

Worksession

MEMORANDUM

April 23, 2013

TO: Government Operations and Fiscal Policy Committee

FROM: <sup>JCA</sup> Jean C. Arthur, Legislative Analyst

SUBJECT: **Worksession: FY14 Operating Budget – Non-Departmental Accounts:  
Boards, Committees and Commissions  
Council of Governments  
County Associations  
Public Technology, Inc.**

The relevant pages from the FY14 Recommended Operating Budget are at ©1-4.

*The following persons are expected at this worksession:*

Sonetta Neufville, Administrative Specialist III, County Executive Office  
Ayo Akinola Apollon, Administrative Specialist, OMB

OVERVIEW

Before the Committee today are funding requests for several non-departmental accounts. The County Executive's recommended FY14 budget for these accounts are shown in the table below.

| NDA                                | FY13 Approved          | FY14 CE Recommended    | % Change    |
|------------------------------------|------------------------|------------------------|-------------|
| Boards, Committees and Commissions | \$ 22,950              | \$ 22,950              | 0%          |
| Council of Governments             | \$770,500              | \$796,585 <sup>1</sup> | 3.3%        |
| County Associations                | \$ 72,710 <sup>2</sup> | \$ 72,710              | 0%          |
| Public Technology, Inc.            | \$ 17,000              | \$ 20,000              | 15%         |
| <b>Total</b>                       | <b>\$883,160</b>       | <b>\$912,245</b>       | <b>3.2%</b> |

<sup>1</sup> The figure of \$796, 585 shown in the budget book and in this chart is based on an estimate submitted by COG. The figure of \$796,668 shown on the chart on page 3 reflects the actual dues.

<sup>2</sup> This number has been rounded up.

## FY14 Expenditure Issues

### Boards, Committees and Commissions

Currently, the County government has 86 boards, committees and commissions created by law or resolution. Over 1200 residents serve on these entities and most volunteer their time. Members on seven boards or commissions are compensated for their time. Some, such as the Board of Appeals and the Board of Investment Trustees, have full-time staff.

A Committee Evaluation and Review Board (CERB) was appointed on March 6, 2012. The Council indicated that it wished to receive an interim report in six months and a final report in twelve. The CERB has not submitted a final report.

The Council has long been concerned about the number of boards, committees and commissions and whether they are all necessary. Councilmembers have pointed out that the costs of these entities go beyond the funds appropriated through this account. Other costs include the staff time associated with preparing for the meetings, attending the meetings, and responding to requests from the volunteers on the board, committee or commission.

For FY14, the County Executive is recommending a budget of \$22,950, level with the current fiscal year.

### Council of Governments<sup>3</sup>

This account pays the County's portion of COG's operating expenses and special COG initiatives. COG is a voluntary association of major local governments in the Washington Metropolitan area. COG aims to develop regional responses to issues affecting member jurisdictions. Below is a breakdown of the County's payments to COG.

| MWCOG FUND (\$)                    | FY13<br>Approved | FY14<br>Recommended | Change<br>from<br>FY13 |
|------------------------------------|------------------|---------------------|------------------------|
| General                            | \$575,691        | \$601,693           | \$26,002               |
| Regional Environmental Fund        | \$108,482        | \$109,485           | \$1,003                |
| Anacostia Restoration Fund         | \$86,320         | \$85,490            | \$-830                 |
| Airport Noise                      | 0                | 0                   | 0                      |
| Cooperative Purchasing             | 0                | 0                   | 0                      |
| Washington Area Housing Trust Fund | 0                | 0                   | 0                      |
| <b>TOTAL Tax Supported</b>         | <b>\$770,493</b> | <b>\$796,668</b>    | <b>\$26,175</b>        |

<sup>3</sup> COG's membership assessment is formulaic. Dues are calculated on a per capita rate basis using projected jurisdiction population approved by each city or county manager. The adopted assessment rate for FY2014 is \$0.70 per capita. In FY2013, the rate was \$0.67. Membership assessments were frozen at the FY2009 dollar amounts for FY10, FY11, and FY12.

|                                |                    |                    |                 |
|--------------------------------|--------------------|--------------------|-----------------|
| <b>Billed to WSSC</b>          |                    |                    |                 |
| Water Resources Mgmt. Planning | \$256,818          | \$263,611          | \$6,793         |
| Blue Plains Users              | \$108,292          | \$108,292          | 0               |
| <b>TOTAL Paid by WSSC</b>      | <b>\$365,110</b>   | <b>\$371,903</b>   | <b>\$6,793</b>  |
| <b>TOTAL</b>                   | <b>\$1,135,603</b> | <b>\$1,168,571</b> | <b>\$32,968</b> |

### **County Associations**

This account pays the County's dues to the Maryland Association of Counties and the National Association of Counties. The dues are based on population but are unchanged from FY13.

|              |                 |
|--------------|-----------------|
| MACo:        | \$55,292        |
| NACo:        | \$17,417        |
| <b>Total</b> | <b>\$72,709</b> |

### **Public Technology, Inc.**

Public Technology, Inc. is a technology organization which supports local governments through research, education, executive-level consulting services, and national recognition programs. PTI works to identify research opportunities, share solutions, recognize member achievements and address the many technology issues that impact local government. PTI has a close relationship with the National League of Cities, National Association of Counties and International City/County Management Association.

