TRANSCRIPT
MAY 15, 2006

MONTGOMERY COUNTY COUNCIL

PRESENT

George Leventhal, President	Marilyn J. Praisner, Vice President
Phil Andrews	Howard Denis
Nancy Floreen	Michael Knapp
Thomas Perez	Steven A. Silverman

1 Michael Subin

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Council President Leventhal,
Good morning, everyone. We have a short announcement from Ms. Lauer.

Linda Lauer,
Just that the Education Committee meeting that was planned for today at noon on Churchill Cluster issues has been postponed to tomorrow at noon. Thank you.

Council President Leventhal,
Thank you. Chairman Andrews, are you prepared to present the Circuit Court budget?

Councilmember Andrews,
I am, Mr. President.

Council President Leventhal,
Thank you.

Councilmember Andrews,
Thank you. I'd like to have Pam Harris and Alexandra Shabelski join us, and it looks like they have. Judge Harrington is not available this morning because she had a long planned for conference that she is required to attend in Annapolis. But we did meet with her as a Committee a week or two ago to discuss the Operating Budget. There really aren't any new issues with this Operating Budget. The issues with the Circuit Court are really the Capital Budget, which we talked about last month -- or two months ago. The Circuit Court continues to do an outstanding job by all the statewide results. They are actually exceeding other counties in meeting or exceeding the results. And they are continuing to work to achieve the goals that have been set for statewide efficiency. But the Circuit Court has long been a leader in this in ensuring that justice is not delayed or denied and they continue to do outstanding work. The major change, and it's not really a major one at all, is to accommodate the new judge, which of course we need to do. And they are doing that. So the Committee recommends the budget of $12,416,000 for the Circuit Court for FY '07. It's a $20,000 increase in the Executive's recommendation, which takes into account more information about the state research grant. Perhaps Pam would like to talk for a minute or two about what the researchers will do. That could be interesting.

Pam Harris,
This grant was a grant from the Administrative Offices of the Courts and we're looking for a statewide agenda on research, empirical data, searches, national searches. And we hope in Montgomery County we can be the leader as well with this research team and that the state can grow the research team from Montgomery County -- good morning -- the Montgomery County experience.

Councilmember Andrews,
Okay, we look forward to the results of that and appreciate the great work that you guys continue to do and that you as the administrator do, as well. Thank you for all the good

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work. Please convey that to the judges. And we'll look forward to keeping up with the improvements as they continue to happen in the court.

Pam Harris,
Thank you very much.

Councilmember Andrews,
That's the recommendation of the Committee, Mr. President.

Council President Leventhal,
Excellent. Short and sweet.

Councilmember Praisner,
...housekeeping...

Councilmember Perez,
Usually we start with a little housekeeping matter.

Councilmember Andrews,
This is just a test of our focus up here.

Councilmember Perez,
We're starting with a housekeeping matter.

Council President Leventhal,
We have a little spill here, but we're doing fine. There don't appear to be any questions on the Circuit Court Budget, Mr. Chairman. So without objection -- no, there is a question.

Councilmember Praisner,
We've been asking every element of the criminal justice community to give us information on the costs for the sniper trials, and I just wondered what the court costs were. And if you don't have them, if you could get them back to us.

Pam Harris,
I have some preliminary costs, at least ours. Judge Ryan has approximately 132 hours in this case. Courtroom clerks have 110 hours. The Jury Commissioner's staff has 60 hours. Admin has 12. The jury costs thus far are about $13,000. And we made an electrical change downstairs in the lobby for about $2,000 to accommodate the press.

Councilmember Praisner,
Can you at some point get us the dollar equivalents of those hours?

Pam Harris,
I can indeed.

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Councilmember Praisner,
I don't have that information. We had asked last year to keep a separate accounting of Corrections, State's Attorney, Police, Sheriff, and the Courts costs. And there may be other costs in other areas, for all I know DTS or somebody has some technical costs associated. We want to keep -- want to know exactly what the costs are of the sniper trial.

Pam Harris,
We'll be glad to do the math for you on that.

Councilmember Praisner,
Thank you.

Council President Leventhal,
Mr. Perez, your light is on.

Councilmember Perez,
Oh, no, my housekeeping matters has been completed for the morning.

Council President Leventhal,
Very good. Okay. Thank you, Mr. Chairman. Without objection the Circuit Court budget is approved.

Pam Harris,
Thank you very much.

Council President Leventhal,
We now turn to the Department of Finance. Chairwoman Praisner.

Councilmember Praisner,
We're going to increase Risk Management costs 'cause all my folders just got wet.

[LAUGHTER]

Councilmember Perez,
We just took the epidural layer off the...

Multiple Speakers,
[INAUDIBLE]

Councilmember Praisner,
It's okay, you'll pay later. Thank you very much, Mr. President. I would like folks at the table to please introduce themselves for Pictron.

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Nancy Moseley,
I'm Nancy Moseley, the Administrative Services Coordinator for Finance.

Tim Firestine,
I'm Tim Firestine the Director of Finance.

Jennifer Barrett,
Jennifer Barrett, Chief Operating Officer.

Alexandra Shabelski,
Alexandra Shabelski, OMB.

Councilmember Praisner,
We have several subsets and accounts within the Finance Department budget, both the General Fund component of Department of Finance and their Risk Management piece. Terry Fleming is here for that section. And then the County's contribution to the Risk Management Fund, not only do we manage the Fund, but we also have our County's share for the County government. Other members of the Risk Management fund their pieces of that are in their own individual agency budget. The NDA For Working Families, Income Supplement, and the NDA for Restricted Donations. In the General Fund component, the Committee recommends approval as requested. In the division of Risk Management we do as well, in the NDA -- and also in the NDA account and in the Working Families Income Supplement. I did want to make a couple of comments about the budget for Finance. There are a couple issues that Finance has been working on. One of them being the implications of Electronic Commerce. As you know, we want to be as aggressive, yet secure, in the process in which we allow our taxpayers and those who may be using some government services to pay online, and that means in many cases, obviously, using credit cards. There are security requirements associated with the use of credit cards from the credit card companies. Therefore, there are some funds in this area also with Department of Technology Services to deal with the security elements that are important. From the standpoint of the budget, there are nominal increases, personnel costs that are reflective of both salary increases, but also a position in Resources and Internal Audit for the Government Compliance Initiative. That's a piece of making sure that our employees understand and comply with all of the legal and ethical requirements and procedures as far as handling of money and other issues. The action plan on that has been approved by the CAO and this will allow implementation. As I said, we're trying to move electronically, not just externally interacting with the public, but also internally in our operations and in this case obviously we have a long way to go. There are funds in here to continue the annualization operating costs for implementing electronic time sheets, those include hardware, training, and maintenance. There is the funds associated, as I said, with credit card security, and those are the general comments about the Department. In the area of Risk Management, this year as you know we do an assessment of what funds are needed both to cover claims, expenses, and also what we anticipate as expenses. In other words, incurred liability or issue, but not reported as yet. And so the actuaries and folks

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do the assessment of what the amount of monies need to be in order to cover those categories. In this year we've seen just a slight drop in the amount of money. It's evaluated every year to make sure that our self-insurance fund is as solid as it needs to be. I don't know if Mr. Fleming may want to make some comments about that, but we have been continuing to meet as a Committee periodically on that and also at times with the Public Safety Committee, because the departments that incur the most costs in this area are the Public Safety Departments, especially Police and Fire and so we've reviewed the areas. Workmen's Compensation also is a -- and has been problematic from the standpoint of increasing costs. And we've been looking not only at the individual County government issues, but also across the board at some of the other agencies. Several years ago we had a series of recommendations made from a comprehensive study of Risk Management. We've been working towards implementation of those. Terry, do you have any comments you want to make?

Terry Fleming,
No, I think you covered it pretty well. I think you have the very good grasp of what's going on here with our annual meeting. I did want to point out that our contribution rate is down almost $16 million this year as a result of the three-year plan to fix our fund balance. So that's a significant savings in revenue for the members of our funds.

Councilmember Praisner,
The other two elements, as I said in this budget consideration are the Working Families Income Supplement. This is the NDA nondepartmental account that provides funds to match the state's refundable Earned Income Tax Credit. Provides financial assistance to low income working families in Montgomery County. Through this NDA we reimburse the state for costs for the refund and related administrative expenses. The last item is this Restricted Donation NDA. As you know, there are times when folks make donations to the County to whatever fund or program for restricted use of that program. We've tried under the requirements of capturing this information and identifying it -- we've been working with finance and OMB to both review the accounts to help minimize the extent to which there are departments carrying these accounts, especially if they're very inactive. And we've asked OMB to include language in the budget in the explanation of this NDA so that we have more information about what is involved. That basically covers all of the Finance Department's budget and other accounts. Mr. Firestine, is there anything you want to say?

Tim Firestine,
No, pretty straightforward.

Councilmember Praisner,
I don't see any lights, Mr. Leventhal.

Council President Leventhal,
Without objection the Department of Finance is approved. Thank you all very much. We next turn to the Risk Management and NDAs for...

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Councilmember Praisner,
No that was all.

Council President Leventhal,
You're done on Risk Management, we're up to Debt Service Are we done on Debt Service?

Councilmember Praisner,
No. That's next. Debt Service.

Council President Leventhal,
I have so much confidence in you, Chairwoman Praisner, that I failed to give my customary in-depth attention.

Councilmember Praisner,
That's okay.

Council President Leventhal,
But I won't make that mistake again. On Debt Service...

Councilmember Praisner,
Debt Service -- yes, thank you. Debt service is the amount of obligation funds that we're required to pay for the General Obligation Bonds and Short and Long-term Lease Obligations. Obviously there is no debate, no reductions that can be taken here. The total in the Executive's budget as it came over was $219,940,730. The only question that I had as I looked at this is with the Council's consideration of the revenue bonds for transportation, we'll have to modify this Debt Service in the budget that we act on if the Council adopts that recommendation, correct?

Council President Leventhal,
That's correct.

Councilmember Praisner,
So we'll just automatically do that based -- the action by the Council to implement that action will automatically increase Debt Service. Remind me again how much it would be this year.

Tim Firestine,
$1.1 million.

Councilmember Praisner,
1.1. So it would be $221 million then?

Tim Firestine,

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Yes.

Councilmember Praisner,
Okay. Thank you very much. That's it on Debt Service. I'm sorry, you want to put your mic on, Tim.

Tim Firestine,
It is on. Also a transfer from liquor.

Councilmember Praisner,
Liquor, right.

Council President Leventhal,
Okay. Without objection, the Debt Service recommendations of the MFP Committee are approved. We now have NDAs to grants to municipalities in lieu of Shares Tax and future federal, state and other grants and also the Takoma Park Police rebate.

Councilmember Praisner,
The NDA accounts here are -- the first three deal with the amount of money that the County puts in its budget in order to accept and then spent funds from grants. We transfer the funds for the grants into this account and then that way we don't have to do a supplemental appropriation for grants as they are received. The FY '07 request is $10 million and the Committee discussed that and recommended approval of the $10 million. The grants to municipalities in lieu of Shares Tax is a constant amount that derives from an action in 1968, when the State General Assembly revised the tax structure to permit a County Income Tax. It eliminated a tax on banks and other financial institutions and required the counties to pay the municipalities who are receiving some of those funds from the tax on banks and financial institutions their share. And it's a constant amount, been the same amount since 1968 and that's $28,020. The third item is the Takoma Park Police rebate that we pay the city 12 cents per hundred dollars of assessable base in the city. Obviously as the base increases the rebate increases. Last year it was $504,880 -- I mean this year. This coming year it will be $564,670. If you want I'll go right into the municipal tax duplication item, Mr. President.

Council President Leventhal,
Please proceed, Madam Chairwoman.

Councilmember Praisner,
This is the relationship between the County and the municipalities whereby the County reimburses the municipality for certain basic services which the municipalities perform and the County does not have to perform. It's based on what the County does and it's based on a calculation of what it would have cost the County, not what the municipality may or may not be paying. There have been in the past Memoranda of Understanding between the CAO and the municipalities. We've worked through the formula. In

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December of 2002 and January 2003, as it relates to Takoma Park for Police services, there was a formula and a memorandum related to Police services. The Police services, according to the County's interpretation of the formula, would result in a $151,677 reduction in the amount of funding to Takoma Park for Police services. The municipality had an offline, one could say, conversation with County Executive, at which point the County Executive said that he would hold the municipality harmless on that issue and would not decrease the payments. Therefore, the funding for Takoma Park includes that money. As staff and the Committee discussed this issue, Takoma Park believes that the existing method of calculating police rebate needs to be reviewed, even though already there is this MOU. And I think there is some interest on all the municipalities to reexamine this issue with the future County Executive and with OMB. I indicated that as Chair of the MFP Committee, to the extent I am in that position, I'd like to participate and help facilitate this discussion such that we go through four years without any headaches. It would be to everyone's advantage. My concern in reducing the funds at this point is that it's so close to the budget process, certainty is what the municipalities need when they start to develop and work through their budget, that's why the calculation is done on a previous year's closed budget, so that OMB can calculate the actual County costs. So the Committee went along with the same recommendation to keep the money in the budget, not to decrease it as staff this suggested, but that we will follow up on the results of the conversations between OMB and Takoma Park. And if it is determined at any point that there has been an overpayment in '07, then Takoma Park's overpayment would be reduced in future payments to the municipality, such that the County and other taxpayers would not be shouldering that cost, which would not cover or be appropriate for the municipality to receive. Given the time frame in the budget we did not agree that we should reduce the budget by this amount, given Takoma Park's current budget deliberations and consideration. But just an aside I think it would be helpful that folks deal with OMB and we work this through in an official way in the future. So that's the Committee's report, Mr. President.

Council President Leventhal,
Thank you very much. I see no questions. So without objection, the Municipal Tax Duplication Account is approved and we appreciate the good work of the MFP Committee on those items. Mr. Perez, are you going to present the budget of the Department of Environmental Protection?

Councilmember Perez,
I know I have a lot of friends in Takoma Park who are very interested in the conversation that Ms. Praisner led us through. I wasn't going to bring anything up today, but I know that's an important issue and a lot of people have been working on it in the community. And I applaude their efforts and hope that we can continue that dialogue. That's something I think the next County Executive and the Council and the city look forward to having that. And it's not just city of Takoma Park, it's obviously it's a municipality-wide, countywide conversation. So I didn't want to get through this and not have -- not mention that, because I know it's an issue that has been long-standing. So budget of Department of Environmental Protection. We have our good friends, Jim

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Caldwell, et al, from this office. Jim, you want to have a seat and have everyone identify themselves for the record?

Jim Caldwell,
I'm Jim Caldwell, Director of Environmental Protection.

Millie Souders,
I'm Millie Souders, Manager in the Director's Office.

Cameron Wiegand,
I'm Cameron Wiegand, Chief of the Watershed Management Division.

Jim Caldwell,
And I also have our energy folks here, just in case there are some questions, they can come to the table if their needed.

Councilmember Perez,
Thank you very much. This is Agenda Item Number 6. We have a department in the grand scheme of things, the budget may be small but the impact is enormous. I've always had great respect for the work Mr. Caldwell has done. He's always been exceedingly responsive. Let's go right to the tables here. The highlights, there was a larger lapse amount so there is a reduction in the General Fund budget for $50,000, simply based on when people are coming and going. We -- in the Committee added $57,000 to the reconciliation list to increase street tree plantings of up to 1,900 trees a year. We added $131,360 for additional street sweepings and that would be funded in the Water Quality Protection Fund Rate. And we assumed and $18.75 rate equivalent residential unit for the Water Quality Protection charge, which is basically the mid-point between what was recommended by the County Executive and the approved rate in FY '06. So the budget is attached. We'll, I think, go through some of the major changes. The bottom line is there really aren't major changes. This is to a large extent a same services budget for the Department. They again are doing a number of very important things. I want to highlight the Clean Energy Rewards Program because I would think the biggest change in the '07 budget is really the $361,000 for the Clean Energy Rewards Program. These are for the rewards to be paid out in addition to the staffing and operating costs. Frankly, I hope that you will have to come back for a supplemental because people will be taking advantage of this program to such an extent that we will be depleting that fund. I think that would be a good development, we would all agree. But we still have a fair amount of work to do. And I know that the Council President has played the lead roll here on the Council and I take my hat off, were I wearing one, to him, but I wouldn't want to wear one indoors. So I will not take off my hat at this moment. Partially offsetting. My coffee is coming. We've already attended to the housekeeping matters this morning. We will hopefully not add to any housekeeping matters. The budget for the Water Quality Protection Fund is listed on page five. Again, this is a very important fund. It's supported by the Water Quality Protection Charge. Created a while back and a very important item in our budget and we're basically the '06

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charge was $19.35. The Executive recommended an $18.20 charge, and the Committee effectively splitting the difference. So that's where we are there. Turning to the bottom of pages...

Council President Leventhal,
Why don't we pause on that. Ms. Floreen was that the item on which you wanted to speak?

Councilmember Floreen,
[INAUDIBLE]

Councilmember Perez,
I don't think it is actually.

Jim Caldwell,
I reference in the packet the proposal from Councilmembers Subin and Floreen...

Councilmember Perez,
Their proposal was listed -- it was like page 11 or 12. I think we'll get to...

Jim Caldwell,
I note it on page 12 as well.

Councilmember Perez,
Yeah.

Council President Leventhal,
Okay. Ms. Floreen had her light on and I just wanted to make sure she...

Councilmember Perez,
That was the bottom of page 12 is where it's listed when I was reading this morning, and 7. Let's talk about the Water Quality Protection Fund recommendations again we have the rate at $18.75. The additional revenue would be used for street sweeping activities. The rains we've had over the last few days highlight the challenges that we have. If we're not sweeping our streets and you have all this rain, you have a lot of pollution that's running off into our storm drains and ultimately into the Chesapeake, and that is not a good thing. So I believe that's the term of art, Mr. Caldwell, not a good thing, correct? And so we wanted to increase the amount so that we could do additional street sweeping. I know the Department is in the best position to do know where to do that so we don't want to tell them where to go. Page eight if there is not any questions on the Water Quality Protection Fund, we'll assume those are approved. We'll get to your recommendation, Ms. Floreen, when we get to page 12, if that's okay.

Councilmember Floreen,
Whenever.

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Councilmember Perez,
Let's look on page 8 and 9, we have a Special Area Protection Area fee, which is intended to cover the costs of monitoring of development in the Special Protection Areas. Does that fee -- does the cost of the monitoring, Jim, is that self-funding? Do you have, is that generating enough revenue so that you are able to do the job you have to do? I do get periodic e-mails and calls, and when I do town hall meetings, questions about what we're doing in the context of monitoring development that's going on and preventing environmental degradation in context of new development.

Jim Caldwell,
Yeah, there is two forms on monitoring going on that, under the program, the fee supported is part of the monitoring pays for DEP's costs to monitor the streams in the Special Protection Areas before development occurs and during the development process. There is also a requirement for developers that have projects in SPAs to monitor the best management practices that are required as part of the permitting process from Permitting Services. So our costs for our staff monitoring are covered by the fee that exists and the other costs are paid for by the developers.

Councilmember Perez,
Okay. So the taxpayers aren't on the hook? Good. Civil citations page nine, we're not, we have not balanced the County Executive or the County budget in the context of collecting civil citations. I think that would be a fair statement. And if appears that no revenue was collected in '05. I'm curious as to why it $4,000 was assumed for '06. Are you going to meet that target? Not a target, but are you going to meet that figure? You never want a target how much you collect in a fine, that would be inappropriate.

Millie Souders,
During the course of the beginning of this fiscal year, Permitting Services and I -- they've hired a new Senior Financial Specialist -- have found out that our revenue was being deposited in Permitting Service's accounts. This year they have made journal entries that have moved it to ours. It's more accurately reflected this year than it was last.

Jim Caldwell,
That's why Robert's wearing a new suit today.

[LAUGHTER]

Councilmember Perez,
There are some who, we have this conversation periodically about fines, et cetera. I had this conversation I think my first or second year on the Council with you. Are you content that the current penalty structure is an adequate deterrent?

Jim Caldwell,

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We're content in the way we're using it currently. It's not that we issue a $500 citation and walk away or others walk away. The concern has always been in some cases people look at it as the cost of doing business. If we assume that's what's happening there are other mechanisms we can use. We work with DPS in some situations, like noise violations, we can issue stop work orders, which get a lot more attention. If it's an egregious environmental issue we'll go to MDE, and we can use their fine structure which is higher. If it's totally egregious and it looks like is a criminal activity we'll go to the Environmental Crimes Unit and we know that those costs are much higher. So we do graduate, based on...

Councilmember Perez,
Environmental Crimes Unit of the state?

Jim Caldwell,
What's that?

Councilmember Perez,
Environmental Crimes Unit.

Jim Caldwell,
Right, it's a task force that's made up of state and federal, depending on what the crime is. Sometimes we'll bring in EPA folks as well. It's not...

Councilmember Perez,
How often has that happened over the last three years?

Jim Caldwell,
The last time we made a major effort was the Environmental Crimes Unit when we had the big fish kill when we had the pesticides dumped down the storm drain down in Silver Spring. And we worked closely with -- and that actually went to court. But normally it's, you know, if we have an illegal dumping situation a lot of times where we look at using criminal activity because it's usually a business. Interestingly enough a lot of times that's fraud because they'll go out and they'll claim that they'll charging someone for dumping the stuff where it's supposed to be, and then they dump it somewhere else. We get it at that angle. It's not I would say every couple years we work with the Crimes Unit. We discuss things with them periodically, as we discuss a lot of things with MDE about what the right enforcement will be. Unless we feel like we're not getting somewhere with the $500 citation, we'll work with that first.

Councilmember Perez,
You said once every couple years. Are you content it's once every couple years because that's the frequency with which this is happening? Or are you concerned that there are other fish falling through the net?

Jim Caldwell,

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I think we have a pretty good understanding of what's going on. As we continue to educate the community and the community's eyes are open wider we get a lot more calls from them when things go on. We've educated those folks who might think they could get away with something over the years of letting them know that we do take these strong actions. I would say five, six, seven years ago we had a lot of activity because people were still kind of testing how much enforcement we would take on.

Councilmember Perez,
Were you involved in the situation with Columbian Union College recently?

Jim Caldwell,
No, we were not. We did not know about that.

Councilmember Perez,
How is it...

Jim Caldwell,
MDE can come into the County whenever they please. If something goes to them first, they could let us know, and in some cases if they would like us to be their eyes or ears because we're local, they will let us know. But that's not to say there are not situations in the County where MDE is active on enforcement cases.

Councilmember Perez,
Live from New York its Saturday night.

Councilmember Silverman,
Always dancin'.

Councilmember Perez,
Chevy Chase will be here shortly. That was a good Gerald Ford imitation.

Jim Caldwell,
Actually in that situation as well as [INAUDIBLE], that's actually Takoma Park, so they would work directly with the Takoma Park folks first. And we're actually working, I think, to get an understanding with Takoma Park, where we would take Water Quality Enforcement from them. They're talking to us about doing that. But the bottom line is MDE can come in any time and do anything without letting us know. And sometimes that does happen.

Councilmember Perez,
Did you have jurisdiction in that? If someone had picked up the phone and called you about the Columbia Union College situation, what would you do, call the state?

Jim Caldwell,
Yes, probably.

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Councilmember Perez,
Okay. We're on page ten of the packet for those of you keeping score at home. The Gypsy Moth survey and suppression, we're recommending adding some funds for performing a study that the Maryland Department of Agriculture will do, Gypsy Moth issue is a very big issue across the state. We're happy to participate in that. The Ground Water Protection strategy is listed here on page ten as well. And we're going to have a discussion in a little while of the permit, because we did discuss that and that's on page 12. We're going to get to that shortly. I think I'll park this Ground Water Protection issue until we get to the permit issue on page 12. We had a lengthy discussion about that in the Committee. I'm happy that we, on the Council and on the Committee, have a lot more frequent conversations about forest preservation and street trees. The Council -- or the Committee recommended adding additional funding so that we could do more street tree purchases. I know in our infrastructure maintenance reports we have been very mindful of the need to catch up on the remarkable backlog, in terms of our tree trimming program and other programs relating to forest preservation. DEP is not the only agency involved in this. DPWT assists. I think we are recognizing the need to fund this greater and I appreciate the leadership of Mr. Caldwell. Lapse and turnover savings are listed. What are your total work years now, Jim? What are the total work years in '07 and how do they compare with your work years of say a couple years ago. I know we talked about that briefly in Committee. But it's pretty flat was my recollection. I think back on page three you had work years of 34.2 and then you're moving up by one for next year. Is this roughly about where you've been at, 1.2 a very.

Jim Caldwell,
Yes, it is but recognizing that we also have CIP positions as well as positions funded through the Solid Waste Fund. But our compliment has been pretty much leveled throughout the last several years. We've had positions here, as an example, this year we had the Energy Rewards position added, in order to implement that program. But it's been pretty much level.

Councilmember Perez,
What's your biggest source of heartburn in terms of what do you think is -- if you had two more work years I'm not suggesting that we're going to add that today -- where do you believe are the areas within your office where we really need to be mindful of in terms of perhaps dark clouds on the horizon where we want to try to get ahead of it?

Jim Caldwell,
I think as the Stormwater Maintenance Program continues to get larger and larger and the responsibility gets bigger and bigger, and fortunately we have the Enterprise Fund to deal with. That's as we bring on more and more maintenance responsibilities and as the technology changes, that's an area where Montgomery County's probably going to see staff increases just to keep up with that workload. I will say as I've always said that we are reaching the point in Environmental Protection where it's no longer a departmental responsibility it's a community responsibility. So much of the behavioral

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change needs needed from fertilizers to energy management, if there was an area that in the future that I would recommend that we look closely at increasing, we are doing this now with existing staff, outreach and education is an area that in the future I would think that we probably will see more and more need for. And if... I guess I've never made it a secret, but if you look at the outreach and education that DEP does and the load that we carry and the responsibility and knowledge we're trying to get out into the community and the effort we go through with that, and compare it to how successful we've been with recycling. And all you have to do is compare the difference in dollars and staffing for those two programs, and you can see what you can do when you have large, large staffs to accomplish outreach and education.

Councilmember Perez,
Okay. Fair question, as we grow as a County obviously your role is that much more important. So we need to be mindful of the needs to help your situation. Let's turn to the permit, National Pollutant Discharge Elimination System Permit. Where we have an opportunity point right now and DEP is the lead agency in the County for this National Pollutant Discharge Elimination System, Municipal Separate Storm System Permit. I'm not going to try an acronym for that. We've had a number of meetings with community members I appreciate the role that a number of environmental activists have played in bringing to the Council's attention, and individual Councilmember's attention the opportunity point that exists here as we renew this permit. And we had a lengthy discussion in the Committee and we -- as I recall the discussion with Mr. Caldwell, you were indicating that we really are at the cutting edge in many respects. That's the state, they have a couple questions on the permit, Jim. And we have done a number of things that may not be currently required, but we have wanted to set an industry standard but we also have some opportunities. We had a discussion in the Committee about what the right balance is between really setting the bar higher versus maintaining the flexibility at a local level. And it was a very interesting discussion. And I thought I would turn to you, Jim, for a moment to describe the work that you're doing and your overall assessment of what we can, should, must do.

Jim Caldwell,
Okay. We are one of ten jurisdictions in the state of Maryland that have a Stormwater MPDS permit issued by the state, delegated authority from U.S. EPA to issue those permits. We are in the third round. Those ten jurisdiction are in the third round of a five year permit. We have completed ten years, we're going for our 15 years, our next five-year interval. We are the seventh County to go into that round. So six have gone before us for that permit for their...

Councilmember Perez,
For stage three, year 11.

Jim Caldwell,
Right. We have been proceeding as usual with the state on this and the state has interaction with us and they've had interaction. They've actually had a public meeting

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with us and the environmental community, actually anyone who was interested, to talk about our permit, to talk about what they felt was important, and to hear from us and the community what they felt was important. They've now issued a draft permit which, for the most part, is very similar to the permit we had before. And the concern has been I guess by the environmental community that Montgomery County as leaders in this area and I don't know that anyone would suggest that we weren't, I think that if you look at the gradation of the ten jurisdictions that have permits we are clearly at the top. We clearly take our responsibility seriously and we have always looked at the permit as the floor of our responsibility. And we have always come forward and wanted to do more, above and beyond what we're required to do by the permit. The environmental community's position has been that they put out an 11-point paper that they felt there were 11 points that we should actually do more and we should be asking the state to put those aspects into our permit. Some of the responsibilities that they've put in, those 11 points, are not responsibilities of the Executive branch of government. Some are Park and Planning responsibilities. So not all 11 could we actually adopt under a permit even if we put them all in there, because the state's -- Park and Planning does not come under our state permit. Regardless of that, if you look at all of those areas, we're active in all of those areas. I think it's a question of order of magnitude, how fast do we get there, how much money do we put in one point. I think we're aware and conscious and working toward those activities but we're not getting there as fast as the environmental community thought we should. They believe those aspects should be written into the permit. Our position continues to be that is a state responsibility, to determine whether or not they should strengthen our permit. We've discussed with them they know what we're doing here. They know what needs to be done. We also believe it should be equitable across the board with the other ten jurisdictions, if our permit should change, everybody's permit should change but the full responsibility lies with the state. And if the state believes that the permit should be stronger, then the state should write the permit stronger. I think the message is if they do that, we will comply. In the meantime if they don't write the permit stronger, our position has been and will continue to be that we will continue to make progress towards -- above the standard that they set for us in the permit, and we will continue to achieve beyond that. That's where we are. I will say and I don't think it's a surprise by anybody that if millions of dollars came our way we could do millions of dollars more work. We recognize that we're trying to balance the needs of the environment against the needs of every other aspect of our community and we play within those rules of the game. We will continue to offer suggestions as to what needs to be done. We when we get our package we move forward to the extent we can to the package we receive.

Councilmember Perez,
You indicated there was already one public meeting convened I believe by the state.

Jim Caldwell,
As part of the MPDS permitting process they do have a public meeting that they hold before they actually issue a permit so everybody can have discussions and everyone can kind of interact and relate to the concerns. That was held.

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Councilmember Perez,
Do you anticipate another being held?

Jim Caldwell,
Subsequent to that we had a meeting DEP had a meeting with the environmental coalition to share ideas and where we could understand where they were coming from and vice versa. After that we all agreed to meet. And it was about a month ago I guess. MDE, the Environmental Coalition, and DEP -- and DPS was also there, because a lot of what we interact with is DPS, because they actually design the stormwater and issue the stormwater permits. . So we have had an ongoing dialogue about discussions. So I think everybody is aware of all the issues and the concerns. And the state now has issued a draft permit which now -- one of our concerns early on was there is a process, and it is a process that has defined steps along the way when you have public meetings. So that draft permit has been issued so we're now on a time line.

Councilmember Perez,
Which is?

Jim Caldwell,
Which is that I believe once the draft permit is out, that they could issue a permit within...

Douglas Weisburger,
The original target was July, but we think it may be deferred a few months.

Jim Caldwell,
They're in a public comment period now.

Councilmember Perez,
So if people want to be heard, now is the time to be heard.

Jim Caldwell,
Yes.

Councilmember Perez,
Very well. Let me turn, I think Ms. Floreen had her light on first and then Ms. Praisner was second. And this is I think the appropriate time to raise the issue that's outlined at the bottom of page 12 of your memorandum.

Councilmember Floreen,
Thank you. This is an issue that does not come up in Committee, frankly, because it's the product of further conversation with the Stormwaters Partners Coalition, as well as considering the range of issues that Councilmembers are looking at right now. I'll just direct your attention actually to page seven which makes the point that the Committee

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recommended an increase in the proposed rate for water quality protection in order to generate some more dollars that would be used for street cleaning and this would help really the runoff issues in a significant way. We thought that was a good first step at addressing water quality. What you have -- and then as Keith has mentioned Mr. Silverman and I on Friday recommended some -- an additional effort to really create an incentive program, as far as I'm concerned, that's pretty parallel to what Mr. Leventhal initiated in the Clean Energy Rewards Program which we were also funding in this budget. And this is to provide $1.25 million additional in resources to go for cost sharing grants, for residences and commercial property that would help folks install really low impact development elements on their property, such as bio-retention cells, green roofs and down spouts disconnections, variety of rain barrel solutions, and rain gardens. This is very much related, frankly, to the work I've been doing on some drainage legislation. And I suspect may be connected to what Mr. Leventhal is proposing, with respect to the lead certification, perhaps not directly but indirectly in terms of improving the quality of construction techniques that are used within the County. So $500,000 of this money would be used for residences and commercial property. $500,000 would be used for public sector utilization of some of these elements in our construction initiative. Objective here would be to improve our standards, certainly address community concerns, but set a higher bar for public construction initiatives. Then $250,000 of this money would be used for technical assistance, including research, staff and evaluation of the best methods and increase public outreach and education. This we think would be an equally important way of addressing the discharge issue with the state by making improvements at home where it matters the most. Such an effort would basically add 40 cents a month to the Stormwater Quality fee. The Water Quality Protection Fund rate and would take it up basically to $23.99 a year, up from the Committee's recommendation of $18.75. And I think maybe Mr. Silverman would want to speak to this as well.

Council President Leventhal,
Okay. Ms. Praisner actually had her...

Councilmember Praisner,
Let him...

Council President Leventhal,
Mr. Silverman.

Councilmember Silverman,
Thank you, Mr. President. I appreciate the opportunity to put this forward proposal with my colleague. I apologize to the Council for the lateness of the proposal. When I met, as many Councilmembers I think were meeting with a group called the Montgomery County Stormwater Partners Coalition, it was focused primarily on the permit issue which we as a Council do not vote on. In the course of those discussions the question that I raised, since we were in budget, is what suggestions, if any, did they have to address challenges that we have, in terms of stream restoration and new techniques

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that are being used elsewhere to deal with our more urbanized areas. And that's where this proposal came from. The Montgomery County Stormwater Partners Coalition is comprised of the following organizations: Anacostia River Keeper at Earth Conservation Core, Anacostia Watershed Citizens Advisory Committee, Anacostia Watershed Society, Audubon Naturalists Society, Chesapeake Bay Foundation, Clean Water Action, Eyes of the Paint Branch, Friends of Hill Mead Park, Friends of Rock Creek's Environment, Friends of Sligo Creek, Friends of the Earth, Greater Goshen Civic Association, Montgomery County Civic Fed, Natural Resources Defense Council, Neighbors of Northwest Branch, Northward Four-Corner Civic Organization. Potomac Conservancy, Riverside Sierra Club of Montgomery County, and the West Montgomery County Citizens Association. The proposal's outlined on Circle 36 and 37. It's a step I think in the right direction at a very modest level and for a very modest cost. Two years ago this Council took a big step forward by recognizing that for the small sum of $4 the County could roll out it's blue bins countywide, which has in part been responsible for a significant increase in the recycling rate in Montgomery County, from 37% to 41%, actually over 41%. For roughly the same amount of money, we can start what I would consider to be a down payment on addressing challenges, particularly in our most urbanized areas through, in effect, public/private partnerships. We are continuing our focus in the areas where new development occurs and when we deal with our master plans, but frankly -- and this is a personal observation -- I think we have spent so much of the last decade battling over things like the Inter-County Connector on all sides that it has not provided an opportunity for us to find common ground among all parties for putting initiatives on the table that will actually address some of the environmental challenges that Montgomery County had. Again, I apologize for the lateness of the proposal. And I recognize the fact that in a year in which we have significant resources, the question that logically could be raised is, well why would we want to increase a fee? I think the answer is because this fee which has been primarily focused on the stormwater management ponds throughout our community and the maintenance and upkeep of those is a good start, but now we need to be focused I think on these issues and this is an appropriate fee to be out utilized for this purpose. So I appreciate everyone's consideration of the proposal. Thank you.

Council President Leventhal,
Ms. Praisner.

Councilmember Praisner,
Thank you very much. I had a couple questions for Mr. Cameron and -- I mean, Mr. Caldwell and for Cameron as well. From a standpoint of administering this initiative, it's a series of ideas, without the implementation obviously in place. And I'm not sure -- the dollar amounts may be available for grants and whatever, but you have to administer it all. So what -- what staff in your view would be associated? We usually get fiscal impact statements,.

Jim Caldwell,

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Clearly we would need more staff. It's not just a case of, in the short time we've had to look at it, I think we're looking at possibly having to have two people to administer the program and one financial person to actually deal with the Energy Rewards Program, we seem to be getting more, so we'd need an accounting arm. We'd probably need at least three people, two technical people and one person to administer the shifting of the funds and the movement of the funds.

