

MEMORANDUM

TO: Government Operations and Fiscal Policy Committee
 FROM: Justina J. Ferber,  Legislative Analyst
 SUBJECT: Worksession - Executive's Recommended FY14 Operating Budget -
County Executive Office

Those who may attend this worksession:

Timothy Firestine, Chief Administrative Officer
 Fariba Kassiri, Assistant Chief Administrative Officer
 Sonetta Neufville, Manager III, County Executive Office
 Erika Lopez-Finn, Management and Budget Specialist, OMB

The Executive's recommendation for the County Executive Office Budget is on ©1-5.

Overview

For FY14, the Executive recommends total expenditures of \$4,896,327 for the County Executive's Office (CE), an increase of \$348,240 or 7.7% from the FY13 budget of \$4,548,087.

(in \$000's)	FY12 Actual	FY13 Approved	FY14 CE Recommended	% Change FY13-FY14
Expenditures:				
General Fund	3,937,337	4,421,467	4,769,707	7.9%
Grant Fund	136,361	126,620	126,620	0.0%
TOTAL Expenditures	4,073,698	4,548,087	4,896,327	7.7%
Positions:				
Full-time	26	29	29	0.0%
Part-time	5	5	5	0.0%
TOTAL FTEs	26.4	28.2	30.6	8.5%

FY14 Expenditure Issues

There are no major issues in this budget. Changes in funding in the Executive Office budget for FY14 relate to increased costs for compensation and benefits; a shift in charge-backs to DED for a Projects Manager; and increased motorpool costs. Accomplishments and initiatives for the office are outlined on ©1-2. They include: creation of an online performance dashboard to monitor departmental performance in meeting service level agreements; five audit reports with

forty recommendations for improving internal controls and programmatic operations; an updated CountyStat public calendar for public users, etc. The Committee may want the CAO to elaborate on any item not previously discussed.

Adjustments with no service impact	FTE	Cost \$
Remove DED Chargeback for Projects Mgr	1	176,160
Increase for Compensation Adjustment		103,857
Increase for Group Insurance Adjustment		1,231
Eliminate Lump Sum Wage Adjustment		-53,924
Annualization of FY 13 Lapsed Positions	1.4	31,000
Increase for Retirement Adjustment		8,187
Increase for Motor Pool Rate Adjustment		26,750
Other Labor Contract Costs		2,832
Increase for Printing and Mail Adjustment		2,147
Increase Cost for Contract Services		50,000
Total	2.4	348,240

Cost changes are discussed below by division.

Office of County Executive FY14 Adjustments and Staffing Changes by Division		
CE - Policy Planning and Development		
FY13 \$1,108,008; 7.0 FTEs		FY14 \$998,233; 7.0 FTEs
\$26,750	Motor Pool Adjustment – This increase is due to the distribution of costs among tax supported departments and the need to recapture costs not previously charged	
-\$136,525; 0 FTE	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes. Shift of BRAC Coordinator to stand alone division	
CAO - Oversight of Executive Branch Departments		
FY13 \$2,813,570; 18.20 FTEs		FY14 \$3,133,466; 19.60 FTEs
\$176,160; 1.0 FTE	Shift chargeback from DED back to CE for Special Projects Manager (Manager will be addressing Smart Growth and DED issues)	
\$50,000	Increase Cost for Contract Services (for the work of the Chief Innovation Officer)	
\$31,000	Annualization of FY13 Lapsed Positions	
\$2,147	Printing and Mailing Adjustment	
\$60,589; 0.4 FTE	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes	
Base Realignment and Closure Grant		
FY13 \$0; 0 FTE		FY14 \$126,620; 1.0 FTE
\$126,620; 1.0 FTE	BRAC Manager shifted from the Policy Planning and Dev. Div. Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes	
Internal Audit		
FY13 \$399,070; 1.0 FTE		FY14 \$409,464; 1.0 FTE
\$10,394	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes	

Administration	
FY13 \$227,439; 2.0 FTE	FY14 \$228,544; 2.0 FTE
\$1,105	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

FY13 to FY14 Program Comparison

<u>Program</u>	<u>FY13</u>	<u>FY14</u>
Policy Planning and Development	\$1,108,008; 7.0 FTE	\$998,233; 7.0 FTE
Oversight of Executive Branch Depts	\$2,813,570; 18.2 FTE	\$3,133,466; 19.6 FTE
Grant – Base Realignment & Closure	\$0; 0 FTE	\$126,620; 1.0 FTE
Internal Audit	\$399,070; 1.0 FTE	\$409,464; 1.0 FTE
Administration	<u>\$227,439; 2.0 FTE</u>	<u>\$228,544; 2.0 FTE</u>
Total (includes grant funding)	\$4,548,087; 28.2 FTE	\$4,896,327; 30.6 FTE

Highlights

Audit Activity: One position remains for contract administration. Audits conducted in FY13 are: 1) Pension Benefits Audit; 2) Department of Permitting Services Receipts Controls; 3) Department of Environmental Protection Contract Monitoring; and 4) Public Safety SM Radios and Laptops.

Chief Innovation Officer: Chief Innovation Officer Dan Hoffman joined the Executive's office in November 2012. He has developed a Montgomery County Innovation Program Vision which is attached at ©6-20.

Charges to Other Departments: The position of Special Projects Manager for the Bioscience Initiative is no longer charged to the Office of Economic Development (\$176,160; 1.0 FTE). The position will continue to work on the Bioscience Initiative and also allocate time to Smart Growth issues.