Montgomery County's dues for FY14 would rise by \$3,000 over FY13 to \$20,000.

**Staff Recommendation: Approve with an increase of \$83 to the Council of Governments expenditure to reflect actual dues.**

# Non-Departmental Accounts

## MISSION STATEMENT

Non-Departmental Accounts (NDAs) contain expenditure items essential to the operation of the County government which do not fall within the functional assignment of any department or agency, or which provide for expenditures related to more than one department or agency.

In FY14, 37 NDAs were funded. NDA Board of Investment Trustees was renamed to Montgomery County Employee Retirement Plans. Four NDAs were not funded: Inauguration & Transition; Judges Retirement Contributions; Montgomery County Employee Retirement Plans and Restricted Donations.

## BUDGET OVERVIEW

The total recommended FY14 Operating Budget for the Non-Departmental Accounts is \$303,517,037, an increase of \$44,541,373 or 17.2 percent from the FY13 Approved Budget of \$258,975,664. Personnel Costs comprise 0.8 percent of the budget for 14 full-time positions. A total of 3.88 FTEs includes these positions as well as any seasonal, temporary, and positions charged to or from other departments or funds. Operating Expenses and Capital Outlay account for the remaining 99.2 percent of the FY14 budget.

## PROGRAM CONTACTS

Contact Ayo Akinola Apollon of the Office of Management and Budget at 240.777.2781 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

### Arts and Humanities Council

This NDA provides funding for the Arts and Humanities Council of Montgomery County (AHCRC), the County's designated local arts and humanities agency. FY14 taxpayer support of the AHCRC includes general operating grants to arts and humanities organizations; program grants to agencies not receiving general operating support; project grants to individuals, scholars, groups, or small organizations; technical assistance and other support services for individuals and other organizations in the County; and operating expenses for AHCRC. The County's contribution is implemented by a contract between the Department of Recreation and AHCRC.

Since 1976, AHCRC has been the County's designated local arts agency. The AHCRC's mission is to promote, support, and expand a vibrant arts and humanities presence woven into the fabric of our diverse and inclusive community. AHCRC provides leadership that sustains arts and humanities organizations, artists and scholars and inspires participation in our County's cultural assets. Through its programs and services, AHCRC provides the infrastructure and support necessary to maintain a robust creative community that includes over 450 cultural organizations and 1,500 artists and scholars. AHCRC annually distributes grants to organizations and individuals to help fund enriching cultural activities in our County (<http://demo.creativemoco.com/grants/grants-awarded>).

AHCRC is headquartered in Silver Spring, Maryland, and receives support from the Maryland State Arts Council, corporations, organizations and individuals.

Funding for maintenance of public art is allocated in the Public Arts Trust CIP project.

| <b>FY14 Recommended Changes</b>   | <b>Expenditures</b> | <b>FTEs</b> |
|---|---------------------|-------------|
| <b>FY13 Approved</b>  | <b>3,372,700</b>    | <b>0.00</b> |
| Increase Cost: Arts and Humanities Council of Montgomery County Funding | 120,000             | 0.00        |
| <b>FY14 CE Recommended</b>  | <b>3,492,700</b>    | <b>0.00</b> |

### \*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.

**FY14 Recommended Changes**

|                            | Expenditures  | FTEs        |
|----------------------------|---------------|-------------|
| <b>FY13 Approved</b>       | <b>22,950</b> | <b>0.00</b> |
| <b>FY14 CE Recommended</b> | <b>22,950</b> | <b>0.00</b> |

**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.

**FY14 Recommended Changes**

|   | Expenditures | FTEs        |
|---|--------------|-------------|
| <b>FY13 Approved</b>                        | <b>150</b>   | <b>0.00</b> |
| Increase Cost: Biennial Workload Adjustment | 1,000        | 0.00        |
| <b>FY14 CE Recommended</b>                  | <b>1,150</b> | <b>0.00</b> |

**Community Grants**

This NDA provides one-time grants directly to organizations in the community. A complete list of grantees is located within the FY14 Approved Changes Table at the end of this section. Included in this NDA are:

- Community Grants: one-time grants to organizations that leverage Federal, State, and/or private funding or improve the quality of life for County residents. FY14 Community Grants are \$4,366,394;
- Community Service Grants: one-time grants for capital purchases that support health and human service activities. FY14 Community Service Grants are \$94,004.