Councilmember Praisner,
So would that money come out of these dollar amounts? It almost looks like a housing initiative. I'm asking him. The housing initiative fund obviously that we take dedicated amount of property tax is a fee that we would increase to do this, but the fee dollar amounts that are identified would be for grants to people, just like the housing initiative has generic categories that we -- as guidelines. It would seem to me that if somebody really wants to put this in place, you have to go through some administrative structure with some... Yes, I understand that, but from an ongoing basis, not just the dollar amounts that are there, the dollar amounts would, it seems to me, have to fluctuate from year to year in order to -- in each category in order to see which ones are more successful.

Jim Caldwell,
I would agree with you. I think it would be a new initiative, one we would certainly move into -- if we were charged to do it we would move in with all interest. It's very similar in some cases to the effort we've been putting forward with the stormwater. Originally we had a grant program with the stormwater. We found a lot of people didn't want to move forward with the grant program and it kind of sat there for a year. So what we constantly do is say, "If that's not how you do it, what's the best way to do it?" knowing our goal in the end is to address the stormwater issue. I think it's an interesting idea. We'd have to see how well it was picked up on. The first year it would be a lot of outreach, and lot of education, and a lot of drawing people into the program to try and get them to work with us to accomplish that. We have been doing some of this on a much smaller scale, as I said, it's all to date has been the scale to which we're doing these programs. Most of it today is done by grant.

Councilmember Praisner,
How soon do you think it would take for you to get this really up and running in the first year? I mean, this budget -- this proposal assumes you just launch it and it would seem to me that there is a lot of work that needs to be done as yet.

Jim Caldwell,
Well, clearly we'd have to have staff to start talking about it. I would say between now and July 1st, if that's when we could create the positions, specifically we'd be sitting around doing a lot of in-house brainstorming with existing staff to get things started. To kick it off we'd probably have to have the staff. Normally when we're moving into that we'd put our position descriptions together so we're ready to go on July 1st.

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Councilmember Praisner,
Having had interesting conversations here about imperviousness and the lack of concern about imperviousness across this County as an issue, do you see the capacity or ability for this to be used for folks to work on initiatives that might reduce imperviousness, or at least be more aware of the impacts of imperviousness and water quality?

Jim Caldwell,
I think it is clearly an awareness of impacts of imperviousness. For the most part what I think this program is attempting to address is the issues of -- inside the Beltway -- where we developed before we had stormwater management and we have lots of imperviousness we don't have a lot of space to do much of anything else. So it's on a site by site, case by case basis to try and address that. A lot of the L.I.D. technologies, people are looking at the potential to use it on new development, but there still is, I think, in those areas there is a question of what you can do, what the maintenance is. We hear about a lot of what's going on in New Jersey or Delaware where we have very different soils. And L.I.D. is really based on how much you can get into the ground and how fast. The slower your soils, the more surface area you need to get it in. Those are the kinds of things we're slowly working on some of the grants we're working on now, but clearly we would be able to experiment a little bit more and get some more data out of that. The other thing we'd like to do is be able to spend some of this money to do some actual consultant work, what's going on in places that are very similar to our soil types and similar to our development patterns so we can get a sense of what will work and what won't so we don't spend a lot of time spinning our wheels.

Councilmember Praisner,
I just spent a significant amount of time within this period reviewing all of the Chesapeake Bay grant applications that as part of [L-GAC] for Maryland. There are very interesting, in fact I pulled some out, Jim, for us to talk about later. There is some very interesting programs. The concern I have is you can do a scatter-shot approach and have everybody doing what they think is a neat, cool project, but it has no cumulative effect positive because it's not in an organized way. So someone, your neighbor does "X" to improve and the Guy next to him builds a big house and increases the burden kind of issue. So it would seem to me that if you want to initiate a program like this, it's got to be -- not an automatic assumption that people receive grants, et cetera, for anything that might be nice to do, but you've got to have some accountability and some measures, which gets back to the permit issues and I think what the community is looking for is more reportable, more accountability, more documentation. The Chesapeake Bay reports, whether you're GAO or whomever, and we can debate what the numbers are, but the reality is the Bay is not getting any better, it's getting worse. And we spend a lot of money on studies, and the message I'm hearing from my colleagues across -- and the message that was conveyed to congress is if you don't put money into implementation of these things, we can study the condition of a fish here or there or of stream beds, et cetera, but at some point we've got to really put money into having some actual results, rather than study.

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Jim Caldwell,
I think the point on that is that most of the focus to date has been on point source discharges, and most of the focus on the point has been wastewater treatment plants. Today wastewater treatment plants, if you look at the amount of nutrients going into Chesapeake Bay, they're number three, behind agriculture and air quality. And if you look at what's happening in an attempt to control agriculture and air quality, it's not very much at all. Yet you will be hearing in the near future, which we're turning the screw one more turn on wastewater treatment plants at very, very expensive costs, and there is not a lot of effort going into some of the techniques that potentially could go into those other two categories. That's where we need to start focusing. To some extent that's what this is, it's runoff.

Councilmember Praisner,
And that big issue needs to be done in a concerted comprehensive, targeted -- from the standpoint of what we know. So some of the grants that I looked at are very nice projects, but the question is folks will feel good after they're done doing this little niche neighborhood, but in the end unless you do it in a concerted way, comprehensively in an area there is very little bang in the long run for that. The other piece it seems to me is I think we need to do a more aggressive education program. Not just to garner money through a grant or something, but just for folks to change their behavior. And...

Jim Caldwell,
That's the tough part.

Councilmember Praisner,
...I've had conversations with folks in the Upper Paint Branch Special Protection Area, there are a lot of folks who don't even -- aren't really familiar with the fact that they live there, and what it means and now they're increasing the problems for the area.

Jim Caldwell,
And that's exemplified by the fact we spend a lot of time there because of the Anacostia, and because of the Paint Branch, because of the trout, DEP is there a lot. And also a lot of the communities, the Eyes of Paint Branch they have people out there. It shows you how difficult it is to get the message out when the government and the community has an active interest. So it is, it's a very...

Councilmember Praisner,
I would just -- I guess -- I assume we will go forward with this, I just want to make sure it isn't a feel good exercise, but that it has specific, either targets from your perspective, or specific accountability pieces for the initiatives where it gets to community engagement on an effort, or a targeted area where we've identified that the stress that exists now. And then do some kind of outreach that says to the neighborhood or community, your streams or your stormwater issues are such, this is what you can access if you do this rather than just leaving it to anyone anywhere in the County to use it.

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Jim Caldwell,
Right now, I mean all these things are suggested here we're doing. We have the rain barrel work sessions we have some L.I.D. we've put in in a lot of public sector areas, the Chevy Chase/Kensington we're working on right now. The proposal would be to focus on a watershed and a watershed that's more stressed than others. DEP agrees with you that we need to have some measures to show if it's making an effect. We'll have to increase monitoring that we're doing in the base streams to determine is this really having a change of effect?

Councilmember Praisner,
How many streams do we have water gauges in in the County right now?

Douglas Weisburger,
We have, I think, five out in Clarksburg, because we're doing research and DNPs, we just put those in. We have one on Northwest Ranch and one on Paint Branch. And I don't believe there is any others.

Councilmember Praisner,
Do we need more?

Douglas Weisburger,
We could always use more flow gauges to help us understand runoff impacts. But the allocation of resources, it's probably as good as we can expect for now.

Councilmember Praisner,
What's the dollar amount associated with placing more gauges?

Douglas Weisburger,
It depends on whether you do water quality or not, but I guess $25,000 per year is probably a reasonable number, and there is some initial installation costs depending on the size of the stream, and whether you need to put in a [INAUDIBLE] and that sort of thing.

Councilmember Praisner,
Are you looking at it from a sub-watershed perspective as well as from an overall watershed when you're looking at the water gauges?

Douglas Weisburger,
Well the ones out in Clarksburg are on a small sub-watershed area. And the other gauges tend to be larger watersheds.

Councilmember Praisner,
I'd like to move $100,000 for watershed monitoring and to deal with the sub-watersheds that are in stress right now...

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Councilmember Knapp,
Second.

Councilmember Praisner,
...as on the reconciliation.

Council President Leventhal,
I think Ms. Floreen's suggestion actually wasn't formally made as a motion, but I'm considering to be a motion made by Ms. Floreen and seconded by Mr. Silverman. So, why don't we -- Ms. Praisner's motion is in order, and we will get to it as soon as we act on Ms. Floreen's motion.

Councilmember Perez,
Which is not part of the reconciliation list, that's a different...

Councilmember Silverman,
I want to raise the question about Ms. Praisner's, if I may.

Council President Leventhal,
Okay, question about Ms. Praisner's...

Councilmember Silverman,
I guess the question is this, let me back up for a second. We had a proposal that was submitted to my office by the Stormwater Partners Coalition for $2.5 million. We basically cut this in half because we had a funding source which we thought was modest. I guess the question or suggestion I have is, and I agree entirely with everything Ms. Praisner said about focusing in on sub-watersheds and not everything that feels good but something that is quantifiable, we can see whether these are actually working. I was going to simply suggest that the $100,000 be rolled in on top of this and funded out of the fee rather than competing against every other grant under the sun that's on our reconciliation list.

Councilmember Praisner,
I'm fine with that, obviously.

Councilmember Silverman,
Mr. President.

Council President Leventhal,
So then do Ms. Floreen and Mr. Silverman want to incorporate that into their motion, add $100,000 as stream monitoring as part of the list of suggestions on water quality?

Councilmember Floreen,
That would be fine. Let me just say this is not actually a reconciliation list item.

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Councilmember Praisner,
That's why I'm fine with it.

Multiple Speakers,
[INAUDIBLE]

Councilmember Floreen,
That would actually do something, It would bump the fee up by a few pennies.

Councilmember Silverman,
If I may, Mr. President, I think procedurally it goes on the reconciliation list, but it has a funding source. So Councilmembers when they're voting understand it is not competing against everything else on the quote reconciliation list, because we have a designated fee for this.

Council President Leventhal,
We would also need a -- someone's got to instruct us, we would need a vote on raising the fee as well.

Keith Levchenko,
Actually the vote on the fee is coming first, on Wednesday.

Councilmember Silverman,
It would happen on Wednesday.

Keith Levchenko,
Effectively you would increase the fee with the knowledge of why you're increasing the fee.

Councilmember Floreen,
To address this and you'd have to adjust the numbers then.

Keith Levchenko,
I had a question about how the current gauges are funded, though. Those had are not funded out of the Water Quality Protection Fund now.

Councilmember Silverman,
There is no reason they can't be.

Keith Levchenko,
That's a question I had for DEP, whether they felt comfortable.

Douglas Weisburger,

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They're not out of the fund now, but the fund has a latitude to be used for that kind of thing.

Councilmember Silverman,
The language of the legislation is broad enough for these type of issues.

Keith Levchenko,
It does argue perhaps for some review of what's funded and not funded in it now and maybe for next year we try to do some balancing.

Councilmember Perez,
Mr. Horowitz wanted to know, the movie "Penguins" is going to be reshown at the AFI, and we were wondering if we could get money in the budget from the Stormwater Management Protection fee to assist in the marketing of "Penguins."

Councilmember Silverman,
Only if they're passing out rain barrels.

Councilmember Praisner,
Only if the water treatment shows up.

Councilmember Perez,
I tried. I'm sorry.

Council President Leventhal,
The motion is revised to include $100,000 for stream monitoring. And so the motion made by Ms. Floreen and seconded by Mr. Silverman, as amended by -- accommodating Ms. Praisner's suggestion is before the Council. Is there objection to adding this to the reconciliation list we understand we'll vote on the funding source on Wednesday. Hearing no objection the programs identified are added.

Keith Levchenko,
Is that increasing the total amount or keeping it at 1.25, with the assumption that that's in it?

Councilmember Silverman,
1.35. Right.

Councilmember Perez,
Okay. The final issue here was the Clean Energy Rewards Program. And again, there is a placeholder amount which staff acknowledges is our best guess, $361,000, as the program rolls out, depending on its success, I'm sure Mr. Caldwell will keep us informed of how we're doing and whether we need additional funds.

Jim Caldwell,

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Just as a highlight on that, now that I actually have the staff on board and we've had them for three weeks, Susan Kirby has come to our staff with marketing background in this area of energy management. The understanding that we have at this point in time is in order to make this incentive a valuable incentive, our original fiscal impact assessment was probably fairly low into what the reward should be. I think it was a half cent on the kilowatt hour. I think we're under the assumption it would probably be a more useful and beneficial program to make the proper incentive if it was a one cent reward which basically cuts everything in half. The concern being how many people can you bring into the program with that amount of money? What we are suggesting is that we -- based on the initial numbers we're hearing from the utilities of who is in the program now that we should be okay for a period of time that we won't exhaust the program as soon as we announce it. But we'll also have when we have exhausted 70% of those funds that we will be coming back and letting both the Executive and the County know where we are and how quickly we get there. But the reality is that rather than -- what we're looking at is rather than a program of $361,000 a year, it looks like that is probably a one quarter charge. So this year what we're looking at suggesting doing and we'll be coming forward with a resolution in the very near future is initiate the program, do the outreach, get things going, get some understanding out in the community about what are the keys that people will move into the program with, kind of a focused group approach to things and start letting people know it's out there, and open the program up for the first reward actually being issued the fourth quarter of this fiscal year, which would mean for the next fiscal year we'd be looking at four times 361, or about a $1.4 million program. That we'll have time to discuss that in more detail if you'd like to before we actually have to do a resolution forward.

Council President Leventhal,
May I ask a question, Mr. Perez? When would the marketing take place, when would the public be advised that this program exists?

Jim Caldwell,
Our expectation is the marketing would take place -- we would initiate the marketing right away, because we'll be getting out into the community to get them know what's happening to get their ideas what how best they see it taking place, and some of the issues -- much like we did when we started the recycling program. We'll be kicking that off. People will be aware of the program and what our intent is right away. What I'd like to do is introduce Susan Kirby, she is our newest employee, she's our Energy Rewards Manager. You wants to explain about how you see this thing rolling out?

Susan Kirby,
Absolutely. The first part of the program would kick off as soon as we had suppliers onboard to participate. Once the suppliers have been identified and participating releasing information to the Montgomery County residents and also small businesses through information packets, also outreach at community events, potentially displays in things like libraries. Also doing a lot of viral-type marketing, word of mouth, to get the

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program launched. The sign-up period would probably then start the beginning of 2007, start enrolling participants into the program with the initial reward beginning in April.

Multiple Speakers,
[INAUDIBLE]

Council President Leventhal,
Mr. Andrews, did you have a question?

Councilmember Andrews,
No, no.

Councilmember Perez,
Okay, are you satisfied, Mr. Leventhal?

Council President Leventhal,
We'll keep in touch.

Councilmember Perez,
A close eye. Yes, yes. Okay.

Council President Leventhal,
I think we are through with this budget. Again, thank you Mr. Caldwell for all of your leadership on the host of issues. Always a pleasure working with you. Next we turn to the Department of Permitting Services. Chairwoman Floreen.

Councilmember Floreen,
Thank you, Mr. President. As you all know DPS is basically an enterprise fund driven operation and we have spent a number of happy hours with them all ready over site plan enforcement issues. Mr. Hubbard would you like to -- and would you like to introduce everybody and make any opening comments?

Robert Hubbard,
Good morning, my name is Robert Hubbard, Director of the Department of Permitting Services. I'll start from left to right. Far left, my left, Stan Wong, Division Chief for Land Development. Next to him Reggie Jeter, who is the Division Chief for Casework Management. Mary Beck from the Office of Management and Budget. Shahriar Amiri, Division Chief for Building Construction. And Maggie Orsini, my Budget Specialist.

Councilmember Floreen,
Anything you'd like to say, Mr. Hubbard?

Robert Hubbard,
I know you have a very busy Calendar this morning...

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Councilmember Floreen,
And you move approval.

Robert Hubbard,
Move approval and we'll be good to go.

Councilmember Floreen,
As the Council will observe in taking a look at the charts and information provided on page 2 and 3, more than the expenditures in DPS are increasing by about 15% and 22 work years. More that half of that though, and most of the dollars and most of the work years are related to the site plan enforcement review inspection and complaint investigation responsibilities within DPS. They are also proposing additional work years to add use and occupancy permit review for single family homes and townhomes. I will just say a number of these issues are pending before the PHED Committee. I guess we will be taking them up in June at the rate we're going. The -- of the fee changes they expect total revenues to be up by 22% as a result of the new fees, fee increases, and basic growth factor. It's greater than might have been assumed, considering the estimated revenue for '06 because of the freeze on site plan permits that's associated with Clarksburg. Nonetheless, work is occurring. They are assuming a new fee for single family use and occupancy permits, as I mentioned. There was a site plan enforcement surcharge approved this year, and there are some additional fees that require our action. I guess we will be looking at them -- to approve them later in the week. These are associated with fees for sign permits, and licenses, and the like, and a new fee for nonconforming use certification. They are including a fund balance of 17.3%. I forgot this number when we talked about Park and Planning, which was looking at I think a 20% fund balance. So we might make note to return to -- to remember that in the future with respect to Park and Planning. The issue here, of course, is that the unpredictability of the work load given economic conditions and the fact that that is an enterprise fund that needs to feed itself. Basically with respect to program measures and trends, they expect that the number of special exceptions inspections will drop from an estimated 950 in this budget to 530 in the next year. Reflects the completion of their efforts to review all existing special exceptions. They do expect the 530 number to remain fairly flat. They do expect a number of plans generally, sediment control, storm water, flood plain permits, public rights of way, and various well and septic permits to increase over the year, next year. Particularly because of development activity in Clarksburg and Verizon efforts. I'm sure Ms. Praisner will be keeping a very close eye on that as well. And then generally the cost per plan approval is expected to continue to increase. Because this is really a cost based on people, and compensation and benefit issues drive all that. I think we've talked enough over the past couple months over the positions for inspection of height and setback requirements. There are also positions associated with the draft Memoranda of Understanding between DPS and Park and Planning associated with the review process. We haven't taken that one up either. I've seen it floating around. What is the status on that, Mr. Hubbard?

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Robert Hubbard,
Status is we have appropriated an outline ask fleshing that out to a full Memoranda of Understanding. The Department has prepared a scoping provision and provided flowcharts to staff at the Park and Planning Commission for review. It's my understanding they would like to take that memoranda of understanding before the full commission. They are working to schedule that.

Councilmember Floreen,
Well, we do need to get to that. Commission meeting in June? You mean the Planning Board or the full...

Robert Hubbard,
The Planning Board.

Councilmember Floreen,
They should be able to get to that. It's been awhile. It really shouldn't linger much longer.

Keith Levchenko,
Councilmember Floreen...

Councilmember Floreen,
I will coordinate it with Mr. Silverman on it.

Keith Levchenko,
One option, I know there's concerns approving all costs and revenues prior to...

Councilmember Floreen,
Yeah. It's a problem.

Keith Levchenko,
Certainly we anticipated earlier on that this would be resolved, but it looks like it won't be. One option would be to include some language in the appropriations resolution noting that these funds and revenues are a part of that and isolating them as part of that. And making sure if it's not approved that they not go forward otherwise. So we can draft language.

Councilmember Floreen,
We will have to look at words that make that point clear.

Keith Levchenko,
We can work on that and have it available in time for the resolution review.

Councilmember Floreen,
These are fees that would go into effect July 1st.

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Keith Levchenko,
Correct.

Councilmember Floreen,
So we need to...

Keith Levchenko,
Staffing, of course.

Councilmember Floreen,
So we need to see the MOU. I'm sure the Committee will be very interested in that. We won't get to it until the middle of June, Right? At the rate we're going.

Keith Levchenko,
I don't know. The Department feels a lot of the nuts and bolts work is resolved and a lot of it has to do with some of the overarching policy issues.

Councilmember Floreen,
The easy things.

Keith Levchenko,
Yeah, obviously there's a concern that approving all this in advance and if there are any significant changes later on, that our budget's out of sync.

Councilmember Floreen,
Let's work on the language for that. Mr. Denis had a question.

Councilmember Denis,
Thank you. I think it's interesting all five District Councilmembers are here for this discussion. And my seatmate as Chair of the Committee. I just want to thank the Department generally for working with me and my office on building height issues, not only in the run up to the Zoning Text Amendment that was adopted, but in trying to interpret the interpretations, and so on. I think we provided clarity and also perhaps most importantly for coming out to meetings with me and as communities have issues in this area. That's most important. I thank the Department for it's cooperation.

Councilmember Floreen,
Tom.

Councilmember Praisner,
Go ahead, Mr. Perez.

Councilmember Perez,

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I echo Mr. Denis' sentiments. I know we had an issue in Silver Spring where we had a number of questions. You came with us. I think the community was appreciative of your explanations and felt empowered to make sure that they had a role in what was happening on a particular street. I do thank you. All too frequently you don't get the letters of thanks, you get letters of another variety. I want to make sure we do both. I call with a complaint once in a while. In the spirit of that -- no.

[LAUGHTER]

Councilmember Perez,
What is the current status of, in terms of permitting of the JBG project on Blair Mill Road, near Mayorga? Let me just lay it on the table. What leverage do we have as a County right now?

Robert Hubbard,
This is the Silver Spring Gateway project? I believe we have issued a number of permits, the foundation and some of the superstructure, for the construction. I don't know what particular issue that you're interested in.

Councilmember Perez,
I'm interested in the following issue. Beginning March 1st, an anchor in that community has been really screwed as a result of this project. That's a term of art.

[LAUGHTER]

Robert Hubbard,
I appreciate that. We've heard concerns about the parking. Parking was a condition of the site plan approval that was approved at Park and Planning.

Councilmember Perez,
Again, you are not the -- you are not the problem, Bob.

Robert Hubbard,
I understand.

Councilmember Perez,
I'm not suggesting that you are. I'm just trying to figure out what my leverage points are. But I would like JBG, frankly, we have a fund that Councilmember Denis and I introduced a couple years ago that provides assistance to small businesses that are economically adversely affected as a result of County-initiated redevelopment activities. So when the garage gets torn down in Silver Spring and the Carpet Bazaar has no way for customers to park and they can demonstrate that they've lost money -- we're going to have this conversation later today when we get to the Economic Development Fund. We have stepped into place and provided assistance. If it's going to be a truly public/private partnership, it should not be the County that provides all the money to

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assist Mayorga which in a very short period of time become an anchor in that community. I believe that JBG should also share. I've looked at his bottom line. And it's very traceable to March 1st, 2006, when this project began. I've been asked recently why did you vote to approve the closing of Blair Mill Road? I confess, with the benefit of hindsight, I wish I could take that back at the moment. I think I screwed up. I'm fearful I screwed up on that. I'm also fearful right now that we lack the leverage on JBG to get them to agree for a two- year period to help subsidize Mr. Mayorga's rent payments. He's going in the tank. That would be a tragedy.

Robert Hubbard,
I share your concerns. In terms of the status of the building permits, as long as JBG is in compliance with that site plan, there's not a violation that we could site or hold them to in terms of the permit or further permitting. Unless there was some mechanism to get JBG back before the Planning Board for a site plan amendment to address that parking situation or the road closure.

Councilmember Perez,
Any ideas on that?

Robert Hubbard,
Not off the top of my head I don't.

Councilmember Perez,
Would you be willing to think about that?

Robert Hubbard,
Sure.

Councilmember Perez,
It appears to me that unless and until they are confronted with a legal imperative to assist, that they are not going to assist. There's a valet there now, and things like that, but that's chicken feed. It's not doing the trick. I know Mr. Leventhal spoke about this last week. We met with Mr. Mayorga. People stopped going there. It's as plain as that, and it's our fault. It's our project. The Council, I'm feeling very badly about that action, and I think that if development in Silver Spring and South Silver Spring is going to be a true public/private partnership, and we are going to provide assistance to Mr. Mayorga to help offset these rough times, I think JBG should do the same thing. I'm trying to figure out what the mechanism is. I would hope a letter and gentle persuasion would work. It appears at the moment that it's not going to do the trick. They are concerned about slippery slopes and things of that sort. I'm concerned about saving a business in Silver Spring that is a very viable business has a demonstrated track record of accomplishment and is going, it's very much empty as a direct result of one set of decisions that the County and the developer have made. So I feel partially responsible for what's going on. So I look forward to working with you to figure out what sort of leverage we have and if it involves going back to the Planning Board to amend the site

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plan, I'm happy to write a letter to Derrick Berlage and others to ask them to take another look at the site plan. I mean, this is a partner they want there. As they market their units, I don't understand why it hasn't occurred to them that it would be nice to have a indigenous coffee house within a pitching wedge of their building. But it hasn't -- I guess they can go up the block to Starbucks. I'm getting a little frustrated.

Council President Leventhal,
Mr. Perez, there is a specific DPS item, I don't know if you raised it. I was putting out another fire outside. One of the issues related to DPS on this site, is that the developer provided temporary access to Blairs Mill Road so folks can drive down East/West Highway and go to a construction site on a temporary road. The problem now JBG is saying is that Permitting Services says the temporary road is in violation of erosion control requirements. They may not maintain access across the construction site for the next year and a half for individuals to be able to get to the coffee shop or to the ice cream parlor or the small business incubator from East/West Highway, there would be no access whatsoever, unless there's a temporary road across the construction site, which apparently DPS is now objecting to.

Robert Hubbard,
I'm not familiar with where the temporary road is located. I do know that a good portion of their stormwater management is out in the front, in the old Blair Mill Road right-of-way. It may be at this stage in their construction for stormwater management, which may not allow the temporary road to remain open. But I will look into that. I certainly am interested in working with both your offices to try and resolve these issues.

Councilmember Perez,
I appreciate your point, that you have a process, et cetera, but I want to figure out if there's a way to go back to the Planning Board and put some new requirements on there. I'm certainly willing to fight for that.

Robert Hubbard,
Or maybe there's enough flexibility in the language that's currently in there in terms of the...

Councilmember Perez,
I would think common sense would prevail. At the moment I've not been successful in that regard.

Robert Hubbard,
Okay.

Councilmember Floreen,
Always a challenge.

Councilmember Perez,

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Yes.

Councilmember Floreen,
Anything more?

Council President Leventhal,
There are a couple other lights on other points. Not on this point.

Councilmember Floreen,
I just wanted to say with respect to -- I'm not sure what -- I guess there's site plan enforcement issues. I wanted to ask a question of Mr. Hubbard. On page 7, I hadn't appreciated the fact that the temporary -- this Clarksburg Ombudsman was being funded out of your enterprise fund.

Robert Hubbard,
That's correct.

Councilmember Floreen,
This person is not -- is dealing with a lot of things, but it's really not the same issue as site plan enforcement, is it?

Robert Hubbard,
No it's not, it's a community liaison to the Clarksburg citizens.

Councilmember Floreen,
And that's an important thing, it's a good thing. We've certainly tasked Ms. Russell with a variety of obligations, not the least of which is the whole Development District concern. I'm sure everyone here was questions about it. But I wonder why it's funded out of this office as opposed to the Chief Administrative Officer. I wanted to ask Ms. Praisner if that issue had been taken up at all in your review of that office?

Councilmember Praisner,
No, it had not. Except for previous years when the Committee expressed its view that with all of the assistant CAOs and other positions that one could have taken, as there had been in the past when Mr. Mooney was in the office, and he was given responsibility for coordinating managing liaison in Silver Spring, that one of those positions which has been increased since then, could have been assigned and should be assigned for Clarksburg. And there wasn't a need for an additional position. That was the only comment the Committee has made in the past. We didn't discuss that issue this year. To the extent that position is doing liaison outreach, et cetera, the question is for Mr. Hubbard how much of the fund is used for those kinds of things within DPS and monitoring that activity I guess.

Councilmember Floreen,

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Yeah, I'm not entirely certain of the right approach to take here. But I don't think that this is a -- that liaison function is associate with this fund, this enterprise fund.

Robert Hubbard,
We do a great bit of work in the communities as we are requested to work in the communities.

Councilmember Floreen,
Sure.

Robert Hubbard,
And given the special circumstances in Clarksburg and the need to be able to rapidly respond to the citizens' concerns given the controversy there associated with development related activities and the fees we are deriving from that, I think it would be appropriate to keep the Ombudsman position funded out of the Department's budget.

Councilmember Floreen,
There are a lot of departments playing a role in this, not the least which is Park and Planning. I would ask you to bring a back a proposal for the allocation of the cost of this position, perhaps between different departments. We are expecting you to be doing a lot of permitting review, per se, and all of these functions require significant community engagement. I certainly don't -- I am not opposed, I very much support, it's a bookkeeping question as to how this cost should be assumed.

Robert Hubbard,
I think that's probably true. It's more a bookkeeping function than anything else. Even if you look at what we did with the road czar and having Joe Chung perform that function, while it was across a number of agencies, it seemed clear that most was funneled through the Department of Permitting Services. We assumed that role and responsibility.

Councilmember Floreen,
He is going to continue in that, isn't he?

Robert Hubbard,
Yes.

Councilmember Floreen,
I think that's been extra ordinarily helpful. Beyond this issue, just to turn the Council's attention to page 8, they have added -- they are proposing an additional...

Councilmember Knapp,
I just want...

Councilmember Praisner,

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Go ahead and finish.

Councilmember Floreen,
Okay the additional position for electrical plan reviews that has been a feature in what they believe to be some of their delay in work product. And then, in addition, new Permitting Services Inspector position to help investigate and resolve citizen complaints. This is one thing we all, one thing that we all hear a considerable amount from our constituents. I think to have another person to support the Department and being responsive and chasing down concerns and getting back to folks is key to a successful community relationship. Of course, like everything else, they're working on their I.T. replacement program and have done, frankly, very good work on Electronic Data Management. We had a nice presentation on this previously. It seemed to set a standard for the managing of data. And with that, we recommend approval of the budget, with the note that there may be some adjustment on staffing requirements based on our review of the MOU, and other issues related to the pending...

Keith Levchenko,
Given we won't have the results of the MOU in time, I'll work with legal staff on some language in the appropriation resolution to make sure it's clear that the additional resources and revenues are contingent on that MOU.

Councilmember Floreen,
And there are some additional, we also recommend the fee changes necessary to support the sign work and nonconforming use certifications. That's the Committee report.

Council President Leventhal,
Very good. There are a couple lights on. Mr. Knapp.

Councilmember Knapp,
Thank you Mr. President, Madam Chair. I want to echo the sentiments that Mr. Denis raised earlier. I talk to folks and ask about customer service and what departments are doing it without fail, your department tends to be the one that gets mentioned most frequently, I commend you for that. That's one question I had, as I look at your performance measures, you don't measure customer service as a specific activity. I was curious as -- we continue to try and look ask refine and improve customer service throughout County Government, just to see if you have a way you measure it and what are the tools you use. I would like to get a sense for that 'cause I'd like to get a sense for that so we can have it for questions for other departments..

Robert Hubbard,
I'm going to ask Reggie Jeter to respond to that, as Division Chief of Casework Management his section is responsible for the initial intake of citizen request for service and concerns. Then following up on the response to see they are assigned to an inspector and inspector responds. Reggie, if you could spend a minute.

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Reginald Jeter,
As far as field inspection of the zoning staff, we do have a procedure where we choose the, I guess, inspections that have been completed. And we have someone that does calling of the complainants to see I guess were they satisfied. This was a survey that was actually developed by some college students a couple years ago, Worster Polytech students. We have been doing that. We also have individual forms within the office where people who come in for applications for building permits can actually fill out these forms in the office which gives us more immediate feedback. The field inspections survey is done on a monthly basis.

Councilmember Knapp,
So the follow ups or just picked at random? Projects completed that month and then you just go through...

Reginald Jeter,
Once the complaint is closed, then we would call -- they would closed the previous month. We call the next month.

Councilmember Knapp,
You call all of them?

Reginald Jeter,
No. Just at random.

Councilmember Knapp,
Okay, all right.

Robert Hubbard,
Our tracking software, permitting software, allows us to track the status of those cases in terms of when it was received, when it was assigned, when initial response was provided and when the complaints were closed. Right now we are looking at about 60% of our cases being investigated within 72 hours of receipt, and 72 is our goal. We are only about 60% right now.

Councilmember Knapp,
Okay.

Reginald Jeter,
We also have reports as far as how long it takes an inspector to do the first response from the time they get the actual complaint to the time they respond, which should be three days.

Councilmember Knapp,

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Okay. All right, thank you. Keep up the good work in that respect. Couple issues. As relates to Clarksburg, plan of compliance is being worked through Park and Planning. The question I have for you guys, as the folks who get to enforce that, what role have you played in the formulation or at least paying attention to the creation of that plan of compliance? At some point there's going to have to be some handoff. I want a sense of how you have been integrated or not in that process.

Robert Hubbard,
We had some preliminary involvement in terms of trying to advise the individuals during the charrette, in terms of the compliant issues. At that time I think it was a more higher design level. And people weren't focusing in on the regulatory requirements. We have subsequently had at least a quick review of the plan of compliance, comprised our comments and are working with Park and Planning staff, the community, to recommend a more focused development review process, if you will, for this plan of compliance and work closer with the design engineers and architects I'm getting the plan of compliance finalized and ready for board action. I would say we had involvement initially just as a cursory overview. And we are getting more involved in trying to lead a more focused discussion on that review a more intense review on the regulatory requirements before it goes before the Planning Board.

Councilmember Knapp,
And people are you receptive to you being in that role and being engaged ?

Robert Hubbard,
Yes.

Councilmember Knapp,
Following up on Ms. Floreen's questions related to Ms. Russell. She is funded out of DPS, but is there any role she is playing from a departmental perspective for you and then carrying that back as liaison to other departments? Is that accounting function?

Robert Hubbard,
She is playing a critical role to the Department in terms of funneling and focusing citizen concerns to the Department for response and being a conduit for us to be respond back to the citizens in Clarksburg.

Councilmember Knapp,
Doesn't offload anything from those people, so Joe is still doing what he was doing?

Robert Hubbard,
Right.

Councilmember Knapp,
Supplements your ongoing activities.

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Robert Hubbard,
Yes.

Councilmember Knapp,
Then the last question I had is when we look at permitting and we look at how the process proceeds, when we first started the development in Clarksburg, one of the issues we started to hear about early on was roads being torn up because you are hauling stuff away and you have routes of travel but it was difficult to ascribe the actual road deteriorization any particular organization. Is there -- if and when we get this plan of compliance together, then the east side of Clarksburg will continue to proceed, and then presumably move over to the west side. On the west side there are three roads everybody will have to use to do any type of site work there. Has there been any thought or any effort into looking at to how we can address on the front end the bonding or permitting in such a way so we know to address that? Because we know that what roads people have to use. Where they are coming from and going to. And now we've addressed in the current budget, we've backfilled some resources to address roads on the east side. Before we get down this road again, can we figure out how to put a plan in place that better monitors or tracks?

Robert Hubbard,
I think we can take a look at that. One thing we do provide is, or require for haul roads is bonding. One of the problems is the condition of the roads in Clarksburg prior to the beginning of construction. They certainly would were not up to current standards. They were not necessarily in a position to take the additional load, although they should have been designed to. They weren't because of their rural characteristics. We will take that into contribution as we look at haul roads in the future for this project. The other thing that's being looked at are the sequencing requirements for road constructions closer at preliminary plan and site plan approval to make sure that the road construction is advancing at the pace of the development as well. So in terms of haul roads, we will continue to monitor them and bond as appropriate for the haul roads. We learned lessons. Conditions of the road Upcounty are a struggle because they aren't up to current standards necessarily. They deteriorate quicker with that construction. We've learned from that as well.

Councilmember Knapp,
When you do the bonding does that carry over to state roads?

Robert Hubbard,
No, not to state roads.

Councilmember Knapp,
So how do you work with, one of the biggest roads is going to be 121.

Robert Hubbard,
I will ask Stan Wong if he could address that if he has an understanding..

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Stan Wong,
Actually the developer whoever uses that road for hauling deals with the state. We don't bond, co-bond, or do anything in conjunction with them. They'd go directly to the state for the permitting activity for the state roads.

Councilmember Knapp,
So in addition to whatever permitting they have receive from us they also have to go to the state?

Stan Wong,
Yes.

Councilmember Knapp,
Is there any notification back and forth?

Stan Wong,
We work very closely with them, we notify them of the activity.

Councilmember Knapp,
All right, thank you.

Council President Leventhal,
Ms. Praisner.