Rapid Transit: For FY14 the budget includes \$100,000 for financial advisory services for Rapid Transit. For FY12 and FY13 \$100,000 was included in the budget for this purpose. The summary on ©21 provides information on Public Financial Management (PFM), the County's financial advisor who has provided valuable financial advisory services in assessing the potential fiscal impacts of implementing a proposed Rapid Transit System.

Staff Recommendation:

- **Approve the Executive Office budget as recommended by the Executive for \$4,896,327.**

Attachment:	Budget Pages	©1
	Montgomery County Innovation Program Vision	©6
	Rapid Transit Information	©21

County Executive

MISSION STATEMENT

The Offices of the County Executive provide political leadership to the community and administrative direction to the County's departments and offices. The Offices are committed to providing accurate, timely, and effective support to the County Executive and the Chief Administrative Officer (CAO) as they carry out their responsibilities to residents and employees of Montgomery County in an atmosphere that is characterized by excellence, efficiency, openness, equity, and integrity.

BUDGET OVERVIEW

The total recommended FY14 Operating Budget for the Offices of the County Executive is \$4,896,327, an increase of \$348,240 or 7.7 percent from the FY13 Approved Budget of \$4,548,087. Personnel Costs comprise 87.6 percent of the budget for 29 full-time positions and five part-time positions. A total of 30.60 FTEs includes these positions as well as any seasonal, temporary, and positions charged to or from other departments or funds. Operating Expenses account for the remaining 12.4 percent of the FY14 budget.

LINKAGE TO COUNTY RESULTS AREAS

The Offices of the County Executive support and also enforce all eight of the County Results Areas.

PERFORMANCE MEASURES

The primary focus of the Offices of the County Executive is to provide policy direction, reinforce accountability, and ensure the achievement of results for our residents. In support of these objectives, this office primarily uses the following tools to measure the effectiveness of the policy directions provided to County departments:

1. Departmental performance plans, headline performance measures and program performance measures that are reviewed and monitored on a routine basis;
2. A "Dashboard" reporting system on departments' headline performance measures and program performance measures that monitors and reports to the public, in real time, the County's successes and challenges; and
3. High level indicators of County performance and quality of life, that serve as a barometer of County performance benchmarked against a regional and national grouping of comparable jurisdictions.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ ***Created an online performance dashboard to give County management the ability to actively monitor departmental performance in meeting service level agreements in near real time.***
- ❖ ***Issued 5 audit reports to departments containing 40 recommendations for improving internal controls and programmatic operations. Of the 40 recommendations, departments have implemented 29 (73%) and are in the process of or plan to implement others.***
- ❖ ***Briefed visiting international delegations on performance management and government accountability techniques that can be applied to existing practices to improve internal practices and foster government transparency.***
- ❖ ***The New Montgomery initiative was launched by the County Executive in early 2013 to improve public perception of Montgomery County's business-friendliness and enhance its appeal to all generations, businesses and visitors.***
- ❖ ***The Rapid Transit System (RTS) initiative provides for the development of a comprehensive, integrated transit system for Montgomery County. This innovatively designed system will provide rapid access to major activity centers within the county, regional transit connectivity as well as extending the geographic reach of the current Metro subway system.***

❖ Productivity Improvements

- Updated CountyStat's public calendar system to allow public users to receive automated meeting notifications via an online subscription that integrates with all major digital calendar platforms or via a RSS feed.
- Reconfigured CountyStat's internal data management practices to reduce its digital footprint on County servers and thereby reduce server costs and system burden.

PROGRAM CONTACTS

Contact Sonetta Neufville of the Offices of the County Executive at 240.777.2516 or Erika Lopez-Finn of the Office of Management and Budget at 240.777.2771 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

County Executive - Policy Planning and Development

The County Executive oversees the enforcement of the laws of Montgomery County and provides executive direction to all departments and offices of the County government. The County Executive develops policies; proposes services, programs, budgets, and legislation to the County Council; adopts Executive Orders and Regulations; and appoints citizens to boards, committees, and commissions.

FY14 Recommended Changes	Expenditures	FTEs
FY13 Approved	1,108,008	7.00
Increase Cost: Motor Pool Adjustment	26,750	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-136,525	0.00
FY14 CE Recommended	998,233	7.00

Chief Administrative Officer - Oversight of Executive Branch Departments

The Chief Administrative Officer (CAO) oversees the operations and services of all departments and offices of the Executive Branch. The CAO also advises the County Executive on all administrative and government operations/service related matters and coordinates final review and decision-making on policies, programs, service delivery, budgets, legislation, regulations and related matters. The CAO uses the following tools to carry out his responsibilities:

- 1) CountyStat provides a forum for ongoing monitoring and measurement of the effectiveness and efficiency of County government services in order to improve performance, reinforce accountability and focus on results.
- 2) The Constituent Services section coordinates responses to correspondence and electronic mail from our residents and identifies community/residents concerns that require special attention/response.
- 3) The Criminal Justice Coordinating Commission (CJCC) function seeks to enhance cooperation among the agencies involved in the criminal justice system in Montgomery County and to ensure that they address the issues facing the system.
- 4) The Chief Innovation Officer provides an organized enterprise approach to innovation in Montgomery County. This function seeks to engage County employees and residents in order to facilitate innovation and assist with the design, development and implementation of innovative ideas.

FY14 Recommended Changes	Expenditures	FTEs
FY13 Approved	2,813,570	18.20
Shift: Remove chargeback to Economic Development for Special Projects Manager	176,160	1.00
Increase Cost: Contract Services	50,000	0.00
Increase Cost: Annualization of FY13 Lapsed Positions	31,000	0.00
Increase Cost: Printing and Mail Adjustment	2,147	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	60,589	0.40
FY14 CE Recommended	3,133,466	19.60

Base Realignment and Closure Grant

This program coordinates the review and analysis of referrals regarding Bethesda Naval Base Realignment related matters and also manages the Base Realignment and Closure grant.

