

MEMORANDUM

May 5, 2010

TO: County Council

FROM: *CHS*
Charles H. Sherer, Legislative Analyst

SUBJECT: Recommendations from the Management and Fiscal Policy Committee regarding the FY11 operating budget for the Municipal Tax Duplication NDA (section 68 in the budget)

The Committee met on April 14 and on April 30.

Committee recommendations:

1. Approve the Executive's March 15, 5% reduction of \$374,410.
2. Put the entire April 22, additional 20% reduction on the reconciliation list in two equal amounts of \$748,820 each. The Committee believed that the impact on the municipalities of such a large reduction was excessive and would force the municipalities to reduce their basic services.

The Committee recommendations are explained below.

The following may attend, from OMB: Beryl Feinberg, Alex Espinosa, Blaise DeFazio, Bryan Hunt
Municipal representatives

FY10 approved budget Last May, the Council approved the FY10 OB, which included \$7.5 million for MTD payments. Almost immediately, the Executive had to reduce revenue estimates in FY10 and FY11, resulting in 2 budget savings plans in FY10, neither of which reduced this NDA.

The Executive's March 15, 2010 budget for FY11 included reductions in all agencies. For this NDA in FY11, he recommended a 5% reduction/\$374,400 from the FY10 approved amount, from \$7.5 million to \$7.1 million. OMB explained that they tried to recognize the fiscal difficulties facing the municipalities, including State reductions in highway user revenue, and also to recognize the County's fiscal difficulties.

The 5% reduction was more than the Executive reduced some departments in County Government, but less than others, and less than the 6.1% reduction for the tax supported portion of County Government as a whole. **The Committee reviewed this NDA on April 14, 2010 and recommended approval of the Executive's March 15 recommended amount.**

April 22 budget On April 22, 2010, the Executive recommended a package of FY10 and FY11 budget adjustments in response to the \$168 million reduction in income tax revenue. The entire package of resource increases and spending decreases totaled \$196.7 million, which included \$36.6 million to increase the reserve at the end of FY11 from 5% to 6%. The package also included some resource decreases and spending increases, based on later information. Two of the adjustments were to this NDA, one an increase and one a decrease.

1. Increase cost by \$297,110 for speed camera revenue that the County must pay to Chevy Chase View, Kensington, and Poolesville The rationale is explained below in the extract from the Executive's April 22 memorandum, and the Committee recommends **approval** of this technical amendment.

INCREASE COST: ALLOCATE SPEED CAMERA REVENUES TO MUNICIPALITIES 297,110

In order to efficiently and effectively deploy speed detection cameras within municipalities, the Executive has negotiated Memorandum of Agreements (MOA) with Chevy Chase View, Kensington, and Poolesville for sharing speed camera revenues collected in the municipalities. Under recently approved amendments to State Law, municipalities are authorized to deploy their own speed cameras. However, since the County has an existing program it was more efficient and served broader public safety purposes to deploy these cameras under the auspices of the County's speed camera program provided the municipalities received the same amount of revenues (net of expenses) they would be due as if they issued these cameras on their own. The following distributions would be made pursuant to the MOA: Chevy Chase View (\$104,010); Kensington (\$144,980); and Poolesville (\$48,120)

OMB provided further information: "We have the MOUs only with those municipalities that do not have their own speed camera program, voluntarily decide to proceed with the County's program, and there are locations within the municipalities that match the MCPD's criteria for speed camera locations. Currently only three municipalities have chosen to do that and we are in discussions with Barnesville. A muni. Could decide on its own to operate its own program independent of the County. In many cases it is more efficient and better serves the public safety interests of the program to jointly operate the cameras with the municipalities."

This is clearly **not** a payment for property tax duplication, but OMB decided to place this item in this NDA for convenience this year, and may place it elsewhere next year, such as in a separate NDA.

2. Decrease the municipal tax duplication payments by an additional 20% This is in addition to the 5% reduction in the March 15 budget, for a total reduction from FY10 approved of 25%. The Executive's April 22 memorandum includes the following:

DECREASE COST: MUNICIPAL TAX DUPLICATION PAYMENTS AN ADDITIONAL 20% -1,497,640

The Executive recommends an additional 20% reduction to the Municipal Tax Duplication payment. This is in addition to the 5% reduction including in the March 15 Recommended Budget

The reductions are summarized in the table below.