Councilmember Praisner,
I too want to add my appreciation for the opportunities to interact with the office and know there will be more of them in the future. Couple of comments, Mr. Knapp discussed the question of bonds. Do we have on-site inspectors right now where there's a lot of activity going on so we can track what's happening?

Robert Hubbard,
We have on-site inspectors in a variety of disciplines, is there one in particular?

Multiple Speakers,
[INAUDIBLE]

Robert Hubbard,
Okay, we have on-site inspectors performing daily and routine inspections both for the construction as well as for maintenance issues.

Councilmember Praisner,
Do you have a, does your database -- and I agree with Ms. Floreen that your technology is in very good shape. It helps to have a fee that generates the funding for that technology. Otherwise there would be a lot of other County departments who would be

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much better shape as they had the opportunity to use a fee for their technology. But does your technology allow you to quantify and group the kinds of complaints you get from the community by category, by type, so that we could on a quarterly basis or annual or semi-annual basis get a list of the types of complaints by category so we can track them?

Robert Hubbard,
Yes. We can do that.

Councilmember Praisner,
Can you get me whatever you have in whatever way? Because I'm getting a lot now. I guess I could have mentioned that with DEP is here, I'm getting complaints about sediment control issues. I wonder how that tracked with your activity or what you're monitoring. The other issue that we continued, I hope that when we go over the MOU and Reggie had sent me a copy of some of the MOU conversation, some of the dialog of procedures that have gone in place on MPDUs, and when you can issue a permit, versus what the requirements of the agreement on the MOUs, I think my reaction back to you was that it looked good, but it's not institutionalized. It's just an arrangement between the department heads and staff who work now, and what we really need to do from an MOU from a formal perspective is to institutionalize these things, either through administrative procedures or regulation, however we want to call it, so both the public knows what it is and has longevity beyond a year or a term. And also so it can be periodically reviewed to see if it's works right. I hope we will do that. There are some complaints that have come to me about the procedures you may have put in place to measure height of buildings and I hope the Committee as we review MOUs will also look at that issue as well. As to the Development District and Clarksburg, both from the standpoint of currently -- completely created Development Districts and those where additional work have to be done, the MFP Committee had at least one meeting on this issue and will be having others. And an interesting conversation with developers about the procedures that we have in place for Development Districts. Let me just say the Committee was not happy with the way the Executive issued a press release about put ago pause on Development Districts and reflected that in our conversations. I think there's a lot of misunderstanding about the status of them, but it's pretty clear from the Clarksburg Master Plan on down that Development Districts would play a significant role in Clarksburg. And given that process and expectations, implementation is the issue, not whether they will exist or not. It's still causing I think some confusion. I had a question on the budget, the personnel compliment. I didn't understand... This is the first I will have similar question and maybe OMB is an important piece of that, When we look at lapse it's the same salary being listed under salary and wages as was in the FY '06 approved budget. I don't understand why you can have the same dollar amount under salary and wage for lapse, and the cost under benefits is less, not greater. So therefore the total dollar amount for lapse is lower than the dollar amount for the current budget. I don't understand that. How it can be fewer dollars in lapse given personnel increases and wages and benefit cost increases.

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Maggie Orsini,
I am sorry, I don't have that in front of me. I will have to look at that.

Councilmember Praisner,
If can you get back to me, or OMB in general. There are a couple other departments where I will raise the same thing. Health and Human Services has the same thing...

Multiple Speakers,
[INAUDIBLE]

Councilmember Praisner,
Page 3, page 5 of the Personnel Complement.

Keith Levchenko,
Where vacant positions are carried forward with a plug salary as opposed to an average salary?

Councilmember Praisner,
I don't know, but obviously the salaries for that position are greater. Therefore, I'm not sure why you would plug in...

Keith Levchenko,
You're saying in the lapse category the dollar amount is exactly the same from '06 to '07?

Councilmember Praisner,
Yes.

Shahriar Amiri,
Councilmember Praisner, OMB is doing an extensive review...

Councilmember Praisner,
As we talked -- I thought there was some modification that was going to be reflected this year.

Shahriar Amiri,
A number of departments actually still face a structural issue for lapse being too high. So we are monitoring it on a payroll basis.

Councilmember Praisner,
Right, there's two kinds of lapse, as we know. There's the lapse when somebody leaves and you have to go through the process of hiring. That's structural. Then there's imposed lapse when you tell somebody you can't hire right away or you have to keep a position vacant, in which case you are absorbing lapse. Obviously in some cases how you assign that causes a problem. We always hear about it that Human Resources is

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taking too long to hire a position, when to a great extent it's imposed lapse and that's why it's slowed down. When you are with a fee-driven department with a fund balance policy and everything, it raises more question for me. Especially one where the technology is so good. So, if you could get back -- it's something -- obviously MFP is going to continue to monitor. I don't know how many dollars it is, but over the long run it may be a deficit, or it may be additional revenue savings that we can take across the area. Okay, thank you.

Councilmember Floreen,
Let me just say, Ms. Praisner's point about the Development District, I'm very glad that she had that session. That was in April? And I am extraordinarily concerned about that issue as well. The coordination between the departments, park and planning, community expectation, and now this plan of compliance. I'm not even sure what the date for that is to be resolved. The -- Ms. Praisner, had you scheduled a time for updates? I remember -- it was in July or something.

Councilmember Praisner,
I haven't...

Councilmember Floreen,
We talked about this earlier rather than later.

Councilmember Praisner,
Yes...

Councilmember Floreen,
All the relevant representatives. Because I am very concerned about its implications for community expectations for DPWT as well as the roads coordination issue, not to mention the other capital projects that are being discussed to a certain degree at least in this compliance.

Councilmember Praisner,
I couldn't agree more. I haven't finalized the summer schedule with Linda Lauer. I plan to do it this week. Sooner rather than later is not a bad idea.

Councilmember Floreen,
Let's work together in terms of getting all the right players, because obviously this is a significant issue for finance.

Councilmember Praisner,
Yes, it is. Jennifer Barrett and Tim Firestine have been involved. I also haven't had a chance to copy and I don't know if my colleagues received it on the MFP Committee. An interesting document from the developer perspective about the process and implementation of Development Districts... And I'll make sure my colleagues get a copy of that as well.

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Councilmember Floreen,
At least what I've seen it's quite a paper. Part of this is in play, part of it is not entirely in play. There are some significant ground rules that I think need to be addressed for Park and Planning as they go forward in future activities in Clarksburg.

Robert Hubbard,
I appreciate the discussion on the Development District as well. Understand that's a finance issue...

Councilmember Floreen,
But that's also Ms. Russell's function, as long as you're paying for her, we are going to use her.

[LAUGHTER]

Councilmember Floreen,
That's why you want to get back to us with that allocation of dollars.

Robert Hubbard,
We will take the information back.

Councilmember Floreen,
An even greater incentive. Okay, thank you. With that, that's the community's recommendation.

Council President Leventhal,
This concludes the Department of Permitting Services. Thank you, Chairwoman Floreen, Mr. Hubbard, and all of your staff. Let's try to make up for lost time if we can. Mr. Knapp I know you can do it on the Department of Homeland Security.

Councilmember Knapp,
You know I can. I invite the Department up as soon as we let the DPS folks... Welcome Mr. Aoyagi. For the benefit of those watching, if you could introduce your colleagues and then if you have any quick opening remarks -- with an emphasis on the "quick," given the President's...

Gordon Aoyagi,
Understand. Good morning, Gordon Aoyagi, Director Department of Homeland Security. On my left, to your right, is Budget and Finance Manager, Darlene Flynn. On my right is Captain Steve Tucker of the Division of Security Services. With that I will turn it back over to you as Chair of our Homeland Security. We will be happy to answer any questions.

Councilmember Knapp,

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I think as my colleagues know, the Homeland Security Department is a little over a year old and as a result there's not huge things to be discussed. To of my -- I will turn my colleagues' attention to the packet in the back. In particular starting with circle 36 through 40 really talks about a lot of the initiatives and activities that the Department has undertaken over the course of the last year. And they are numerous, ranging from grants management to a number of community outreach activities to emergency preparedness and information and sharing coordination throughout the entire region, not just within Montgomery County Government. If you look at the packet itself, the Committee recommends a budget of $5,895,660, which is an increase of roughly $846,000 over last year or 16.8%. There are really only four issues of significance to walk through. One thing I would like to point to though is, this has come up both at the Homeland Security Committee meeting and at the Public Safety Committee meeting as to the role and the organizational elements that Homeland Security Department is putting together. And since there is still a relatively new department we wanted to come back after the budget process to really walk through performance measures, its roles, how it's planning roles as a department and reaching out and coordinating across other departments and agencies. In addition to look at the coordination between itself and other public safety entities just because there is a lot of overlap. But I think there's a confusion as to what is overlap what is coordination. We want to come back to the Public Safety Committee and Homeland Security Committee to try to walk through that for a clarification for all of the Committee members. We will do that. To walk quickly throughout budget. Probably the biggest initial outlay is on page 3 is personnel cost adjustments, which is an increase of roughly $393,000. The Committee recommended approval of what was submitted by the Executive. The second element is part of the MCGEO contract reopener. The bulk of this really is to increase training for our security guards. So there's a one-time expenditure for personnel to increase the training capacity. There are also a number of other smaller items, such as their radios, body armor with trauma plate, rechargeable flashlights, OC pepper spray and training, coming to a total of $193,800 that the Committee approved as submitted. No questions, moving right along. One of the bigger issues of discussion at the Committee meeting was a recommendation for four and a half new positions for fire alarm monitoring. I would actually -- there was some discussion as to whether or not this was required to have four new positions or if there was another way to approach this. I received a memo from Mr. Aoyagi over the weekend, in which looks at both the positions versus trying to create a virtual center to meet fire alarm system monitoring requirements to the County code. I turn to Mr. Aoyagi to give us a description of what the Department discovered in the course of its follow-up work.

Gordon Aoyagi,
Thank you very much, Councilmember Knapp. We appreciated the discussions that we had with our Committee. They pushed us very hard in terms of looking at alternatives may exist. When we started this off our discussions with the Fire Marshals we had the understanding that two people were required to be located at one location at all times to do the fire monitor alarming to comply with code. As a result of the various rigorous discussions that did occur at the Committee level, you asked us to look at is there

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another alternative. And whether it was Councilmember Leventhal or somebody else mentioned a virtual center, it sparked a light in our head. And we said "Is it possible to connect two remote locations with technology to achieve the same 24/7 monitoring?" We sat down with the Fire Marshall. We wanted to make sure whatever we propose comply with the equivalency requirement of the 24/7. They came back and said if you provided a dedicated line that couldn't be interrupted, if you provided a good redundant backup to that dedicated line, if you provided immediate connectivity to ECC and if you provided visual monitoring, then we think that would, in fact, comply. We looked and we in fact saw that PSCC currently has 24/7 staffing. Doesn't have a lot of public activity, but nevertheless some activity that does require security. We looked at our EOB lobby level, and we said if we move that to the AECC there's dedicated fiber between both the ECC and the PSCC and we could meet some of the other...

Councilmember Knapp,
Lots of CC's.

Gordon Aoyagi,
Sorry, Emergency Communication Center and the PSCC is the Public Safety Communication Center. By using some technology, camera technology, some voice over IP, you can see we can layer a great deal of communication with the two centers. Our recommendation with the trade of what we would have cost roughly $175,000 for the 3.7 work year, we estimate the cost $180,000 to install the virtual center. And then what happens after that is the annual operating costs thereafter is avoided and we are able to get a virtual center and still comply with the code. I also submitted a letter as part of my memorandum from the Fire Marshall indicating they find that acceptable to the code and therefore we come in compliance with our own code requirements.

Council President Leventhal,
Mr. Chairman if it's in order and if you and Ms. Floreen agree, we could revise the Committee's recommendation to incorporate the up-front one-time cost for creating the virtual center.

Councilmember Floreen,
Yes.

Councilmember Knapp,
That's unanimous Committee recommendation. I appreciate the Department's efforts in this. Thank Mr. Leventhal for this suggestion. And I think this is a good solution to address this important issue. I appreciate everyone working to get this done.

Minna Davidson,
Just as a clarification, that up-front cost would then be part of the budget as a substitute for the other recommendation, not a Reconciliation List item?

Council President Leventhal,

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That's correct. It would be incorporated into the budget. In fact the positions then would come off the Reconciliation List because the dollars would be put back into the budget, but for this purpose.

Councilmember Knapp,
Right. Okay. The next issue was one of an I.T. specialist. And there's been a lot of discussion about this both within this Committee and through the Department of Technology Services. And the question was whether do you fund an additional work year or does it make more sense to fund position as a contract. I also received information from the Department as they assessed both of those options and would turn to Darlene or Gordon just as a quick...

Gordon Aoyagi,
Very quickly, the current model that we have with DTS is they manage enterprise and total architecture. and the departments apply or use the application for the management of various systems. What we're faced here in Homeland Security is one operating the EOC which means coordination of our current software. And doing a lot of data mining with other departments to capture information that would then be used for us. In addition to that, we work a lot with the state and regional governments, in terms of all the initiatives that are going on. One involving credentialing -- regional credentialing of all first responders and other support personnel, connectivity between Emergency Communication Centers and EOCs and coordination of a host of other things that are important to us, including Megan and Emma which are very strong state initiatives as well. We haven't seized upon that because I think of the lack of leadership within our own Homeland Security Department to be able to work with other departments to bring that into the EOC. In addition to that we have our own security systems we have to maintain. We did look at contract costs. It looks like a contractor would cost us roughly 30 to $60,000 more without requiring overtime and stand-by. We are unique in terms if we have an emergency, have an exercise, we would put this person on stand-by. Because the functioning of the system is absolutely essential. We've listed some other things in the memo that we thought were also very important in terms of background checks. Some of the sensitivity of the information that this person would deal with in order for us to pull it together for the Emergency Operation Center. So we were very concerned that a contractor in working with other departments in trying to get access to databases for use of the EOC or other departments in Homeland Security related activities would become very challenging.

Councilmember Knapp,
The Committee had recommended funding -- keeping the dollars in but actually funding this position on a contract basis. The risk we run is the fact that I think we will probably run out of the dollars we allocate to this position, and we're still back to the same position. I still don't know the best answer as to where to put a person. We had this discussion with ETS last week. Don't know if you put it in the department or in DTS or fund as a contract. Unless one of my colleagues has any strong suggestions one way or

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the other, the Committee recommendation was fund as a contract basis. That's the Committee recommendation.

Council President Leventhal,
I would just -- as a member of the Committee comment, I know Ms. Praisner wants to comment. Let me just say the basic principle and I will keep reminding the Department of this as long as there is a Department. There was significant questions raised a year or two ago when we created this new Department as to whether it was the beginning of a growing, growing, growing empire. I indicated my support at that time for making it a separate department, but I basically thought the functions were not likely to grow and the size of the Department ought to be held constant. I've tried to stick with that. We've had two budgets since that time. I've asked questions about every new position. I don't want to see the Department grow. It's a brand new department and we were told when it started that it wasn't going to grow. If in fact the contract price is significantly higher, then I'm not sure I see the benefit of going with a contract position. If the purpose in not having the position was to achieve savings. That was the Committee's recommendation. I'm open to how my colleagues want to pursue this at this point. Although the question might be asked as was asked with the fire alarm monitors whether indeed we need another I.T. person. Next year we will need another one and another one. And here we will be down the road we said we weren't going to. Ms. Praisner wanted to comment.

Councilmember Praisner,
My comment goes more to the root of what this person would do. The narrative as I read it and as you mention, Emma, Megan, and a host of other things, I'm not sure that some contract dollars could be used for some. There are a lot of contractors with security clearances, Gordon, so that's not an issue. I'm not sure that you have clearly articulated the job description for this person that in my view says it has to be an I.T. person, or what specific skills this I.T. person would need, whether it's operational or it's guidance on technology. Working with Emma and Megan and we need to go and using grant funds for interoperability issues through the NCR might leverage some of this such that you don't need a new full position for that. It might be that you need a half-time position or a full-time position but it's not an I.T. position. I at this point really feel that the job description in the narrative here is too many things and too many functions, that some might be contractual and some might be an individual position. At this point I was comfortable with the contract dollars because I'm not sure you are at a clear description of what an I.T. role would be within the unit that couldn't be done through some of the other ways. So, with a better job description I might feel more comfortable. So that's just where I am.

Gordon Aoyagi,
If I may respond. We did try with an I.T. person that was assigned from DTS to us and we just were not successful in bringing that forward. Councilmember Praisner the position has to do with management capability strategic planning as well as having a good operational base, And there is a lot there because we're faced with a lot of things to do. As you mentioned there are a lot of contracts that are pending and available and

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in fact moving forward. As a County we're not able to sustain a level of effort or even integration with that effort because we have nobody representing Montgomery County in terms of the EOC applications, emergency operations applications, and other integration activities. We don't have anybody sitting at the table representing Montgomery County in all these regional and state efforts. This person we would look to to have the skills to help us. At the same time, because we are short staffed and don't have a lot of people if something goes wrong with a basic application in the EOC they would have to fix it.

Councilmember Praisner,
That's where I have a difference of opinion. I think there's a hands-on technical person support issues and then there are being a player from the technical perspective of all the activities going on, with NCR with [Dennis Schrader], with [John Contestable] and Emma and Megan. Those are two different folks. I don't think you can find somebody to do both. I think from a standpoint of fixing something wrong at the EOC, et cetera, there should be an ongoing way with DTS with dollars for that technical support issues, that I don't think would be the Department of Homeland Security's responsibility. From a standpoint of leveraging grant money and interacting and sitting on the state's staff Committees and participating in all that, that's a different kind of function. That's why I'm saying I think you are trying to roll too much into this. I think we need to be at those meetings. The Utilization Committee meetings at the state level. We need to have somebody at NCR meetings who understands our technical needs so we are not buying a pig in a poke. And also such that we are prioritizing and where there is time for input. That's a different kind of skill set than somebody who is working at the EOC or the centers when there's an issue. That's why I was having this problem.

Councilmember Knapp,
Let's do this. The Committee put the dollars in, as a contract position. Let's keep the dollars there and, Gordon, if can you come back with a better job description and given the conversation at DTS last week about DTS focusing on the technology, the Department focusing on the content and the domain expertise and see if we can come back with something that links better with DTS in the coming month or so. If it makes sense to switch that notion from a contract position a work year given a better job description. We have the dollars in the budget to go to from here. How is that?

Gordon Aoyagi,
The problem is I don't have anybody at this point in time. My concern is despite our efforts to try to take it out of hide and attend the meetings and be present, our concern we aren't getting the technical expertise necessary to leverage all the opportunities that exist. I appreciate your comments there's still opportunity to pursue that.

Councilmember Praisner,
But some contract dollars, I mean, there are a host of folks who can do that for us in the interim even.

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Councilmember Knapp,
Okay, let's proceed...

Council President Leventhal,
So, we would just keep the same dollar amount.

Councilmember Knapp,
We'll keep the dollar amount in.

Council President Leventhal,
With no instruction as to whether it's a contract position or a staff position and then the Department will come back to us? We will just have that in personnel?

Minna Davidson,
Well, if it's contract money it gets budgeted as Operating Expense money. If it's for a position that's Personnel money...

Councilmember Praisner,
Minna, what I would recommend is that we put a paragraph in the resolution that says that Contract dollars may be converted to Personnel dollars within the year after we review this issue.

Councilmember Knapp,
Makes sense. Very good. Okay. Finally the only other -- there's some additional one-time expenditures on page 9. Halon repair, security systems, Windows XP upgrade, all totaling $193,000. Committee approved as submitted. Those are the items in the Homeland Security budget.

Council President Leventhal,
Excellent. I don't know if Mr. Subin is nearby, he had a question. But it looks like we're about done so we'll give him just a couple of seconds to come back. And if not we will conclude the Homeland Security Budget and thank you, Director Aoyagi and your staff, for your good work. Here's my intent. Let me say to those here for the Arts and Humanities Council. We're glad you are here, we're going to...

Councilmember Knapp,
Always a good lead-in.

Council President Leventhal,
My hope is we will spend about half an hour on the Fire and Rescue Services budget or less if possible, with Mr. Knapp and Chairman Andrews. We will, after the conclusion of the Department of Fire and Rescue Services budget, break for lunch. We will resume at 1:30 with the Arts and Humanities program at 1:30. You have an hour and a half to get lunch or do whatever else you need to do. We will be back at 1:30 with that budget.

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Councilmember Knapp,
Buttonhole Councilmembers or whatever.

Council President Leventhal,
We now turn to the Department of Fire and Rescue. Mr. Knapp.

Councilmember Knapp,
Thank you, Mr. Chairman -- or Mr. President. I would invite the Chief and anyone else from the Department that is coming up. Welcome Chief.

Chief Tom Carr,
Thank you.

Councilmember Knapp,
For the benefit of those viewing, if everyone could introduce themselves.

Chief Tom Carr,
Fire Chief Tom Carr, and with me is Budget Manager Ed Piesen.

Jennifer Bryant,
Jennifer Bryant, Office of Management and Budget.

Councilmember Knapp,
Excellent. Chief, opening remarks?

Chief Tom Carr,
No.

Councilmember Knapp,
Okay. The Fire and Rescue budget continues to be a significant part of our overall budget. If you look at page 1, it would appear as those there's a significant budget increase. I want to clarify that for a minute. The Committee recommended a budget of $177,535,380, which is an increase of almost $25 million, or roughly 16.2% over last year's FY '06 budget. I think it's important to clarify though, of that $25 million increase nearly $8 million is as a result initiatives that Council took last year in opening the station in Clarksburg and for the apparatus maintenance activities that we had undertaken. If you are left with about $60.5 million which effectively is all of the compensation benefits and retirement increases for the year. And if you combine that with the fact there was a $2 million reduction, that effectively is your budget for the year. There aren't lot of new initiatives is the point I'm trying to put out there, except for the stuff the Council put in place. I commend my colleagues for the efforts they have undertaken but will get to the end of my description and point to a number of things that are still not addressed yet in this budget. I will move through quickly, beginning on page 4 with Program Measures and Priorities, we had a lengthy discussion at the first Committee meeting as to how these are laid out. I think while some are good I think we

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recognize we are measuring a variety of things that aren't as relevant as they could be. And with passage of the Fire and Rescue Master Plan this past year, and the Chief updating that in the strategic plan, over the course of the coming months we will revisit these in the context of the Master Plan, and really kind of refine the program measures to make sure that they are the tools, in fact, that the Chief is using to better make decisions so we can better understand how those decisions are being made. So that will be an up-coming activity for the Public Safety Committee. Moving along with the FY '06 expenditures on page 5, Compensation Benefits and Retirement is a total of $17, 376,820. The Committee recommended approval as submitted by the Executive. If you turn to page 6 looking at annualizations there is roughly $5 million in annualization of about 25 work years. The Committee recommended approval as submitted by the Executive. There was a minor adjustment in the annualization of personnel costs resulting in a one work year reduction. Looking at what is defined as other required costs, commercial insurance premium, motor pool rate adjustment, occupational medical adjustments, LOSAP adjustment, records management, Juvenile Firesetters Contract Escalator, and tuition reimbursement for LFRD volunteers. The Committee recommended approval. Totaling about $541,000. There was one modification in there in the tuition reimbursement element. That program, which was new as a result of Bill 36-03 hasn't been fully implemented yet. There was assumed increase of $10,000 that the Committee didn't feel was necessary since it was still being rolled out. There's still an increase of $31,000 available and that the increase wasn't necessary yet but may be available later. Actually it's for the total -- I look at it -- MCFRS clarified that $56,000 will be available in FY '07. Only spent $31,000 before, the additional $10,000 wasn't necessary yet, so we deleted the additional $10,000 increase for this discussion. We had nearly $2.8 million in cost reductions as a result of risk management rate adjustment. Any questions on that?

Councilmember Praisner,
No lights.

Councilmember Knapp,
Okay, then we get into new initiatives and positions. One of the largest new initiatives that we have was something the Council funded last year, which Clarksburg Station 35 staffing, this is the annualization of that. It's 27 work years totaling roughly $3 million. I think we've discussed that and I appreciate my colleagues' efforts in making sure that that was funded. We've already seen incidents that have been well addressed as a result of having the station in proximity in the Upcounty.

Councilmember Praisner,
Can I ask a question about that?

Councilmember Knapp,
Sure.

Councilmember Praisner,

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What's the volunteer numbers at that -- that you are assuming and building in efforts?

Chief Tom Carr,
Currently there are no volunteers who are specific to Clarksburg. Certainly Clarksburg is open to volunteers. Next week we have Clarksburg Days and we will be out with volunteer solicitation at that effort. We are working through the process of whether the station is assigned to the local LFRD or how that is going to be done. We are working with Hyattstown and the MCVFRA on that. Mr. Romer asked for a business plan from Hyattstown That process is being worked through.

Councilmember Praisner,
Thank you.

Councilmember Knapp,
I will address that further when it gets to recruitment and volunteer efforts as well, more broadly throughout the County. The next -- this is really the initiative has come more from the Executive. This year's budget it's the initiation of phase one of four-person staffing which results in an increase of 36 additional personnel, but results 9 work years is the way it comes on line this year, expenditure little over a million dollars. The Committee had significant discussion there. I believe Committee feelings strongly it's important to take the first step in phase one of four-person staffing. But to Ms. Praisner's question we need to look at how does that interact with our volunteer firefighters and how do we deploy not just four-person staffing utilizing career firefighters, but also employing volunteer firefighters. We had a discussion with MCVFRA. One goal is to in the course of rolling out the career side of this working with MCVFRA to identify some number of stations, two, three, four that we can begin to deploy four-person staffing there, based on volunteer utilization. And to begin to see how that works at the same time. So as we get to phase two and next year's budget we can better understand the interplay between our career and volunteer staffing. And see how we can better continue to roll both of those out, and do it with the right level of expectation.

Councilmember Praisner,
If I may piggy-back on that. I think the question on how much we roll out phase 2 beyond this and how much it costs is a function of how this works with the volunteers as well. I think this year should be a learning activity for us before we make some judgments about that we're automatically rolling something out and what it will look like. This is a very expensive operation, and obviously public safety is an very important issue. But how you structure it and how quickly you can change it and what the impact is, what the return is on that are the issues that I think need to be talked about and how you incorporate volunteers into that piece is a critical piece of it. I hope we will have some way, and I hope the Committee will have some way of conversing on this issue over the year such that you have briefings on how it's going, and what the volunteer piece is in that and how we can maximize the volunteer piece.

Councilmember Knapp,

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I appreciate those remarks. I will touch on that a little bit later. We also did not just rely solely on the notion of phasing of four-person staffing, but really beefed up the whole recruitment element for both career and volunteer in an effort to see that we have the bodies and resources in place. Not thinking that we will solve it in 12 months, but to be able to have efforts across all those pieces to see where we stand in a year and see how we proceed from there. I will talk about that more in a minute. The next issue is the addition of three positions Senior Fire Protection Engineer, Fire Protection Engineer, and Office Services Coordinator. This is to address increased MCFRS participation in the development and review process.

Councilmember Praisner,
Are they funded through fees?

Chief Tom Carr,
They are fee-based. Yes, they are fee-based.

Councilmember Knapp,
The next position is Mobile Volunteer Corps. This was -- and again this plays a role in the discussion we just had Ms. Praisner. This is an effort to look to address not only volunteers in LFRDs but also to begin to look at yet one other place to address volunteer capacity and to try to bring people onboard. They may not necessarily be tied to a specific LFRD but can deployed throughout the County. There is a proposal put forward by the Department and this is the first year to try and get this funded. This doesn't work in isolation. This works with recruiting efforts we have in place. I will talk about that it further. Come back to that. LFRD facility support grants. The Chief came forward with a discussion that the LFRD facility budgets really have not been increased in funding over the past several years. So what we tried to do in this was to both increase specific grants to LFRD organizations and then also give the Chief the discretion to create a prioritization list of how we deal with facilities, maintenance across all of our stations and come back with both a list of how we can roll this out over the coming years but also to address those stations with the most need right now. And so part of the additional funding was to address both specific maintenance needs and facilities and to put together a prioritization list and criteria by which that list will be put together. In the coming budgets we can begin to come up with a systematic way to address facility maintenance throughout the stations in service. And similar to a the SLAR program we began to look at the education budget.

Council President Leventhal,
Ms. Praisner.

Councilmember Praisner,
Yeah, on that issue, I think this is an important issue from a standpoint of conditions of buildings for both our employees and for volunteers. The question I had though is is there, it seems to me an inventory, first of all, is important so you know how -- what your needs are and prioritization. It also seems to me there may be some scale depending

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upon the type of maintenance that's needed. Even though, obviously, this is for an LFRD facility, not for ours, to the extent that three or four need a roof replacement or an HVAC or whatever, we might be able to maximize our leverage to be able to help work with the LFRD so the money goes further or we get a better price. Now these volunteers are very creative and they are also very skilled in a variety of things such that they may be the best roofer in town and give the corporation a really good price, not necessarily -- so it seems to me it's a partnership that I'm talking about from a standpoint of working on these facilities, but also seeing how can you leverage your inventory of what the needs are and also leverage the capacity to move on these things and also minimize the cost and maximize the return. So I hope you'll look at those things and work with the LFRDs.

Chief Tom Carr,
Those are points that certainly are near and dear to us, and we recognize the leveraging that they are capable of doing. If you'll remember last year we did the same thing with apparatus management, utilities, and fuel. And we continue to utilize that concept for this program. That would be that they actually pay the bills. They use their vendors. What we do is provide the conduit, the data gathering capacity, the validation, the verification of the work done, things of that nature. So we apply the same concept to this. That's piece one. Piece two, things like roofs and parking lots and female facilities and air quality and engine rooms are already covered and have been for many years in capital projects. This is other things that are currently not covered and things that have in many cases been neglected. And the third point you're right we do need an inventory. My suggestion was we need to be aggressive and bring in folks to help establish the initial inventory. The safety folks you approved in last year's budget have been out working with the LFRDs and station commanders and have done a thorough safety evaluation of each station and living condition of each station. So I do have a good inventory of that. And I can tell you the order of magnitude of work required there is significant. So I know as a starting point, that's before we do fresh paint on the wall or new furniture or carpet or things of that nature. Just dealing with basic safety concerns is a huge inventory. Certainly the proposed model here to deal with that is refreshing and is a partnership and allows each component of the organization to have their input and could to have their impact in how we do that.

Councilmember Praisner,
When we do the infrastructure maintenance task force and the Department of Public Works and Transportation gives us the inventory of the cycle or the needs from a capital or operating perspective, does it or does it not include the LFRDs?

Chief Tom Carr,
It does, in fact, for the specific projects I cited a few minutes ago.

Councilmember Praisner,
They are all in there?

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Chief Tom Carr,
They are all included in there.

Councilmember Praisner,
So the backlogs for County government facilities include nonprofits facilities?

Chief Tom Carr,
It impacts that backlog. In some cases requires things to be pushed out one way or another. This project is to deal with things -- next step things if you will, noncapital project things day to day. The total dollars affiliated with facilities for the LFRDs per year is about $300,000, so it's very, very minimal. With 35 facilities, not a lot of money.

Councilmember Praisner,
I had one more question that occurred to me as we were talking through this.. I don't know the extent which it helps or is just a note that would be made. Several years ago we passed legislation that provides and allows nonprofits -- that have contracts with the County -- to piggy-back on County procurement from a standpoint of purchasing. I know some of the nonprofits in the Health and Human Service area benefited from that. I don't know the extent to which it would be better than or no difference. But I just wanted to make sure -- have contracts with is probably a term that is differently applied here -- but have the LFRDs ever been told about that, such they might -- when or if it's ever helps it would be available for folks?

Chief Tom Carr,
I'm not sure if they have or haven't. One thing we admitted last year was we had no clue what we were spending on these specific areas. What we did last year allowed us to get an arm around, specifically for utilities, fuel, and apparatus management. So for the first time, now we're getting a glimpse of what it costs to run this business. Each month I provide the Public Safety Committee a snapshot of where we are. I think there are opportunities there. The program is going well. Everyone has bought into it. The LFRDs do have some relationship opportunities that we don't have.

Councilmember Praisner,
Sure.

Chief Tom Carr,
It appears that in many cases they are able to do it more efficiently...

Councilmember Praisner,
I understand that. It's just -- and I acknowledge that very much. It's just that there may be one case or one situation or one type of product or service where the County's piggy-backing on a COG or a government contract means that the LFRD also could do so and it turns out to be better.

Chief Tom Carr,

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And we will have...

Councilmember Praisner,
Wherever it's a benefit it should be used. That's my only point. Thank you.

Councilmember Knapp,
No, great points, thank you. So the Committee recommendation for the LFRD facility support grants was to place 142,500 on the Reconciliation List. This would bring the total facility funding increase to $400,000. Of that amount $170,000 would be allocated to the stations, which would be $5,000 per station but, again, still is not a big number. The remaining $230,000 would be allocated to the Fire Chief to distribute to the LFRDs based on the priorities we just discussed. Next elements are recruit class. Five and a half additional work years. The MCFRS staff clarified that the cost for the 5.5 work years is $240,000 -- not zero -- but that it was included in the compensation accumulated or not, it was not broken out separately. Next are...

Councilmember Perez,
I just have a quick question. Is this separate, Mr. Knapp, from the issue of the recruiters?

Councilmember Knapp,
Yes.

Councilmember Perez,
Okay.

Councilmember Knapp,
We'll get to that.

Councilmember Perez,
At the appropriate time I would like to speak to that.

Councilmember Knapp,
Most definitely. Public Safety Training Academy Lieutenants is part of the Special Appropriation for the interim station last year there was a lump sum for additional recruit class. Included was two lieutenants that needed be to be added to the work year total. They are covered. Again, staff clarified that funding for the lieutenants was included in Compensation, Accumulated and not broken out separately. Next position is Captain for Medical Standards. This is to really look to ensure that we are keeping up pace with our annual physicals for career and volunteer candidates. We're doing a great job, it's paid great dividends already. It has rolled out very, very well on both sides of the service. At the Public Safety Committee discussion the Chief had indicated that the Captain position is needed to assist with increased work load, associate with these annual physicals, and improve customer service. The position not filled at this time and duties are being covered by a light-duty personnel who will not be available, but that this

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position is included in the base budget. Battalion Chief relief position adds two work years. The offsetting costs for additional work years will be overtime. So there's zero dollars associated with that. Battalion Chief backfill for detail to Homeland Security. The Committee had significant discussion as to this, which resulted in, what I had indicated at the Homeland Security discussion earlier, a broader discussion as to the kind of roles and responsibilities between various departments and agencies, and the role that the Battalion Chief is playing for Fire and Rescue that is either different or similar to the role he or she would be playing if they were still in the Department working and addressing Fire and Rescue issues. This position is a backfill position and the Executive recommended adding a position, but recommended that the Department absorb the cost. And the Committee approved as it was submitted by the Executive. We have staffing for fire stations, Laytonsville 17, Rockville 33, and Damascus 13. This is a technical adjustment to correctly state the number of work years associated with the FY '06 addition of staffing at 17, 33, and 13, and is covered under the annualizations I mentioned earlier. And those are the elements that were actually in the budget. And as I indicated at the outset, with the exception of the phase-in of four-year staffing, there really is no new initiative in this budget. As I think the Council will recall two weeks ago we approved a Special Appropriation for $30 million for Fire and Rescue apparatus, which is a continuation of the implementation of the Apparatus Management Plan, which this Council started after an excellent work Office of Legislative Oversight nearly three years ago. And so we have a plan we have been working to implement. None of the elements of that plan were funded as a part of this budget. So the Committee has recommended continuing implementation of the Apparatus Management Plan both to make sure that the fleet that our Fire and Rescue Service is currently using is ready and is safe for our firefighters. In addition, we want to make sure we have the appropriate foundation in place to adequately assume the delivery of the addition that we have just approved to that fleet. In order to keep this plan in place and moving forward, the Public Safety Committee recommended placing $2.59 million on the Reconciliation List for the Apparatus Management Plan, which, to date, has been purely a creature of the County Council. The fact that this is being addressed has been solely through our efforts and through our leadership and I commend my colleagues for recognizing the important of this and focusing resources in this area. Mr. Perez, do you have...

Councilmember Perez,
Yes, I don't think there is a precisely germane place for me to have this conversation about apparatus as it relates to Silver Spring and Takoma Park. But I wanted to have it on the record with respect to an issue involving a ladder truck.

Councilmember Praisner,
[INAUDIBLE] in Bethesda.