FY14 Recommended Changes	Expenditures	FTEs
FY13 Approved	0	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	126,620	1.00
FY14 CE Recommended	126,620	1.00

Internal Audit

The Internal Audit program provides independent strategic risk-based auditing services. The core function of this program is to improve internal controls and provide reasonable assurance of reliable financial reporting; effective and efficient operations; legal and regulatory compliance; fraud investigations and deterrence; and the safeguarding of County assets.

FY14 Recommended Changes	Expenditures	FTEs
FY13 Approved	399,070	1.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	10,394	0.00
FY14 CE Recommended	409,464	1.00

Administration

The Administration program provides budget development and analysis, fiscal and inventory control, personnel and payroll management, training and supervision, procurement, and contract administration.

FY14 Recommended Changes	Expenditures	FTEs
FY13 Approved	227,439	2.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	1,105	0.00
FY14 CE Recommended	228,544	2.00

BUDGET SUMMARY

	Actual FY12	Budget FY13	Estimated FY13	Recommended FY14	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	2,724,475	3,027,831	2,978,398	3,232,539	6.8%
Employee Benefits	691,280	868,536	846,926	933,171	7.4%
County General Fund Personnel Costs	3,415,755	3,896,367	3,825,324	4,165,710	6.9%
Operating Expenses	521,582	525,100	524,489	603,997	15.0%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	3,937,337	4,421,467	4,349,813	4,769,707	7.9%
PERSONNEL					
Full-Time	25	28	28	28	—
Part-Time	5	5	5	5	—
FTEs	25.40	27.20	27.20	29.60	8.8%
REVENUES					
Miscellaneous Revenues	-634	0	0	0	—
County General Fund Revenues	-634	0	0	0	—
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	107,404	94,167	94,167	96,491	2.5%
Employee Benefits	8,408	17,573	17,573	25,645	45.9%
Grant Fund MCG Personnel Costs	115,812	111,740	111,740	122,136	9.3%
Operating Expenses	20,549	14,880	14,880	4,484	-69.9%
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	136,361	126,620	126,620	126,620	—
PERSONNEL					
Full-Time	1	1	1	1	—
Part-Time	0	0	0	0	—
FTEs	1.00	1.00	1.00	1.00	—
REVENUES					
Federal Grants	136,921	126,620	126,620	126,620	—
State Grants	-560	0	0	0	—
Grant Fund MCG Revenues	136,361	126,620	126,620	126,620	—
DEPARTMENT TOTALS					
Total Expenditures	4,073,698	4,548,087	4,476,433	4,896,327	7.7%
Total Full-Time Positions	26	29	29	29	—
Total Part-Time Positions	5	5	5	5	—
Total FTEs	26.40	28.20	28.20	30.60	8.5%
Total Revenues	135,727	126,620	126,620	126,620	—

FY14 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY13 ORIGINAL APPROPRIATION	4,421,467	27.20
Other Adjustments (with no service impacts)		
Shift: Remove chargeback to Economic Development for Special Projects Manager [Chief Administrative Officer - Oversight of Executive Branch Departments]	176,160	1.00
Increase Cost: FY14 Compensation Adjustment	103,857	0.00
Increase Cost: Contract Services [Chief Administrative Officer - Oversight of Executive Branch Departments]	50,000	0.00
Increase Cost: Annualization of FY13 Lapsed Positions [Chief Administrative Officer - Oversight of Executive Branch Departments]	31,000	0.00
Increase Cost: Motor Pool Adjustment [County Executive - Policy Planning and Development]	26,750	0.00
Increase Cost: Retirement Adjustment	8,187	0.00
Increase Cost: Other Labor Contract Costs	2,832	0.00
Increase Cost: Printing and Mail Adjustment [Chief Administrative Officer - Oversight of Executive Branch Departments]	2,147	0.00
Increase Cost: Group Insurance Adjustment	1,231	0.00
Increase Cost: Annualization of FY13 Lapsed Positions	0	1.40
Decrease Cost: Elimination of FY13 \$2,000 Lump Sum	-53,924	0.00
FY14 RECOMMENDED:	4,769,707	29.60

	Expenditures	FTEs
GRANT FUND MCG		
FY13 ORIGINAL APPROPRIATION	126,620	1.00
FY14 RECOMMENDED:	126,620	1.00

PROGRAM SUMMARY

Program Name	FY13 Approved		FY14 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
County Executive - Policy Planning and Development	1,108,008	7.00	998,233	7.00
Chief Administrative Officer - Oversight of Executive Branch Departments	2,813,570	18.20	3,133,466	19.60
Base Realignment and Closure Grant	0	0.00	126,620	1.00
Internal Audit	399,070	1.00	409,464	1.00
Administration	227,439	2.00	228,544	2.00
Total	4,548,087	28.20	4,896,327	30.60

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY13		FY14	
		Total\$	FTEs	Total\$	FTEs
COUNTY GENERAL FUND					
CIP	CIP	198,387	1.40	132,309	1.00
Economic Development	County General Fund	174,660	1.00	0	0.00
Total		373,047	2.40	132,309	1.00

FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY14	FY15	FY16	(\$000's)		
	FY17	FY18	FY19			
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY14 Recommended	4,770	4,770	4,770	4,770	4,770	4,770
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	133	161	161	161	161
These figures represent the estimated cost of general wage adjustments, new service increments, and associated benefits.						
Labor Contracts - Other	0	0	-3	-3	-3	-3
These figures represent other negotiated items included in the labor agreements.						
Subtotal Expenditures	4,770	4,902	4,928	4,928	4,928	4,928