FY10 approved	7,488,240
March 15 CE, 5% reduction	(374,410)
March 15 CE budget	7,113,830
April 22 CE, additional 20% reduction	(1,497,640)
April 22 CE budget	5,616,190
Total reduction, 25%	(1,872,050)

Committee recommendations, as shown on page 1:

1. Approve the Executive's March 15, 5% reduction of \$374,410.
2. Put the entire April 22, additional 20% reduction on the reconciliation list in two equal amounts of \$748,820 each. The Committee believed that the impact on the municipalities of such a large reduction was excessive and would force the municipalities to reduce their basic services.

Letters from the municipalities in opposition to the 20% reduction are attached.

Council staff suggestion to the Committee If the County finds additional resources or spending that can be reduced elsewhere, Council staff suggested that they be used for some of the following, rather than adding to the Executive's recommended payment for municipal tax duplication (not putting it on the reconciliation list). As noted in the box above, the Committee did not agree.

- Restore some of the County programs and some of the 246 filled County Government positions that will be abolished in the Executive's budget across all departments in County Government (such as in HHS, Libraries, Recreation, or the Working Families Income Supplement).
- Restore some of the \$15 million cut to the College's operating budget and the \$5.5 million cut to the College's IT projects.
- Restore some of the \$23 million cut to the MNCPPC's operating budget.
- Reduce the 100% increase in the energy tax.

Additional information follows.

Municipal Tax Duplication The joint Municipality-County task force is in the final stages of completing its report and presenting it to the Executive. After he sends it to the Council, a briefing will be scheduled for this Committee and/or the Council.

The FY11 payment in the March 15 budget was 5% less than the FY10 budget, for fiscal reasons. OMB explained that they tried to recognize the fiscal difficulties facing the municipalities, including State reductions in highway user revenue, and also to recognize the County's fiscal difficulties. The 5% reduction to MTD was less than the Executive's 6.1 percent decrease from the FY10 Approved budget for all tax supported funding for Montgomery County Government.

Background to municipal tax duplication Municipal tax duplication payments are required by section 6-305 of the State Tax Property Article and are implemented by chapter 30A of the County code. The Code assigns the responsibility for calculating the amount of reimbursement to the County Executive, not the municipalities. "The amount of reimbursement shall be limited to the amount the county executive estimates the county would expend if it were providing the services...subject to the limits of the funds appropriated by the County Council."

The amount the County would spend is the total cost the County would incur, less any revenue from non tax and non County sources associated with the service. Note that the County does not reimburse for services that the municipality provides but the County does not provide, because the County's cost would be zero. The County does not reimburse the municipalities' costs of providing the services. Instead, as stated above, the County reimburses the net cost the County would spend if the County provided the services.

The services and the amounts reimbursed are calculated according to an agreement among the County and the municipalities that the Council approved on September 10, 1996, in resolution #13-650. Under this agreement, the reimbursements are based on the last completed fiscal year (i.e., the FY07 reimbursements were based on FY05 actuals. The rationale for using actual data from two budget years ago is that the data are known several months before the Council approves the next budget, but actual data from one budget year ago is not known until several months after the next budget year starts.

The reimbursement to Takoma Park for police services is based on a memorandum of understanding between the CAO and the City Administrator signed by the CAO in December 2002 and by the City Administrator in January 2003. The parties believed the new formula more accurately measured the amount the County saves by not providing police services to the City. County and City staff are currently reviewing this MOU to make further improvements in the methodology.

The County Code follows.

Chapter 30A. MONTGOMERY COUNTY MUNICIPAL REVENUE PROGRAM

§ 30A-1. Established.

§ 30A-2. Qualification of municipal public services for county reimbursement.

§ 30A-3. Determination of amount of reimbursement.

§ 30A-4. Limitations on expenditures.

§ 30A-5. Application to participate in program.

Sec. 30A-1. Established. There is hereby established a program to reimburse municipalities within the county for those public services provided by the municipalities which would otherwise be provided by the county government. (1974 L.M.C., ch. 7, § 1.)

Sec. 30A-2. Qualification of municipal public services for county reimbursement.