Councilmember Perez,
Yes, I have had an ongoing conversation with Chief Carr and with the Chief -- Chief McGary of Silver Spring and with the folks in Takoma Park, both volunteers and with the community and the City Council regarding the issue of what to do with the ladder truck

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at station 2. Chief Carr has indicated that it is his best judgment that we should move the ladder truck when the expansion of the Takoma Park station begins. And Chief, you correct me if I -- hopefully I won't -- but if and when I misstate your position. He indicated he would like to move the truck from station 2 in Takoma Park to station 1 in Silver Spring. Needless to say that was a source of some concern for people in Takoma Park. We had a number of meetings regarding this issue with both Silver Spring and Takoma Park. The good news is that as a result of many, many hours of effort on the part of Chief Carr and Bruce Williams and Kathy Porter, and Chief McGary, and many others in the community, I think we have reached a resolution that everybody can live with. But it does require some initiative by the Council. And the resolution is this. The -- later this fall the renovation will begin in earnest of the Takoma Park station. The ladder truck will be redeployed to downtown Silver Spring. When this budget -- sometime this summer, if my memory serves me, we will be placing the order for the largest amount of apparatus that this County has ever ordered at one time for Fire. Chief McGary intends to purchase with the proceeds of the sale of the Silver Spring Fire Station, which is owned by the volunteers, they intend to take some of the proceeds and purchase a ladder truck. The proposal that we put on the table is for the County to forward fund that purchase so that the Silver Spring Volunteer Fire and Rescue Service can avail itself of the County's procurement on a large scale, can realize the economies of scale and we can add one ladder truck to the complement that we are going to purchase. When that ladder truck arrives and is outfitted, we will then return the ladder truck that is currently in 2 ,will be transferred to 1, and it will go back to 2. And operationally given the number of high rises in the Silver Spring and Takoma Park area, including, but not limited to, the amount of high rises that are not sprinklered, it is in Chief Carr's judgment, certainly in the best interests of protecting our residents, to have those two trucks deployed there. Now with the Silver Spring having sprung -- not sprung a leak -- but sprung with development. The upshot here is that what we need to memorialize -- and, Minna, I hope you can help us to figure out a way to do this -- is something in our budget resolution, and I don't know exactly -- because as Mr. Knapp correctly points out, this has been a Council initiative. So I don't know exactly where we put this. But the bottom line is that the Council will be recommending that we -- or I hope the Council would recommend -- that we forward fund the purchase of that apparatus. Silver Spring is good for it. They have a valuable piece of property that will fetch a couple million dollars in all likelihood. So they will be in a position to pay us back. They will get their truck sooner. Takoma Park will get the ladder truck back sooner. The other issue that we need to be mindful of is that in a year we will need to staff the additional ladder truck, which is not an '07 issue, it's an '08 issue. I'm hopeful that we will do that. And so we were in the process of attempting to memorialize all this. Chief Carr as usual has been exceedingly helpful.

Councilmember Knapp,
And there will be a lien on the Perez Office budget, right?

Councilmember Perez,

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Exactly. I wanted to state this for the record. First of all, Chief, have I misstated anything?

Chief Tom Carr,
I think it's properly stated. The only thing that's unstated is with all the needs fire rescue service has, we have to be careful that providing staffing for a new truck 1, would not diminish or take away from or supplant the other resources required. As you know we are growing like crazy and are in need of resources, so that would be my only concern.

Councilmember Perez,
And you were -- you've stated that repeatedly and forcefully and convincingly. I would hope that that would be the case. We need to memorialize that. But that's the situation and it's been an issue of real concern in my neck of the woods. I wanted to state that and throw it out there. I hope my colleagues would concur with that approach. It does requires the expenditure up-front of some County dollars, but I think Silver Springs is good for it. And this is the quintessential win-win situation in the long run for everybody. And I want to thank Mr. Knapp and Mr. Andrews. I've had a number of conversations with them and about the process and they've always been very accommodating.

Councilmember Knapp,
No, thank you, Mr. Perez, that's an important issue and I think there's a way for us to get this done. The question I have is for Chief or Minna to see how do we actually get this included in our order of apparatus.

Minna Davidson,
And so this is -- I've forgotten how many new ladder trucks are in the existing order. But this would be that, plus one?

Councilmember Knapp,
Exactly.

Chief Tom Carr,
Yes, this would be a ninth one for next year's order -- or for the order that we are currently working that Mr. Perez stated probably this summer will be on the street.

Councilmember Knapp,
So, effectively we would need to increase the special appropriation that we passed four weeks ago, or three weeks ago.

Chief Tom Carr,
Yes. Correct.

Councilmember Perez,
So, I just wanted to make sure -- it appears it is the will of the Council to do this. I appreciate my colleagues' indulgence in this issue.

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Councilmember Knapp,
Thank you. Okay. Thank you Mr. Perez. Next issue is one that Mr. Perez has brought, in part, to our attention as one that's been a significant issue as we've tried to address the staffing for Fire and Rescue Service over the course of the last couple years. As a result of increased resources that we put in last year's budget to address recruitment to ensure that the face of our Fire and Rescue Service actually looks like Montgomery County, that we increase the budget -- our budget approximately $350,000. but that total expenditures are going to be closer to about 560. Nevertheless, what was included in the Executive budget was roughly $350,000. So as we look to address four-person staffing, as we look to ensure that we are just keeping up with attrition, and trying to make sure we are incorporating demographic diversity, with that we recognize there was a need to go beyond what the Council had increased the budget to last year. to put it more in line with where similar size recruitment efforts with similar sized Fire and Rescue organizations throughout the country. We want to increase that. In addition, during the course of our discussion, as Ms. Praisner alluded to earlier, there is a significant issue with recruitment for additional volunteer personnel as well. And so if you look at volunteer recruiting efforts, number of hits on websites, number of phone calls, there's been kind of a precipitous decline. So what the Committee wanted to do was to increase resources for recruiting broadly, both from a volunteer perspective, from a diversity perspective, and from a make sure people know that we're open for business so we have lots of folks coming in. So the recommendation is to place $61,550 on the Reconciliation List for the Fire Chief to allocate to MCVFRA for volunteer recruitment, place a total of $343,530 on the Reconciliation List for a recruitment package that includes a Manager III, a civilian volunteer at a Grade 25 position, a Fire and Rescue Captain at .8 work year. As an alternative we place a total of $237,830 dollars on the Reconciliation List to fund all of these positions at half a work year. So we have effectively on the Reconciliation List those positions at .8 work year or a .5 work year depending upon where the Council needs to get to from a reconciliation perspective. In either event it was clear to the course of our discussion, we spent a lot of time on this point, that to address four-person staffing, to address just attrition in general, to address our concern as to our voluntary capacity, that we need to increase recruiting at all levels throughout the service. So this was an effort to really kick into high gear the efforts that we took beginning last year in the area of recruitment. And so that's the Committee's recommendation. I would turn to Chairman and then to Mr. Perez.

Councilmember Andrews,
Thank you. I really want to draw my colleagues' attention to this. I think this is the -- I think the recruiting parts are the most high priority aspects on the Reconciliation List. First let me congratulate the Department on cracking one of the arson investigations. Good work there. Very important. Good to see. There has been a significant decline in the number of volunteers -- volunteer recruitment. That's because there has been very little if any money spent in this year on volunteer recruitment. So we need to change that because we need to step up efforts in both volunteer and recruiting. It's what drives the train and allows us to do all the other initiatives, and do them well, and not have

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problems with people having to serve too much in one capacity. The medic issue is one that's exacerbated by medics being recruited and going to that, because the medics that are now there aren't getting enough opportunity to be on the fire side. That's causing them decline the number of officers who want to serve as medics. We need to get at that again through a number of issues including better recruiting. Our recruiting is -- in terms of personnel is definitely on the low side. We have one full time person dedicated right now and another added overtime when possible. What the reconciliation package would do is really bring on a team that would either be brought on at had a half-year or eight-tenths of a year, depending on the Council's ability to fund it. They are laid out there: $227,000 is the half-year, $343,000 for the eight-tenths of a year. It would bring on three people: a civilian Manager III, a civilian position filled by an individual who's a volunteer firefighter, and a uniformed Fire and Rescue Captain. I think that's a very important aspect of this recommendation. I hope everybody will remember that through the Reconciliation List, as well as the additional funding, the $61,000 for helping the LFRDs get the word out about volunteer opportunities. We've got to get people in the pipeline or else we will see a decline in the number of work years on the volunteer side for sure and that's not what we need. So I think that's real important. The Mobile Volunteer Corps is recommending for funding half a work year. I think it's absolutely essential that we step up the recruitment, because unless we have the people coming in, it matters less that we have new positions for them to fill. We need to get the pipeline going. So I hope you give that favorable consideration.

Councilmember Knapp,
Thank you Mr. Chairman.

Council President Leventhal,
Mr. Perez.

Councilmember Perez,
Thank you Mr. President, thank you, Mr. Chairman, I couldn't agree with you more. This is really the top priority as I look at the list. I think about the infrastructure maintenance task force. I look at this as an element of infrastructure maintenance. Our most important infrastructure is our human capital. And you compare what we do in terms of the number of bodies you have working on this in the Fire and Rescue service with number of people recruiting for police officers. It's not even close. You compare it with other departments in terms of their recruiting. Not even close. We have -- In the interest of making sure that we are addressing other needs invariably this has been a casualty. This is the proverbial "Pay me now or pay me later" scenario. I look at this as a critical portion of our overall infrastructure maintenance. We're going to maintain our infrastructure apparatus, but we need to maintain our infrastructure in the human capital context. This is so important. Had a good opportunity to sit down with Lieutenant Cline and his colleague, who do a phenomenal job. But we need to clone the two of you and turn you into four or five. You have a good plan, but you don't have the horses to implement the plan. That's what we gotta do, plain and simple. So, I couldn't agree with you more, Mr. Andrews. This has to come off the list; I hope it will. It's a critical part of

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our ability to serve the new Montgomery County and make sure we are in a position to do that, because what happened a couple years ago was very regrettable, but not altogether unforeseeable given the situation that was allowed to happen. Again, I'm not saying that judgmentally. It was one of those things that happened. Let's avoid that. Thank you, Chief Carr. You have been a leader in this area and I really do appreciate it.

Councilmember Knapp,
Thank you, Mr. Perez, and I agree. So hopefully the rest of the Council will look upon this favorably. About four more items I will run through quickly. There is an additional planning position that the Committee has recommended either looking at .8 work year or .5 work year to put on the Reconciliation List. This is important. Recognizing the fact that we are now -- if we -- with the opening of the Clarksburg station, first new station that the County has opened in 26 years. Clearly there's been a lot of changes in this County in the last 26 years. We are doing little proactivity to do planning to make sure that, not only from an Upcounty perspective, but from a whole County perspective that we are doing planning that is necessary to make sure we have the right resources in place and that we're managing the infrastructure that we have. The Committee recommended putting this additional planning person in place. I think there's one planning person in the Department right now. And he's running as fast as he can, literally. Implementation of Regulation 18-05 A.M. The Council approved this regulation this past year and this is funding for a position to implement that regulation. It would create a new Captain position for this purpose. But the County Executive did not recommend funding for this position because it was funded -- the Council approved the position or the regulation after the transmittal of the budget. So the Committee placed on the Reconciliation List two increments, one for a half-year and one for a full-year for the Council's consideration. Next a full-time Medical Director. In previous years MCFRS has noted the need for a full time Medical Director to oversee providers. This critical role has not yet been funded and it continues to get more critical. So we have a Medical Director working on two-year contract. We are placing on the Reconciliation List an additional $75,000 to increase this contract Medical Director to a full time position. At which point we can evaluate next year as to whether it makes sense to add an additional work year in into the overall budget for Fire and Rescue Services. Finally the biggest issue -- or a significant issue that we are addressing that is kind of looming on the horizon, which has been alluded to earlier, is EMS capacity. We are struggling right now, as Mr. Andrews talked about a little bit in his remarks related to recruiting, in making sure that we have enough EMS capacity. Right now we have -- of our 39 EMS units, 17 are running more than 2,500 calls a year, which is kind of the breaking point, if you will, on the system. Of those 17, 9 are running over 3,000 calls a year, with some approaching almost 3,800 calls. This is a system at a breaking point. The Chief has recommended a system that will increase flex capacity effectively creating units that he can put throughout the County depending upon where the need is in a given day or time of day depending upon the trends. And the Committee thinks that this is worthy of consideration and has looked at, again, two increments, one placing $339,000 on the Reconciliation List to fund personnel costs to staff the EMS Flex Unit for which we funded earlier this year. And the second is $622,000 to fund those original costs, plus a

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vehicle and additional personnel for a second vehicle. The Chief has said even doing those two units would have a significant impact in addressing EMS capacity throughout the County. And will give us a good sense as to how much capacity those units can address so we can look at this more fully when we come to the budget next year. And finally there are -- we have a central shop facility at Southlawn Lane which will have future expenditures in FY '07, again, in implementation of the overall Maintenance and Apparatus Plan. These costs weren't budgeted yet because we don't have enough details, and the Department will be getting back to us later on in the year. With that we've addressed most of the elements in this. It was pretty quick. But I want to thank the Department -- I think the Department has taken great strides over the course of the last few years in really improving service to the community and improving the working conditions for our firefighters. I also want to thank Eric Bernard and MCVFRA for really helping to pull the pieces together in addition to our career firefighters as we continue to work toward a more unified combined system. Chief Carr, thank you and for the leadership team. I want to thank Minna for her efforts. I just gave you in 45 minutes three work sessions of discussion. So I -- I commend the Committee's recommendation to the full Council.

Council President Leventhal,
Mr. Subin had a comment.

Councilmember Subin,
Thank you, Mr. President. Just one issue. I didn't press in Committee the issue of somebody -- an additional person to do mapping. I know we are behind on that. I'm hoping that the additional planner that's on reconciliation will be able to help make some head way. But if not I'll be back at some time to look at that.

Councilmember Floreen,
Did you say napping?

Councilmember Subin,
I don't need any help with napping. Mapping.

Council President Leventhal,
Okay, the Council is in recess until 1:30, at which time we will take up the Arts and Humanities Budget. At 1:30.

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Council President Leventhal,
...from the Arts and Humanities community who have been waiting all day, we are in the midst of it and things take longer than we expect sometimes. Welcome, we're now taking up the Arts and Humanities Council Non-Departmental Account and Community Grants for Arts and Humanities. Minna, would you like to give us an overview of the County Executive's budget for the Arts and Humanities and then the HHS Committee -- an overview of the Committee's recommendations?

Minna Davidson,
For FY '07, the Executive is recommending $4.1 million for the Arts and Humanities NDA. This is an increase of $207,000 or 5.2% over the FY '06 budget of $3.9 million. The Executive also recommended a total of $860,000 for grants to Arts and Humanities organizations in the Community Grants NDA. If you put all of the grants together, the total recommended funding is a little over $5 million, an increase of just about $1 million last year, or 27% over the FY '06 budget for the Arts and Humanities Council NDA. There is a table in the packet that shows a crosswalk from the FY '06 approved budget to the Executive's FY '07 recommended budget. In terms of the Committee's recommendations, the Committee is recommending funding for the Arts and Humanities Council, NDA totaling about $4 million. This is an increase of $58,000 or 1.5% over the FY '06 budget of $3.9 million. In addition, the Committee recommends placing on the Reconciliation List just about $2 million. Specific recommendations from the Committee are as follows: First of all, for the grants that were originally budgeted in the Community Grants NDA, the Committee recommended transferring them from the Community Grants NDA to the Arts and Humanities Council NDA. This is like a bookkeeping -- a record keeping -- recommendation, just to consolidate everything in the Arts and Humanities. And the Committee actually reviewed the grants on their merits as a separate item.

Council President Leventhal,
Let me state on that point, last year I know that -- this is consistent with the action the Council took last year and also last year the AFI Silver Theater notified us that because of its contractual arrangement with the County it had a concern about, I guess some of its debt service and other matters if the funds had to go from the County to the AHC and then to the AFI Silver Theater. As we did last year I'm amenable to maintaining the AFI as its own NDA, or as a grant -- I'm not sure -- how did we end up doing AFI last year?

Minna Davidson,
Last year was budgeted in the Arts and Humanities Council NDA, but the grant was administered by the Department of Recreation and I think that worked out well for all concerned and they're ready to do it again that way this year.

Councilmember Perez,
I just -- I was going to make that motion. I'm looking at heads nodding, saying last year's arrangement was acceptable. I want to make sure we keep that...

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Council President Leventhal,
So, whatever the practice is, it would be consistent with last year's practice?

Beryl Freiberg,
Yes, Mr. Perez and Mr. Leventhal, it was one of the miscellaneous provisions last year that enabled AFI to work their contract through the Executive Branch, and not through the Arts and Humanities Council.

Council President Leventhal,
I believe Councilman McMillan introduced that after the Council had already passed the budget Councilmember McMillan made sure that we took care of that.

Councilmember Perez,
And just -- I know that you all know what's going on. But I periodically get asked by members of the public, what is this about? And as part of our effort to revitalize Silver Spring, to those keeping score at home again, we made some economic development investments and they were good investments. And they're investments are that if you spend any time in Silver Spring you see are bearing fruit on daily basis. One of the investments was to lure a nationally-known entity that, but for our incentives, would have no business, frankly, locating in an area like Silver Spring. And this is in the category of you've got to be willing to invest in order to reap rewards and realize a vision of revitalization. So, I periodically get asked the question, "Well, why is there a subsidy in your budget for the American Film Institute?" We wouldn't have the American Film Institute if we didn't enter into a contractual arrangement to lure them into Montgomery County. That's what economic development is about. If we've had it over again to do, I'd do it in a heartbeat. I suspect all my colleagues would be in the same boat. I wanted to explain that because I periodically do still get asked that question, and it's a fair question when I get asked it. People are often wondering what the situation is. And I appreciate your indulgence, Mr. President, and clarifying this. I think if it were to change, it would unduly alter a contractual arrangement that has us doing things. Thank you.

Council President Leventhal,
Ms. Floreen?

Councilmember Floreen,
Thank you, Mr. President, I'm not sure if this is the right time to ask my question. I have just an overview question about the -- the big picture here. Is this the right time?

Council President Leventhal,
Go ahead.

Councilmember Floreen,
I'm looking at page 3, which has a summary.

Council President Leventhal,

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We're with you, go ahead.

Councilmember Floreen,
I just wanted to understand, we are looking at all of the Arts issues here, is that correct...

Council President Leventhal,
That's the intent...

Councilmember Floreen,
...between item 10 and 11? I just wanted to understand what the -- at the bottom where we have the grand totals, the County Executive recommended $5 million and change for the Arts and Humanities Council transition, Cultural Facility Grants, Community Grants, and we had our direct request thing. And then the Committee itself recommends $4 million and change, basically, out of all of that, is that correct? With another 1.9 on the Reconciliation List.

Council President Leventhal,
That is correct.

Councilmember Floreen,
So, what we're looking at is basically you reduced the County Executive's recommendation by about a million and then added on a million plus about...

Council President Leventhal,
Almost $2 million...

Councilmember Floreen,
...almost another million...

Council President Leventhal,
Almost $2 million.

Councilmember Floreen,
$2 million back on the Reconciliation List.

Council President Leventhal,
That's correct.

Councilmember Floreen,
And that takes care of all the Arts issues?

Council President Leventhal,
That's what we're on -- that's the Agenda Item we're on right now.

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Councilmember Floreen,
And do we know -- how does this compare to last year?

Council President Leventhal,
Minna?

Councilmember Floreen,
Do we have a total? It's from different categories so it's always tricky to follow.

Minna Davidson,
There is a crosswalk showing what was funded last year, but if you're asking how much was on the Reconciliation List...

Councilmember Floreen,
No, I'm just asking what was the total -- ooh!

Unidentified Speaker,
Are you okay?

Councilmember Praisner,
She's probably embarrassed more than hurt.

Councilmember Floreen,
You okay?

Unidentified Speaker,
I'm fine.

Council President Leventhal,
Okay, thank you.

Councilmember Floreen,
Jeez.

Council President Leventhal,
Okay.

Minna Davidson,
If you look at Circle 6, there is a crosswalk from what was approved last year to what the Executive recommended for FY '07.

Councilmember Floreen,
So, last year what was approved was $3.9 for Arts. And that was the same category of Arts and Humanities and arts grants of that nature?

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Minna Davidson,
Yes.

Councilmember Floreen,
Okay, that's the information that I wanted. Thank you.

Council President Leventhal,
Okay. So, just moving ahead into the issues then -- oh, I'm sorry, Ms. Praisner wanted to make a general comment.

Councilmember Praisner,
Yes, I wanted to make a general comment because much as we've had conversation in the past about the County's commitment to affordable housing and not showing the other non-appropriated items, I had asked staff to take a crack at some specific venues and ask for the ongoing support, including the extent to which there are facilities in public buildings that receive utility -- or not utility, but receive some maintenance and some building support. Including Black Rock, which I think pays $1 to -- the Arts pays $1 to the County annually for the use of the building. I think it's very important in the coming year for us to -- within any budget document -- to articulate the specific total commitment of County government to the Arts. Not just the grant pieces that may be, but the maintenance costs or the utility costs where they are or the building that is provided or the dollar amount for rent, which is nominal in some places or another. Because when other private sector individuals come in for some support, periodically, they tend to bear the brunt of where the reductions are, rather than the areas where there is such a significant contribution that is not reflected. Mr. Perez talked about AFI, and that's a significant one. And based on a contractual relationship that was negotiated by the County Executive that the Council, in essence, knew generally about, but not specifically about. Or elements of Strathmore, with folks not understanding the ongoing assumptions in the master plan for Strathmore as a facility -- as a multifacility site. And now as we've implemented, not just the mansion, but the Performing Arts Center. There are ongoing expectations for maintenance and facility that the County obviously takes care of there that are not covered when you talk about the Arts and Humanities community in general. So, I say that for two reasons. One, I want the public, including the Arts advocates and supporters, to have a true reflection of the County support for the Arts, not just the grants that go on. So that for AFI over each year it varies but there are significant dollars, or for Strathmore each year, but there are significant dollars -- or for Imagination Stage. We went to Imagination Stage -- or at least Ms. Krahnke did -- and talked about the confirmation with the garage there and a wonderful facility. But if we don't keep a running record about what are the obligations and relationships that may not get the visibility that they do, just the dollars get shown. You do get, as Mr. Perez said, some community members who think you can just take money when it isn't -- take money from someone else and give it to another organization. Or we do wet from the Arts and Humanities community, a concern about a level of government support for the Arts. And I don't think we're getting credit, just as I didn't think we were getting enough credit for affordable housing support. Payment in lieu of taxes. People don't pay

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the same kind of property tax for affordable housing units. There's folks in facilities. And this should quite honestly, I think, help or shape us, such that before we go into another relationship, if any, we are clear as to whose responsibility what is. So that we reflect it on an ongoing basis, not on a one-time as looking nominal, but over the long run, it's quite excessive -- or quite expensive. And I don't think that is adequately reflected. So, I did get some information that I found very interesting. When we look at private sector requests it's going to affect my look at the private sector needs from a one-time basis as opposed to those that we're carrying, for whatever reasons, for the County on an ongoing basis. And I don't think they should be treated the same. And I think we need to look more rigorously at any future financial relationship. I personally don't want to start any more until we have a clear understanding of what's going to be the implications. So, I just wanted to say that before we start.

Council President Leventhal,
Well, I appreciate the Vice President's observations and I do think -- I have, over the last couple of years including this year, tried to identify all support for the Arts and Humanities and put it in a single place, such that those who pay attention to our budget know where it is. Last year when the Council took an actual contested vote to do that the outcome was that the press played it as though we were somehow spanking the County Executive for supporting the Arts. That's not the case at all. I think our support for the Arts should be robust. It is robust. And we, last year, significantly increased support for the Arts and Humanities. And this year we will again significantly increase support for the Arts and Humanities. I just think it's important that we can track that, so that we know how budget resources are going to the Arts and Humanities *vis-à-vis* the many other aspects of County government that we support. And what we will find, because Arts and Humanities is sometimes criticized, is that the percentage of the total budget that we spend on Arts and Humanities is very, very small compared to the other agency budgets that we will deal with today, of course, starting with Schools and Health and Human Services and Fire and Rescue. Which are three, in that order, biggest claimants. So, we are not spending too much on the Arts and Humanities and I've never suggested that. What I hope we can do is bring some logic and some reason to the methods we use for funding the Arts and Humanities. My hope since statute actually specifies that the Arts and Humanities Council of Montgomery County is the Arts and Humanities agency for Montgomery County, is that we will continue to have them play the role of being the first point of entry for Arts organizations that are looking for help, the first source of recommendations, both to the County Executive and to the County Council as to which Arts and Humanities organizations should receive funding and why. The problem is this year we have not succeeded in my goal of centralizing that role in that one place. Why? Because we still have not gotten away from past practice, where individual Arts institutions, developed separate relationships and got substantial amounts of funding as line items in the budget and they had no reason to go through the Arts and Humanities Council. In fact, many of them, still believe they will be treated better if they don't go through the Arts and Humanities Council. We will see what happens over time. This year we have a little bit of this and a little bit of that. And so the problem is that a substantial increase for the Arts recommended by the County

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Executive is being portrayed to Arts organizations as a cut in funding for operating support for the Arts. Let's just move on into the Arts and Humanities Council budget item now, where the County Executive recommended the same amount for operating support, $976,000, as he recommended in '06. Level funding. Meanwhile, he recommended substantially more for a variety of specific organizations. The operating support formula is such that more organizations are now eligible under the rules of the Arts and Humanities Council. And so as a larger litter of puppies is feeding at the dinner tray, the Arts and Humanities Council has communicated to each of those organizations that their funding is being cut by the County Executive and the County Council, when for operating support, there is one small item in the budget. That funding is level. And for many organizations, they're receiving substantially increased funding through these line item set-asides. And I don't have an answer to that this year. And it's not for me to dictate to the Arts and Humanities Council how many organizations should or should not be eligible. In fact, as I said many times, I'm the wrong guy to make that judgment. When we had the discussion in Committee -- and I will call out their name because it's on the record -- it was called out in Committee, Theresa Cameron, the Executive Director of the Arts and Humanities Council, pointed out that an excellent organization that is eligible for funding this year that was not eligible before, that everyone recognizes as superb and worthy is "Tappers With Attitude." I wish them nothing but success. I can't judge. Don't ever ask me to tell you if "Tappers With Attitude" is or is not eligible for public funding. I can't do it. I'm the wrong guy to do it. I'm glad the Arts and Humanities Council is there to make that judgment, but we can't have an endlessly growing formula and at the same time an endlessly growing list of set-asides. That can't work. So, for operating support, the County Executive recommended $976,000 and the Committee went along with that. The Arts and Humanities Council believes that an additional $457,671 would be necessary to keep all of these organizations at a 4% rate and the HHS Committee did not go along with that. But the HHS Committee did agree to add $100,000 to the Reconciliation List for operating support. Ms. Floreen?

Councilmember Floreen,
I just wanted to say I appreciate the good work of the Committee on this issue. I think it is a very difficult situation that the Committee worked through and I commend your hard work and the difficult decisions that were made. But I would like to keep this issue in play as we continue to work through the budget. And I would like to move that we put the -- I guess it would be the $357, 671 on the Reconciliation List.

Council President Leventhal,
Mr. Silverman, are you going to second that? Where is he? No, this is the extra money for all the operating...

Councilmember Floreen,
This is the operating...

Council President Leventhal,
...$357,000...

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Councilmember Floreen,
This is the operating supplemental that would bring it to up to the 457 that they've requested.

Council President Leventhal,
Go ahead. Mr. Silverman.

Councilmember Silverman,
I will second it and be happy to support it, but I also wanted to make sure -- I can't remember where we are in Reconciliation List land. I wanted to make sure that at least the next installment, if we don't do all of that is on the Reconciliation List.

Council President Leventhal,
$100,000 is already on the Reconciliation List.

Councilmember Silverman,
But -- no. Then the next -- okay, then ...

Council President Leventhal,
You want to go to a 5%?

Councilmember Silverman,
No! No. I want to support this, but I also want to, after this is voted, I want to put the...

Minna Davidson,
It's $160,657...

Councilmember Silverman,
...on the list as well, in case the Council does not pull off the entire amount. That at least will keep people whole, that extra 160. So I will make that motion after...

Council President Leventhal,
Well, it won't keep them whole because additional new claimants are getting money that never got money before. So...

Councilmember Silverman,
It will keep them at a status quo position...

Council President Leventhal,
And add new ones.

Councilmember Silverman,
Right.

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Council President Leventhal,
So, the motion is made by Ms. Floreen and seconded by Mr. Knapp to add $357,671 -- We're going to need a role call vote on this because I'm voting against it. Others will vote their conscious. Those in favor of the motion will raise their hands. It is Mr. Knapp, Ms. Floreen, Mr. Denis, Mr. Subin, and Mr. Silverman. Those opposed will signify by raising their hands. It is Mr. Andrews, Mr. Perez, and myself. The $357,671 is added to the Reconciliation List. Mr. Silverman.

Councilmember Silverman,
Okay, I will move -- what is it, Minna, 160...

Minna Davidson,
$160,657.

Councilmember Silverman,
$160,657, and with the understanding that I hope we will still get the entire amount off of the Reconciliation List, but if it's a choice between 100 and the 476 with no middle ground, we may not have those options.

Councilmember Floreen,
I will second.

Council President Leventhal,
Okay, the motion is made by Mr. Silverman, seconded by Ms. Floreen. Those in favor will signify by raising their hands. It is Mr. Knapp, Mr. Silverman, Mr. Subin, Ms. Floreen, Mr. Denis. Those opposed are myself, Mr. Andrews, and Mr. Perez. Okay, we -- all right, that's operating support. Project grants: there was -- the County Executive recommended $95,856. The HHS Committee recommended adding an additional $44,140. On Artist Fellowships the County Executive recommended -- what did the County Executive recommend? I have to go back and forth here. Artist Fellowships, County Executive recommended $12,000, same amount as last year. The HHS Committee recommended an addition of $12,000 on the Reconciliation List. Salary parity for Administration: this is the second year of a multiyear effort to fulfill the outcome of a study commissioned by the Arts and Humanities Council, whose staff remains well below comparable staff salaries, in other jurisdictions' Arts agencies. And so the Committee recommended two increments of $75,000 each for a total of $150,000 on the Reconciliation List for salary parity at the Arts and Humanities Council. For strategic planning: the Committee agreed that there is a great need for strategic planning in this area and recommends $25,000 for an Arts and Humanities Council Strategic Planning Initiative. On Transition Grants -- I'm going to ask Theresa Cameron to come join us here. Now, Transition Grants were recommended by the County Executive. The Arts and Humanities Council had made recommendations to the Executive Branch for those, but these are not actually one of the programs that the Arts and Humanities Council implements at the present time, the recommendations were

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made by the County Executive. Could we get from you, Theresa, a definition of what constitutes a Transition Grant in your mind?

Theresa Cameron,
What we did this year -- and thank you all, it's Theresa Cameron with the Arts and Humanities Council, and this is Ron Wolfsheimer who is my Board Chair. This was the first year that we had an opportunity to actually have a process for Transition Grants. And Transition Grants really are for organizations who have gone through significant changes, whether it be in staffing, facilities... And what happened this year is people applied and then we took and sent those all to the County Executive for him to review, and then he made the selection of what would be put in the budget. There wasn't a panel review process because everyone who applied for Transition Grants had already gone through a panel review process with our operating support. So this also allowed the Executive to have some leeway on what he would like to do for decisions. They went forward to the Executive and that was recommended in his budget.

Council President Leventhal,
How long is transition? What's the definition -- what's the period of time?

Theresa Cameron,
I think it's about two to four years. But this is something that's come about because there's been a trend from the Executive side, which is great, that -- looking at our organizations who are moving into facilities and needs. And most of these organizations -- several of them this year are one-time. Where they're really not going to come back. I do think that through the strategic planning process we need to make some guidelines about how long is Transition Grants, because I don't think we have a really good definition as of yet, because it is such -- it's a newer category.

Council President Leventhal,
Okay, so, the amounts -- I'm on page 10 now -- approved by the Committee were $350,000 for the Baltimore Symphony Orchestra, which was the same amount as the County Executive's recommendation. City Dance Ensemble: the County Executive recommended $100,000, the Committee went along with that. Glen Echo Park Partnership, what is the item on which you want to speak, Mr. Silverman?

Councilmember Silverman,
Strath... When we get to Strathmore, okay.

Councilmember Perez,
Wrong one, Mr. Silverman. I think you want to speak on page 11.

Council President Leventhal,
That's okay. And you, Ms. Praisner, are you going to want to speak...

Councilmember Praisner,

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Baltimore Symphony.

Council President Leventhal,
Well, go ahead.

Councilmember Praisner,
Okay, I assume, then, Theresa, your definition of transition is very broad, as well?

Theresa Cameron,
Yes. And this was developed with the Executive Branch, as well, so, it is broad, indeed.

Councilmember Praisner,
I guess I'm having a problem with putting money into marketing and advertising for programming that's going on as part of the overall marketing and advertising for Strathmore and trying to understand why it needs a separate marketing and advertising amount of this quantity when we're already doing marketing for the Baltimore Symphony as part of the overall Strathmore presence.

Theresa Cameron,
There is a representative from the Baltimore Symphony, if you would like to...

Councilmember Praisner,
It's up to the Council President. I don't know if you discussed this within Committee or what, Mr. Leventhal, but it's...

Councilmember Perez,
It depends on what you're referring to.

Council President Leventhal,
$350,000 for Baltimore Symphony Orchestra.

Councilmember Praisner,
The Baltimore Symphony transition used for marketing and advertising for Strathmore concerts. And to me, I don't understand the separation for advertising for Strathmore concerts by the BSO when you're doing advertising for Strathmore, period. So that was my question. It seems like a lot of money for one organization to market related to Strathmore. That was my point.

Council President Leventhal,
Okay, do you want Mr. Mael to come and answer...

Councilmember Praisner,
I don't care The Committee did not discuss that piece?

Council President Leventhal,

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No, we did not. We had a conversation and had it again here about how long is transition. I see -- Mr. Mael, why don't you come on down? I see language on page 10 that says, "The BSO intends to continue to apply for transition funding until contributed income reaches appropriate levels when supplemented by operating support from the AACMC." Is the BSO getting operating support as part of the Operating Support Program?

Theresa Cameron,
It will be coming in this year for, as an affiliate, yes.

Councilmember Praisner,
But -- so maybe my question is the other organizations that I see transitioning have a significant event associated, and if you're going to continue to apply until you break even, so to speak, that's a problem for me.

Council President Leventhal,
Would that be a decade, would that be a century, how long would -- what would the time frame be?

Michael Mael,
I'm Michael Mael, Vice President of the Baltimore Symphony here, a long-time Montgomery County resident. The first thing I want to make sure the Council and I think many of you understand, the Baltimore Symphony at Strathmore is a separate organization from the Strathmore Hall foundation. Separate organizations, separate budgets, all the work we do, all the advertising, all the marketing -- in fact, we are a rent payer at Strathmore. We account for 15 to 20% of Strathmore revenues based on rents and fees that we pay to Strathmore. So, we are separate organizations. We don't pay to market their activities. They don't pay to market our activities. We are entirely separate organizations. I think that's an important distinction to make sure that the Council understands. In terms of the transition funding, there was no mechanism for the Baltimore Symphony, who has a budget of approximately $6.6 million for our activities in Montgomery County alone. There was no mechanism for us to get funding until this year, when we are now eligible to apply for funding through the Arts and Humanities Council. The Transition process, as you know from our discussions, the definition of transition, I suppose, is something that the Council and the Arts and Humanities Council needs to decide. We've been there for less than a year and a half. We think this is a commitment that will take many years to build up. How long the transition period is is really dependent on the Council and the Arts and Humanities Council. I would point out that there are others at Strathmore like us who are receiving transition funds that have been in the County for many years, and also in the same transition funding.

Councilmember Praisner,
With all due respect, I have a problem with saying we are going to keep giving you transition funding until your income level reaches a certain level. That's not a message that I think we need to send to any Arts group, because I'm not sure that there's an

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incentive there to get off of transition funding with that. You're going to keep asking -- well, I guess a piece of that is going to be the work that needs to be done on the definition of transition and the frequency of it or what level. But there are, it seems to me, policy issues that we need to talk about. If it's an income level that has to be generated before you've reached ineligibility for -- or move out or graduate out of transition.

Michael Mael,
I would say...

