park and feel that it bolsters the overall safety of the area.

Regards,

Barb

Barb Matthews
City Manager
City of Takoma Park
7500 Maple Avenue
Takoma Park, MD 20912
(301) 891-7268



**FY 2013 Montgomery County Operating Budget
Testimony of the City of Takoma Park
Bruce R. Williams, Mayor
April 10, 2012**

Good evening, President Berliner and Members of the Council,

I am Bruce Williams, Mayor of Takoma Park, speaking on behalf of the City of Takoma Park.

Next week, the Government Operations Committee will be considering Municipal Tax Duplication. I am here today to ask that the City of Takoma Park be treated fairly regarding the Municipal Tax Duplication payment for police services that only Takoma Park receives.

The municipal tax duplication payment to Takoma Park for police services is governed by a Memorandum of Understanding (MOU) between the County and Takoma Park. The current MOU dates back to 2000 and is based on the County's policing methods in the mid-1990s.

The City of Takoma Park requested a renegotiation of the 2000 MOU due to the considerable changes that have occurred in County police staffing and deployment practices over the years. Negotiations got underway in late 2007, and a tentative agreement was reached in October 2008. With no explanation from the County, the negotiations abruptly came to a halt in October 2008.

After several years of inquiring about the status of the draft MOU, County Assistant CAO Kathleen Boucher informed us in late 2011 that the County Executive did not wish to enter into a new MOU without the ability to fund its provisions.

The County's failure to move forward with the execution of a new MOU has had a significant and unfair impact on the City of Takoma Park and its taxpayers. If the existing formula, set forth in the 2000 MOU, had been followed in calculating the tax duplication payment amount for this current year (FY12), the County staff has calculated that Takoma Park would have received \$653,220 more. And that is the shortfall for only one fiscal year based on County police practices in the mid-1990s. The true shortfall amount was undoubtedly much higher.

To anyone, \$653,000 is a lot of money. But to the 17,000 residents of Takoma Park, it is an incredibly large sum of money to pay for police services that it didn't receive from Montgomery County.

As a reminder, the tax duplication payment is not a grant, but rather a refund of taxpayer funds that are not the County's. The payment amount represents what Montgomery County would have paid if it were responsible for police services for the City of Takoma Park.

For the coming year, the County Executive has proposed a "one time" increase in all municipal tax duplication payments in recognition of the larger than anticipated reduction made in FY11. While any additional funding is certainly welcome, the County Executive's proposed payment amount of \$2.2 million for Takoma Park police services in FY13 is still significantly below the \$2.64 million that Takoma Park should have received this year (FY12) by the County staff's own calculations.

The City of Takoma Park asks that additional funds be allocated to begin to reimburse us for the municipal tax duplication payments due us for police services. For the years that Takoma Park has not been compensated at the 2000 MOU formula amount, we are probably owed in the neighborhood of \$2 million. At this point, we are only asking for the FY12 shortfall amount of \$653,220.

At the very least, we are asking for our police payment to be increased 6.9% from the County Executive's proposed budget amount, or \$152,898. The 6.9% figure represents the proposed increase in the Montgomery County Police Department budget for the coming year.

In addition to the reimbursement, we also ask for your help in encouraging the County Executive to direct his staff back to the negotiating table. An appropriate formula needs to be developed to compute the amount that the County would have spent on police services if it provided police services in Takoma Park, using current police staffing and methods.

Thank you for your past assistance, and thank you for your consideration of our request this year.

Note to Councilmembers: There is always some confusion about the two allocations for Takoma Park police services. The larger police tax duplication payment is part of the Municipal Tax Duplication budget line. There is also a smaller budget item, called the Takoma Park Police Rebate, set by formula. Together, these two allocations are to total the amount that Montgomery County would have paid if it were responsible for police services for the City of Takoma Park.

*Municipal
Tax*

Testimony of the City of Gaithersburg
Before the Montgomery County Council on the
Fiscal Year 2013 Operating Budget

Thursday, April 12, 2012

Good evening President Berliner and members of the Council. My name is Sidney A. Katz and I have the honor of being the Mayor of the City of Gaithersburg. I am here this evening to provide comment on the Montgomery County FY13 Operating Budget. The City Council and I commend the County Executive and his staff for their efforts in crafting such a thoughtful budget in these economically challenging times.

The City is pleased to see that the budget recommendation includes a one-time increase for municipal tax duplication payment. We hope that you will make this a permanent solution in the near future. As you know, this payment is crucial to municipalities like Gaithersburg that make available certain core services that the County would otherwise be required to provide. Our residents deserve best-in-service delivery, and these funds help us achieve that goal.

Gaithersburg is very excited about the proposed addition of RideOn bus service along the Watkins Mill Road extension. Expanding this bus line will serve many surrounding businesses including the IBM campus, the just opened Kaiser Permanente facilities in Monument Corporate Park, and the future Spectrum community, a mixed residential and commercial development. Kaiser's medical facility on Watkins Mill Road will be their largest in Montgomery County when it is fully occupied. Providing adequate and reliable public transportation so that employees and patients can access its services is vital. We are committed to being a multi-modal community and reducing single-occupancy vehicle trips whenever possible.

Like all local governments, the City has a vested interest in the quality education and success of our youth. Through our own grant programs, Gaithersburg's FY13 budget proposes to supplement school budgets to allow for homework clubs, mentoring programs, parental involvement initiatives and more. Any additional programming that the County can fund to enhance the experience of youth in County schools would be greatly appreciated. This programming is more important than ever as families continue to struggle financially and find themselves in need of a bigger safety net.

Gaithersburg's proposed FY13 budget includes a substantial number of grants to support a variety of nonprofits in our community, addressing still growing needs as homelessness, hunger, physical health, mental health, financial wellness, emergency assistance, and positive youth development. Many of these nonprofits are also funded by Montgomery County. As part of your budget comment process, we will soon be delivering a letter to the Montgomery County Council listing the organizations that are currently receiving funding from both of our governments to highlight our support for them. We ask for your consideration in preserving their funding so that they can serve the neediest of residents in our community to the best of their ability.

It was not included in the recommended funding of the County Executive, but we ask that you continue your support of the G-Sharp out-of-school suspension program. Students participating in G-Sharp, many of them from Gaithersburg High School, keep up with their assignments in a supportive, nurturing environment. The City is proposing to fund G-Sharp in its own FY13 budget. Your continued support is necessary to ensure its continued effectiveness.

Finally, we would like to take this opportunity to ask the County to revisit its level of financial participation in the operation of the City's Upcounty Senior Center. The County eliminated \$100,000 in the FY10 budget due to fiscal constraints. As you may know, 52% of our Senior Center members are non-City residents. Restoring your participation at any level would assist in closing the subsidy gap that still remains. In addition, the County eliminated one of the senior transportation buses that served the Route 28 area. We would greatly appreciate the County consider re-establishing this service.

All of us in public service face the daunting task of trying to accomplish a lot with a little. We know that even tougher choices may be facing you with the ramifications of the doomsday budget passed by the State. Please know that the City of Gaithersburg stands ready to support you in any way we can.

Thank you for the opportunity to testify before you tonight, and I would be pleased to answer any questions you may have.