Municipal public services shall qualify for county reimbursement if the following conditions are met: (1) The municipality provides the service to its residents and taxpayers; (2) the service would be provided by the county if it were not provided by the municipality; (3) the service is not actually provided by the county within the municipality; and (4) the comparable county service is funded from tax revenues derived partially from taxpayers in the participating municipality. (1974 L.M.C., ch. 7, § 1.)

Sec. 30A-3. Determination of amount of reimbursement. Subject to the provisions of section 30A-4, each participating municipality shall be reimbursed by an amount determined by the county executive to approximate the amount of municipal tax revenues required to fund the eligible services. The amount of reimbursement shall be limited to the amount the county executive estimates the county would expend if it were providing the services. (1974 L.M.C., ch. 7, § 1.)

Sec. 30A-4. Limitations on expenditures. All expenditures by the county under the authority of this chapter shall be subject to the limits of the funds appropriated by the county council. (1974 L.M.C., ch. 7, § 1.)

Sec. 30A-5. Application to participate in program. Any municipality within the county desiring to participate in the county municipal revenue program shall submit not later than November 15 of each year to the county an application which shall be in such form and contain such information as may be required by the county executive. (1974 L.M.C., ch. 7, § 1.)

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	3,740	0.0
FY11 CE Recommended	3,740	0.0

Leases

This NDA provides the funds necessary to lease privately owned real estate to accommodate County programs. Real property leased by the County includes office, warehouse, and retail space; hangar facilities; child care space in schools; parking spaces; and space for communication antennas. Leasing property allows the County the flexibility to locate programs in the communities they serve and provides space for programs to operate when there is no County-owned space available. Further, it is an economical way to procure highly specialized, location sensitive, or temporary space. Currently, there are approximately 75 leased facilities. The inventory of leases is constantly shifting as new leases are added and existing leases are terminated.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	19,225,800	0.0
Increase Cost: Edison Park	4,459,900	0.0
Shift: Part of Department of Liquor Control lease at Southlawn	242,390	0.0
Increase Cost: Move Outpatient Addiction Services to 981 Rollins	90,420	0.0
Decrease Cost: Move Silver Spring Regional Services Center to Silver Spring Civic Building	-43,490	0.0
Decrease Cost: Move Inspector General to Grey Courthouse January 1	-44,270	0.0
Decrease Cost: Move Sheriff's Office from 199 E. Montgomery to Grey Courthouse January 1	-98,010	0.0
Decrease Cost: Move Corrections from 51 Monroe to County-owned Space	-215,980	0.0
Shift: DEP Lease at 255 Rockville Pike to Water Quality Protection Fund	-381,370	0.0
Decrease Cost: Renegotiations savings	-400,000	0.0
Decrease Cost: Move Commission for Women to County-owned Space	-479,790	0.0
Decrease Cost: FY11 Lease Complement miscellaneous changes	-1,410,060	0.0
FY11 CE Recommended	20,945,540	0.0

Montgomery Coalition for Adult English Literacy (MCAEL)

This NDA provides funding for the Montgomery Coalition for Adult English Literacy (MCAEL). MCAEL's mission is to strengthen the countywide adult English literacy community of providers' network with resources, training, collaborations, and advocacy to support a thriving community and an optimal workforce. Funding for MCAEL supports program grants to organizations that provide adult English literacy services; technical assistance, training, and networking opportunities that improve program quality and coordination; information resources for the community; and operating expenses to administer the grants and provide the support services. The County's contribution is implemented by a contract between the Department of Public Libraries and MCAEL.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	842,420	0.0
Increase Cost: Rent for ESOL classes at Eastern	25,000	0.0
Reduce: Reduce Operational expenses and grants	-149,570	0.0
FY11 CE Recommended	717,850	0.0

Motor Pool Fund Contribution

This NDA funds the acquisition of new, additional Motor Pool fleet vehicles, as opposed to replacement vehicles, which are financed through an established chargeback mechanism.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	30,000	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY10	-30,000	0.0
FY11 CE Recommended	0	0.0

→ Municipal Tax Duplication

The Montgomery County Tax Duplication Program, authorized by Chapter 30A of the Montgomery County Code, reimburses municipalities for those public services they provide that would otherwise be provided by the County. County Council Resolution No. 9-1752, enacted April 27, 1982, increased the scope of program coverage from street-related expenditures to include other public services, such as police supplemental aid; animal control; elderly transportation; parks maintenance; Board of Appeals; and Human Rights.