Montgomery County Innovation Program

Montgomery County Innovation Program Vision Version 1.0

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Vision Document	Date: 2/12/2013

Document Revision History

Date	Version	Description	Author
11/27/2012	<0.1>	Draft initial version	Dan Hoffman
12/17/2012	<0.2>	Second iteration based on discussions with department heads, other jurisdictions and the private sector	Dan Hoffman
1/3/2012	<0.3>	Third iteration containing resource diagram, idea maturity and selection models, and idea pitch template.	Dan Hoffman
1/3/2012	<0.4-0.5>	With edits from Jenna Agee and Fariba Kassiri	Multiple
1/7/13	<0.6>	Minor proofreading and grammatical changes	Multiple
2/12/2013	1.0	With edits from CAO and Fariba Kassiri; version presented to SMT	Dan Hoffman

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Vision

1. Introduction

1.1 Purpose

The Chief Innovation Officer (CInO) is responsible for a portfolio of projects that build and support a platform for innovation in Montgomery County. This role serves as a consultant/advisor to department directors and senior management, a resource broker and coordinator for cross-department collaboration and an advocate for front line staff and citizens with new ideas. Beyond serving as program manager, the CInO is assigned to special projects as needed by the Chief Administrative Officer.

1.2 Background

Across the country several innovation officers and innovation programs exist. These positions are used in different ways. Some are more technology centric and others are more broadly focused on organization development and the creation of a 'laboratory' environment where ideas can be developed and tested. More importantly the culture of "innovation" is institutionalized and supported by the top leadership. These environments are seen as a safe and welcoming place for employees and residents to suggest ideas that can be tested. Although all these ideas may not ultimately be implemented, they still results in valuable lessons and knowledge. The vision for the Montgomery County Innovation Program is more akin to this approach.

1.3 Scope and Criteria

The Montgomery County Innovation Program, led by the CInO, coordinates, promotes, identifies, educates, manages, and executes a variety of projects and ideas designed to institutionalize and support the County's Innovation Program objectives.

Broadly stated, for any new or ongoing project/idea to be included in this program, it must meet the following base criteria:

- The concept is **entrepreneurial, iterative, and testable**. This means that desired outcomes can be identified and measured in a lean, focused way.
- The **project is experimental**, and thus has some degree of inherent risk. The project involves a new process, technology, or skill that is not yet fully understood in the context of County operations.
- The concept is **scalable to provide a meaningful return on investment**. If deemed viable the concept can be implemented more broadly.

Entrance into the Innovation Program will involve an application and screening process that will be defined in more detail in later sections.

1.4 Basic Principles

The Innovation Program will follow a small set of basic principles that will guide how it works:

- **Be the "Department of Yes"** – Test as many ideas as our resources will allow.
- **Use the best, invent the rest** – Take the best ideas and lessons from others whenever possible and go from there. Invent only when you have to.

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- **Work quickly and move on** – The Program is not meant to own other programs.
- **Understand the current state** – Spend time with departments and in the community.
- **Keep churning** – Avoid insular thinking by staying fluid; continuously bring outside resources in and shift inside resources out.

The Innovation Program is new to the County and questions about how it will operate will continually present themselves. These may be questions with no clear answer, but reflecting on the basic principles may help guide us to answers.

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2. Objectives

The Innovation Program has four primary objectives: build organization capacity, leverage ongoing initiatives and resources, facilitate continuous improvement and change management, and communicate ideas and lessons learned.

2.1 Building Organization Capacity

The Innovation Program will define processes for idea identification and incubation. By providing employees and residents an outlet for new ideas, the Program seeks to encourage participation and a more productive dialog. Ideas will be evaluated to identify root cause issues, potential impact, and feasibility. The goal is to create an open, transparent process that makes all participants feel heard.

The Program will also seek to increase organizational learning by executing projects with a fluid set of human capital. Those with ideas being tested will be able to work in the Innovation Program on temporary assignments, rotations, or as volunteers. Our approach will also reflect the concepts of "open innovation" which incorporates external resources contributing to the program via fellowships and internships. This objective will seek to continually ask the following questions:

What are we doing to...

create "stretch" goals that encourage break-out thinking?	leverage new social technologies to bring the best ideas to the fore?	accelerate the innovation process through rapid prototyping, simulation, and other means?
upgrade the innovation skills of every individual?	make experimental capital rapidly and easily available to anyone with a bright idea?	de-risk innovation through low-cost experimentation, partnering, and other strategies?
deploy innovation tools throughout the organization?	carve out space for innovation in the midst of all the "busyness" that chokes out the time for innovation?	organically grow " communities of passion " around new and promising ideas?
develop clear definitions and metrics for innovation ?	create widespread accountability for innovation?	knock down bureaucratic hurdles that frustrate innovation?
make innovation an important component in compensation and reward decisions?	involve customers deeply in the innovation process?	better manage the tension between short-term operational goals and medium-term innovation goals ?
build a foundation of distinct, widely shared innovation insights that is accessible by all?	dramatically improve the quality and quantity of innovative ideas?	ensure innovation efforts take full advantage the organization's diversity of experiences, skills, and values ?

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2.2 Leverage Ongoing Innovations and Resources

Some ongoing projects/initiatives/ideas will be identified or nominated for inclusion in the Innovation Program. The main objective will be to increase their impact and/or value by using their experience or expanding them beyond their current reach/limit.

In addition, the Innovation Program may offer the opportunity for internal and external individuals with certain skills or areas of interest to participate in a rotational or short-term internship to do data analysis and modeling, process and business analysis, or facilitation and training.