Approved for Community Grants, but included as part of the Capital Budget within the Cost Sharing: MCG Project (CIP#720601) for a total of \$615,000 are listed as follows: Easter Seals Greater Washington-Baltimore Region \$100,000; Jewish Foundation for Group Homes \$125,000; Muslim Community Center Inc. DBA MCC Medical Clinic \$50,000; Potomac Community Resources, Inc. \$50,000; Sandy Spring Museum \$65,000; St. Luke's House and Threshold Services United, Inc. \$50,000; Takoma Park Presbyterian Church \$75,000; and Ken-Gar Community Center \$100,000.

**FY14 Recommended Changes**

|  | Expenditures     | FTEs        |
|--|------------------|-------------|
| <b>FY13 Approved</b>   | <b>5,888,827</b> | <b>0.00</b> |
| Add: Community Grant: A Wider Circle, Inc. (Center for Community Service)  | 53,920           | 0.00        |
| Add: Community Grant: A Wider Circle, Inc. (Center for Professional Development providing education, attire, and critical back-to-work support)                      | 40,000           | 0.00        |
| Add: Community Grant: African Immigrant Foundation ("Catching Up" Youth Development Program)   | 15,000           | 0.00        |
| Add: Community Grant: Alliance for Workplace Excellence (operating support)  | 23,800           | 0.00        |
| Add: Community Grant: Am Kolel, Inc. (The Gathering Place)   | 20,000           | 0.00        |
| Add: Community Grant: Asian American LEAD (after school and mentoring programs for middle and high school youth)   | 37,800           | 0.00        |
| Add: Community Grant: Asian-American Homeownership Counseling, Inc. (home sharing services to low/moderate income families and volunteer job training opportunities) | 44,000           | 0.00        |
| Add: Community Grant: Ayuda (train and provide qualified interpreters to legal service providers for deaf and limited English speaking clients)                      | 20,000           | 0.00        |
| Add: Community Grant: Bethesda Cares Inc. (part-time social worker to assist with street outreach and case management)   | 28,500           | 0.00        |
| Add: Community Grant: Bethesda Green (operating support)   | 15,810           | 0.00        |
| Add: Community Grant: Bethesda Help (nutritionally well-balanced foods, delivered by volunteers to needy households)   | 2,000            | 0.00        |
| Add: Community Grant: Big Brothers Big Sisters of the National Capital Area (mentoring for high risk Latino children)  | 34,340           | 0.00        |
| Add: Community Grant: Caribbean Help Center (First Aid emergency assistance program)   | 28,500           | 0.00        |
| Add: Community Grant: CASA de Maryland, Inc. (linguistically and culturally appropriate case management for low-income immigrant residents)                          | 88,350           | 0.00        |
| Add: Community Grant: CASA de Maryland, Inc. (Youth Education and Empowerment Program)   | 75,000           | 0.00        |
| Add: Community Grant: Catholic Charities of the Archdiocese of Washington, Inc. (7-passenger van)  | 35,000           | 0.00        |
| Add: Community Grant: Catholic Charities of the Archdiocese of Washington, Inc. (Full-time bilingual office manager position at the Montgomery County Family Center) | 44,180           | 0.00        |
| Add: Community Grant: Catholic Charities of the Archdiocese of Washington, Inc. (Single Adult Transitional Shelter Services program)                                 | 22,000           | 0.00        |
| Add: Community Grant: CentroNia (Family Book Clubs program)  | 15,000           | 0.00        |

### Consolidated Retiree Health Benefits Trust (MCPS)

This NDA provides consolidated funding for Montgomery County Public Schools' contribution to the Retiree Health Benefits Trust.

| <b>FY14 Recommended Changes</b>  | <b>Expenditures</b> | <b>FTEs</b> |
|--|---------------------|-------------|
| <b>FY13 Approved</b>   | <b>58,853,092</b>   | <b>0.00</b> |
| Increase Cost: Additional Contribution (Year Seven of Eight-Year Funding Schedule) | 28,982,908          | 0.00        |
| <b>FY14 CE Recommended</b>   | <b>87,836,000</b>   | <b>0.00</b> |

### Consolidated Retiree Health Benefits Trust (Montgomery College)

This NDA provides consolidated funding for Montgomery College's contribution to the Retiree Health Benefits Trust.

| <b>FY14 Recommended Changes</b>  | <b>Expenditures</b> | <b>FTEs</b> |
|--|---------------------|-------------|
| <b>FY13 Approved</b>   | <b>1,779,914</b>    | <b>0.00</b> |
| Increase Cost: Additional Contribution (Year Seven of Eight-Year Funding Schedule) | 709,086             | 0.00        |
| <b>FY14 CE Recommended</b>   | <b>2,489,000</b>    | <b>0.00</b> |