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

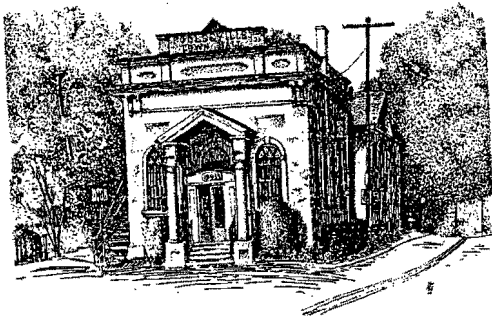
Restricted Donations

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.

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	A	C	D	E	F	G	H	I
1	FY11 Municipal Tax Duplication Budget							
2				CE FY11				CE FY11
3			CE FY11	Budget		CE FY11		Budget
4			March 15	March 15		April 22	CE FY11	April 22
			5% cut from	After 5% Cut		Additional 20%	Total cut from	After 25% Cut
5	Municipality	FY10 Approved	FY10	from FY10		Cut from FY10	FY10	from FY10
		Budget	Approved	Approved				
6	Barnesville	0	0	0		0	0	0
7	Brookeville	7,158	(358)	6,800		(1,432)	(1,790)	5,369
8	Chevy Chase, Sec. III	32,322	(1,616)	30,706		(6,464)	(8,081)	24,242
9	Chevy Chase, Sec. V	0	0	0		0	0	0
10	Chevy Chase View	43,460	(2,173)	41,287		(8,692)	(10,865)	32,595
11	Chevy Chase Village	105,837	(5,292)	100,545		(21,167)	(26,459)	79,378
12	Town of Chevy Chase	137,187	(6,859)	130,328		(27,437)	(34,297)	102,890
13	Drummond	4,857	(243)	4,614		(971)	(1,214)	3,643
14	Friendship Heights	86,993	(4,350)	82,643		(17,399)	(21,748)	65,245
15	Gaithersburg	1,230,181	(61,509)	1,168,672		(246,036)	(307,545)	922,636
16	Garrett Park	50,106	(2,505)	47,601		(10,021)	(12,527)	37,580
17	Glen Echo	21,858	(1,093)	20,765		(4,372)	(5,465)	16,394
18	Kensington	144,800	(7,240)	137,560		(28,960)	(36,200)	108,600
19	Laytonsville	13,677	(684)	12,993		(2,735)	(3,419)	10,258
20	Martin's Additions	28,249	(1,412)	26,837		(5,650)	(7,062)	21,187
21	North Chevy Chase	25,181	(1,259)	23,922		(5,036)	(6,295)	18,886
22	Oakmont	3,451	(173)	3,278		(690)	(863)	2,588
23	Poolesville	221,771	(11,089)	210,682		(44,354)	(55,443)	166,328
24	Rockville	2,228,449	(111,422)	2,117,027		(445,690)	(557,112)	1,671,337
25	Somerset	55,335	(2,767)	52,568		(11,067)	(13,834)	41,501
26	Takoma Park	3,000,069	(150,003)	2,850,066		(600,014)	(750,017)	2,250,052
27	Washington Grove	47,294	(2,365)	44,929		(9,459)	(11,824)	35,471
28	TOTAL	7,488,235	(374,412)	7,113,823		(1,497,647)	(1,872,059)	5,616,176

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The Commissioners of Poolesville

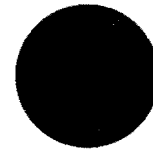
P.O. Box 158
POOLESVILLE, MARYLAND 20837
(301) 428-8927 Fax (301) 972-7619

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April 23, 2010

Honorable Nancy Floreen
President, Montgomery County Council
100 Maryland Avenue
Rockville, Maryland 20850

056254



Dear President Floreen:

The Commissioners of Poolesville understand that the Council is faced with some very tough decisions regarding the budget. Poolesville, because of a Charter requirement, has already adopted our 2011 budget and we have adjusted our projected income to represent the Executive's initially recommended 5% reduction in tax duplication monies. This reduction equates to \$11,089 on top of the \$300,000 reduction from the State HUR revenue sharing.