Councilmember Praisner,
But if transition is associated with dollar amounts, then I think we have a problem because we're going to send a message to everybody that as long as you have the deficit in your program funding, that you're eligible for transition.

Michael Mael,
Actually in our case, we look to this County for a very, very small percentage of what we spend here. As I say, our budget for spending in the County -- not including anything in Baltimore -- in the County, is in excess of $6 million. So the amount that we're going to get from this County is critical to our success here.

Councilmember Praisner,
Then we're just going to have to agree to disagree, because I think the philosophy is one that I don't share, which is to say that this transition funding category is for any organization that is running a deficit in its programming and to come in for. That's not the general assumptions, that's what the grant category is, based on the category you will now be eligible for, is some support for your programming. But if we start with saying that until you get enough income to balance your operating costs, I think we're going to have a problem and it speaks to the comment I made earlier about the lack of support or measure of government support. I think it's an issue that we will have to continue to look at. I look forward to hearing the Arts and Humanities Council develop a policy of some kind that differentiates transition from -- and defines transition from the ongoing operating support, which the grants reflect, in my view.

Council President Leventhal,
I don't want to delay this unduly, but this is an example for my colleagues. Because, Michael, if I'm hearing you correctly, the total budget for BSO at Montgomery County is $6.6 million, is that right? Of which $350,000 is, give or take, about 5%. Okay, so what we see here is that by the drain on the AHC Program, by setting aside money for each of these specific transition funds, what the AHC is trying to get to is a set percentage of operating dollars each year, which this year they're scrambling to keep that 4%. They'd like to get -- they would like, whether it's ever feasible, who knows -- to get to 10%. If, in fact, you didn't get this set-aside and if one day we ever got to 10%, 10% of $6.6 million is $660,000, which is more than this. But we can't do that because we're doing this. So, you know, we're all eating out of the same cereal bowl. We can't continue to do these

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specified set-asides for worthy endeavors and increase the program funding, which would mean you didn't have to have an argument with Ms. Praisner. If you were entitled to a certain percentage each year and if, over time as the County grew, we were able to be more generous and that percentage could gradually creep its way up, then Olney Theater wouldn't have to give me a bowl full of chocolate every year, and you wouldn't have to be arguing with Ms. Praisner. We wouldn't have to go through this grant by grant. Arts organizations would know that here was a mechanism by which they get funded and everyone could pitch in together and support the Arts and Humanities budget. So, when I propose this, it's not because I want to cut organizations off from support, but it would be a logical overarching way of doing the support, but that's nowhere we're at today. If we cut the $350,000 and put it into Theresa's budget that would make fans of the BSO unhappy and I'd have to -- you know, my voicemail would shut down and my e-mail inbox would shut down. I am trying to explain this in a way that makes sense. This is a valuable example. The set-aside of $350,000 -- which I predict you'll get -- which won't go to the AHC program, is not that different from the amount that you'd get if the same $350,000 were in the AHC Program and you got a percentage of your operating support from AHC. At least within a couple of years we might get there. So I appreciate the example.

Michael Mael,
I would just say -- and obviously we're grateful for what this Council has done to help us move into Strathmore. There are several other organizations at Strathmore including the National Philharmonic who are in a comparable position to us. And I would say on behalf of myself, certainly as a grantee of the Council, that the more clarity -- and to your point, Mr. President -- the more clarity and the more direction we get I think would benefit all of us down the road. So I certainly appreciate that.

Council President Leventhal,
Thank you.

Theresa Cameron,
I just would like to say that's the reason why we want to do the strategic plan. We've evolved a unique way because of everything that's happened related to facilities, so we really need to take a close look, like Councilmember Praisner's saying, about the facilities and funding, and as much as we can get everyone on the same train. I do think there are extraordinary circumstances that arise, like American Film Institute, but it would be very beneficial to have -- and we hope in six months we will have information to bring to you because the RFP is going out for the strategic plan in the next week.

Council President Leventhal,
Okay. The Committee agreed with the County Executive on $89,490 for the Glen Echo Park Partnership. The Committee agreed with the County Executive on $200,000 for Round House Theater. Again, the same observation could be made. If we were not doing the set-aside for Round House Theater it's certainly feasible that Round House could get its operating support through a percentage mechanism. I hope we can go

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there in the future. Strathmore Hall Foundation: the Committee took a Non-Recommended Reduction of the $200,000 recommended by the County Executive. And Mr. Silverman wanted to speak to that.

Councilmember Silverman,
Thank you, Mr. President, I've had extensive opportunities to discuss this issue since we had our original Committee recommendation and have a much better understanding of the fiscal challenges that the Board faces, and so I'm going to reverse my position in Committee and I would move to keep this in the County Executive's budget.

Council President Leventhal,
Okay, so Mr. Silverman is moving to put the $200,000 back in the budget.

Councilmember Perez,
I second that.

Council President Leventhal,
Mr. Silverman moved and Mr. Perez has seconded putting this back in the budget. Is anyone here representing the Strathmore Hall Foundation?

Theresa Cameron,
Monica Jeffries is here, yes.

Council President Leventhal,
Okay, Monica, come on up, please. Please press your button and introduce yourself.

Monica Jeffries,
Monica Jeffries, Executive Vice President for Administration at Strathmore.

Council President Leventhal,
Is Strathmore Hall in trouble?

Monica Jeffries,
No, sir.

Council President Leventhal,
Are you facing dire financial circumstances?

Monica Jeffries,
No, sir.

Council President Leventhal,
So what is the $200,000 -- I mean is it not a self-sustaining operation? And is it not getting other operating support from the County? Is this the only support that Montgomery County is giving for Strathmore Hall Foundation this year?

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Monica Jeffries,
No, Strathmore applies regularly for the County and state Arts Council operating grant programs, as we have for many years. We have achieved great success, I think, in opening the facility. We have experienced some greater than anticipated challenges in servicing the numbers of people who have come through with security, ticketing operations, Those costs can be supported by about 60% -- or 60% of those costs could be supported by earned income through earned ticket sales but the rest must be supported by contributed income, And contributed income is where we are experiencing the challenges in building a philanthropic economy along with all of our other colleague institutions.

Council President Leventhal,
What percentage of Strathmore's private support did Lockheed Martin represent?

Monica Jeffries,
I don't know the percentage, but it was roughly $100,000.

Council President Leventhal,
And has that now been withdrawn?

Monica Jeffries,
It has been reduced.

Council President Leventhal,
Ms. Praisner?

Councilmember Praisner,
I had a question about the accessibility issues with Strathmore. It says some of these funds are -- in the packet, the discussion leaves an impression that you've had things so good that you need more money because of the additional burden. That's a condition I'm sure that's a very positive one. But we have had a number of comments I have had, personally, about folks with disabilities having access problems. So, the extent to which -- how much of this money is for additional marketing, how much of it is for unexpected costs associated with better turnout than you expected, and how much of it is for persons with disabilities to improve access?

Monica Jeffries,
With regard to accessibility... With regard to accessibility, we made several improvements upon opening the Center as a result of our feedback from our community regarding difficulties they may have had. We've instituted a golf cart program across the pedestrian bridge from the garage. We now have assigned patron service ushers at all entrances with wheelchairs. And they assist patrons to their seats and stay with them, and then help them exit the building as well. We've received a great number of compliments for this program since it was instituted, and to our knowledge and

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understanding, have not received many significant complaints, I would say, within the last six to eight months.

Councilmember Praisner,
So, how much of the $200,000 that you're requesting is for each of these items?

Monica Jeffries,
$45,000 for the cost of servicing the additional patrons with security extra hours that we're operating, web site service, and ticketing, about $75,000 for additional technology refinement to implement those services -- they were about 300% greater than anticipated at the time of opening -- and about $80,000 for building the new audiences that are thankfully now starting to come and for developing that philanthropic economy and community that we're so needing.

Councilmember Praisner,
Where is the disability piece that the packet makes reference to, none of that?

Monica Jeffries,
No, no, it fits into the $45,000 for the cost of servicing the greater audiences. That usher core that has now been instituted to service those patrons is within that amount.

Councilmember Praisner,
So, there really isn't any specific disability piece, though?

Monica Jeffries,
There is -- there is, in terms of continuing the golf cart service, the patron services at every entrance and exit. Those are all real costs that Strathmore bears for every program that is taking place there.

Councilmember Praisner,
Okay, thank you.

Council President Leventhal,
Minna, when is our next scheduled update on Strathmore? We were supposed to get those quarterly and I think we moved it back to every six months?

Minna Davidson,
Yes, I don't believe we have one scheduled, but I think we could arrange one for over the summer.

Council President Leventhal,
I had heard that Lockheed Martin changed its philanthropic priorities and that the Arts were no longer as high on its list as it had been prior. My real concern, and this is a very serious concern here, is that in the absence of Lockheed Martin, why would any other private sector funder be stupid enough to step up and make up the difference if we

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know that Montgomery County will always make up the difference? Why would the private sector ever step up to support Strathmore if "Well, Lockheed Martin, we're down about 100,000 but, hey, the County is picking up 200," So that sends the wrong signal to the private sector. We're here. Uncle Montgomery, we'll do it. So, if Lockheed Martin is interested in other things, no sweat, no loss, because the County will always come up with the difference. I think that's a bad message to send. Mr. Perez?

Councilmember Perez,
We've had the conversation. I won't prolong it. We have a long afternoon. I would simply observe -- I've mentioned that a number of times. I would observe that that is true. You can substitute the Olney Theater, you can substitute Black Rock, you can substitute just about every organization that's in this setting. We've had the debate about whether -- I would call it "Monty," just to be a little informal -- whether "Uncle Monty" is -- has become an enabler. It's a fair question to ask. If the context of Strathmore, my own view is that we've built this place, it's a wonderful place. I had major issues with the cost sharing arrangements and why it was that we were the only concert venue in the United States that was funded entirely by the taxpayer? Why we didn't have the private sector? I looked at every other concert venue that's been constructed across America, but only -- another "Only in Montgomery" moment -- would the taxpayer foot the entire Bill. Having said that, we've done it. And it just strikes me the challenge at Strathmore is to make it work and make it work well so that we can wean ourselves over time. That's why I supported this in the Committee. I understand that reasonable people can differ, I respect the point you've make, Mr. Leventhal, I've made the same point. But I think we can have the conversation in connection with just about every large or medium or small Arts venue in the County. So that's why I did what I did. And I want to get Strathmore off the ground and off the County dole as soon as possible. I think that doing this will attempt to facilitate this. We're always going to be in partnership. And there's always going to be challenges with the BSO. It's the nature of the product that they sell. I don't mean that disrespectfully. Look at the bottom line in Baltimore, it's a similar challenge, once we made a decision to get into the business, you know, that's the consequence of the decision that we made. And we can quibble about whether it was the right decision, we've made it, I don't think that's the right question to be having. I think the question presented is how do we make it work?

Council President Leventhal,
Okay, is Minna's packet correct, Monica, that this is a one-time request that would assist with ramp-up issues identified in the first full year of operation? Will we be back next year with a Transition Grant?

Monica Jeffries,
No, it is our understanding that this will help us get to steady state. We, too, look forward to an equitably applied definition of transition. This was an Arts and Humanities Council program and that's why we applied, we were eligible and submitted the application.

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Council President Leventhal,
Okay, is it a one-time request?

Monica Jeffries,
Yes.

Council President Leventhal,
Ms. Floreen?

[LAUGHTER]

Council President Leventhal,
Ms. Floreen?

Councilmember Floreen,
Thank you. I think Tom put his finger on it. This is actually a pretty unique situation. This is a County facility and it is different. Decisions were made before some of us arrived that this was going to be built and constructed. And the real challenge for us is how we can continue the partnership with the private sector and really get it to be a private sector managed facility on County property. There continues to be a feeling that -- that the Strathmore Foundation is somehow on its own here and I don't think that is anyone's real intention here, but the fact of the matter is that we have to spend money as a County to make money to strengthen the partnerships and to get this into a different playing field. It's going to take some time. And this is a challenge and creative effort that's a new arena for the County. It chose to take this path and it will obviously take some time before we don't see this on the list. But I do think we always have to remind ourselves that this is a County facility. And it has, as a result of that, we can focus and it's required to focus on a wide range of services and productions to serve a wide range of County residents. That might not be the case if it were entirely a private facility or, frankly, a number of the other facilities out there.

Council President Leventhal,
It would appear that this is going to get on the Reconciliation List -- I don't care whether we have a recorded vote or not.

Councilmember Silverman,
That isn't my motion.

Council President Leventhal,
Or that would put it back in the budget -- let's go ahead and vote. Those in favor of the motion will signify by raising their hands. It is Mr. Knapp, Mr. Perez, Mr. Silverman, Mr. Subin, Ms. Floreen, and Mr. Denis. Those opposed are Mr. Andrews, Ms. Praisner, and myself. On the Imagination Stage, we had -- County Executive recommended at $410,000. The Committee recommended $410,000. I sense a motion coming from Mr. Denis.

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[LAUGHTER]

Council President Leventhal,
Imagination Stage? Mr. Denis?

Councilmember Denis,
To fund it.

Council President Leventhal,
So, they -- they had asked for the $16,500 over the County Executive's request, they're also separately requesting the $74,000, which I guess we can get to later in the memo. Are you moving the $16,500?

Councilmember Denis,
Yes.

Council President Leventhal,
Is there a second?

Councilmember Praisner,
I will second it.

Council President Leventhal,
Okay, Mr. Denis has moved and Ms. Praisner has seconded the additional $16,500. Is there objection to placing that on the Reconciliation List? Without objection it will be added to the list. Ms. Praisner has a question.

Councilmember Praisner,
I actually had a question, if folks can get back to us about the utilities issue, because -- and I don't remember having discussed that before. Maybe we should look at that with the utilities. The issue is they pay the utilities separately. Do they reimburse the County or do they have a separate meter?

Unidentified Speaker,
We have a separate meter.

Councilmember Praisner,
If it were on the same meter it might be a reduced rate, because the County rate is a different rate. I think they're still willing to pay their share, but the question is how they're charged. And since it's a government building, I'm not sure I understand why it's separate. That I'd like folks to look at. I still think they should pay their utilities, but the question is what rate they're charged, if it's on the government rate.

Councilmember Perez,

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I believe the BCC Chamber was wondering if you could hook theirs over to theirs then...

Councilmember Praisner,
No, no, no, extension cords!

[LAUGHTER]

Council President Leventhal,
Okay, Mr. Silverman.

Councilmember Silverman,
I'm sorry, Ms. Praisner, I believe the answer is that the Executive is unwilling to renegotiate the lease terms. I've been total that for two years now, as to why we're in this situation. So that will be for another day. They've refused to do that and it's been raised over and over again.

Councilmember Praisner,
The next time I have Utilities and MFP we'll discuss it.

Council President Leventhal,
Let's do this. What I'd like to do in the HHS Committee, although MFP Committee members are welcome to join us or we could do a joint committee if you want...

Councilmember Praisner,
No.

Council President Leventhal,
I would like to get answers to the first set of questions, Ms. Praisner, where we can evaluate the differences and circumstances among the different facilities for all the Arts and that this effort would help contribute to what the AHC is trying to do on its strategic plan. Let's have one grid that tells us all of the Arts major facilities, which ones are owned by the County, which are privately owned, which one the County is paying utilities, which is not, which one the County is charging rent, et cetera.

Councilmember Praisner,
And what the rent is.

Council President Leventhal,
And so Arts facility issues will be -- the HHS Committee can take that up separately. I want to try to make up time here if we can. National Philharmonic, the Arts and Humanities Council -- I'm sorry, the County Executive recommended $250,000, the Committee agreed with that for the National Philharmonic. Mr. Denis, do you have I comment on National Philharmonic? Mr. Denis, your light is on.

Councilmember Denis,

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No.

Council President Leventhal,
Okay, on Olney Theater Center the County Executive recommended $250,000 and the Committee agreed with that $250,000 for Olney Theater Center. For the Liz Lerman Dance Exchange, the Executive recommended zero, but the HHS Committee placed $150,000 on the Reconciliation List for the Liz Lerman Dance Exchange. For the Puppet Company the County Executive recommended zero. The HHS Committee placed $200,000 on the Reconciliation List for the Puppet Company in two increments of $100,000 each. For the Create Arts Center the County Executive did not recommend anything and the HHS Committee recommended $25,000. Let me just say that for... Well, that we have -- I believe we have Arts and Humanities Council recommendations on all of these projects. They were all favorable on each of the projects.

Theresa Cameron,
These projects were transition projects...

Council President Leventhal,
Press your button.

Theresa Cameron,
These projects, again, were transition projects. They have all gone through Operating Support Grant Panel Review. The Transition Grant didn't go through panel review again, it was forwarded to the Executive, but they met all of the criteria.

Council President Leventhal,
Okay, on Cultural Facilities Improvement Grants, accounting for -- starting with Adventure Theater, the County Executive recommended $200,000 for Adventure Theater. The Committee agreed. For the Sandy Spring Museum, the County Executive -- what did the County Executive recommend on that one? $250,000; the Committee agreed. For the Metropolitan Center for the Visual Arts the County Executive recommended $500,000, the Committee placed that $500,000 on the Non-Recommended Reduction List. Pardon me. Let me state with respect to this item we heard, not in great detail, but the drop-off of funding from some sources for Strathmore led them to request an increase in funding from the County. The increase in funding for the "Viz" Arts Center led them to request an increase in funding. Just to be clear if you're in the Arts business and your donors stop giving you money you come to Montgomery County and ask for a lot more. If your donors give you a lot more money you come to Montgomery County and ask for a lot more. Just so the record is clear on these items. On the Metropolitan Center for the Visual Arts, Mr. Silverman?

Councilmember Silverman,
Thank you, Mr. President. I was in the minority in Committee so I'd like on to move that this go back into the budget. But I think the question that was raised, that we didn't get

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an answer specifically in Committee, was -- and I don't see paper on this -- or maybe it's some place.

Theresa Cameron,
It's on Circle 123(a).

Councilmember Silverman,
123(a).

Council President Leventhal,
They submitted a letter, too. I don't think that's in the packet. The "Viz" Arts Center had a letter.

Councilmember Silverman,
I wanted to understand how they went up to Tier One. So, who answers that? You or...

Theresa Cameron,
Sarah's here from OMB. We -- when we forwarded, as Melanie Coffin can tell you from her memo, or e-mail, when the panel -- and this was pure review, sent its recommendations in tiers, which has been done previously, Metropolitan Center for the Visual Arts was ranked low due to missing information questions. But once they clarified that with the Department of Recreation, and Melanie was on the panel, so she changed the ranking to move it to Tier One.

Council President Leventhal,
Because they raised a lot of private money?

Theresa Cameron,
Yes.

Council President Leventhal,
And so therefore they're entitled to a lot more County money?

Councilmember Silverman,
No, that was, I believe, the reason they were ranked in Tier Five, correct?

Theresa Cameron,
That was correct.

Councilmember Silverman,
You make these decisions based on a whole host of factors. It would have gone as a Tier One recommendation from you to the County Executive.

Theresa Cameron,

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We'd hope in the next round that it does come back to our review panel and have them review it one last time before it would be moved. But we've reviewed all the materials ourselves, as well now, and it does appear to be really on a great track.

Council President Leventhal,
Let me point out, Mr. Silverman made a motion, it hasn't been seconded yet...

Councilmember Floreen,
I'll second it.

Council President Leventhal,
Okay, I was just going to point out Mr. Silverman's motion is completely unnecessary. If the Council wants to fund this $500,000, it can do so. It's on the Reconciliation List as a Non-Recommended reduction. The funds have not been vanished. So, what you would do is it would no longer give the option to the Council to have this matter compete with other matters. But it is still on the table. It hasn't disappeared.

Councilmember Silverman,
As the saying goes, I may have been born at night, I wasn't born last night. That is absolutely correct. We'd do the same thing we just did with Strathmore, which is we would take it out of play. And the discussion in Committee, I think focused in00 as a Non-Recommended cut because it came up in the context of several other grant requests that were not in Tier One. I believe that's what -- I know Mr. Perez's looking quizzically, but I recall, Mr. Perez, like it was just yesterday. Raising...

Councilmember Perez,
We spend so much time together.

Councilmember Silverman,
I know! ...raising questions about how -- why fund something on Tier Five as opposed to Tier One? I don't want to speak for anybody else on the Committee, but think it was the key factor. Now we have information that indicates it's on Tier One and I'm just suggesting we ought to do what the County Executive already did, which is take the recommendation, it's a Tier One project, and fund it.

Council President Leventhal,
On the motion, Mr. Perez?

Councilmember Perez,
I'm assuming that the implication of this conversation is there is a Tier Four, a Tier Three, and a Tier Two.

Theresa Cameron,
Correct.

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Councilmember Perez,
And you can go from five to one if you raise a lot of money. So, money appears to be the dispositive factor in how well you are ranked? I'm frankly a little befuddled by how you are able to leapfrog from five to one.

Theresa Cameron,
Fran Abrams is here.

Fran Abrams,
This is the one that the light doesn't work. Oh, there is a chart... Minna, do you recall what page the transition... Okay, Circle 18. If you'll look on the right-hand column and see that this is the reasons -- there are several criteria. Essentially "Viz" Arts had an application that clearly related to the benefits to the County citizens, which is one of the criteria. It was clearly related to the organization's long-range plan, which is one of the criteria. What was unclear from the application they submitted to us, because they didn't have an audit at the time they submitted it, is whether they had the means to sustain this program. The fact of the matter is that the panel looked at an audit that said they haven't raised enough money to make this a reality. In fact, when they submitted additional information to the County Executive, they were able to demonstrate that they had, in fact, raised the money. It wasn't that "Jeez, you raised a lot of money." It was that they didn't have the paperwork at the time of the application in October. When they did submit the paperwork it clearly demonstrated that "A," they had the money to do the remainder of the project. The panel didn't want to much give them money if there was no one else onboard. This is finishing the possibility. This is completing the project. This is not starting the project. So, they wanted -- they showed that they had raised the rest of the money, they need this additional money to finish. They've already got a lot of private funding in it. So, they essentially had met all the other criteria but hadn't demonstrated at the time of this application, which is months ago...

Theresa Cameron,
October.

Fran Abrams,
...months ago because of our process, that they were sustainable and that the whole thing was going to happen in Fiscal Year '07. Now both of those points have been proved and the County Executive moved it up to Tier One. So, essentially there was missing information that's now been filled in.

Councilmember Perez,
Is the construction going to be completed in FY '07?

Fran Abrams,
Yes, it is. I've had conversations with the City of Rockville to that effect.

Council President Leventhal,

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Is this a one-time request?

Fran Abrams,
As far as facilities...

Council President Leventhal,
For "Viz" Arts, for Cultural Facilities Improvement Grants?

Fran Abrams,
Considering that their facility is going to be finished -- I can't speak for them.

Councilmember Perez,
Well, that hasn't stopped others! Come on, Fran, you know better than that!

Council President Leventhal,
I'm sorry, it's just, you know, this is a $3 million budget. We've got the $2 billion schools budget later this afternoon. So, I -- for a $500,000...

Fran Abrams,
You're welcome to ask them directly, but if they're in an occupied -- by the end of Fiscal '07.

Council President Leventhal,
She's nodding her head saying, yes, it's one-time. Is there objection to Mr. Silverman's motion? If there's no objection, then "Viz" Arts has got its money back. Imagination Stage has asked for a Cultural Facilities Improvement Grant of $74,000. The Committee agreed to place it on the Reconciliation List. Mr. Denis. It's already on the Reconciliation List.

Councilmember Denis,
Okay, Ms. Praisner, I'd like to put this in the budget if we could.

Council President Leventhal,
Well, it's an addition to the County Executive's budget. It's not in the County Executive's budget.

Councilmember Denis,
Can we put this in the budget? It's a different category. Okay.

Council President Leventhal,
Yeah, it's an addition to the County Executive's budget so it has to go in the Reconciliation List and the Committee has already agreed to do that. On Olney Theater Center, the Committee -- what did we do on Olney Theater Center?

Councilmember Perez,

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2-1.

Council President Leventhal,
We did not vote for that, to place that on the Reconciliation List. Mr. Knapp has a motion.

Councilmember Knapp,
Thank you, Mr. President. I appreciated the consideration of the Committee, and was going to propose something a little different. Using the notion of a Challenge Grant concept in which we would just match one to one, up to $250,000.

Councilmember Praisner,
I'll second that.

Council President Leventhal,
Okay. Mr. Knapp has moved and Ms. Praisner has seconded a challenge grant of $250,000 to be matched by private sector contributions to pave the parking lot and replace the roof. Is there objection to adding this challenge grant to the Reconciliation List? If there is no objection, it will be added. National Capital Trolley Museum, $50,000 was added to the Reconciliation List by the Committee. And then we are now on the Community Grants NDA, which are specified in the County Executive's budget as a Community Grants NDA, but we're transferring these items to the Arts and Humanities NDA, Minna, am I right? Okay, good. So, for the Heritage Tourism -- I'm sorry, what's the first item here, AFI Silver is recommended for $525,430 in it the County Executive's budget, the Committee concurred with the County Executive on that. For the Old Blair Auditorium, the Committee voted to delete the $310,000 from the budget, allowing that organization to come back to us at some point in future, if they are prepared to come back at some point in future with a business plan. For the Heritage Tourism Alliance the County Executive recommended $25,000, the Committee approved $25,000. And the Committee also placed $48,000 on the Reconciliation List for Heritage Tourism Alliance. Ms. Praisner?

Councilmember Praisner,
Since this is a match for the state, can we make that $48,000, $48,500 and make sure we maximize every penny from the state?

Council President Leventhal,
Is there objection to modifying the amount on the Reconciliation List by $500? I think we need to spend about another 90 minutes discussing that $500 item.

Councilmember Perez,
It's the inverse correlation argument.

Council President Leventhal,
Okay, then we can whip through the $2 billion Schools budget.

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Councilmember Perez,
No, it'll take five minutes...approved!

Council President Leventhal,
The Council received five direct requests for funding, one of which was withdrawn. Of the remaining four the Council agreed to place Historic Takoma on the Reconciliation List in the amount of $260,000 in two increments of $100,000 each. For the Levine School of Music the recommendation was to place $38,000 on the Reconciliation List. For the Metropolitan Center for the Visual Arts there was nothing placed on the Reconciliation List. And for the Historic Great Falls Tavern Canal Boat, $35,000 was placed on the Reconciliation List. And seeing no comments or questions, that concludes the budget for the Arts and Humanities Council NDA. Thank you all very much for being here.

Councilmember Praisner,
Thank you, Mr. Leventhal.

Council President Leventhal,
Next up, we have the Regional Services Centers.

Councilmember Praisner,
That's me. That's me.

Councilmember Perez,
Let the fireworks begin, Ms. Praisner.

Councilmember Praisner,
Ah, yes!

Councilmember Perez,
We'll be talking about Wheaton in a minute...

Councilmember Praisner,
While folks are leaving -- quietly, please -- I wanted to welcome the directors of the Regional Services Centers to the table and ask them to introduce themselves starting with Cathy Matthews.

Catherine Matthews,
Good afternoon, Cathy Matthews, from the Upcounty Regional Services Center.

Natalie Cantor,
I'm Natalie Cantor, Mid-County.

Gary Stith,

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I'm Gary Stith with the Silver Spring Regional Center.

Anise Brown,
Anise Brown, East Montgomery.

Deborah Snead,
Deborah Snead, Bethesda/Chevy Chase Regional Services Center.

Councilmember Praisner,
Thank you all for being here. The Management and Fiscal Policy Committee had a discussion of the Regional Services Centers and their responsibility. And, in essence, the Committee is anxious both to support the folks and their small staffs in the works that they do, in both providing direct services to the community and also in helping the community to better understand government and to help residents work through the complexities and intricacies of government and Montgomery County. One of the major issues we've talked about over and over again is the emerging community initiative, which is those areas of the County, not in Central Business Districts that need -- that do not receive the level of assistance as a Central Business District, but are core centers for community activity. Whether they be White Oak or Olney or Germantown, or any of the other areas -- Potomac -- that appear -- Glenmont -- appear in the County. The problem is that we have yet -- I think there was only one real year when we provided some services at the Regional Service Center level, through either DPWT or contractual services for some level of assistance in those communities for the types of things that residents expect in a Town Center type concept. Whether they be markings to distinguish or identify the area, trash cans for different activities, events that might be going on in that area, and also we provided years ago under the initiative of then CAO Bill Hussman some funds for neighborhood initiatives, where the Regional Services Centers with their staffs and advisory boards created structures to help with maximizing volunteer community building activities, whether they are helping with the festival or helping with signs in a neighborhood or community, helping planting trees, putting in benches in different places. They were basically one-time only type events that could help with the efforts of, again, the attractiveness and the effectiveness of the community feeling their part of a specific area of activity. In order to try to do that this year, we are recommending both issues, emerging community and some of that neighborhood initiative. We're recommending placing on the Reconciliation List, $109,900. And that would be split among the Centers once it is hopefully removed and funded. For the Regional Services Centers that don't have any funding in their base budget for the emerging community initiatives, and that would be Bethesda, East County, and to some extent Silver Spring, there would be $23,000. There's $20,000 for Mid-County, because there already is some money in the budget for trash pickup. So, that's -- we backed out what is already in the budget. It would be $20,900 additional. And $20,000 for the Upcounty, minus the $3,000 that is already there for flower beds. This would allow the Upcounty to help support the Oktoberfest or whatever other activities they may want. It would -- we did put some funding in for the Oktoberfest, but in essence are asking -- we didn't calculate for the total amount for the Oktoberfest that was requested. We were, in

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essence, urging the Chamber and others, which have come forward to ask for that support, to raise additional money, much as the business center has done in other centers. We really need to get a handle on this. The Regional Service Center Directors put a lot of work in the past into looking at a source of funding as well as a level of funding. And it just has been an issue that, unfortunately, the County Executive has not been supportive of over time. So, we are going to have to tackle this and the Committee is anxious to continue to work on that. We also recommended placing $80,000 on the Reconciliation List to support hardware, software, and training so the Regional Service Centers can have some GIS capacity in their areas, which should allow them to both track information that would be helpful for them, also can provide a way in which the public can then generally have a better understanding of the services and the facility. There are some additional items specifically in the Regional Services Center budgets that I'd like to highlight that are changes from the current budget. There is some additional funding for Limited English Proficiency Services to provide services to those whose English language skills are limited. And it would be shared among the Centers and it would help them to expand on the capacity to provide services. It's a nominal amount of $5,000. There was, as I indicated, $3,000 for the Upcounty planting bed maintenance that obviously is backed out. That would allow some areas in the median at Middlebrook. In other words, the Germantown Town Center areas to have that imprint of a Town Center. And there were the -- there was the trash collection for Olney. There are also a number of changes that are the puts and takes associated with insurance and copying and all the costs associated with that. They, again as I said, I think the Council, I would hope, in its next iteration and the new County Executive would spend some time on the whole issue of how -- what kind of level or support and what kind of assistance we give, not just to the Regional Service Center from a standpoint of staffing and expectations, but also from a standpoint of the maintenance and issues that are outside the Central Business Districts, as we have areas of significant activity, the need to build community identification and the need for infrastructure maintenance. In some cases, you need to do the maintenance -- the maintenance, meaning sweep and fix curbs or prune trees. In the other case, you need to create the maintenance. The infrastructure for maintenance. Both of those things need to be looked at. Mr. Knapp? Your mic is on?

Councilmember Knapp,
Thank you, Madame Chair. Mr. Denis noticed earlier, when we're dealing with Permitting Services, that all five District Councilmembers were here...

Councilmember Denis,
Who is going to do that again?

[LAUGHTER]

Councilmember Knapp,
I -- I think the Committee's consideration for the issues as it relates to the Upcounty and I think the concept that Ms. Praisner and the Committee put forward here is a good one.

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One question -- you referenced the fact that this is not near enough resources. I would just ask the Service Center Directors, not kind of the sky's the limit, but I know that, Cathy, you put together calculations for looking at Germantown. To do the types of things that are outlined here, what kind of resources do you think you would really need to have to be able to implement the kind of streetscape or basic projects? And I'd be curious to get a sense from all of you on if you have a sense of a ballpark estimate as the kind of number you'd can looking for to have the kind of impact you'd like to with this type of a fund?

Catherine Matthews,
We've looked at doing that in two different ways. One, concentrating on very small core of the Germantown Town Center that has most of the activity and then a second version would be a little larger area. We did have a formula that would cost several hundreds of thousands of dollars. I don't want to say a number right off the top of my head, but I think it was somewhere around $700,000 that would take care of the core. Now keep in mind that is everything from street sweeping, landscaping, litter pickup, as well as some little bit set aside for events, perhaps. But it would be very similar to the Urban District in Wheaton, perhaps.

Councilmember Knapp,
So, you're looking at potentially $700,000 for one of the communities that you have in the Upcounty Regional Services Center to do kind of basic maintenance and infrastructure types of activities. Making sure that mowing takes place more than once every -- what is it, five weeks now?

Catherine Matthews,
More than once in every ten weeks or something like that. And keep in mind that this is -- like I said, more in line with the Wheaton Urban Center. So we're looking at more frequent mowings and trimmings and prunings and things like that. And it's not just for aesthetics, we're also looking at safety issues, too.

Councilmember Knapp,
So, you're looking at roughly 700 K just for one community to do those basic things, and you've got...

Catherine Matthews,
I'd like -- I'd like to come back with a...

Councilmember Knapp,
I just want to get a ballpark, 'cause what we're looking at now, if you add it up, is how much, Ms. Praisner? $109 for all five Regional Services Centers and in just one of your communities -- now, it's a large one -- but you're looking at $700,000 just to kind of get to the level of service you'd like to see. The rest of you have any -- Natalie?

Natalie Cantor,

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I don't have figures with me today, but I have taken Olney as my test case and kind of rated it against what we do in Downtown Wheaton. But in a lesser sense, because it is not as intensely developed. I don't remember the number, it is a significant number. That said, I have also looked at contractual kind of maintenance services, which are less costly and can be done as a group. So, that's something I think that we could study as we go forward.

Catherine Matthews,
Could I add something to that? That number I gave you reflects, basically, ongoing maintenance. It doesn't account for one-time purchases of equipment or things like that. That's looking at piggybacking on some existing contracts, as well.

Councilmember Knapp,
Gary? Anise?

Gary Stith,
We have three areas in the Silver Spring region that need this kind of services: Long Branch, Montgomery Hills, and Four Corners. Montgomery Hills is covered by funds from the PLD. We have funding for Long Branch coming through DHCA because of the revitalization effort that they've headed up, but we don't have any funding for Four Corners. But the problem is finding a continuing, ongoing source of funding to support these kind of things.

Anise Brown,
For us, I would estimate, based on past experiences with the neighborhood initiatives about $150,000, but we would pull in community resources. I remember when we received $5,000 in grants and we stretched that a long, long ways. So, we would be appreciative of any kind of additional funds to help out.

Deborah Snead,
We're looking at areas like the North Bethesda core and down to Friendship Heights and Chevy Chase. You still have a wonderful section of Wisconsin Avenue that's maintained by the Urban District and you have Rockville, but then all of a sudden you have a gap and then you get down. Looking out at [West Far], even the Twinbrook area, I mean, again, I think what Cathy was able to do was to do some intensive research, the rest of us have not been able to do that. I think by having the "GSI" capability, we can start getting more detailed information and then prepare what it really would cost.

Councilmember Praisner,
Natalie, did you want to comment?

Natalie Cantor,
Yeah, I just have one more comment and that is that a few years ago, when you passed the representation on gateways and I came up and asked that we be able to maintain

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the stretch of Georgia Avenue from the end of the Wheaton Urban District to the Beltway. That costs us approximately $39,000 a year just for Georgia Avenue.

Councilmember Praisner,
So I'm sure that in making the initial estimates, depending on how much initial analysis you've done, they're probably very much on the low side and Cathy's numbers are probably closer to when you get that population and grid and the amount of services that you need. Mr. Knapp, this is an issue that I know your office has been very concerned about, and mine, as well. And I'd think we've had conversations about comparing it to the Urban Districts and the level of service for the Urban Districts, et cetera, but I think the problem is we don't have a source of funding. And as long as it's General Fund funds...

Councilmember Knapp,
It doesn't compete...

Councilmember Praisner,
It doesn't gets level service and doesn't compete as well. I think in the next year or two, we -- I met with the Regional Service Directors to try to explore options, but I think we need to -- whether you call it an Improvement District or whatever, we have to start looking at the issue more aggressively, more proactively, and with more positive results.