2.3 Constructively Challenge the Status Quo and Facilitate Continuous Improvement

The Innovation Program seeks to evaluate, generate, and drive innovative change through the following:

- Evaluate:
 - Opportunities to improve efficiency/effectiveness;
 - Opportunities to improve customer/stakeholder satisfaction (be the voice of the customer);
 - Opportunities to improve transparency and accountability (be the voice of the citizen);
- Generate:
 - Both incremental and disruptive change
 - Coherent, compelling vision for the future
- Drive:
 - Decisions/commitments (integrated with normal planning and budget processes)
 - Effective implementation (serve as consultant/advisor/resource broker)

2.4 Communicate Ideas and Lessons Learned

An important part of the Innovation Program will be to shed light on the good work being performed by County staff and our partners. Even when an idea does not bear the intended fruit, valuable lessons are always learned which in turn build our collective knowledge base. The Innovation Program will establish itself as a "safe place to fail" that will encourage creativity. To do this the Innovation Program will:

- Develop communication vehicles to disseminate information on projects and successes, and to build awareness.
- Create a standardized lessons learned process that:
 - Provides actionable information on how projects can be improved in the future;
 - Eliminates fear of failure on incremental, agile innovation projects;

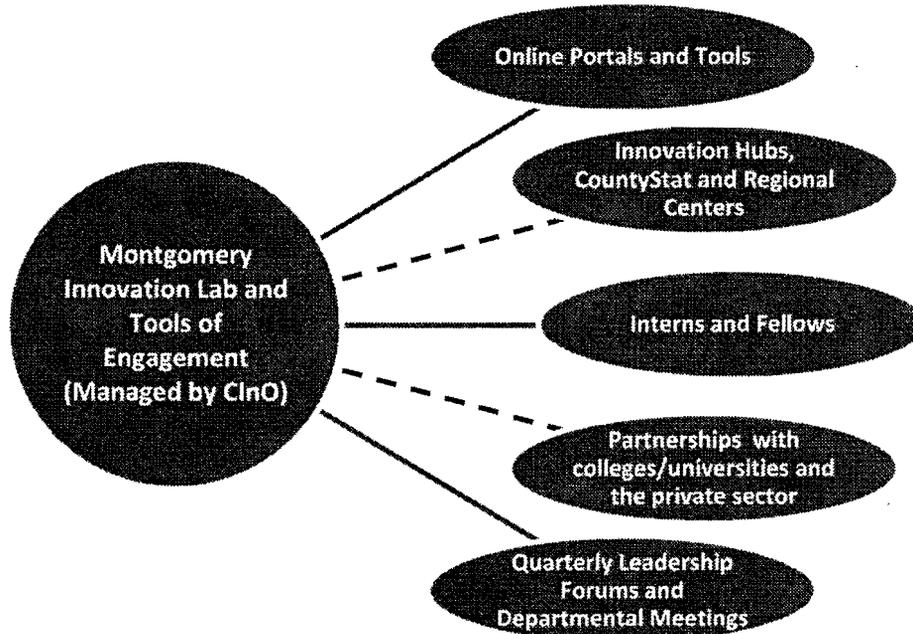
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- Incorporate diverse perspectives to understand project success/failure from multiple angles; and,
- Includes external expertise in identifying lessons learned.

3. Resources and Tools of Engagement

3.1 Resources in Alignment with Objectives

The following diagram and table outline the resources and tools of engagement that will be utilized to support the objectives of the Innovation Program. A solid line indicates direct oversight and a dotted line indicates mutual coordination.



Resource	Description	Objective Supported
Montgomery Innovation Lab and connected Innovation Hubs	The Montgomery Innovation Lab will be a physical space created in partnership with multiple stakeholders (public and private) where the Innovation Program will be based. This space will be specially designed with an open, human-centered floor plan. The Innovation Lab will be the central collaboration space for the Program but it will also connect to satellite Innovation Hubs in operated by potential partners such as MCPS, USG, Montgomery College and private sector partners.	<ul style="list-style-type: none"> • Leverage internal and external resources • Bring forward new ideas, facilitate group discussions, brainstorming and data sharing • Encourage, promote and foster a culture of innovation • Communications/Lessons Learned • Continuous Improvement & Change Management