Then, on April 22, 2010 the Executive recommends an increased reduction of 20% more, which is another \$44,354. With this new reduction the Town's revenue will be reduced by \$55,443. Combined State and County reductions represent a revenue loss of over 14%.

Poolesville will not have many choices if the Council agrees to the proposed additional 20% reduction. Since our budget and tax rate have already been adopted, our only choice will be to cut long planned CIP projects such as needed water quality improvements which the town has planned and saved monies for several years to implement.

The Commissioners and Council have a long history of working together to enhance the quality of life for our residents. In the spirit of cooperation and cost saving the town waived it's impact fee for the construction of the middle school and the addition at the high school. Please help us to further improve the quality of life by not increasing the recommended cut in tax duplication monies.

Our Town has been fiscally responsible and managed its budget resources wisely over the years. In our view, endorsing the County Executives proposed reductions is poor fiscal management and we are very concerned that our citizens will suffer the consequences. We believe this needs to be taken into account before further cuts are considered in resources relied upon by local governments.

Sincerely,

Paul "Eddie" Kuhlman II, President
Commissioners of Poolesville

2010 APR 26 AM 9:43

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MONTGOMERY COUNTY
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City of Rockville
111 Maryland Avenue
Rockville, Maryland
20850-2364
www.rockvillemd.gov

Mayor & Council
240-314-8280
TTY 240-314-8137
FAX 240-314-8289

April 27, 2010

The Honorable Nancy Floreen, President
Montgomery County Council
100 Maryland Avenue
Rockville, Maryland 20850

056355

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Dear Councilmember Floreen:

We were disappointed to learn that on April 22 the County Executive changed his municipal tax duplication recommendation to a 25% reduction from the FY 2010 amount. The Rockville Mayor and Council support the Management and Fiscal Policy Committee's approval (3-0 vote) of his initial FY 2011 recommendation of a 5% reduction from the FY 2010 amount. We urge you and each member of the County Council to vote in support of the MFP Committee recommendation during the full Council budget deliberations in May 2010.

The City is experiencing its most difficult budget year in over a decade. To balance our FY 2011 budget, Rockville is facing cost cutting actions that affect every City department, including a reduction of 16.3 positions, elimination of all employee annual salary adjustments, and reduction of other operating expenses. Several important capital projects have been eliminated or deferred to future years. Thirty-three projects are underfunded or unfunded by approximately \$40 million from FY 2011 through FY 2015.

The State of Maryland's reduction of Highway User Revenue and Police Aid has eliminated 62% percent of state aid to municipalities. Rockville and other Maryland municipalities have little ability to replace these lost revenues. As the effects of the recession continue and our revenues decrease, the Rockville community continues to grow and generate increased demand for services. The County's tax duplication payment assists Rockville with providing services that otherwise the County would need to provide. It is critical that the County's FY 2011 tax duplication payment is reduced as little as possible from the FY 2010 amount.

The Rockville Mayor and Council are counting on you and the County Council to support the City in retaining as much of its tax duplication payment as possible in FY 2011.

Sincerely,

Phyllis Marcuccio, Mayor

John B. Britton, Councilmember

Piotr Gajewski, Councilmember

Bridget Newton, Councilmember

Mark Pierzchala, Councilmember

2010 APR 28 AM 9:27

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MONTGOMERY COUNTY
COUNCIL

MAYOR
Phyllis Marcuccio

COUNCIL
John B. Britton
Piotr Gajewski
Bridget Donnell Newton
Mark Pierzchala

CITY MANAGER
Scott Ullery

CITY CLERK
Claire F. Funkhouser

CITY ATTORNEY
Debra Yerg Daniel

cc: Montgomery County Council
Scott Ullery, City Manager
Gavin Cohen, Chief Financial Officer

(5)

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City of Takoma Park, Maryland

Office of the Mayor
Telephone: (301) 891-7230
Fax: (301) 270-8794
BruceW@takomagov.org



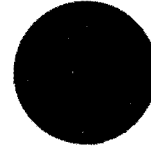
7500 Maple Avenue
Takoma Park, MD
20912

The Honorable Bruce R. Williams, Mayor

April 28, 2010

The Honorable Nancy Floreen, President
Montgomery County Council
100 Maryland Avenue
Rockville, Maryland 20850

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2010 APR 29 AM 8:44

Dear ~~President Floreen~~ ^{Nancy} and Members of the Council:

The Takoma Park City Council was stunned to learn that the County Executive is recommending a further, substantial cut in Municipal Tax Duplication payments to Montgomery County municipalities for the FY 2011 budget.