Councilmember Knapp,
I agree and I hadn't necessarily thought of this, but I'd like to make a motion to increase what we've put on the Reconciliation List by another $100,000. Even with what we've heard today, it's a drop in the bucket and doesn't get them much, but it's a little bit more. So if we're going...

Councilmember Praisner,
Could we do it in two separate ones?

Councilmember Knapp,
Sure, do $50,000 a piece?

Councilmember Praisner,
Two separate and an additional $100,000...

Councilmember Knapp,
Do the $109 and then the... No, that's what I was going to propose.

Councilmember Praisner,
So without objection, that will be on the Reconciliation List. Mr. Knapp -- I mean Mr. Perez...

Councilmember Perez,

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We are frequently confused.

Councilmember Praisner,
No, no -- thank you, Mr. Knapp! Mr. Perez! I'm not used to that. If you is haven't gotten a haircut I wouldn't have...

Councilmember Perez,
My brother, Miguel Knapp! I wanted to ask Natalie regarding 4th of July...

Councilmember Praisner,
Yeah, I was going to bring that up under Urban District.

Councilmember Perez,
...as long as we're in the context of funding requests. My understanding is that we have roughly a $25,000 expense for the 4th of July. We have now a site, or we're making progress on that, if I understand it correctly?

Natalie Cantor,
Well, the good news is we have pulled all the pieces together. We do have a site; hopefully we have a pyrotechnics company, if we can sign a contract soon.

Councilmember Perez,
Stick around, we will debate the education budget soon!

Natalie Cantor,
Right, get it for free. The bad news is it will cost quite a bit more than $25,000. $25,000 is what the fireworks itself -- the contract for the pyrotechnics cost. We did put -- we have, in the Urban District budget for a number of years, we've a $40,000 budget. When we ran the figures for Olney, we came up to about $54,000 because essentially this is a first-time event. We're going to need a lot more for advertising, banners, staff time, et cetera.

Councilmember Perez,
Safety.

Natalie Cantor,
Safety, yeah.

Councilmember Silverman,
Is the site a secret?

Councilmember Praisner,
No, it's the Olney Manor Park.

Councilmember Silverman,

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Okay.

Councilmember Praisner,
After exhausting any number of possible locations, either the Fire Marshal or the owner of the property rejected, we're...

Councilmember Perez,
There is a property off of Lockwood Drive there, near the Cresthaven...

[LAUGHTER]

Councilmember Silverman,
It's a vacant lot now.

[LAUGHTER]

Councilmember Praisner,
The only problem is pyrotechnics and property.

Councilmember Perez,
There may be a number of other vacant lots if it were held there. That's the problem.

Councilmember Praisner,
I was going to deal with it in the Urban District, but it is an Urban District Fund. And so we have to put that on the Reconciliation List for that amount.

Councilmember Perez,
I was going to -- at the appropriate time. I can do it now.

Councilmember Praisner,
Do it now without objection.

Councilmember Perez,
So I move -- what was the amount, Natalie?

Natalie Cantor,
$54,000.

Councilmember Perez,
$54,000.

Councilmember Praisner,
Without objection, it's on the Reconciliation List. Okay. I think that's all. If there is nothing Sonya, or any of the Regional Service Center Directors would like to add, thank

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you all very much. A pleasure doing business with you. Nancy, do you want to do the Urban Districts...

[LAUGHTER]

Councilmember Praisner,
...since it's a joint T&E/MFP?

Councilmember Floreen,
Sure, sure.

Councilmember Praisner,
Go ahead.

Councilmember Floreen,
We've already addressed the fireworks issue, but we've -- certainly recommend approval of the '07 Operating Budget. And we -- I don't know how much detail anyone wants to go into here...

Councilmember Praisner,
Very little, if you can! Let's catch up some time.

Councilmember Floreen,
Yeah, the issue of the fireworks -- you've pretty much taken care of, haven't you, Marilyn?

Councilmember Praisner,
Right.

Councilmember Floreen,
Basically -- let's see here. It's -- there is very little to report here. The -- we had some considerable discussions with respect to baseline services and the like, but there are really no significant changes. Primarily in '07 we're proposing to, within Bethesda the proposal is to expand the Ambassador program by $25,000, expand summer outdoor movie series by a similar amount, and contractor fees for the Bethesda Urban District events and promotion. In Wheaton promotion -- I think this number is independent of the fireworks issue, isn't it, Natalie?

Natalie Cantor,
Yes, it is.

Councilmember Floreen,
Then the issue of managing the fireworks, I think we've pretty much put on hold for the time being, because we want to keep in that area, don't we?

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Councilmember Praisner,
Yeah.

Councilmember Floreen,
There is money in the budget, similar dollars for sidewalk repair in Wheaton. We're back to the Urban District's generally. Some modest changes here and there within Bethesda, There's additional dollars for streetscape maintenance, GIS streetscape mapping in Wheaton, and a couple pennies in there for the Grandview streetscape. Tree maintenance remains a significant issue and a commitment although dollars have not been increased significantly. There is a pretty constant level of attention to enhanced security. That's pretty much it. Some modest adjustments here and there, but by and large a straightforward budget presentation. So the total for the Operating Budget altogether is $6,707,120. And Mr. Denis has a question.

Councilmember Denis,
No, I have a comment if you are finished.

Councilmember Floreen,
I think so.

Councilmember Denis,
Thank you. I want to thank all of the Urban Districts for the great work they do, and particularly the one I work most closely with, the Bethesda Urban Partnership, and all the people who work to make sure that's the success: the Chamber and Dave Dabney, and the fabulous staff. I just want to point to some the recent projects the partnership has done. The Arts Festival this past weekend was a great success. The Literary Festival a couple weeks ago, likewise a great success. This Friday is "Bike To Work" day, which is also...

Councilmember Floreen,
Will you be there in Spandex?

Councilmember Denis,
7:00 a.m. And there's something going on this week at Dinner at Glen Echo this week. I don't know if that's a -- oh, it's not, but we're all working on it together. But in any event there's a lot of great synergy there. It's an excellent concept that the County government came up with a number of years ago and it seems to be working in a fabulous manner.

Councilmember Floreen,
Well, let me just say between the Urban Districts and the Regional Service Centers, I think Montgomery County's efforts at trying to retain a sense of community, and a little sort of small town character, to the extent that you can in a county of nearly a million people. So that's our effort and we complement the staff for their hard work.

Catherine Matthews,

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Thank you.

Council President Leventhal,
Okay, thank you, Madam Chair. So that concludes the Urban Districts.

Councilmember Praisner,
We're now getting into the afternoon agenda.

Council President Leventhal,
We are now in the afternoon segment at 3:00 p.m. Agenda Item 14 is the Board of Appeals. Chairman Silverman.

Councilmember Silverman,
Thank you, Mr. President. Welcome to the Board of Appeals. Welcome, Chairperson Fultz. The Committee supports the requested reallocation of funds between the Office of People's Counsel and Board of Appeals to convert the part-time Executive Administrative Aide position in the People's Counsel to full-time. The Board of Appeals personnel costs would be increased by $8,400. That's the only change. The Committee recommended FY '07 for the Board of Appeals after adjustment is $564,840. The increase in '07 is attributable almost entirely to increase in salary and benefits for existing employees. No new staff increases are requested.

Council President Leventhal,
Mr. Perez had his light on, but...

Councilmember Praisner,
He's not here.

Council President Leventhal,
Let's turn it off for him. Chairwoman Fultz was also going to -- if we're done with the Board of Appeals?

Councilmember Silverman,
We are.

Council President Leventhal,
Chairwoman Fultz was also going to represent the People's Counsel who has another commitment this afternoon.

Councilmember Silverman,
Okay, so let's do that. So then without objection...

Council President Leventhal,
Without objection the Board of Appeals budget is agreed to.

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Councilmember Silverman,
We are jumping ahead to Item 16, which is the Office of the People's Counsel. The Committee supported the requested reallocation of funds that I just talked about. And so the Committee's recommended FY '07 budget for the Office of People's Counsel after adjustments is, $225,170. No program enhancements for FY '07. The data is on page two in terms of participation by the Office of the People's Counsel in a variety of different matters and that's the Committee's recommendation.

Council President Leventhal,
There are no questions and no lights. Well done, Allison!

Allison Fultz,
Well, thank you very much.

Council President Leventhal,
We will let Marty know that you did him proud.

Allison Fultz,
He'll be pleased.

Council President Leventhal,
We now, turn to the Office of the Hearing Examiner.

Councilmember Silverman,
Yes. Ms. Carrier's here. The PHED Committee reviewed this. The employee costs for the Director is listed on page one as recommended by the Committee. The FY '07 budget after adjustment is $453,560. The only adjustment is reflected in the Office of Director at .8 work years, not as a full-time position. We had a discussion about the process, having to do with the Planning Board staff review process, And we're looking forward to having a discussion with the Planning Board folks about the time line there because it seems like the scheduling lag time at OZAH is tied into when the Planning Board staff can produce their reports. Is Farrol here? No.

Unidentified Speaker,
[INAUDIBLE] ...to fill in for her.

Councilmember Silverman,
Oh, Gwen's here. Identify yourself for our watching audience.

Gwen Wright,
I'm Gwen Wright, Acting Chief of Countywide Planning and I'm sitting in for Farrol Hamer. Farrol asked me to pass on that we do understand there is a concern with the 4.5 month time frame rather than 3-4 months. First, one of the reasons is we're giving more notice and staff reports have to be out two weeks instead of one week ahead of time. It adds a week to the process, not making up for all the reasons but that's one of

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them. Also, we're in the process of filling staff positions. We are still short-staffed, although we have approval for half a work year and our working to fill that at this time. And I think the other issue that we had talked about a bit was when we're able to have our reorganized tech team up and running, we may be able to take over the application intake. And we need to talk to the Hearing Examiner and the Board of Appeals more about that before it's decided, but that may help us sort that the application is complete and assigned appropriately and may speed up the process.

Francoise Carrier,
The way it was described to me is having technical staff, I guess this new tech team at Parks and Planning, do sort of a pre-review of applications before people actually come to file at the Board of Appeals for special exceptions or at my office for zoning cases so that someone with actual technical knowledge can see whether they have complied with all the filing requirements or have plans that are grossly deficient. They would be turned away and told to come back with better ones.

Council President Leventhal,
Okay, Ms. Floreen.

Councilmember Floreen,
That sounds like a great improvement to getting some clarity on there. I'd ask that you give some thought as to the timing, it's one thing for scheduling alterations in the situations where the Board's the final decision-maker, but when the Board's advisory, I'd ask you to give that some thought or at least work into the schedule how the process can be facilitated for all of us. It may be that you put your finger on the issue, which is the completeness of the application. That may well take care of that. I mean that sounds like a big improvement.

Gwen Wright,
From my own experience I have seen cases that have come in and then when they are reviewed by Planning staff they end up being delayed because more information is requested and it does tend to push things off. So hopefully getting it right the first time when it's actually accepted as a complete application will hopefully make the review process a little easier.

Councilmember Floreen,
As with Zoning cases, Board of Appeals matters as well, there should be a checklist of exactly what it is that need to be -- and the details that need to be put together. I thought the Board of Appeals had worked with the Planning Board at some point on what they needed. If that needs to be expanded given the changes in process, I would urge you to create a list so that everybody, including the public, as well as -- the neighbor as well as the applicant is very clear on the contours of the requirement. And I think that will help everybody. Thanks very much.

Council President Leventhal,

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Okay. I'm sorry. Mr. Denis.

Councilmember Denis,
Thank you, Mr. President, just on Lot 31. I have a pretty good idea when things are supposed to happen but I'd appreciate if someone could notify me or my office whenever documents are filed in terms of the ex parte rule.

Francoise Carrier,
I will be happy to if you'll tell me what Lot 31 refers to.

Councilmember Denis,
Oh, Lot 31 in Bethesda, across from Barnes and Noble, it is at the Planning Board now.

Ralph Wilson,
I think it's 31(A) and 31(B).

Councilmember Denis,
31(A) and 31(B). And 31(A) is right across the street, right next to the Landmark Theater.

Francoise Carrier,
Okay.

Councilmember Denis,
Thanks.

Council President Leventhal,
Anything else on the Office of the Hearing Examiner? There are no lights. Without objection the Office of the Hearing Examiner is approved. Thank you very much, Ms. Carrier.

Francoise Carrier,
Thank you.

Council President Leventhal,
Our next Agenda Item is the Historic Preservation Commission NDA. Mr. Chairman.

Councilmember Silverman,
Thank you, Mr. President. We had an extensive discussion about the lack of staff at the Historic Preservation Section of Park and Planning. And because this small staff section often finds itself behind in doing the research associated with master plans the Committee recommended adding $19,370 to the Reconciliation List to increase a Historic Preservation Planner position from 30 hours per week to 40 hours per week, and that's the recommendation.

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[CRASHING]

Councilmember Silverman,
What is going on out there?

Multiple Speakers,
[MURMURING]

Unidentified Speaker,
...fell down that stair right there.

Councilmember Praisner,
It's that stair again. That's the second time.

Councilmember Floreen,
That's the second time today.

Councilmember Praisner,
That's the second time today someone's fallen. That was hard.

Multiple Speakers,
[MURMURING]

Councilmember Silverman,
Is there a what?

Councilmember Praisner,
[INAUDIBLE]

Multiple Speakers,
Let's get security.

Councilmember Praisner,
Yes. Oh, wait it's Buzz.

Councilmember Silverman,
Oh, jeez, Buzz. For Buzz they'll come with guns blazing!

Council President Leventhal,
Twice in one day.

Councilmember Silverman,
What are the chances?

Councilmember Praisner,

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They need to put a strip -- it's the new carpeting.

Council President Leventhal,
All right, let's proceed, Mr. Silverman.

Councilmember Silverman,
All right Without objection?

Council President Leventhal,
Without objection the Historic Preservation Commission NDA is agreed to. Item 18 is the Economic Development Fund. We are now discussing the Economic Development Fund. I know Councilmembers have an interest in that matter. Chairman Silverman.

Councilmember Silverman,
Thank you. Welcome Mr. Edgerly. Economic Development Fund, the Committee recommended approval of $3,397,380. The breakdown is contained on page two. This includes $100,000 in the Grant and Loan Program to provide grants to small businesses impacted by the County's revitalization projects. The fundamental issue the Committee discussed was the Nederlander project. There were materials that have been subsequently provided to us. I don't know if Ms. Praisner has a position at this point or not.

Councilmember Praisner,
I do not support it.

Councilmember Silverman,
Okay, it's a majority Committee recommendation 2-1. This is not an Arts Project fund, this is an Economic Development Fund that happens to be an Arts facility. The information that we received from Park and Planning seems to -- and I don't know if we have anybody here... Gwen, here you are! Okay, come back to the table. The material we received, which was in the form of a memo from I guess you and John Carter, seems to suggest the applicant has substantially met the requirements of the regulatory approvals, but must implement a Performing Arts function to be fully in compliance. Which I'm reading to mean that they need to put something in there, the something that did the Executive Branch has come up with is the Nederlander project. Is that a fair statement? This is not an -- this $1.5 million is not an obligation of the developer?

Gwen Wright,
Yes, I think that what we actually see it as is the $1.5 million allows for really an enhancement of the original condition. When the project originally came in, and this is on Circle 32, we had looked at it as preservation of the exterior and interior of the theater, but also having the theater not turned into a drugstore or a bookstore, but actually having a Performing Arts function. I guess perhaps we were thinking small but we were thinking keep the Cinema and Draft House, or put in a small local Performing Arts company. And I think what has happened as the project has evolved and as other

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kinds of arts functions have gone in in Bethesda is that the proposed Performing Arts function has become bigger, frankly, than I think any of us had contemplated at the outset. I mean I don't think any of us contemplated Broadway shows in Bethesda. and so simply putting some Performing Arts function in there...

Councilmember Silverman,
Hopefully, if they star Mr. Denis.

Councilmember Denis,
No, I absolutely -- I absolutely did. I mean, I absolutely did!

Gwen Wright,
You contemplated a Broadway...

Councilmember Denis,
I mean that no one contemplated -- there was no contemplation. Exactly. Bringing Broadway to Bethesda? Win, win, win!

Councilmember Silverman,
Think bigger, Gwen.

Gwen Wright,
Well, I think when we were first doing this back in '97 we were thinking maybe Round House, but Round House found another location. I think as this became a possibility we all became very excited about it. I guess I would say we expect a Performing Arts function. What the applicant is proposing is an enhanced Performing Arts function that, again, we feel is above and beyond maybe what we were thinking in 1997. They could -- in answer to your question specifically -- they could put a little theater group in there and meet the condition of approval. But that's not what they're proposing to do, they're proposing to do something much bigger.

Council President Leventhal,
May I, Mr. Chairman?

Councilmember Silverman,
Yes.

Council President Leventhal,
I have a couple questions about Nederlander. In concept I'm for it and I've indicated that I approve it when the EDF request came over. And I see that there are some questions answered but I would just like to understand, In recent months we've had several occasions to regret sort of open-ended commitments that were made and then later on we found we didn't have enough conditions on our generosity. I'm thinking about unrelated items here. I'm thinking about Grafton School. I'm thinking about JBG and Mayorga. So what I'd like to understand is what commitment are we getting from this

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entertainment company to remain in the space, to provide decent working conditions for the workers, what are we asking from them? Not what are we asking of the developer, I think I'm clear on that. But now we're providing $1.5 million to induce this New York company to put on performances in Bethesda, which sounds desirable to me, but what are we getting from them? How do we know -- how long will they stay, are they going to -- what if somebody tries to form a union, how will they respond to that? These kinds of questions.

David Edgerly,
I don't know if we can answer all of the unforeseen questions, but I can tell you...

Council President Leventhal,
Well, what are the conditions we have on this grant?

David Edgerly,
Well...

Councilmember Silverman,
They have a union: Actors' Equity.

David Edgerly,
...first of all we're delighted that Nederlander has been identified and they have selected us, it's great. Communities know they made it when they have a Class "A" office building or a certain car dealership, or certain kinds of coffeehouse or certain kind of this or that.

Council President Leventhal,
Was Bethesda concerned that maybe Bethesda had not made it before? Just reacting to what you said.

David Edgerly,
Well, when you are endorsed by a Broadway playhouse, let alone the largest operator of theaters, I think that says something; the strength of your market, the strength of your community, and we're not talking about just Bethesda, we're talking about the whole county, if not the whole region. They are making a commitment that represents the longest possible commitment they can make. They actually -- and Tom Baum is here from the group. They wanted a longer commitment, but under IRS regulations, with the nonprofit status of the theater, they can only sign a five-year, Non-capital Operating Agreement and so that's what they...

Council President Leventhal,
Say that again, you were talking real fast. Five-year commitment?

David Edgerly,

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They've signed a five-year commitment to operate a theater in the location. They're are also taking the risk that the market validation they did is there and reasonable and that they will be able to turn it into a profitable enterprise. They're taking the risk of all the start-up, the operating, the marketing, et cetera, dollars. So that's strong in our minds.

Council President Leventhal,
Is Mr. Baum here? Does he want to come forward?

Thomas Baum,
Sure, I'd be happy to.

Council President Leventhal,
Hi. Again, I'm favorably inclined toward this. I am running through in my mind other recent examples where in return for a major commitment from Montgomery County we ended up having some disappointments downstream. And we had to then explain to our constituents. "Jeez why didn't we require this as a condition of our generosity?" Again, I'm thinking of unrelated examples and I mentioned two that come very quickly to mind.

Thomas Baum,
Sure. First of all, for the record, my name is Tom Baum and I'm with the Bozzuto Group, I'm not with the Nederlander organization. So I just wanted to clarify that. And David's right, the commitment though, however, was not one driven by the Nederlander organization. In fact, their initial request was 20 years. What we had to do through the Nederlanders, because we're nonprofit, the group that will ultimately own the theater is a nonprofit, the IRS restricted the term of the agreement to five years with the five-year automatic renewal. In effect it's a 10-year agreement. We couldn't do anything more under IRS regulations. That was the sole reason of the quote, "limited commitment." Nederlander actually wanted to do more because, as you can imagine, a theater's success really builds on its own. It takes a couple years for the name to get out, for the shows to build, for the subscription base to grow. So their commitment has always been wanting to be one of "Lock us in for longer, don't lock us in for shorter." But it was driven by the IRS regulations.

Council President Leventhal,
Okay.

David Edgerly,
George, if I may add to what Tom said in terms of insulation and protections of the County, we've also, as this transaction has matured, built in some additional things that you should be mindful of. First: if there is financial difficulty or challenge in operation, there are some protections. First: there is an operating deficit guarantee by Bozzuto, that's listed on Circle 7. Then there is a debt repayment guarantee, because the due diligence was also done by BB&T, who has issued a loan commitment for this. And then, finally, there is a...

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Council President Leventhal,
But that's debt to BB&T. We're not getting repaid, this is an outright grant, right?

David Edgerly,
That's correct. That's correct. But in terms of the feasibility of the project, in terms of what would come back to us as a next request or as a first door to knock on. There are other entities that have already lined up to insure or try to make a representation that this will be successful. And then finally, there is a State of Maryland guarantee from MIDFA. We have done as good a job as we possibly could to put vehicles in place that will ensure the financial viability of the operation.

Council President Leventhal,
It's our understanding this $1.5 million -- or $1.8 million is it. We won't give more next year.

Thomas Baum,
That's correct.

Council President Leventhal,
And would this nonprofit entity that's running of the Bethesda Theater, be eligible for grants from the Arts and Humanities Council?

Councilmember Praisner,
Uh-huh.

Thomas Baum,
I presume they would be.

Council President Leventhal,
Is it expected that they will apply for grants from the Arts and Humanities...

Thomas Baum,
No, it's not. This is a one-time capital request. We have our pro formas that may or may not be part of your packet shows a positive cash flows from the operations. That's why we went this way. I'd like to piggy-back on what David said. Yes, the County is making a commitment here. So is the developer. You're looking for those guarantees. Well, I think you can look to is the developer's putting up a $2 million debt repayment guarantee on the BB&T loan that puts us in the front seat if there are any problems here. This is the true private/public partnership where we're just as much on the line for the theater's success as the County is... in fact more so I would say.

Council President Leventhal,
I appreciate that, but let me repeat my question. I don't know if you were present for the conversation a couple hours ago but the Arts and Humanities Council is trying to establish a mechanism whereby every eligible entity in the county will have a

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guaranteed percentage of its operating costs provided by the Arts and Humanities Council. Every nonprofit theater entity that's deemed eligible someday -- we may never get there, but this is their goal -- will have a percentage of its operating costs as a permanent formula allocation from the Arts and Humanities Council. Is the Bethesda Theater expected to be feeding out of that tray?

Thomas Baum,
That was never our anticipation. We've never contemplated that.

Council President Leventhal,
Can it get on the record that the Bethesda Theater will not apply for those funds?

Thomas Baum,
Sure. Yes. Yes.

Council President Leventhal,
And can we just repeat for the record that this is a one-time grant from the County with no further expectation of funding for the Bethesda Theater?

Thomas Baum,
Yes.

Council President Leventhal,
Now, I'm just asking questions that my constituents are gonna ask of me. Chairman Silverman said that Actors' Equity -- the people in the performances will be represented by Actors' Equity. What about the stagehands, what about the ushers? What if we get in a situation where my constituents say, "We're trying to organize and Nederlander is trying to stop us, and you gave them a grant and what are you going to do?" Is there any expectations as far as working conditions or workers' rights?

Thomas Baum,
Well, the Nederlander, as Mr. Edgerly has stated, is clearly one of the big boys in this industry. They deal with unionization, they deal with the professional theater. They have a hand in production, in running theaters, running all types of commercial venues. They are on the forefront of the Fair Labor, so they will do whatever is necessary, I'm sure. It's part of their operation to run. That's why we have done with such a prestigious and worldwide organization as the Nederlanders.

Council President Leventhal,
I was asked this recently so I'm asking the question now. David, would you object to including as a condition of the grant a very simple statement of neutrality in the event of an attempt to organize the workers?

David Edgerly,
Of County neutrality?

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Council President Leventhal,
No, that the Nederlander -- in return for this grant that the Nederlander Company would agree to neutrality if the workers tried to organize?

David Edgerly,
That's a very -- first of all, I think with Actors' Equity, I believe the industry itself may already be there -- I am not familiar with this issue, George. But it would be unprecedented for us to do that. Maybe I could ask the purpose. It's a private occurrence.

Council President Leventhal,
Right, for which we're providing $1.5 million of public money, almost $2 million.

Councilmember Silverman,
If I may, Mr. President, are you suggesting we should do that with all of our Arts organizations in the county?

Council President Leventhal,
Well, actually the suggestion was made to me the other night that it should be done for all Economic Development Grants. I'm just asking what would be the County's position on the suggestion?

David Edgerly,
I haven't had a chance to study it.

[SILENCE]

Councilmember Silverman,
Well, Mr. Edgerly can speak for himself. We, as a body, have certainly never taken up the issue. If we want to -- do we want to -- we have a -- How big is the Economic Development Fund, the entire fund?

David Edgerly,
Over the history of the fund?

Council President Leventhal,
I don't think that question is appropriate. I mean he comes to us when he needs money and we give it to him.

Councilmember Silverman,
Well, there's a place holder, though.

Unidentified Speaker,
[INAUDIBLE]

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Councilmember Silverman,
What, Peter?

Peter Bang,
Are you referring to the current fund balance or the cumulative fund?

David Edgerly,
Annually, how much do we do?

Councilmember Silverman,
Annually, what do we do?

Peter Bang,
Annually, on a given year it fluctuates. Last year it was about $860,000. This year because of the Nederlander and other projects we got $3.37. The previous years we got $660. So it fluctuates in a given year.

Council President Leventhal,
Okay, I'm not offering anything at this time, I'm just curious as to what would be your reaction to this. I'm just anticipating -- you know we've had these recent examples where we have offered things of great value to private entities, either nonprofit or for-profit, and found later, "Jeez, I wish we had put some more conditions on it," because in the case of Mayorga -- which we're going to talk about again in a minute -- I wish we had asked more of JBG in writing before we agreed to give them the street. And in the case of the Grafton School, I wish we had asked for a longer commitment from them before making available a million dollars that they've now walked out on. So I like this idea. I think it will be great for Bethesda, I think it's going to be great for the County. I am anticipating, here we go again, where a couple years from now, my constituents will say, "How could you give them a million and a half without anticipating that this would occur?" whatever it is. That they might walk out on you, leaving the building empty, or the workers might try to organize and they might bust the union. These at things that have been raised with me.

David Edgerly,
I guess my initial reaction is the more conditions we lay on an organization we're trying to attract to the community. Attract with dollars? Yes. And do we need to do that responsibly? Yes. Is that the kind of condition they might agree to or walk from? I don't know. I'd prefer not to take the risk. I'd prefer to recognize that they are a world-class, "do-the-right-thing" organization, business, that's coming into our community to provide the amenity that we're looking for. But again, it's a serious question, I'm taking it that way. We have just never gotten to that point. If we're trying to induce something to happen, quite frankly every organization we deal with is not organized. I respect enormously people -- if people want to pay somebody to talk for them, they should have

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that right. That's basically what a union does in any bargaining unit arrangement. But to a layer it as a condition, especially when we're trying to attract might be problematic.

Council President Leventhal,
Okay, there are other questions here. Mr. Andrews.

Councilmember Andrews,
It's not a question. I just want to indicate that I agree with the Committee minority's position on this and want to be recorded that way.

Council President Leventhal,
Mr. Denis.

Councilmember Denis,
Thank you, Mr. President. I just want to commend County Executive Duncan for thinking big, if I may use that phrase. The location we're talking about used to be the Boro Theater -- B-O-R-O -- a movie theater that opened in the 1930s. And when the movie business changed the theater went dark. And fortunately the Art Deco marquee was preserved. Then it reopened as the Bethesda and Draft House, a wonderful facility that I and many others greatly enjoyed. And then when that closed, and this was very difficult, the Art Deco facade was retained as well as the interior to make it agreeable for an Arts and Entertainment destination. Then Bethesda and Silver Spring were designated as Arts and Entertainment areas, which have implications for the state and the county. It's a process we went through and that the state went through. And, yes, I felt that with all the restaurants there was a missing piece in Bethesda... and that was basically music, and I might say Arts and Entertainment. Nederlander -- and by the way I attended a -- what I thought was a -- almost a -- if not a groundbreaking then a ribbon cutting about the Nederlander project at this theater roughly three years ago. And here we are, it's hardly a surprise. But Nederlander, if I'm not mistaken, they put on "Hair Spray," that's one of their shows, and they've done others. But as a practical matter, as I understand it, we're really talking more about probably Off-Broadway, rather than Broadway. Off-Broadway is a poorly defined term the last 10 or 20 years. The Beacon Theater in the West 70s is considered Off-Broadway, but it's on Broadway. But I guess whatever is not in the Theater District is considered Off-Broadway. We have tremendous Arts and Entertainment destinations in the Bethesda area and other parts of the county and this would certainly be one of them. It has been very difficult to find a suitable tenant or owner for this particular location. I think this is a tremendous opportunity for the County to enhance Bethesda's destination as an Arts and Entertainment area for the State of Maryland and the Washington Region.

Council President Leventhal,
Okay, no further comments on the Nederlander matter. In the Economic Development Fund, I had been told but their lights were not on but I guess Mr. Perez had another matter that he wanted to bring up.

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Councilmember Perez,
Well, whenever it's right to talk about my...

Council President Leventhal,
Mr. Chairman, to talk about businesses affected by revitalization?

Councilmember Silverman,
Sure.

Council President Leventhal,
Mr. Perez...

Councilmember Perez,
Is this okay?

Council President Leventhal,
...you have the floor.

Councilmember Perez,
[MICROPHONE NOT ON] Okay, thank you. Two years ago, I believe, Councilmember Denis and I introduced a proposal to provide assistance to businesses that were able to demonstrate that they had been adversely impacted by County-initiated activities. And the examples we cited frequently were restaurants in Bethesda and Silver Spring that had been adversely impacted by the tear down of garages and the rerouting of traffic and things of that nature. It's hard for people to buy carpet at your place if they can't get to your place. [BACKGROUND NOISES] That's a simple concept, and we were attempting to provide...

Council President Leventhal,
We can do these all tomorrow.

Councilmember Perez,
...some help to small businesses during this phase of revitalization. We added it in the budget two years ago. It wasn't in the County Executive's budget last year; we added it again. I believe it's not in the County -- yes, we've been to this movie, Mr. Knapp...

Councilmember Silverman,
It is in the County Executive's budget.

Councilmember Perez,
I'm just trying to see where it is.

Councilmember Silverman,

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On page two, in the bold. It says, "Under the Grant and Loan Program, $100,000 in funding is also included to provide grants to small businesses impacted by the County's"...

Councilmember Perez,
Where -- [INAUDIBLE]...

Councilmember Silverman,
Page two of the packet.

Councilmember Perez,
Was it a...

Councilmember Silverman,
It's not a...

Councilmember Perez,
Well, let me ask -- let me back up then. What percentage of the money that has been given out through this program has been in loans?

David Edgerly,
I think it's an easy answer: none.

Councilmember Perez,
Okay, that's what confused me. I never anticipated that this was going to be a loan program for a business that had been... [MICROPHONE TURNED ON] Thank you, I just started three and a half years ago, so I'm still learning the ropes.

[LAUGHTER]

Council President Leventhal,
Could I just -- Mr. Baum is sitting there like he's ready for another question. If there are no more questions regarding Nederlander or Bozzuto or the Bethesda Theater I think we can let him go. Yes, I have no more questions for...

Thomas Baum,
Thank you.

Councilmember Perez,
Thank you for your good work. I was hoping that was the answer you were going to give. Did you go through the money this year?

Peter Bang,
Yes, we have received $100,000, and we expended the entire $100,000 -- or committed during the first year.

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Councilmember Perez,
How long does it take to commit that $100,000?

Peter Bang,
It took us -- actually only about six months, but in terms of documentation and responding to our disbursement conditions, it took more time. And there are a number of cases in which they kind of delayed purposely in visiting of the money. But the first year we have expended the entire $100,000 in a little over 13 months period. The second year out of the second round of $100,000, we have committed about $55,000, and we have dispersed about $40,000 to this date.

Councilmember Perez,
And there's $40,000 remaining?

Peter Bang,
Yes, and we're working with the Burtonsville area tenants at his point, some of the businesses in the Burtonsville area. But one of the difficulty -- in terms of setting up this program is because the business has to -- not anticipate the impact -- but they have to demonstrate the impact that his been made by the County's redevelopment project. So we're trying to soften the language a little bit that if it's ongoing or if they can anticipate certain things we might be able to expend the funds for preventive action, which could be more beneficial.

Councilmember Perez,
Well, I certainly would not object to that, we want a liberal construction of this -- no pun intended -- to assist as many businesses as possible. Although I would note at least I am aware of one business that could use all the $100,000, and could make the demonstration that it would be the easiest thing to do to demonstrate that March 1st, 2006, rolled around and a project began, And they have -- I have forgot the precise figures, I looked at their financials, and it has been a five-figure hit per month that they have been absorbing that's directly traceable to the construction project. I've been attempting to anticipate the needs in the year ahead. And I frankly think that if economic development is a partnership between the public and the private the economic impacts should be a partnership between the public and the private. And that's great that there's a nice valet paid for by the JBG Company, but I frankly think they need to go a little bit further. And this morning, Dave, we heard from Robert Hubbard who indicated he would be working with us to identify additional leverage points including potentially going back for additional conversation before the Planning Board regarding amendments to the site plan. Because I think -- and I said it this morning -- I think I screwed up in raising my hand to vote for the closure of Blair Mill Road. I think that's a vote I will live to regret. We need to use this fund -- and I appreciate the bold lettering here and I stand corrected and apologize for that. But we're going to have one or two businesses that might consume the whole fund this year as a result of this. And part of the purpose of this fund was to hopefully start a dialogue amongst ourselves to hopefully prevent these

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situations. And that's a question I get asked in Wheaton, "What if our Text Amendment passes and all this new development occurs in downtown Wheaton?" "How can I be assured that I'll be able to survive for the three to four years during the dusty period?" The answer I have been giving 'em, and it's my story and I'm stickin' to it, is "Oh, don't worry, we learned from our mistakes." And then they read about Mayorga's and the Ice Cream Shop. And my credibility is called into question in that answer. And so I really think that $100,000, frankly, is going to turn out not to be enough money. One of the things I am going to do is see if we can add at least $50,000 to the Reconciliation List because...

Councilmember Praisner,
I'll second that motion.

Councilmember Silverman,
What's -- I'm sorry, what's the motion?

Councilmember Perez,
$50,000, so it would be $150,000 total. There's already $100,000 in the budget and I'd like to add $50,000 more. But more importantly I think we just have to have a conversation about how do we prevent these things from happening. Because I'd like to expand zero, because we will have done...

Councilmember Silverman,
It's a lot of beans!

Councilmember Perez,
Yeah, we will have done the job in advance of preventing situations. I think we also need to have a conversation with Park and Planning about provisions that need to be in the site plan approval process. We need to have explicit conditions of site plan approval that if there are businesses in the immediate area that can demonstrate they have been adversely affected, that you are on the hook as a condition of the approval of this project. Because I frankly don't think it's fair that the County is the only one -- and I have talked to you a lot about the things that you're doing to try to minimize some of the economic impacts, and I appreciate your best efforts, but I don't think it's the County alone that ought to be on the hook. I think if we're going to talk about partnership then we should have partnership at every phase, which includes the phase right now where an entity they want to have around, I assure you that all the people who are going to live in those wonderful condominiums are going to love walking a block to Mayorga's. But they may not have that opportunity unless we take some action.

David Edgerly,
If I may?

Councilmember Perez,
Let me get off my hobby horse that's hurtin' my butt.

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David Edgerly,
That was very well said. And as we talked last week, the week before, we're all concerned about this. The amount of scrutiny was amazing that went into the creation of that project, of those approvals, lots of people looked at those plans that were put in place to provide for interim and parking plans and so forth, and lots of people said that they were good. Including the company. Including the companies in the retail environment in that area. It didn't work. And Council President has pointed that out in great detail very forcefully. I appreciate that. What I'd suggest is we do a couple things and I certainly appreciate the gesture of the motion and second to add money to the Emergency Impact Assistance Program. Second, I would suggest the Council may at this juncture want to consider a waiver to the $20,000 limitation that was put in place by this body on individual transactions because of unique circumstances and allow the Department to have discretion in that regard. And, third, I would ask that we not have to demonstrate adverse impact. Somebody has to be damaged before we can act and they commit it to us, and that's Council action. We should be able to ascertain whether we can predict the impact and evaluate our success in trying to mitigate that. Those things would help us as we try to do the right thing as this program moves forward. But without those actions we have a very small program, with very little money, that can provide some important assistance, but not in a situation like this.