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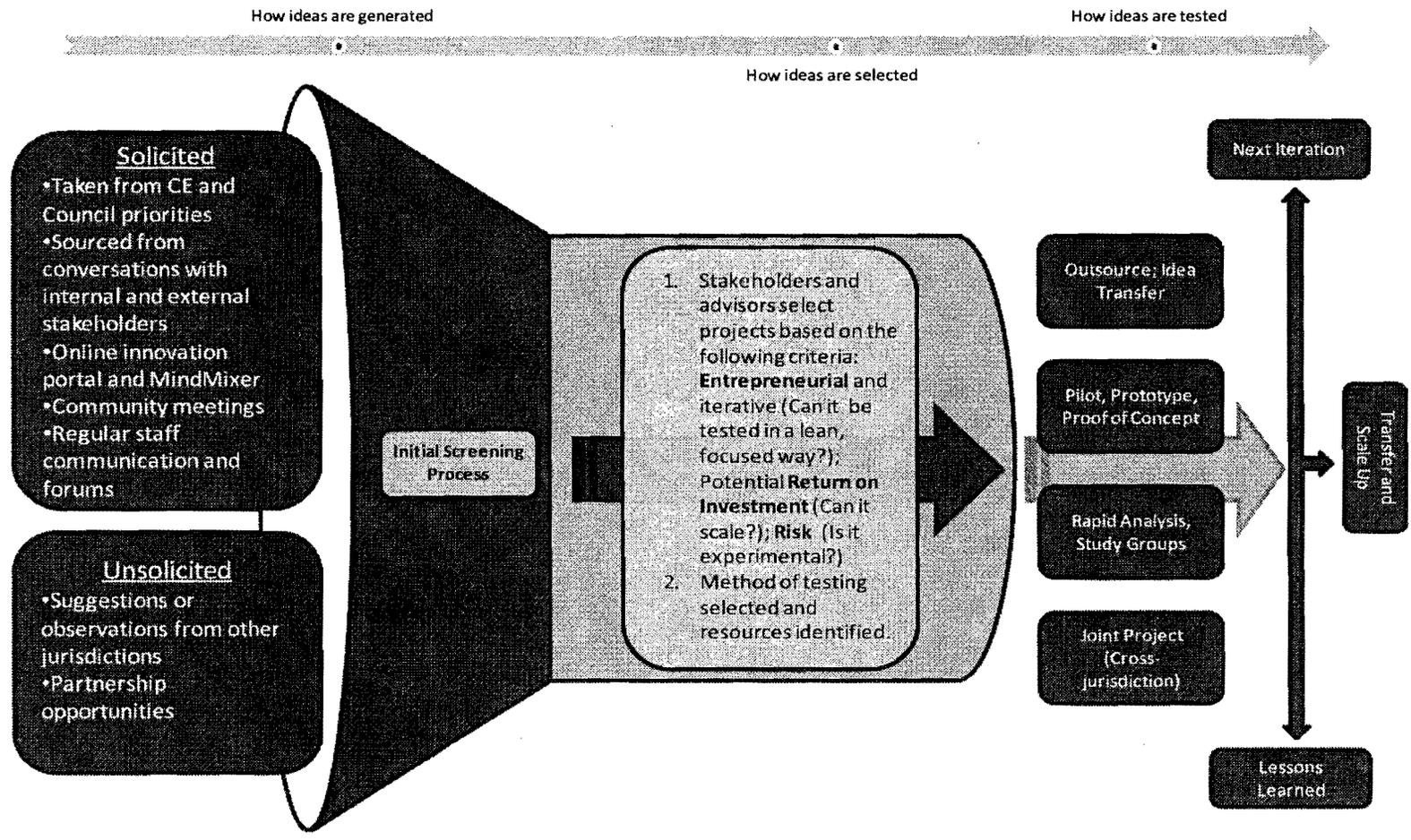
Internal-facing employee portal	A new site will be established that is available on the intranet and accessible to County employees. The site will provide information on how the Innovation Program operates and how employees can provide input and work with the program. The Program will also create employee-only topics on the engageMontgomery platform.	<ul style="list-style-type: none"> • Capacity building • Align internal resources • Communications/Lessons Learned • Encourage, promote and foster a culture of innovation • Gather new ideas
External-facing portal for residents and other partners (montgomerycountymd.gov/innovate)	A new site will be established that communicates and solicits feedback from external sources. The site may leverage the Mindmixer platform and will include a blog as well as integration with a Twitter and Facebook account.	<ul style="list-style-type: none"> • Leverage external resources • Communications/Lessons Learned
Montgomery Innovation Fellows and Internship Program	The Innovation Program will develop partnerships with local universities (focusing on County institutions) to bring in temporary support and resources. Also, other experienced resources from inside and outside County government will have the opportunity to join the Innovation Program for a temporary, defined period of time to learn, contribute and/or provide support to specific projects. These fellows or interns could consist of existing County employees or external resources funded by private sector resources. The Innovation Fellows and Internship program will be branded as a prestigious opportunity for high performing employees, college students or other partners to be involved in variety of high visibility assignments/tasks.	<ul style="list-style-type: none"> • Leverage external resources • Communications/Lessons Learned • Align internal resources • Continuous Improvement and Change Management • Gathering new ideas • Encourage, promote and foster a culture of innovation • Capacity building and institutionalize the culture of innovation

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<p>Partnerships and Board Memberships</p>	<p>CInO will maintain membership on boards and committees that provide insight and exposure in the private sector. These may consist of appointments on advisory councils, work groups, and other influential bodies. Consideration should also be given to CInO involvement with relevant governance boards.</p>	<ul style="list-style-type: none"> • Align internal and external resources • Communications/Lessons Learned
<p>Other Forums, Resource and Opportunities for Engaging Employees and Public and Leveraging Resources</p>	<p>The Innovation program will regularly attend and/or present at CountyStat sessions, Department Directors' Staff meetings, QLF, Regional Center Citizen Advisory Board meetings, etc.</p>	<ul style="list-style-type: none"> • Align internal and external resources • Continuous Improvement and Change Management • Encourage, promote and foster a culture of innovation • Capacity building and institutionalize the culture of innovation • Bring forward new ideas, facilitate group discussions, brainstorming and data sharing