While we know the proposed County budget must be adjusted in light of lower income tax projections, we remind the Executive and County Council that we too must cut our proposed budget due to declining income tax revenue. Takoma Park's FY 2011 General Fund revenues are just \$19,000,000. For Takoma Park to take an additional \$600,000 cut from Montgomery County at the same time we are addressing the declining income tax revenue, especially this late in the budget process, is difficult indeed.

Over three-fourths of the amount the City of Takoma Park receives in tax duplication payments is for our police rebate. A 25% cut to the Takoma Park Police Rebate is over \$580,000. Please note that a reduction in the Takoma Park Police Rebate equivalent to the 3.9% reduction proposed for the Montgomery County Police Department for FY 2011 would be only \$90,600.

Like Montgomery County, we have made significant cuts to our budget due to the recession, declining income tax revenue, and the cuts to Highway User Revenue and Police Aid from the State. And, like the County, we have worked to minimize cuts to our police department, due to the need to maintain public safety. A strong Takoma Park Police Department is an important partner with Montgomery County in public safety efforts in the downcounty region. Cuts to the Takoma Park Police Department could harm Montgomery County residents in and near Takoma Park.

The Takoma Park City Council asks the Council to not adopt, or to strictly minimize, any additional reduction in Municipal Tax Duplication payments for the FY 2011 budget.

Sincerely,

Bruce R. Williams
Mayor

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April 29, 2010

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The Honorable Nancy Floreen
Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

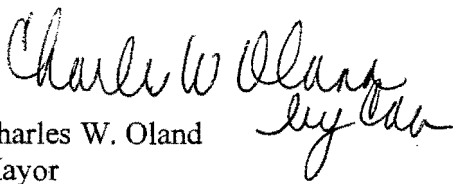
Dear Council President Floreen:

The Town of Laytonsville's Council and I are extremely concerned that the County Council has proposed an additional cut of 20% to the Municipal Tax Duplication payment for FYH 2011. Several months ago, the County Executive staff informed us of a 5% reduction in the FY 2010 payment. The timing of this recent announcement is especially troublesome as Laytonsville is well into our budget approval processes.

We understand that the County is facing an unprecedented fiscal situation and it is clear that sacrifices need to be made by all parties.

We respectfully request that you and your colleagues on the County Council support the proposal of the MFP Committee for a reduction in Municipal Tax Duplication payment of 5%.

Sincerely,


Charles W. Oland
Mayor

www.laytonsville.md.us

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Town Hall • 21607 Laytonsville Road • Laytonsville, Maryland

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Guthrie, Lynn

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From: Floreen's Office, Councilmember
Sent: Friday, April 30, 2010 1:54 PM
To: Montgomery County Council
Subject: FW: Municipal Tax Duplication Reduction

056491

-----Original Message-----

From: mayor@townofsomerset.com [mailto:mayor@townofsomerset.com]
Sent: Friday, April 30, 2010 1:24 PM
To: Floreen's Office, Councilmember; Berliner's Office, Councilmember; Trachtenberg's Office, Councilmember; Elrich's Office, Councilmember
Cc: clerk@townofsomerset.com; council@townofsomerset.com
Subject: Municipal Tax Duplication Reduction

The Honorable Nancy Floreen, President
Montgomery County Council
100 Maryland Avenue
Rockville, Maryland 20850

Dear President Floreen,

The Town of Somerset joins the other 18 municipalities in Montgomery County in opposition to further cuts to the municipal tax duplication payment.

We are in the midst of a budget process that is requiring our Council to look at significant service cuts and a property tax increase. When we started this process, we were relying on the County Executive's promise that we would only receive a 5% reduction from the last fiscal year and we were willing to accept that.

This latest proposal to cut the payment by 25%, however, is not acceptable as we cannot afford to lose that much revenue.