Councilmember Perez,
I have no objection to your number -- I only speak for myself -- I mean your number two... I wouldn't object, although it creates a potential for unfairness if you have $150,000 fund. And my recollection is there is one, I think he might be able to consume the whole fund at the moment. And obviously that would require an exercise of sound discretion. I have faith in your discretion, so I wouldn't necessarily be adverse to that because I recognize that $25,000 is an arbitrary figure and in this case that's going to represent a month and a half of loss. That $20,000 gesture is really pyrrhic at best for him. As for the third, I'm not necessarily -- I don't think I object to that, although I would want to prioritize -- I guess my instinct would be if someone's been actually damaged already I would want to help them. And then, in terms of my triage, it's kind like the emergency room, you guys are already damaged, let's get to them first and get the tourniquet. And then somebody needs some preventive health care, let's get to them second.

David Edgerly,
Hopefully we will operate that way.

Councilmember Perez,
And so if there were an understanding that we have that sort of triage I'd have no objection to that either. I don't know that you are going to get to that, frankly, given the current makeup, but I wouldn't have any problem giving you that. But, again, I only speak for myself.

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David Edgerly,
It's up to this body. The final thing I'd offer is that there are certainly public things -- I'm not sure there's anything that has been suggested that we haven't tried, whether it's putting up signs -- better signs and meetings with the community. Trying to get advertisements out, you know, "We're open for business," "Something's happening here," and that type of thing. There are also some private things that we're doing that unfortunately we really can't talk about in a public session. I'd be happy to brief individual members or if you wanted to have a session, a closed session, to talk about this particular issue I'd be happy to participate in that also.

Council President Leventhal,
Did you received the e-mail I sent you regarding this business?

David Edgerly,
I did. I did.

Council President Leventhal,
The information you'd asked for? Mr. Knapp.

Councilmember Knapp,
Thank you, Mr. President. I appreciate the comments and remarks of Mr. Perez. We have had a lot of conversation about redevelopment. We have a situation that's getting worse in Germantown that is directly attributable to the County. We have a library that was supposed to have been done a year ago and restaurants that have gone in across the street with an expectation that 100,000 people, at least, would be moving into the library. And, in fact, at this point we don't even have any time line as to when the library will be open. And so you have restaurants that are there and struggling. And some are doing okay, but they can all point to many of the same issues that we're talking about here. And so my question to you is would it be -- given the way that this fund is structured -- is would those restaurants even be eligible to come in your door to have a conversation?

David Edgerly,
Under the way the regulations read now I don't think so because they were -- I don't know. We will have to take a look at it, perhaps they would. Generally you have to show a history and most restaurants or most businesses that are affected give us historical data. Since they are new it's kind of hard to do. But certainly they were in anticipation of the library being there. That's one of the things that's unique about this particular appropriation, it's flexible. To that extent it's confusing. Flexibility doesn't always mean clarity. We do it on a case-by-case basis and we could look at any request that would come in from anybody that's the proximate to a County project. The caution is, as was just pointed out, it's a very limited resource.

Councilmember Knapp,

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No, I am very supportive of the additional $50,000, but I'm sure we could find any number of ways to spend it.

David Edgerly,
It's still a limited resource.

Councilmember Knapp,
But the reality is until we can quite honestly get some measure of accountability in some things, we can languish for a long time. And at least by forcing us to make some restitution or provide set of resources to those places where we have been in error, at least raises the question and increases the level of visibility in issues the way they may not have been raised otherwise. I'd want to encourage your Department and reach out to those businesses located in the Germantown Town Center, which are struggling at a time when we were hoping to catch some momentum and hope that they will flourish. And the reality is that probably for at least the next year they will continue to limp along.

Council President Leventhal,
Okay, there is a motion before the Council made by Mr. Perez and seconded by Ms. Praisner to add $50,000 to the fund for grants to small businesses impacted by the County's revitalization projects. Did I understand, Mr. Perez, that you are modifying the motion to incorporate the two suggestions made by Mr. Edgerly regarding limits on the amounts to be made and also the requirements for how grants could be made?

David Edgerly,
It was a budget action when it was done, it's not regulation.

Councilmember Perez,
We did it all in connection with the budget, we didn't pass a resolution, we didn't pass...

Councilmember Praisner,
I wasn't sure what regulations...

Councilmember Perez,
I have no objection to doing that, with the caveat that I mentioned in terms of triaging.

Council President Leventhal,
Is there objection to including those funds on the Reconciliation List? Ms. Praisner wanted to speak.

Councilmember Praisner,
I don't object. I think the problem is one entity could absorb the whole amount and I think Mr. Perez's triaging... I think, much as we get the Economic Development Fund report, we should be getting a report with some accountability associated with it. What specific measures were provided, what was the problem, and what specific measures,

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what information was provided, and what has been the outcome? That kind of thing is necessary since we have that kind of investment.

Council President Leventhal,
Okay, hearing no objection the item is added to the Reconciliation List and the conditions are proposed to be changed. If I'm understanding this narrative correctly in the remaining weeks before the end of Fiscal '06 you still have $40,000 in the fund appropriated for '06.

Peter Bang,
Yes, about $40,000.

Council President Leventhal,
Very good. So any business that's in urgent need of relief need not wait until July 1.

Multiple Speakers,
No. Correct. That's correct.

Council President Leventhal,
Excellent, and that concludes the discussion of the Economic Development Fund. Thank you, the Economic Development Fund is approved by the Council. We now turn to the Department of Health and Human Services. And let me announce now, I think, that the Merit System Protection Board, the Office of Legislative Oversight, and the County Council Office will be put over until first thing tomorrow morning. Will Director Colvin and anyone else from her team that she needs please come forward? I will work through this as quickly as I reasonably can. We have a budget for the Department of Health and Human Services of $237.8 million, 1,501.6 work years. This is an increase of 8.3% over the approved FY '06 budget of $219.6 million. The Committee worked very intensively on this budget. There is no corner of it that was left uninvestigated and we're going to work through as promptly and rapidly as we can. On administration for the Department, generally we agreed to the County Executive's recommendations with an addition of $473,210 -- I'm sorry, no, these were the County Executive's recommendations. We added permanent supported housing for homeless individuals and families, $500,000 for a deep subsidy program for 55 homeless individuals and families. This is added to the Reconciliation List. We also recommended an inflationary adjustment for non-profit service providers, $200,000 addition in two $100,000 increments This would only providing for an additional 1% inflation adjustment, but that was as much as the Committee wanted to add to the Reconciliation List. For Community Service Grants, the Executive recommended a total of $524,090. These are merit-reviewed, panel-reviewed grant application in Tiers One and Two. The Committee said that if we had the money we might seek to fund the grants in Tier Three, these are listed on page six, for those of you who want to go over them. And that is it for Administration. There are -- apparently there is a question. Ms. Praisner.

Councilmember Praisner,

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Yeah, I had a couple of questions. I am very frustrated by the fact that the Council put in additional money to -- this year to help with technical support to bring the systems up to some kind of integrated system. And again this year the Executive has put no financial support in at all. So that what we're doing is taking half a step forward in mid-year when the Council looks at this issue and then almost backpedaling for the next year. If we -- and I think this is absolutely incredible given the fact that the I.G. just commented that the outcome measures and performance measure documents are inadequate because they are guesstimates of people served because we don't have good information. And if we're going to continue to try to say we want to serve families it seems to me we're not really knowing if we're serving the families in multiple ways unless we can integrate our technology systems. It flabbergasts me that here we are again with another year, where infrastructure is taking a backseat. And when I recommended the one-time-only money I was told, "Don't worry, these things will be taken care of in the '07 budget." And I am glad we pushed it for HHS, because there is nothing in the '07 budget. I'd like to know what the next increment in technical support needed, such that we can build on what we did in '06. And I'd like to get that information such that we can put in on the Reconciliation List. The other question I have is on LAPSE. Where, again, it seems to me there are certain places where the dollar amounts for LAPSE -- I'll just make that note -- the dollar amounts for LAPSE are the same dollar amounts for personnel costs in this year as they are last year, and the salaries obviously have increased. I guess it's a piece of the conversation MFP will continue to have with OMB outside of the budget discussion, so we can look at this in a comprehensive way. But technology or whatever, or financial systems or whatever, at some point we have to get handle on these things. I don't know how much the money is that we're not tracking appropriately, but it could be a little, it could be a lot. And we continue to have this problem. Before you move to Children, Youth, and Families, the question that Joan raised in the packet relative to the potential overlap of the housing initiative, that's Special Needs Housing initiatives and the Councilmembers' Housing Initiative, I'm not sure, how do we make sure that there are outcome measures and whenever regulations need to be in place for the Executive's proposal? And how will we coordinate this if the Council funds some of the Reconciliation List requests as far as the Deep Subsidy For the Homeless? Will the Committee come back to this at some point?

Council President Leventhal,
We will.

Councilmember Praisner,
'Cause the Executive's proposal and the Councilmembers' proposal appears to have some potential for duplication and overlap if we don't get it right.

Council President Leventhal,
We discussed that in Committee, Ms. Praisner. The additional $500,000 is solely for the purpose of addressing the needs of formerly homeless people. The County Executive's initiative would apply to homeless and any other special needs person. The expectation is that the additional funds proposed by myself and Mr. Silverman are additional, above

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and beyond what the County Executive is proposing. The programs are similar, but there is a vast pool of people who could potentially benefit, and even with the additional half-million dollars we're nowhere near meeting the need. So I'm not concerned that we will be serving the same people twice or that overlap will exist. There is a slight difference again in so far as developmentally disabled, needy elderly would also be eligible for the County Executive's initiative, would not be eligible for the additional $500,000. Those would only apply to those who are homeless.

Councilmember Praisner,
I appreciate that and as I read the packet I think I understood that, but my problem is making sure that when we evaluate and report the effectiveness that we're clear about families who, in some cases, tend not to meet discreet individual characterizations but have across-the-board, could meet multiple niches, it seems to me.

Council President Leventhal,
And I can assure Ms. Praisner that the Committee will return to the issue of homelessness and special needs housing. Essie, did you want to...

Essie McGuire,
Just to add on that the Committee did discuss that when the regulations come back the Executive does intend to promulgate regulations for that program. And the Committee did discuss that at that time they would look into how the two programs could be operated more consistently together in the future, Ms. Praisner, along the lines you were discussing.

Council President Leventhal,
Right, we anticipated the question. Mr. Knapp.

Councilmember Knapp,
Thank you, Mr. President. A quick question before we jump into the rest of this budget. I know that there is a new strategic plan that the Department adopted earlier this year -- or late last year. My question is as you formulated this budget using the new strategic plan, what did you do differently? How did that help guide this process in a way they that improved it, I hope? And how did that change your outcomes and performance measures now that you had more strategic plans to put them in alignment with? Push it down. Other way. Push it again.

Carolyn Colvin,
The strategic plan had not been fully completed in time to integrate the budget for FY '07 into that. And so the FY '08 budget will be the first budget that really will be built on the strategic plan. However, the next step, now that the strategic plan has been developed, is to modify some of our performance measures. So that's something we're going through for the first year. So we have already indicated that we expect that some of the performance measures will be different than the performance measures are in Montgomery Measures Up, because a lot of those performance measures were

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outcome -- I mean were process outputs, as opposed to outcomes. So that each service area has been working on identifying their very specific outcomes that will be related to each of the goals that are in their service areas. So this year I cannot say that the budget was really developed in coordination with the strategic plan.

Councilmember Knapp,
That's something for us to look forward to?

Carolyn Colvin,
We will be releasing the strategic plan momentarily, and then you will have -- and I think the Council President asked that at some time during the year, we come back and talk about performance measures that we're developing. I don't know if you want to add to that, Essie?

Essie McGuire,
No, just that the Committee did discuss coming back to that during the summer or fall.

Councilmember Knapp,
So the big challenge is to hope that the strategic plan that the Department has focused on somehow falls in alignment with whoever is the next County Executive. So that we don't end up in a situation where we've taken all this time, we've turned the boat around, we're now going down this road with the strategic plan, and someone comes in and takes a different direction.

Carolyn Colvin,
I don't think that you'll see a major different direction because we had the entire community involved in the process. We had representation from the Council, from the stakeholders, you know, the consumers, as well as the advocates. And I think that -- I would expect that whoever the County Executive will be looking at what the community has demonstrated as the priorities in this area. There may be some modification, but I don't think you'll see a total change. And one of the things we're pleased to note that occurred was that many of the things we were already doing in the Department fell in line with what the community and the consumers thought we should be doing. We had just never formalized it and had that input. So there were eight major goals that have been developed as a result of the Strategic Planning process.

Councilmember Knapp,
I will be honest with your final point, that's one of the things actually that concerned me the most about the plan is the fact that we have a strategic plan, usually it's to refine and focus thinking. And when everything you're already doing falls into the refinement of a strategic plan I find that disconcerting. Because usually you are trying to refine your mission and the fact everything fell into the refinement of that mission...

Carolyn Colvin,

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Well, no, everything did not fall in. In fact there were a number of things that staff and consumers would like to have seen go in that did not go in. We really narrowed it down to eight very specific primary goals. And in fact there was a lot of discussion around two of the goals that we had because individuals raised why we were focusing on them as primary goals. And what we said was they were critical to moving our consumers to self-sufficiency. And we would not be the lead on them, but we would be very much involved in making certain they happen. One was employment and the other was housing if you recall. And that was because affordable housing or special needs housing was a big issue for us as we attempted to move individuals toward self-sufficiency, as was employment. And I don't believe the Department had adequately focused on those two in the past. And then, of course, the other things, like safety and well-being of our youth, our health, et cetera, there is no way as a Department we could move away from those. So I think when you look at that, you will see there really is a refinement and greater focus. And then the next step will be really looking at the outcomes that we need to be focusing on as we move forward and not really measure how many clients we're seeing, which really doesn't indicate what the outcomes are going to be for us.

Councilmember Knapp,
Right, I look forward to seeing how that formulates over -- in the coming months. Thank you.

Council President Leventhal,
The next service area is Children, Youth, and Families. The Executive recommended $59.6 million for this service area, 438.6 work years. We're not currently experiencing any waiting lists in the Working Parents Assistant Program, neither is the state's Purchase of Care Program experiencing a waiting list at the present time for Montgomery County families. So we're happy to provide the level of childcare subsidies recommended by the County Executive. And with respect to the Center For Adoption Support and Education the total recommended would be $200,000 to annualize therapeutic services provided by this contractor to 60 children involved with Child Welfare who have been adopted. The organization is asking for additional funds for children who are just adopted who may not have been the subject of -- who may not have worked with Child Welfare. And that's going through the Council's grant process. We added to the Reconciliation List $56,000 to reinstate Continuing Education scholarships for approximately 100 childcare providers. We added a substantial amount of funding for the Child Assessment Center, now called the Treehouse, which in other counties is a function of County government. In our county we have this somewhat arm's-length relationship, but we're providing a big chunk of its budget. We recommended that the Treehouse add $83,450 to increase physician time to full-time. We also added to the Reconciliation List the Treehouse's request for $20,500 for a colposcope to assess damage done -- physical damage to victims of abuse, and $15,620 to increase the Family Advocate to full time, and $26,250 for Administrative costs. These are on the Reconciliation List. For Child Welfare, we continue to have social workers who are overburdened and stretched very thin. We understand that adding five Community Service Aides, each in an increment of $43,900 to pay for the

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Community Service Aide and a car, because they need to get around the county to assist in keeping track of these challenged families and children. We also recommended adding to the Reconciliation List $25,740 for a part-time position to focus on recruitment and retention of staff for Child Welfare Services. Any questions on Children, Youth, and Families? Ms. Praisner.

Councilmember Praisner,
Is the High School Wellness Center a part of this area?

Unidentified Speaker,
It's the next page.

Councilmember Praisner,
The next section? Okay. And the grants requests you're going to do at one time then? The SHARP Street and those are in the next -- with Linkages in that area? Okay.

Council President Leventhal,
Okay, we have a number of programs for which we share jurisdiction with the Education Committee. These include Linkages To Learning, High School Wellness Centers. Let me start with those. We supported the Executive's recommendation on Linkages To Learning, we acted on these jointly with the Chairman Subin and the Education Committee. $508,870 for two new Linkages to Learning sites in FY '07. Some of these funds we believe can be paid for out of our Capital Budget and we recommended $80,000 be included in the Capital Budget rather than the in the Operating Budget for Linkages to Learning. For the High School Wellness Centers the County Executive proposes $131,670 to fund a High School Wellness Center as part of the Gang Prevention Initiative. We've had a number of conversations with the School System and with HHS as to where this facility will be sited. We will continue to monitor that closely. Essie, I don't think we've found a solution of that as to today's date, but we're still working on it.

Essie McGuire,
But you did add money for Feasibility and Planning to the CIP.

Council President Leventhal,
Thank you. We added $240,000 in capital funds, G.O. Bonds, for a feasibility study and planning of a High School Wellness Center. Regarding the George B. Thomas, Senior, Learning Academy, there is funding in the base budget of $445,915. The Executive has recommended a $200,000 grant for a total funding of $640,915. The organization can do more with more funds and they have requested even more funds. We will discuss that as part of the grant process. Ms. Praisner.

Councilmember Praisner,
Just a technicality, I thought feasibility studies were done with Current Revenue, not with bonds. I don't think you can do a feasibility study with bonds. It has to be Current

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Revenue. That piece. You can do the design pieces but you can't do a feasibility study with bonds.

Essie McGuire,
We can make that adjustment.

Councilmember Praisner,
You can check with Glenn, but I believe that's true.

Essie McGuire,
We will make that adjustment.

Council President Leventhal,
Also on the Reconciliation List, we proposed $500,000 in five-$100,000 increments to assist in meeting the workload on school health room technicians as a result of expanding all-day kindergarten throughout the county. We also suggested on the Reconciliation List an item strongly supported by Mr. Knapp for a new SHARP Suspension Program site at Watkins Mill High School and an additional $540,000 on the Reconciliation List to strengthen the existing SHARP Suspension Program at the six sites where it currently operates. In this service area on the Capital Budget we added $80,000 in G.O. Bonds to the school-based Health Center Projects for capital renovations at Connecticut Park Elementary School. That's the $80,000 transfer from the Operating Budget I referred to earlier. we added $285,000 in G.O. Bonds to the PDF for school-based health centers for capital renovations to Downcounty Consortium Elementary School Number 28. We added $240,000 in G.O. Bonds already referred to for the feasibility study for another High School Wellness Center, and we changed the name of this PDF. Ms. Praisner.

Councilmember Praisner,
I vaguely remember -- I don't have any problem with SHARP Street Program expansion. And I definitely think they need more money at the existing services, but I thought the Watkins Mill High School students were already served by a SHARP Street Center. So if -- I don't think this one is at the school, it's at a church. And it occurred to me I don't think I have a list. Maybe it's in the packet and I missed it -- of all of the SHARP Street Centers, where they're physically located and what high schools they serve, because I thought Watkins Mill students were now going to the one that serves Watkins Mill, Seneca, Northwest, et cetera. I don't have any problem with relocating it, but is it going to be exclusively for Watkins Mill students then? How many do we have where there's an exclusive school?

Council President Leventhal,
Introduce yourself, Kate, when you press the microphone.

Kate Garvey,

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I'm Kate Garvey from Health and Human Services. We have not gotten into the detail of exactly the service area. Mr. Knapp has presented it as really wanting to have a focus on that school. And I'm not sure because that's not -- we've had typically a broader approach.

Councilmember Praisner,
Right, it's been more than one school, except maybe the Gaithersburg -- I'm not sure. I think it would be helpful if community people asked me, which they often do, because everybody is so fond of the SHARP Street program. And I think that we need to put additional support in. I think we've been doing it as minimally as possible and we need to put more support in, but it would seem to me that I could use -- and I don't know if others could -- a list of the locations and the high schools that they serve and the numbers of students coming from those schools. Recognizing that somebody isn't permanently assigned there, but in general if you are having a mix of schools, where's the predominant population coming from? And the other piece, many of these centers I believe have significant in-kind support that comes both from the host location, but also from the businesses, in some cases like City of Gaithersburg does tremendous help with one near them in their community. So I think it would be important for us to have a comprehensive list...

Kate Garvey,
Sure, we could get that to you by tomorrow.

Councilmember Praisner,
...to help people with where we may want to go with this in the future. Thank you.

Council President Leventhal,
The next service area is Aging and Disability Services. The Executive recommended $35.4 million and 170.4 work years. We supported the Executive's recommendations for $1,170,960 for Respite Care Services. We supported the Executive's recommendation for the supplement to nonprofit organizations serving adults with developmental disabilities. This is an increase of $425,000 for a total of $7,394,000. For the Senior Health Insurance Program, the Executive added funds that prior had been treated as a separate community grant, added those to the base for a total of $166,556. We added to the Reconciliation List quite a few items in this area for home care. Each increment of $80,000 would add five individuals to the number of people that can receive home care. These are our most frail and unable to help themselves and most needy elderly, so two increments of $80,000 on the Reconciliation List for home care. For support of employment we suggested $50,000 on the Reconciliation List to provide additional support of employment to people with disabilities. For Transportation Services we suggested two increments each of $90,000 to provide additional transportation for seniors who wish to attend activities at community centers. And then $10,000 was not added to the Reconciliation List. Rather, it was restored to the budget as a result of a bookkeeping error. This would maintain in the base -- and we understand it was

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intended to be maintained in the base -- the Friendly Visitor Program operated by the Mental Health Association. Mr. Silverman?

Councilmember Silverman,
Yes, just on that -- no, I'm not going to add any money. Just on that can we make sure on that and the other, the hotline, that there is some notation on the Reconciliation List so that when we're looking through a Reconciliation List -- which some people have characterized as perhaps as big as the budget itself -- that this will be noted that this was an oversight and can be treated as Councilmembers want to but at least there is some notation on that. Would that be possible?

Council President Leventhal,
We will ask staff to communicate that.

Councilmember Silverman,
Thank you.

Council President Leventhal,
And then with respect to the Senior Strategic Plan we recommend -- the Committee recommended level funding, the same amount as last year, $75,000. This is less than the County Executive recommended. There seem to be questions. Mr. Andrews?

Councilmember Andrews,
Thank you, Mr. President. This may be covered already, perhaps it's in a different part of the budget and I missed it, but in public hearings the Commission on Aging testified about the need for a lot of basic maintenance at senior centers, peeling paint, crumbling tiles and ceilings, and so on. Where would that be funded in the budget? Is that DPWT?

Councilmember Floreen,
We did that.

Councilmember Andrews,
We did that? Okay.

Councilmember Floreen,
We had that on the spreadsheet of facilities to be supported, spread out between Rec and DPWT and Libraries.

Councilmember Andrews,
Okay, good. Thank you.

Council President Leventhal,
Mr. Knapp.

Councilmember Knapp,

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I was curious about the status of the Senior Strategic Plan. I know that we got part of the money out there. I just have never heard an update.

Council President Leventhal,
Let me state on that, that as with many other strategic plans we have heard described, for example a $25,000 strategic plan for the Arts and Humanities that we placed on the Reconciliation List, a $12,000 survey of the Status of Women, that the Commission of Women is about to bring in, we've added $4,000 to their budget for additional printing, so that will come in at a whopping $16,000. One year ago when the Committee recommended and the Council appropriated $75,000 for the strategic plan, we actually thought that we would get a strategic plan. It turned out that was only the first down payment on the strategic plan. So, Dr. Kenney, perhaps you could fill us in on the status of what we got for our $75,000 and why we need an additional similar amount?

Dr. John Kenney,
Yes, thank you. The $75,000 that was put into this year's budget -- when we received -- the request was for $200,000 -- when we received the $75,000 -- I thought it was clear that we appreciated that and said we would do what we can with $75,000. There was no thought in our minds that we could be able to accomplish with $75,000 what our proposal for $200,000 was intended to accomplish. So we went back and we consulted with our key advisers, the Commission on Aging primarily, but also the [INAUDIBLE] representatives who had been very strong advocates for this, as you will recall, and started to say, "What can we do at $75,000?" And so what we are doing with that's we divided up the work that our own staff could do, and that largely focuses on the quantitative statistical aspect of that, the hard data in partnership with Park and Planning and also with our own Department of Technology Services for the GIS mapping aspect of that. And we're pulling together the best data that we have available through, again, Park and Planning, our own national data, doing extrapolating, but really trying to tie it down to our own specific information so it's accurate. We have done that part of it, the quantitative for both current needs as we can best ferret them out as well as projecting into the future where we see seniors moving into the future according to the current trends that we have, the census data, and so forth. That presentation has been given to the Commission on Aging, also to a community group, specifically to the Rockville City Strategic Planning Group that we've been partnering with so we can be sort of hand and glove on our efforts there. The other aspect of it, and here's where the $75,000 is being expended, we have contracted with Towson University with the Center for Productive Aging to really conduct the more qualitative analysis of that, specifically to conduct focus groups and larger, sort of quasi town hall meetings, if you will, to really pull all of our -- as many of our partners as we can. It also will be comprised of an online survey that will be primarily provider-based at this point. And, again, trying to hear from our community what their needs, preferences, desires, perceptions are of what we do well or don't do well and what we have sufficient amount of or quality of, and what we don't, and need to get their reading on that. At the result of that the report will be -- also included in that is a comprehensive review of best practices -- And, again, with the staff of the Center for Productive Aging, they will be the lead on that; the advisory group,

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which is about a 30- to 35-person advisory group, which we will have a list of if you haven't seen that already; the Council, we've asked President Leventhal to, himself or a designee, to be part of that effort; the faith community, our racial, cultural, ethnic, minority communities, business sector, caretakers, advocates, consumers, et cetera, comprise that committee to advise the Towson University on the next sort of seven-month process, as we see it. So we will get the report in a larger event that shares the results of their study.

Councilmember Knapp,
Okay, so you've got the $75,000, so you've done those things. You get this additional money and this gets you to what?

Dr. John Kenney,
Okay, if we're referring to this I guess it's fees.

Council President Leventhal,
I'd like to clarify did everything you say come under the '06 appropriation of $75,000 or is that the whole scope of the project beyond the 75?

Dr. John Kenney,
That's under the '06 appropriation of $75,000. I believe the actual contract was roughly 69 or 71 and change, I believe, with Towson University.

Councilmember Knapp,
So that sets the foundation, if I hear you right, I hope. So then with the additional $75,000 you...

Dr. John Kenney,
The additional $75,000, we will -- and again, the proposal from the Executive was a recommendation for $125,000 as we scoped it out. We will, to the best of our ability try to accomplish that with $75,000. And what that is will be a randomized scientific survey of our community in terms of looking at the households, based on the composition of seniors we know that one in every five houses -- homes has a senior in it. We will survey that randomly, statistically, on a host of areas: health, mental health, transportation needs, prescription drugs, financial security, nutritional security, wellness, well-being, civic engagement, well try to tap into both the, if you will, the downside of aging in terms of where there are functional needs and gaps as well as the vital aging aspect of that since many of our seniors are looking to be contributing members of our community, and try to look at that aspect of it also. That one general survey we estimate that that will cost us approximately $10,000 for that complete survey. Another aspect of that, because our studies in the past have fallen short in terms of tapping into our cultural and our LEP populations, limited English proficient populations. From the beginning, a clear intent was to oversample the LEP populations to make sure we hear from those groups in terms of what perhaps their specific needs are. So two randomized surveys of our community. And then with the results of that we envision really what

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would be the solutions group actually, all of this is a needs assessment and a gap analysis, if you will. But the second part and most of the funds were to be used to really tackle those issues by a series of smaller contracts but with multiple entities looking at content specific information such as transportation, housing, perhaps healthcare, wellness, and those areas concurrently carrying out that action and solution-focused group.

Councilmember Knapp,
Do you have an outline that lays out kind of all your actions and activities, or how the pieces fit together?

Dr. John Kenney,
Yes, we do. We spelled this out in a document.

Councilmember Knapp,
I'd love to get a copy. This is critically important. We do lots of strategic plans as the Council President has talked to. I'm not sure we've implemented well and we spent a lot of time on the strategic plan part and then the actual putting out and assessing, that's the hard part. It's one thing to do the strategic plan and that identifies the issues and sometimes that's good in and of itself because it raises the level of awareness. But then to move into the actual implementation phase, I'm curious to see what the outline is and how you plan to come together. And so with this -- be it the 75 or 125, however we get it there -- would you -- when would you anticipate having the complete document?

Dr. John Kenney,
Our time frame would be to complete the surveys of the community both by general population and oversampling the LEP population, that would be accomplished by roughly September, and then the solutions-oriented groups would run from September through January of 2007. So that by this time next year we would come back with the results of those groups.

Councilmember Knapp,
You have a plan?

Dr. John Kenney,
Yes.

Councilmember Knapp,
Okay, thank you.

Council President Leventhal,
Ms. Floreen.

Councilmember Floreen,

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On that subject, I wanted to go further than just talk about it. Jay, this plan started out at what number a couple years ago? Was it a much larger number?

Dr. John Kenney,
I believe the recommendation last year was $200,000.

Council President Leventhal,
The original recommendation from the Commission on Aging was $500,000.

Councilmember Floreen,
Yeah, it was lot larger.

Dr. John Kenney,
Certainly, it was.

Councilmember Floreen,
And it was reduced to 75?

Dr. John Kenney,
Correct.

Councilmember Floreen,
Now we're reducing the second -- well, the proposal is to keep it at 75 again this year?

Council President Leventhal,
That's the Committee's recommendation.

Councilmember Floreen,
You know, this is I think an important kind of plan because this is the -- I continue to be moved by the...

[MUSIC]

Councilmember Floreen,
The music!

Councilmember Silverman,
Sorry.

Councilmember Floreen,
The vision of the tsunami that was brought to our focus -- attention a couple years ago. And I think it's a mistake we cannot fund this more completely. We're just going to keep on doing this in pieces, in dribs and drabs, until we get it right. And by the time the money -- proper amount of money is allocated we will have to do it all over again at the

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rate we're going. I'm going to move that we add the proposed $50,000 at least to the Reconciliation List, so it can be part of the Budget Reconciliation List process.

Councilmember Praisner,
I'm going to second that, but then I have some comments.

Council President Leventhal,
Ms. Praisner.

Councilmember Praisner,
I think it may need a little more money but -- and that's why I seconded did it because I think Council may want further information. Quite honestly I don't think we're going about this in the right way. I think this is an issue of surveying -- surveying is the least important of this issue. Assessing the population and the level of needs and then projecting that population needs based on our previous population and current population and also looking at the geography of that population and what is the government level of service that you can expect, rather than asking people what they want is basically more important, in my view.

Councilmember Floreen,
INAUDIBLE]

Councilmember Praisner,
I worry about bringing lots of folks in for expectations and trying to manage those expectations as opposed to doing a real democratic assessment and also --- if I can go back to my pet subject -- analyzing the data you should have in HHS of whom you are serving now. The extent to which nonprofits or others are serving the senior population, and what their economics look like and what their geography looks like. And what the projected increase in that population looks like and what assumptions you make based on current population from the standpoint of as we get a larger, older population, what are those needs like, as opposed to a more active senior population. And trying to make some judgments about what we know nationally and otherwise. And then I'd bring the focus group in to validate the information and double-check it. But not to have all whole series of meetings that focus groups asking people they want. Because we have to know first of all what they are and what we do for what we do do now, in order to make some judgments about where we need to go. You've fold that into an assessment of what is government's role. And what-- maybe a partnership with nonprofits and if it's an employment piece that needs to engage folks who are not part of Health and Human Services. If it's a transportation piece that's not necessarily a function of Health and Human Services. So it engages other departments of government, nonprofits, et cetera, not necessarily asking the community to tell you all of the things they would like to do because we have had that already. We have got that. That's what the Commission on Aging is for, that's what [INAUDIBLE], that's what all of the folks who have been talking to us have already said. I seconded Ms. Floreen's motion because I'm not sure whether $75,000 will get you what I think we need to do, which is to have a comprehensive

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assessment. COG did this all the time with demographic information and making some projections. We can use our GIS system and a variety of services and a variety of information. We can use census data from Park and Planning and make some projections. I don't know whether $75,000 is enough or not, that's why I seconded the motion. But I don't particularly want to spend money on something that isn't going to get us at the end of this year with the kind of information we need to know what the gaps are. We already have had all of the discussion about senior housing. But we also heard from Sally Roman, when she worked for us, that there are no gaps in certain categories of senior housing. So tying that together from a housing perspective, from a health perspective, from a transportation, all of those elements, recreation. That's where we need to focus not on the conversational kind of thing this. I think it can be done more aggressively and be completed and I don't know whether 75 is enough to finish it. I think to some extent Mr. Knapp's questions were we need to move on and not take so long to keep massaging this activity. Whether $50,000 more is necessarily or whether I'm suggesting can be done within the $75,000, I don't have a sense. And I was hoping before we get finished Reconciliation that somebody could review that issue with at least this Councilmember's sense of where she would like to see us go with this.

Councilmember Floreen,
If I may chime in we could ask the department to bring us back what elements on these dollars would fund.

David Edgerly,
Yes, we have to do that in response to Mr. Knapp's request as well as Ms. Praisner's.

Councilmember Floreen,
If you could do it like really...

David Edgerly,
Yeah, today.

Council President Leventhal,
Those in favor of adding -- I will tell you the Committee spent a great deal of time talking about this matter. Those in favor of adding an additional $50,000 to the Reconciliation List will signify by raising their hands. It is Mr. Andrews, Mrs. Praisner, and Ms. Floreen and Mr. Denis. Those opposed are myself... On Public Health Services -- Ms. Praisner has another question.

Councilmember Praisner,
I have another motion. I wanted to move $32,000 to serve respite care. We still have folks on the waiting list. I know it isn't the total need but that would get us 20 more families would get served for the year with respite care. I'd like to make that motion.

Council President Leventhal,

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I will just state the Committee added $3.5 million to the HHS budget on the Reconciliation List. Of course, we won't be able to fund all of these things. In looking at Senior Services we made the judgment that home care and chore services were -- although it's not an easy choice to make -- that they were the most vital serving the most needy and that we probably wouldn't be able to fund those. It's not out of lack of love for our seniors that we did not fund every last possible addition that could have been made. I know that Councilmembers are eager to show that we all love seniors, and we all do. And this Committee added a number of items already to the Reconciliation List that we won't be able to fund. Having said that, is there objection to the motion made by Ms. Praisner and seconded by Ms. Floreen? Since there's no objection we will add the respite services as proposed by Ms. Praisner. Did you have something else, Ms. Praisner?

Councilmember Praisner,
No, I just wanted to comment. Having lived with a father with Parkinson's Disease from the time I was 10 years old, respite care is not exclusively a senior issue. I think it's important for us to note that.

Council President Leventhal,
We all supported it. We won't be able to pay for everything we'd like to do.

Essie McGuire,
Mr. Leventhal, I think we need five members here in order to do that.

Council President Leventhal,
Well, without objection, can we -- since there was no objection there was no need for a recorded vote. Steve, do you support adding money? Should we add money? Spend more. Silverman votes yes. Spend more.

Councilmember Silverman,
It's all about the kids. No, no. It's all about the seniors.

Council President Leventhal,
We are on seniors now.

Councilmember Silverman,
When it isn't about the kids it's about the seniors.