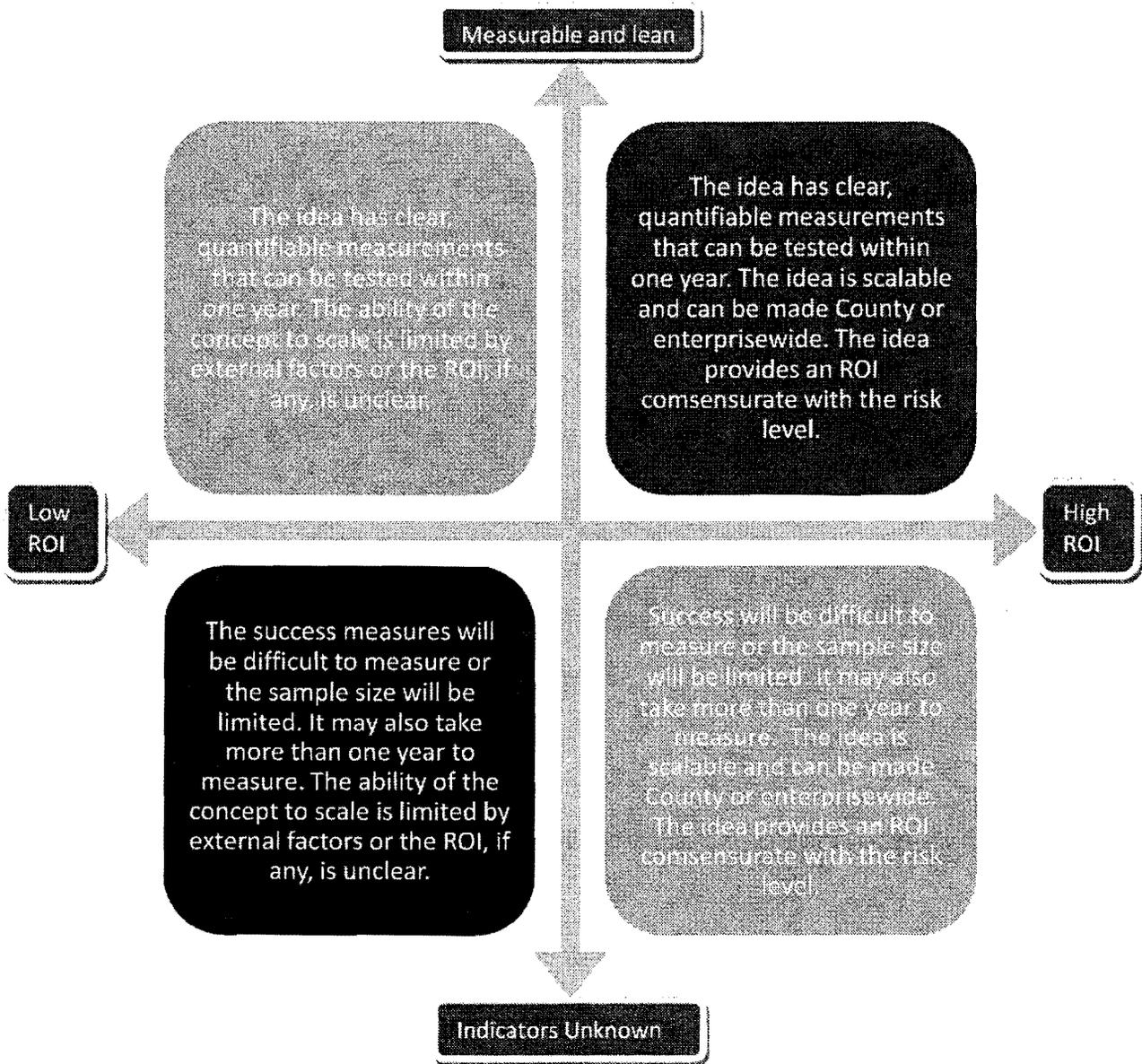
4. Innovation Process

Other jurisdictions (Philadelphia and Boston in particular) have adopted a model similar to the one below. The idea is to cast a wide net and then screen projects based on County priorities. Lessons from other organizations and research have shown that it is critical to create a safe place and test the selected ideas via iterative, lean projects.