The Somerset Town Council and I are counting on you to support our municipality in this regard.

All the best,

Jeffrey Slavin
Mayor/Town of Somerset
301-657-2229 (o)

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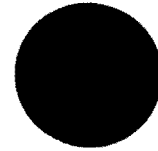


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Village of North Chevy Chase

April 30, 2010

056492



Honorable Councilmember Berliner,

I am writing you on behalf of the Council and residents of the Village of North Chevy Chase.

The Council recently learned of the County Executive's recommendation to reduce the 2011 budget Municipal Tax Duplication payments by 25% from 2010 levels. From the perspective of the Village of North Chevy Chase, this represents a \$6,295 reduction in revenues that we depend upon to fund such essential services as trash collection, snow removal, and leaf collection. We can imagine the budget challenges that the office of the County Executive faces, but the resulting reduction or elimination of essential services is a hard pill to swallow, and is simply not acceptable.

On behalf of the families in our community, we are asking that you stand up and fight this 25% funding cut to ensure the continuation of essential services in our community.

Respectfully,

Lawrence Hirsh, Council Vice Chairman, Village of North Chevy Chase

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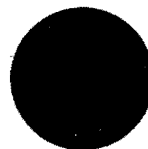
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April 28, 2010

The Honorable Nancy Floreen
Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

056435



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COUNCIL

Dear Council President Floreen, *NANCY*

The Gaithersburg City Council and I are extremely concerned that the County Executive has proposed an additional cut of 20% to the Municipal Tax Duplication payment for FY 2011. Several months ago, the County Executive staff informed us of a 5% reduction in the FY 2010 payment. The timing of this recent announcement is especially troublesome as Gaithersburg, and many other municipalities are well into their budget approval processes; we have already advertised our draft FY 2011 budgets and property tax rates.

The City is projecting substantial revenue shortfalls in FY 2011 and we have acted swiftly in order to minimize the effects on essential services to our residents. Many of these are services that would typically be provided by the County if the City could not provide them. A large percentage of the city's shortfall is attributed to the reduced shared revenue from the county, state, and federal government. The total decrease in funding is \$2.6 million for FY 2011. This total does not include the County Executive's proposed cut of an additional \$246,000 but does include the elimination of a \$100,000 grant from the County to pay toward their share of the operation of the Gaithersburg Upcounty Senior Center. As you may know, over 60% of the users of this facility are non-City residents and the County contributions were not proportionate.

As you may be aware, the City has proposed raising its real property tax by 5 cents, for a total of \$0.262 for every \$100 of assessed value. Due to the State mandated deadline, we had to advertise any change to the tax rate earlier this month. Unfortunately, after learning of the potential loss of another \$246,000 from the County, the only option Gaithersburg has is to make additional cuts to an already lean budget.

We understand that the County is facing an unprecedented fiscal situation and it is clear that sacrifices need to be made by all parties. As a result of the large reduction of intergovernmental

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Sidney A. Katz

COUNCIL MEMBERS
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Cathy C. Drzyzgula
Henry F. Marraffa, Jr.
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Ryan Spiegel

CITY MANAGER
Angel L. Jones

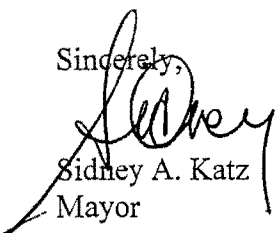
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The Honorable Nancy Floreen
April 28, 2010
Page 2

revenue, we have had to cut the equivalent of 14 full-time positions and have not included a merit or cost of living increase for our employees for the second straight year. In addition, staff has recommended a 40.6% reduction to our Capital Improvement Plan.

We respectfully request that you and your colleagues on the County Council support the proposal of the MFP Committee for a reduction in Municipal Tax Duplication payment of 5%.

Sincerely,



Sidney A. Katz
Mayor

cc: Montgomery County Council
City Council
Angel Jones, City Manager
Tony Tomasello, Assistant City Manager
Harold Belton, Director of Finance and Administration

10A

Bud. Fin. & Econ. Dev



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Town of Garrett Park

Incorporated 1898

April 28, 2010

The Honorable Nancy Floreen
Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

056437



Dear Council President *Nancy* Floreen,

We were disappointed to learn that on April 22 the County Executive changed his municipal tax duplication recommendation to a 25% reduction from the FY 2010 amount. The Garrett Park Mayor and Council support the Management and Fiscal Policy Committee's approval of the County Executive's initial recommendation of a 5% reduction from the FY 2010 amount. We urge you and each member of the County Council to vote in support of the MFP Committee recommendation during the full Council budget deliberations.