### 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; and the Regional Environmental Fund.

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.

| <b>FY14 Recommended Changes</b>               | <b>Expenditures</b> | <b>FTEs</b> |
|---|---------------------|-------------|
| <b>FY13 Approved</b>                          | <b>770,500</b>      | <b>0.00</b> |
| Increase Cost: Membership Dues Price Increase | 26,085              | 0.00        |
| <b>FY14 CE Recommended</b>                    | <b>796,585</b>      | <b>0.00</b> |

### County Associations

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

| <b>FY14 Recommended Changes</b> | <b>Expenditures</b> | <b>FTEs</b> |
|---------------------------------|---------------------|-------------|
| <b>FY13 Approved</b>            | <b>72,710</b>       | <b>0.00</b> |
| <b>FY14 CE Recommended</b>      | <b>72,710</b>       | <b>0.00</b> |

### Desktop Computer Modernization

The Desktop Computer Modernization (DCM) program is based on a best practices approach to maintaining a modern and cost effective computing environment in the County. The program reduces the Total Cost of Ownership (TCO) of personal computers (PCs) and laptops through standardization, asset management, and maintenance services. DCM includes the centralized management, support, and maintenance of PCs and targets the annual replacement of approximately one-fourth of managed PCs. The program also includes PC-related training and software. This NDA includes funding for Help Desk support, management, maintenance, and replacement of PCs.

For FY14, the approved budget includes funding to continue the scheduled replacement of desktop computers. Microsoft's Windows XP operating system is at the end of its lifecycle and will not be supported beyond April, 2014. Windows 7, Microsoft's new operating system, requires more robust hardware to operate correctly. Old systems will not work properly with the newest systems (without significant support requirements, expanding support resources) across the network resulting in degraded interoperability and communications. Risk of computer security incidents and compromise will increase, without proactive remediation and modernization. Systems operating Windows XP will not receive any security or product updates when support ends. This makes them highly vulnerable to malicious attacks and presents a security risk to the organization.

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 with the assistance of the County Attorney. All bills will be reviewed to determine the appropriateness of the medical expense reimbursement and to assess the responsible party for the medical expense.

| <b>FY14 Recommended Changes</b> | <b>Expenditures</b> | <b>FTEs</b> |
|---------------------------------|---------------------|-------------|
| <b>FY13 Approved</b>            | <b>50,000</b>       | <b>0.00</b> |
| <b>FY14 CE Recommended</b>      | <b>50,000</b>       | <b>0.00</b> |

## **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.

| <b>FY14 Recommended Changes</b>      | <b>Expenditures</b> | <b>FTEs</b> |
|--------------------------------------|---------------------|-------------|
| <b>FY13 Approved</b>                 | <b>17,000</b>       | <b>0.00</b> |
| Increase Cost: Annual Membership Fee | 3,000               | 0.00        |
| <b>FY14 CE Recommended</b>           | <b>20,000</b>       | <b>0.00</b> |

## **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.

| <b>FY14 Recommended Changes</b> | <b>Expenditures</b> | <b>FTEs</b> |
|---------------------------------|---------------------|-------------|
| <b>FY13 Approved</b>            | <b>0</b>            | <b>0.00</b> |
| <b>FY14 CE Recommended</b>      | <b>0</b>            | <b>0.00</b> |

## **Retiree Health Benefits Trust**

Consolidated Retiree Health Benefits Trust: Beginning in FY08, the County implemented a plan to set aside funds for re-tiree health benefits, similar to the County's 50 year-old practice of prefunding for retiree pension benefits. The reasons for doing this are simple: Due to exponential growth in expected retiree health costs, the cost of funding these benefits, which were being paid out as the bills came due, would soon become unaffordable. Setting aside money now and investing it in a Trust Fund, which is invested in a similar manner as the pension fund, not only is a prudent and responsible approach, but will result in significant savings over the long term.

As a first step in addressing the future costs of retiree health benefits, County agencies developed current estimates of the costs of health benefits for current and future retirees. These estimates, made by actuarial consultants, concluded that the County's total future cost of retiree health benefits if paid out today, and in today's dollars, is \$1.9 billion – approximately forty percent of the total FY14 budget for all agencies.

One approach used to address retiree health benefits funding is to determine an amount which, if set aside on an annual basis and actively invested through a trust vehicle, will build up over time and provide sufficient funds to pay future retiree health benefits and any accrued interest on unfunded liability. This amount, known as an Annual OPEB Cost or "AOC", is estimated at \$142.9 million. This amount consists of two pieces – the annual amount the County would usually pay out for health benefits for current retirees (the