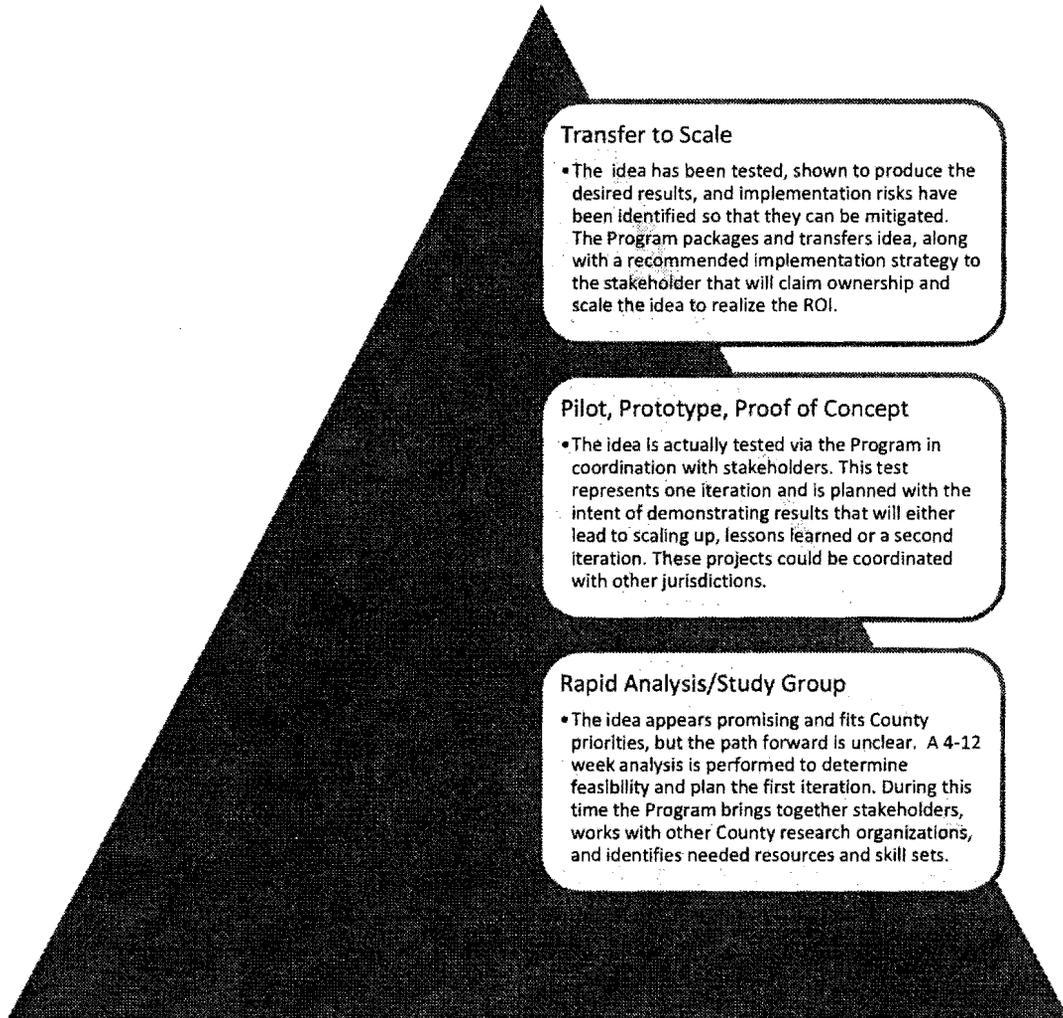
5. Idea Maturity and Selection

Naturally, ideas will come to the Program in many different states. The maturity of the idea will determine the way in which it is tested. For example mobile application that has been piloted and tested in a different jurisdiction may receive a more advanced pilot test before being immediately transferred for scaling. Other ideas may be more abstract, with an unclear value proposition and multiple different testing options and thus receive an initial study. Below is an assessment matrix that combines measurability and return on investment.



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Ideas that fall within the green quadrant will be given high priority and may move directly into a pilot/prototype/proof of concept engagement. Ideas that fall within the yellow quadrants may still start as a pilot/prototype/proof of concept if it determined that one of those methods is the best way to further study the idea, however it is more likely that an idea in one of those quadrants first receives a rapid analysis/study group treatment. Ideas deemed to be in the red quadrant are given low priority, but are cataloged and acknowledged. Any idea may be transferred to partner organization for testing if it is deemed to be in the best interest of the program or insufficient resources are available. Below is the idea maturity model.



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6. Idea Pitch Template (Sample)

BASIC INFORMATION

Idea Source: _____
 Contact Name: _____
 Email: _____ Phone: _____
 Date: _____

BRIEF DESCRIPTION OF THE IDEA (250 WORDS OR LESS)

ASSESSMENT CRITERIA

Ideas should have three basic criteria for inclusion in the program:

- Ideas should be measurable in a lean, iterative manner.** How will the goal/objective be evaluated? Identify some quantitative measurements. The measure does not need to be solely based on cost savings or avoidance. Ideas that improve effectiveness or produce positive social outcomes are also encouraged. In order to be measured, the experiments coming from these ideas should also be time bound. Please give an estimated length for the experiment.
- Ideas should be scalable and provide a return on investment.** For the first criteria you have provided the measure, now estimate the return on investment. Estimate the cost of just the iteration and the potential impact if the concept were scaled up.
- Ideas should incorporate some degree of risk and experimentation.** Is this a new process, practice, or technology that the County has little or no experience implementing? Do we have lessons learned from other jurisdictions or organizations who have tried this before?
High Risk – There is little or no precedent to follow and the skills needed to successfully test this idea are limited.
Moderate Risk – This idea has been tested elsewhere to some degree and resources needed to test the idea are clear.
Low Risk – This idea has been tested successfully elsewhere and skilled partners/resources are available.

IDEA ASSESSMENT

Measurement and timeframe:

ROI and opportunities to scale:

Risk: High Moderate Low

Chief Innovation Officer

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Offices of the County Executive FY14 Proposed Budget

The FY14 Proposed Budget of the Offices of the County Executive includes \$100,000 for financial advisory services related to the implementation of transit projects in the County including the Corridor Cities Transitway (CCT), the Purple Line, and Rapid Transit System (RTS) project.

With the Maryland General Assembly's passage of HB 1515, Transportation Infrastructure Investment Act of 2013, there is continued need for financial advisory services to assist this office with determining the best financial approach to fund the above referenced projects. The Maryland Department of Transportation has already issued a Request For Information or Interest (RFI) seeking advice from the private sector on how, and to what extent, public/ private partnerships (P3's) should be used to fund and finance these large infrastructure projects.

It is imperative that we understand the fiscal implications of pursuing various funding and financing strategies including using traditional funding mechanisms (general obligation or other public debt for development and property or other taxes for operations), or adopting a P3 approach for either development or operations.

The County's financial advisor, Public Financial Management (PFM) has provided valuable financial advisory services over the past year in helping this office assess the potential fiscal impacts of implementing a proposed RTS. In the current year, PFM is working to help us identify the financial implications to commercial property owners along the CCT corridor, should County participation in developing that project become necessary. In addition in FY'13 and FY'14, PFM will assist us in evaluating the fiscal advantages and disadvantages of pursuing a P3 funding model for both the Purple Line and CCT. There are a number options; each with its own set of consequences. Broadly speaking the options are:

1. Design, Build
2. Design, Build, Operate and Maintain;
3. Design, Build, Operate, Maintain, and Finance.

Within each of these options, there are many questions and issues that need to be addressed including the legal relationship between the entities involved; who has control of the projects; identification of performance criteria and consequences of non-performance; and the funding sources of the availability payments that must be made to a private vendor. This office, along with the Council, will need professional advisory assistance to help us either make our own local decisions on how these projects are to be funded or financed, or provide input to the state and MDOT as they move these projects forward.