The Town, as with every other municipality, is projecting a revenue decline in FY 2011 and we have acted to minimize the effects on services to our residents. Many of these are services that would typically be provided by the County if the Town did not provide them. A large percentage of the Town's revenue decline is attributed to the reduced shared revenue from the county and the State of Maryland. The State's reduction of Highway User Revenue has also contributed heavily to municipalities' inability to replace lost tax duplication revenues.

We understand that the County is facing an unprecedented fiscal situation and it is clear that sacrifices need to be made by all parties. The Town has, among other steps, reduced planned expenditures in our Capital Improvement Plan for the second straight year.

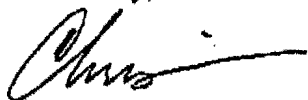
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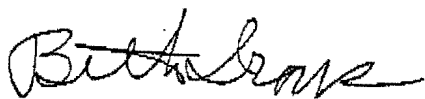
Honorable Nancy Floreen
April 28, 2010
Page Two

It is critical for municipalities that the County's FY 2011 tax duplication payment be reduced as little as possible from the FY 2010 amount. We respectfully request that you and your colleagues on the County Council support the proposal of the MFP Committee for a reduction in the Municipal Tax Duplication payment of 5%.

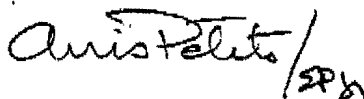
Yours sincerely,



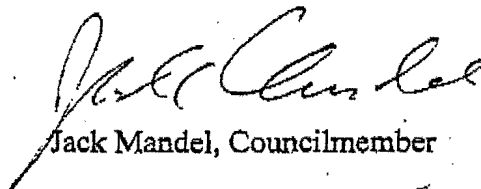
Christopher Keller, Mayor



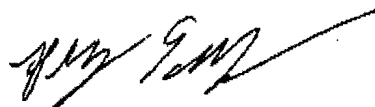
Beth Irons, Councilmember



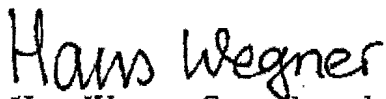
Chris Petito, Councilmember



Jack Mandel, Councilmember



Phil Schulp, Councilmember



Hans Wegner, Councilmember

cc: Montgomery County Council

VILLAGE OF FRIENDSHIP HEIGHTS

VILLAGE COUNCIL

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MAURICE J. TREBACH, *Chairman*
LEONARD E. MUDD, *Vice Chairman*
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ALVAN M. MORRIS, D.D.S., *Treasurer*
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LEONARD J. GRANT, *Historian*

JULIAN P. MANSFIELD, *Village Manager*

LESLIE STRATHMANN, *Village Manager 1987-1996*

4433 SOUTH PARK AVENUE
CHEVY CHASE, MARYLAND 20815

Phone: 301-656-2797

Fax: 301-907-3922

Email: info@friendshipheightsmd.gov

Website: www.friendshipheightsmd.gov



April 28, 2010

The Honorable Nancy Floreen, President
Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Dear Ms. Floreen:

On behalf of the Friendship Heights Village Council, I am writing to express our strong opposition to the 25% cut in municipal tax duplication revenue that is proposed by the County Executive for FY 2011. In February, the County Executive informed the municipalities that we can anticipate a 5% reduction in tax duplication payments, but no worse than that.

As you are aware, the tax duplication program is intended to compensate municipalities and special tax districts for providing services that the County would otherwise have to provide. The timing of this recent announcement is particularly troubling as our FY 2011 budget has been approved and our property tax rate set for next year.

Like many communities around us, the Village is faced with substantial revenue shortfalls this year and next. While we understand the County's dire financial situation, we urge you and your colleagues not to hamper our ability to continue providing important local services.

Thank you very much for your consideration.

Sincerely,

FOR THE COUNCIL

Melanie Rose White
Mayor

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