Council President Leventhal,
For Public Health Services the Committee agreed with the Executive's recommendation of $64.4 million, at 493.6 work years, with a few additions to the Reconciliation List. We agreed with the Executive's suggestion of $570,000 as an increase to the FY '06 base for medical and dental services for children through Care for Kids, who are no longer covered by state medical assistance. This is consistent with the special appropriation passed a few months ago. We also are delighted that the County Executive has agreed

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to double the funding for the Montgomery Cares Program, bringing it to a total of just under $10 million in FY '07. And the preliminary budget can be found here for those who have questions about it. For the Minority Health Initiatives we provide -- the County Executive proposed and the Committee agreed to provide increases for all three as described on page six. For the Maternity Partnership Program we really need to have a near-term discussion about this after budget. It's urgent that other providers participate in this program and Holy Cross Hospital alone cannot bear the burden and will soon get out of serving some of the moms who it has been -- expectant moms that it has been serving. We have any emergency in the near-term facing the this with respect to Maternity Partnership Program. The County Executive is proposing $153,540 for two new Health Inspectors to comply with mandated inspections. We are proposing that of the nearly $10 million in the Montgomery Cares Program, $500,000 go towards providing healthcare for homeless people as requested by the Montgomery County Coalition For the Homeless. That's included in the funding for Montgomery Cares and the Department has accommodated that in its plan. There were two grant proposals we looked at as part of the Montgomery Care's Program. And we concurred with the suggestion for $65,000 for operating program expansion for MobileMed, and the department says it can accommodate that amount in the Montgomery Cares Program. An additional $50,000 for a capital request was not placed on the Reconciliation List at this time. We did add -- we have two proposals for dental services after Montgomery Volunteer Dental Clinic closes in June. The first option is $196,620 for dental care for poor people, four days a week to 750 clients. The second option is $292,580 for basic dental care for five days a week to 750 clients. We propose to add to the Reconciliation List an increase in stipends for health promoters within all three health initiatives totaling $110,000. We propose two increments of $55,000 each. And the single addition to the Reconciliation List for the Minority Health Initiatives we suggested was $98,000 to develop a strategic plan for the Asian-American Health Initiative. In the Behavioral Health and Crisis Services service area the Committee concurred with the Executive's recommendation of $53.6 million and 262.8 work years. We generally approved the County Executive's recommendations outlined on page eight. We added to the Reconciliation List, $310,000 for startup costs associated with a Sobering Center For Public Inebriates. This funding level assumes we would actually begin operations of the Sobering Center in January of 2007. We also made a correction. There were two Mental Health Association items that fell out of the base budget that were supposed to be included. The first we referred earlier was the $10,000 for the Friendly Visitor Program. This is the $35,000 for the hotline. This was supposed to be in the budget and it was just an error that it was not included, so we put it back in the budget. We are looking forward to additional information about the Assertive Community Treatment Team and the Mobile Crisis Team. Do we have that?

Essie McGuire,
We do; it's attached immediately following this on pages 10 and 11 of your packet as requested by the Committee. What the Committee requested was an outline from the Department of the costs necessary to expand both of those services. The dollars are

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summarized for you here on page nine and the backup information is on pages 10 and 11.

Council President Leventhal,
Okay, of course, we would like to expand all programs if we could. There are no motions or comments on this matter. That concludes that the Department of Health and Human Services.

Councilmember Silverman,
[INAUDIBLE]

Council President Leventhal,
What? Mr. Silverman might want to spend more money. Hold on.

Councilmember Silverman,
No! I just want to clarify, we put this money in, didn't we? Didn't the Committee support this?

Essie McGuire,
No, the Committee requested more information. We're bringing it back now. The Committee did not discuss it.

Councilmember Silverman,
Oh, well, then!

Unidentified Speaker,
Now he wants to discuss it!

Council President Leventhal,
Here we go!

Councilmember Silverman,
Sure. Well, first of all, the Assertive Community Treatment, ACT, Team, if I understand correctly, the net cost to the County is less -- just a shade under $12,000.

Council President Leventhal,
Okay, if you want to move it...

Councilmember Silverman,
I was going to move that.

Council President Leventhal,
Okay, so Mr. Silverman moves the Assertive Community Treatment Team for an increase for $137,510. It has been moved and seconded. Is there objection? Hearing no objection, it is added to the Reconciliation List. Is that it?

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Councilmember Silverman,
No.

Council President Leventhal,
Go ahead.

Councilmember Silverman,
The second piece is the Mobile Crisis Team. For the life of me I have yet to understand why we have 16-hour per day staffing for the Mobile Crisis Team. The time period, which is basically the midnight to 8:00 shift, Essie, is not covered. Who are you going to call? The people that are not, with all due respect...

Council President Leventhal,
Steve, is there a motion coming? Nobody's opposed. We've gotta get to the Schools budget.

Councilmember Silverman,
Okay, I'm moving it. I'm moving the LAPSED .80.

Council President Leventhal,
So that would be an increase of $199,770. Is there a second?

Councilmember Subin,
Yes.

Council President Leventhal,
Mr. Subin seconds it. Is there an objection to it? It's added to the Reconciliation List. That concludes the budget for the Department of Health and Human Services. We now turn to the pension plan improvements requested by Montgomery County Public Schools. Chairman Subin.

Councilmember Subin,
Thank you, Mr. President. I think the school folks are on the fifth floor. Mr. Farber, has anybody told them to come up? [MURMURING]

Council President Leventhal,
I'll be right back.

Councilmember Praisner,
Sure, we need to gather [INAUDIBLE].

[BACKGROUND NOISES]

[NO AUDIO]

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[BACKGROUND NOISES]

Councilmember Silverman,
Marilyn, should we start?

Councilmember Praisner,
What? Yeah. I guess we could. Maybe by asking folks from the Board of Education and Superintendent to join us at the table. Let me check and see if all Board members are coming -- all Councilmembers are coming. Why don't you join us at the table? Mr. Subin, if you want to begin with an overview I'm sure folks will arrive.

Councilmember Subin,
Thank you, Madam President. The issue before us is a request by MCPS for $13.2 million to add to the pension system. This did come as the Mr. Farber noted late and after the budget submission, but couldn't have come earlier. It was the result of actions taken by the Legislature at the end of the session in April and was not signed by the Governor for several weeks afterwards. The request is for $13.2 million to add to the Trust Fund. The Legislature made some changes to state law regarding the pensions. Prior to this the pensions were set at 42% of salary, with an assumption of 30 years of service to the system. There was then on top of that a 3% supplement that brought the pension up to 45% assuming the 30 years of service. There was also multiplier set in there 1.4% for every year of service. The supplement brought it up a little bit to the 45%. That was for folks who were in the state system. The County then established a system for the SCIU and Administrative personnel who were not in the system and set it at the same rates of 42% with the assumption of a 3% supplemental. What the state did this year is then change that to 54% plus 3% percent for those at the state level, which left an inequity in the system for and those in the County system and not in the state system. The required supplement was then set at 3%, which brought the state folks, the teachers mainly, up to 57% and the County folks were left at 45%. The Committee recognized three issues we had to deal with. One was an internal equity issue, one was an external equity issue, and the other was and how to fund the Trust Fund. because once the Board establishes the rates, those rates are set by law. The only question before the Council at that point is do we or do we not fund the Board's request? Mr. Farber put out an additional memorandum on May 9th, which set out a lot of the numbers. There was no dispute at that point and so the Committee was able to go to the issues we identified. Mr. Farber did send out a memo this morning that nobody in the School System received until almost 3:00. But it's my belief that Mr. Gerling and Mr. Bowers are prepared to deal with the issues that were in there. The internal equity issue is $5.1 million of the $13.2 million request. The question there is simply do we leave internally, within the county, two separate groups of individuals, and one under the state system and one under the County system. The Committee voted 3-0 that we wanted to see the internal equity established for this level that would maintain the status quo on that issue from the prior levels. That would then bring the [MISSY] and [MCAST] folks who were not under the state system up to the 57% also. Again, using the same

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calculations, the 54% established by the state and 3% supplemental. To do that would constitute a $5.1 million expenditure of the $13.2. The external equity question came as a result of what really triggered the state's actions, which was how do we bring the level of pension for those in the county, theirs was from Maryland, up and get that to a higher level. The average across the nation is 60%. How they get there with core numbers and supplements and other figures will vary from state to state and sometimes jurisdiction to jurisdiction. So the calculations will vary widely. And, frankly, the Committee was not interested in going through an assortment of 50 different formulas, but everybody did agree the 60% of pension at retirement as an average was correct. The cost for that external equity jump is $8.1 million. That would again entail taking in the state pension system and those in the county who are not under the state system and maintain the internal equity for everybody. We did have been extended discussion on that and the bottom line really was an issue of recruitment and retention of individuals into this system. The fact that for various reasons we lose folks after the third year, which we fixed with a lot of training programs. And then somewhere along the line between six and ten, we start to lose individuals again because of the issues regarding pensions and folks who start to have families, who start to look ahead at their future, who then leave after we've trained them for so long. So from a recruitment and retention standpoint of f the Committee felt it was prudent to go to the 60% level across the Board. Essentially we're at the 54% plus 6%. The way you get there is with the multiplier, which is another set of numbers. From 1.9% a year for 30 years to 2% a year for 30 years. So each tenth of a percent is a 3% difference in the pension. The third question that we faced was do we fund this in FY '07 or FY '08? The real issue for the Committee was the status of the Trust Fund and do we or do we not let the Trust Fund level sink lower than it is? The discussion of Trust Fund levels is here and it has come up in several other areas of the County budget and what's happening with GASB and other accounting standards. It was the Committee's sense that we would be far better off funding this in '07 so that the Trust Fund did not sink any lower, which would then increase our outyear expenditures. That was simply it. On the three issues of the internal equity and $5.1 million the Committee voted 3-0 to reach internal equity and appropriate the $5.1 million. On the equity for external issues and an $8.1 million request for community voted 3-0 to appropriate those monies for $13.2 million. And by a vote of 3-0 to do it in Fiscal '07, rather than wait until Fiscal '08, when that number would be even higher, so that we could bring the Trust Fund back up to the levels that it needed to be. Again, Mr. Farber has some additional information that came out today that was not available to the Committee prior to this. And I believe he might have some statement on that and I do believe Mr. Gerling and Mr. Bowers are prepared to address that.

Council President Leventhal,
Mr. Andrews?

Councilmember Andrews,
Thank you, Mr. President. Actually, I'd like to hear some comments from Mr. Farber.

Council President Leventhal,

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Mr. Farber.

Stephen Farber,
Well, as Mr. Subin said, the Committee did meet last Wednesday, May 10th. This proposal, of course, as Mr. Subin indicated, necessarily came late in the process because the Legislature didn't finish up on it until last month. I did raise in the Committee packet a number of issues, but they were initial because I simply did not have in hand the information required to come to a conclusion in my own mind. I think it's very important with these pension issues, which have such large consequences for all agencies and large fiscal consequences overall, to make sure we do understand all of the puts and takes, all of the aspects. The addendum I put out at midday today was based on material I received over the weekend from [Kiron], an actuarial consulting firm that worked with the Joint Committee on Pensions in the state and also from the National Education Association. And it basically reports from 2002 that look at various aspects of pensions. The multiplier that Mr. Subin referred to is very important, but there are five other aspects mentioned in the [Kiron] report, things like the normal retirement age, employee contribution rate, average final salary, early retirement provisions, and the COLA. The bottom line of the [Kiron] study is that the Maryland program, as opposed to Pennsylvania or West Virginia, state's as mentioned that the Committee on May 10th, comes out looking better than would otherwise be the case when you take into account, for example, the fact that in Maryland you can retire with 30 years of service, regardless of what your age is. Whereas in other states there is a higher age requirement so that's an advantage to Maryland. The retirement provisions are better, and in Maryland there is an automatic COLA compounded CPI with a 3% annual cap, Whereas for example in Pennsylvania and West Virginia the COLA is ad hoc, it's not guaranteed. It's this complex of issues you have to look at when you are considering pensions. The other concept I mentioned in this addendum packet is the concept of total compensation, which the Management and Fiscal Policy Committee has emphasized as being important for many years. The idea on total compensation is what you have to look at is not only pensions, for example, but also salaries and other benefits such as health insurance, annual and sick leave and so forth. In health insurance MCPS is in outstanding shape, because 91% of the premium on average is paid for by MCPS. In sick leave they have an outstanding provision, something that we in the County government don't have and I don't think very many others have, and that's when someone retires they are able to cash out their accrued sick leave, 25% or 30% if you're a 30-year employee. And what that mean's is that for some people you are able to walk away with a check that may be worth as much as eight or nine months' salary before you start receiving your pension. That's an outstanding benefit, one that we don't have in the county don't have and probably most others don't have, although we don't have data on that. There's also the MCPS Staff Development Program, which is outstanding, it's a world-class program that all of us are very proud of. Doctor Weast also made a comparison, as I note in this addendum, with Fairfax County. There is no question that the Fairfax benefit is a better one, in so far as the multiplier is concerned, but I think it's important to look at total compensation. For example in the new Fairfax plan it appears -- and again, I don't have complete data -- that accrued sick leave can no longer be

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cashed out. So that's an important difference. And it seems to me if you are comparing the Montgomery and Fairfax plans you have to look at how they treat health insurance. My understanding is in Fairfax they pay 85% of your premium for the individual employee, but only 75 percent for a family, compared to 91% paid by MCPS. That's worth $600-700 a year, depending on the plan you have. These are the kinds of issues that I think it's important to try to resolve. And in my own mind, I have not been able to come analytically to a conclusion as to whether the proposal from MCPS, whether I would endorse it. The reason is I don't have the requisite information and that's no one's fault. It's simply the fact that this appraisal came so late as a result of a Legislature's late action. It does seem to me it's quite useful to have the information in hand when the fiscal consequences, not only for MCPS, but for all agencies are so important.

Council President Leventhal,
Mr. Andrews?

Councilmember Andrews,
Thank you, Mr. President. I appreciate the way in which the Education Committee and Mr. Subin described the issue in terms of internal equity, external equity and the issue of when because that's a reasonable way to look at it. There is a strong argument on the internal equity in terms of what is already available in terms of information. There's no question that under the state changes, some employees of MCPS have had a pension improved and others have not, because they're not in the state system, they are in the MCPS system. So I think there is a strong argument for bringing those folks up to the same level of improvement that teachers covered in the state system are in. In terms of external equity argument, I agree with Mr. Farber and that it's a complicated issue and one cannot simply look at the multiplier and come to a judgment based solely on that because there are many other factors that looking into determining one's total compensation, such as healthcare coverage, cash-out at retirement, internal opportunities, training opportunities that some systems have and others don't, and I say Montgomery County has very strong benefits in that area. What Dr. Weast has proposed is a doubling of the County contribution. The state increased their contribution by 29% and so I do wonder. I'm not persuaded that a doubling of the County supplement is necessary to achieving the goal of the proposal. It is also a very consequential proposal, in terms of costs and precedent. The cost in the first year is estimated to be $8.1 million. It's a substantial expenditure that will be a permanent obligation, it's not a onetime expenditure. and I think that's something the Council needs to think long and hard about or at least gather as much information as possible to determine. My preference would be that we would defer this issue until after the budget, because it has been very difficult to give in the attention it deserves during this budget, because it came over late, no one's fault as was indicated, the General Assembly just made their decision a month ago. but the Council could take this up later and make any decision retroactive to July 1st in order to achieve the same effect of what it would take effect. That would be better than taking it up in this budget at this late hour. If the Council is determined to take it up at this time, what I think would make sense is to recognize that internal equity requires caught $5.1 million improvement to those

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employees not covered under the state pension reform. I'd recommend that the County match what the state provided in terms of a percentage increase. The state provided a 29% improvement in the pension benefit and I think, given the information we have, I think that would be the most prudent approach, because I do agree the County should improve its supplement and that the state needed to improve theirs. But I don't think we have enough information to go as far as Dr. Weast, which is to double, to increase by 100% the County supplement. Because I do think that there are many factors that need to be considered in comparing our system to others, we don't have all that information yet. It's a big jump to take, to go to 100% improvement without that information. It's something we could come back to and I might support that later on after I have more information, but I'm not convinced we have enough information to make that judgment yet. I do you think that what ever judgment we make here will have ramifications for other employee organizations in terms of what we can expect to receive in terms of requests there. And that's something worth considering, as well. I think it would be beneficial to have more public input on this. But I recognize there may a desire to deal with this issue now. And so, in the interest of putting out a proposal that I think would address the internal equity issue and I think go as far as is prudent at this point in addressing the external equity issue I'd move that we add $7.45 million to the Reconciliation List for consideration, since I think there is a desire to address this in this budget although, again, I'd prefer to address this after, but I think we should have that option, which would fund the internal equity improvement for those not covered by improvements in the state pension plan and provide a 29% improvement to those who are -- 29% improvement to the current County supplement, which would match the state's improvement to their pension plan. I think that's a reasonable, prudent course of action and we should come back with more additional information that we will have as Mr. Farber continues his good work. He did an excellent job pulling information together quickly that's helpful, because I do want to have an overall compensation system that achieves the goal of allowing the County to compete very effectively in attracting and retaining excellent employees, which I think we have. I think that's the goal. I don't think two of the goals Dr. Weast outlined are what should be the driving goals. Dr. Weast, in his memo, argued that going to the 2% supplement would take us back to where we were before 1980, and make it easier for personnel to calculate what their pension would be. And I just don't think that those are comparing arguments for that change. What needs to drive the train is what achieves the competitiveness we need with other counties. And I think that matching what the state has done would be a prudent first step. And then we should deliberate on the remainder of Dr. Weast's approval after other jurisdictions, which Mr. Farber is still gathering. That's what I believe would be a good course of action. So I agree with a portion of the Education Committee's recommendation and would modify the second one in that way.

Council President Leventhal,
Okay, let me just -- I have a question for Mr. Farber. I had seen -- and we have a lot of paper here. There was an earlier memo from you, Mr. Farber, that outlined the decisions before the Education Committee. That is the first decision was should we provide parity to those employees who are not covered under the state's action? That

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was decision one; and the second question was should be increase the additional supplement on the part of the County to match what the state had done? And the third piece was should we go to a multiplier of two. That there were three different decisions and the Education's Committee had said we should do all three, but do you have those three decisions laid out? Where is that in the packet? Because I remember a one-pager from you that laid out those three points.

Stephen Farber,
I believe they are all laid out in the memo that I think is part of your packet. Remember, this was deferred from last Thursday.

Council President Leventhal,
And what page is that on?

Councilmember Perez,
Can you say which packet? I've got four of them here.

Council President Leventhal,
Yeah, we have a lot of paper here... a lot of paper.

Councilmember Silverman,
3.1, 3.1. Yeah, it's 3.1 for May 11.

Councilmember Praisner,
They're all 3.1.

Council President Leventhal,
Is this the memorandum to the Education Committee of May 10th?

Stephen Farber,
That's correct. Yes.

Councilmember Subin,
It's on page two.

Council President Leventhal,
Page two?

Councilmember Subin,
The multiplier decision is ...

Council President Leventhal,
Mr. Chairman, just a minute, I don't have the piece of paper I'm looking for. It looks like Ms. Floreen may be handing it to me. If I could just -- Mr. Chairman, I'll get you in just a

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minute. Okay, here we go, this is the one I'm looking for. Addendum -- this is for Agenda Item 3.1, and I'm reading from Mr. Farber's memo. Thank you, Ms. Floreen, very much.

Stephen Farber,
Yes, these are the Committee recommendations.

Council President Leventhal,
The Committee unanimously recommended that, consistent with the Board's action, the Council, bullet, support extending the 1.9 multiplier for calculating the pension benefit, et cetera. First-year cost of $5.1 million, Bullet, support increasing the current supplement by 0.1% creating a 2.0% multiplier. And, bullet, support doing this in FY '07. So if my understanding is that this is what the Committee acted to do, then each of these three items would have to go on the Reconciliation List.

Stephen Farber,
Yes. That's correct.

Council President Leventhal,
That these were the Committee's recommendations and each of them would end up on the Reconciliation List?

Stephen Farber,
Yes.

Councilmember Knapp,
What's the total amount on the Reconciliation List?

Council President Leventhal,
Well, it would be three different items on the Reconciliation List...

Councilmember Subin,
No.

Council President Leventhal,
...which if you did them all in '07 would be $13.2 million in '07,
Stephen Farber,
That's correct.

Council President Leventhal,
But each of these bullets would appear on the Reconciliation List if I'm correctly understanding the staff's description of what the Committee did.

Councilmember Perez,
Choose "A," "B," or "C." Take your choice.

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Council President Leventhal,
These three different items would go on as three items on the Reconciliation List If I'm understanding correctly what the Committee did, based on the staff's report of what the Committee did.

Councilmember Subin,
No, the Committee is recommending $13.2 million. It was broken out in terms of the three elements for explanation purposes and simplicity, so that everybody could understand easier how we got to the 13.2. Those are the two equity discussions. Third was a separate item. Do you do it in '07 or '08. The Committee's recommendation was for the $13.2 million. If I'm understanding Mr. Andrews' motion, it looks like he might have broken it out into two separate pieces, but that could be put into one.

Council President Leventhal,
If I understand Mr. Andrews' point, I thought that the staff's description of what the Education Committee did was -- just simply from reading the memo, the staff's report on what the Committee did -- that the Committee recommended three different points and by including those three points on the Reconciliation List that would achieve the effect Mr. Andrews was looking for, that is simply giving the Council options as to which of these steps we may ultimately be able to afford to take, which we won't know for a couple days. I think it's desirable to incorporate the staff's report of the Education Committee's actions on the Reconciliation List and I believe that would achieve what Mr. Andrews is stating. And since this is the staff's record of what happened in the Committee it would be my expectation that that would end up on the Reconciliation List.

Councilmember Subin,
As Chair of the Committee, unless my colleagues on the Committee would like to weigh in otherwise, the intent was the $13.2 million. Again, this was broken out to say how we got there, it wasn't the three separate actions that were to be considered separately.

Council President Leventhal,
The issues are fairly clear for those paying attention. Mr. Knapp.

Councilmember Knapp,
Well, I just -- quickly, to follow up to Mr. Andrews's comments, this is a big chunk of change, I don't disagree with that. I supported this in Committee, though. As we look at the issues we're facing from a personnel perspective, we have been very fortunate because we have been successful by many measures, we had lots of discussions as to how you quantify all of our School System's success, or don't, over the course of the last few months and clearly there are things we need to continue to improve upon. But the one of the things that strikes me is we have a tendency to say we're better than, we're doing as well, or we're exceeding other counties in Maryland. And the reality we're confronting is that's not who we're competing against. We are clearly working at a national scale and we want to continue to compete at that level. Whether you agree with the "Newsweek" criteria as to the best way to rank schools I don't know, there's lots of

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folks spending lots of time getting lots of degrees that can tell that better than I can, but it certainly is a measure that shows that we're meeting that measure of success because we're operating at that level. I was watching the "ABC Evening News" and there was a discussion -- a segment that talked about how the number of current college graduates are constantly making choices even though their field of choice is Education, to not go into that field because they can't afford to actually assume the debt they're taking on in college and actually work in the education profession. It kind of took me aback that that's the reality in which we're working. Are you going to pay teachers a lot more up front? Probably you're not going to be able to. You're not going to be able to pay that much more on the front end. And so when you look at the overall compensation package this is one of the things we have to put into the mix. I never thought that way in a job necessarily that I'm looking on graduation, as to but I do when I retire but when you look at the totality this is what people want to do. I think that's one of the benefits that you're looking to is to say "Here is the complete package. Come work for us, come work with us, we have the package that's competitive on the front end, but if you take it in totality over the long haul, you're going to be okay, you will get there from here." And so I think when you look, not just that teachers, but all of our school employees, we're trying to make the same case. The other thing I'm struck by, we have lots of discussions over the last year so as to the adequacy or inadequacy of facilities, both school and County, I think our facilities are all right. I think we need to continue to make improvements upon them, but in spite of the issues we may have with facilities, we continue to be moving forward as far as how you measure the improvements in educating our children. Okay, so if the facilities are questionable or marginal, then clearly that's not the case. So what is the thing that's accelerating us and allowing us to move forward in rapid fashion and continue to make gains? It's our people, it's our people who are keeping the facilities we have operational, it's our people who are in the classroom and it's a whole team that's working to make sure this comes together. I continue to be struck by -- we've had a lot of discussions about Seven Locks and the size of that school. I have a very different perspective as it relates to the size of the school where my children go, which is one of the largest schools, if not the largest elementary school in the state of Maryland. And I'd argue, probably some would disagree with me, but I would argue that the overall quality of education you are receiving in either of those schools, be it 265 or 1,200, is commensurate. And that's really a tribute to the people who are doing the job. Mr. Farber has put together a good packet, Mr. Andrews raises questions and they're good, by the same token I think we have to look at these pieces in totality and say now is our time to do it because we have to continue to put a package together that keeps us in the forefront of educating our children. I think that has to be our overriding perspective and I appreciate everyone's consideration, but that's where I come down, and will support the Committee's recommendation.

Council President Leventhal,
This is the point at which I remind my colleagues we're not paid by the word. It's 5:20. The issues are clearly defined. My understanding was the Committee had recommended the three steps as described in Mr. Farber's memo. The Chairman wants

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us only to adopt one big dollar amount and as the Chairman describes, it's the recommendation of the Committee. I will ask colleagues, there are a lot of lights on, we all love our School System, we all love our School System employees. Could we take for granted that we think our employees are terrific and could we state whether we support the Education Committee's motion so we can expedite the business before the County Council? Mr. Perez?

Councilmember Perez,
I just wanted to get clarification, if you did a pie chart -- this is for any of you -- of the universe of people that stand to benefit from this, what functions are they performing in the School System?

Councilmember Subin,
The biggest chunk, Mr. Perez, of the improvement piece of this is clearly going to the county folks, to the SCIU and CASP people.

Councilmember Perez,
There is a fairly substantial percentage of these employees who are not -- in terms of your wage banding, are at the lower end of the wage band. Is that a fair statement?

Larry Bowers,
It is, and I think almost all of those who are just in the core plan are your building service workers, your bus drivers, your maintenance employees. And a number of our employees are 10-month employees, and a lot of them don't even work eight hours a day. So, for a number of these employees their annual salary is between 25 and $30,000 a year. A lot of our comparisons have been with teachers, but you also have to look at them, because for them the retirement benefit is a is a lot smaller.

Councilmember Perez,
The face of the issue was important for me as we work through this, in the spirit of progressivity...

Charles Haughey,
Mr. Perez?

Council President Leventhal,
Mr. Haughey.

Charles Haughey,
We need to keep in mind what we're talking about is funding the Trust Fund that pays the pensions that these folks will be able to draw on over time, and this is not a question of allocating money to be paid out. It's a question of keeping the Trust Fund...

Councilmember Perez,
Fair enough, that's a good point. That's all I have.

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Council President Leventhal,
Ms. Praisner.

Councilmember Praisner,
I appreciate your comment, Mr. Haughey, about the Trust Fund. Part of the problem we have had that was highlighted by the bond rating agencies as we just went, was the fact that the County's Retirement Fund has gone from 97 -- 95 -- 99% funded to a 70-something, 75% funded. I appreciate it's a Trust Fund. I would have supported Mr. Leventhal's interpretation of how the items would appear on the Reconciliation List for a very personal reason. I have looked at this issue all weekend and have concluded that whether it may or may not be the letter of the law, from the spirit of the law perspective, I need to recuse myself based on my personal family benefits. To the extent that you are continuing exactly what the state does I think I could make an argument that that context is one that has been imposed to some extent. To the extent that we're increasing benefits, I believe I need on that piece -- or I feel more comfortable on that piece recusing myself. And it was in that context that having the three elements separate would have allowed me to go through the Reconciliation List process in a comfortable basis. I do want to make -- so, to the extent it's one item I will recuse myself from the whole item. I do want to make some comments, though, as Chair of the MFP Committee and someone who has gone to the bond rating agencies every year since 1991. I have never seen the bond rating agencies make comments about our funding or employee benefits the way they have this year. And given the fact that we have not funded the GASB requirement in any way and we find ourselves declining in the percentage of funding, as Mr. Haughey says, I think for all of us, collectively, there are significant challenges ahead. And I hope that we can face them very aggressively in the coming year, collectively with the employees. And I'd add from a healthcare cost perspective, it's unfortunate that the School System has chosen not to participate with us on initiatives on prescription drugs that would have allowed us to decrease costs, in my view, maybe not as much as some initially may have been thought. And to the extent we reduce or do or do not move even more aggressively on healthcare costs and other issues it's part of total compensation and there are, I think, land mines ahead. If it's not going to be individually placed on the Reconciliation List as three separate items for which I could recuse myself for a piece, then I believe I'd feel more comfortable recusing myself from the entire one.

Charles Haughey,
And, President Leventhal, may I follow that comment by saying when the Board discussed this issue -- because I too have a marginal involvement in this through my wife's employment -- I recused myself from that discussion and am here representing the Board. But if you prefer Vice President Cox, who presided over that discussion, could take my place at this table.

Council President Leventhal,

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We are always happy to see both of you and please remain seated. We're glad you're both here. Mr. Silverman.

Councilmember Silverman,
Thank you, Mr. President. I just have a couple questions. It was my understanding that the net effect of the Committee recommendation, which is -- the Committee's recommendation is $13.2 million, but the net effect is not $13.2 million, is that correct?

Councilmember Subin,
Well, the net effect in year one is $10.2 ...

Councilmember Silverman,
That's what I'm asking.

Councilmember Subin,
...because there's a $3 million offset, but in year two and thereafter...

Councilmember Silverman,
Right, I understand that. But in terms of what is going to be shown on the Reconciliation List, it will be shown with an offset. Is that correct, Mr. Farber?

Stephen Farber,
Well, no. As an expenditure it will show as $13.2. There are other puts and takes that Mr. Subin will be describing.

Council President Leventhal,
I think $3 million in offsetting savings that will be shown elsewhere.

Stephen Farber,
Right, and then there are some other additions that MCPS wants, as well. All of those will be shown as individual items.

Councilmember Subin,
I was going to cover that in the Operating Budget piece, but you are absolutely correct. For year one if the Board request for the $13.2 million passes, the Executive and the Board have a $3 million in FY '07 savings offset of $3 million.

Councilmember Silverman,
Okay, the second thing was I was listening very carefully to what Mr. Andrews was saying, but I couldn't figure out if there was a motion there.

Councilmember Andrews,
Yes, I would move to put that amount on the Reconciliation List. It's a total of 7.45 but I would break it out with the 5.1 and the 2.35. The $5.1 million is to achieve the internal equity by bringing those not covered in state pension plan up to the same benefit and

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$2.35 million would be 29% increase in the County contribution of the supplement, matching the state's increase for a total of 7.45 if you put them together, though I do think that would be useful to have on there. That's what I think would be the prudent thing to do. Let me that add if the Council is determined to put on the full amount that will be what's on the Reconciliation List and we will see. I think that starting with addressing the internal equity issue and matching the state contribution is a prudent first step.

Councilmember Subin,
A couple quick points on that. Again, the System's obligations this year will be the $13.2 million to the Trust Fund no matter what we do. The other is, as Mr. Farber said, there are some puts and takes here. Just one significant point is in Fairfax County the employees contribute 4% and get 72% pension. Here, what is being suggested is 5.5% contribution to get 60%. They are contributing relatively heavier amounts to get less. So there are offsets here in terms of the employees having to put in significant amounts. Also, on the sick leave issue, that's a policy issue. You allow people to cash out on sick leave so that they don't take it. If they are taking their sick leave because you either use it or lose it, then they're using it and we have higher costs to pay substitutes to come in. I think looking at what the policies are for individuals currently employed as to what happens to folks when they retire, those are two separable issues, but again to get 25% back cash in is saving us a lot of money over those 30 years.

Council President Leventhal,
Have you concluded, Mr. Subin?

Councilmember Subin,
Yes.

Council President Leventhal,
Ms. Floreen.

Councilmember Floreen,
Thank you, Mr. President. I had some follow-up questions with respect to Mr. Silverman's question as to the dollar amount that we're looking at here. What the Committee is recommending is $13.0 million of funding in '07 for the first year of cost for the package that's being presented. The question of the $3 million in the School System indicated they have to be able to and underwrite a bit of that, taking it down to a $10 million cost. Is that based on the Superintendent's budget that the Committee has recommended?

Larry Bowers,
That's based on identifying additional savings in the current year Operating Budget.

Councilmember Floreen,
In '06?

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Larry Bowers,
'06 money, yes.

Councilmember Floreen,
So that would not be affected by the Committee recommendations that we're going to take up next. So it's indeed -- it would be interpreted as a subtraction for the Committee recommendation; the $3 million?

Larry Bowers,
Correct.

Councilmember Subin,
I understand that Mr. Perez is going to have a question. An explanation is a total savings of $6 million in FY '06: $3 million for this and $3 million as a part of the almost $14 million reversion to the state in the CIP. So it's really a total of six, but only the three affects this.

Councilmember Floreen,
Is it possible -- that's the Committee's recommendation, the 13. Are you including $3 million credit, as it were, from '06 in there?

Councilmember Subin,
Yes, when we get to the Operating Budget we're recommending $3 million be taken as an offset to this. So Mr. Silverman was correct, that the net of this is 10.2.

Councilmember Floreen,
Okay. Thank you. I thought it was important to get that clarified.

Council President Leventhal,
Okay. Well, we appear to be near approval of the Committee recommendation. There are the things I regret about the timing of this as the staff has described and as Councilmembers have described, there is not much we can do about the timing of the Legislative Session. There never was a question as to whether Montgomery County would continue its commitment to parity for all School System employees. We will. And I don't think there is any question as to whether we would comply with state law regarding the supplement for teachers and other covered employees. We will. There had been some question as to whether we would provide a set-aside in FY '07 that we don't need to provide and that the state is not providing in '07. But I also appreciate if we have an obligation, which we do, it's prudent to set aside funds although we're not doing so for other obligations that we also have. I think it also bears some discussion as to whether going from 1.9 to 2.0 on the multiplier is it a decision that ought to be made in a hurry at the last minute without the benefit of public hearings or any other real evaluation, but the sense of where this is going is clear. Mr. Andrews's motion did not receive a second. The staff's discussion of what the Committee agreed to the Chairman has presented in

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a single part and not broken out a separate decisions. So it does not appear that this matter will receive any further consideration than it has received to date. And I'm looking right at Marv Weinman, who warned us that this might occur. I'm one who believes that within reasonable time constraints we benefit from sunshine and more public input. We are not getting a lot here. Having said that, I don't hear any objection to the Committee's recommendation. Is there an objection? Hearing none, the Committee's recommendation is agreed to.

Councilmember Praisner,
With my recusal.

Council President Leventhal,
With the point noted that Ms. Praisner is not voting on the matter of the additional point on the multiplier. We now turn to the Schools' Operating Budget. Chairman Subin, I believe, is accommodating a question from Mr. Perez.

Councilmember Perez,
Thank you, very much. I apologize. I have to leave in a few minutes. It's nice to look through this and have us all on the same page again. There's just a remarkable number of critically important initiatives, so I wanted to take a moment to thank the Board of Education for their hard work and the Superintendent for his hard work in this. I look forward to supporting this. During the consideration of the Capital Budget I prepared you for the question I'm about to ask, which was I spent a lot of time in a number of Title One elementary schools that have pretty high [FARMS] rates and one thing that has occurred recently that has been a source of concern for me is that Parent Resource Officers -- we used to have our own for instance at Rolling Terrace -- now we share that with another school. I think the need has gone up and I don't think there's any disagreement about that fact. And so I'm trying to get a better handle on what the current thinking is of the Board and Superintendent on Parent Resource Officers, because, frankly, I know that one at Rolling Terrace, in particularly, very well, He's, like so many, an unbelievable employee and the need is only increasing there and he's there two and a half days a week. And that is really -- obviously, the two most important people in our children's success are our parents and our teachers and I'm a little bit concerned that we're not able to do the parent part as effectively anymore. So I wonder if you could help me understand why it was cut in half?

Larry Bowers,
We certainly have had a lot of discussion about Parent Coordinators, Parent Support Specialists, other kinds of positions for individual schools to have to help deal with a variety of issues that you are very well aware of at Rolling Terrace. Our approach -- we have added some additional positions this year, but our approach basically has been to, in fact, allocate those positions centrally, primarily out of our ESOL Office. They have a number of Parent Coordinators. They assign them to schools based on the numbers of students in those schools. So there are a number of positions that are half-time in different schools. When schools don't have as many students and families who need

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that service it will be even less; they share of these positions. And it's just an approach that we are taking this year. We've indicated to the Board, as we presented to them, that this year's approach is a little bit different than last year's. As getting feedback from schools, feedback from parents. So it really is a way to try to do it centrally, as opposed to giving each school their own allocation and seeing the extent to which we can not have to budget as many positions. So it was an attempt to us to look to provide the services without adding more positions, and whether we can control it more centrally. So the effect has been -- or the reason for the situation at Rolling Terrace is taking a different look at the model, seeing how we can spread [relief], 'cause there's a lot of other schools that need the support also. And our attempt has been trying to get to those other schools that have needs and need that kind of service so we can allocate some support to them.

Councilmember Perez,
Have you thought adding more officers -- Parent Resource -- I'm not sure what the term of art is, Parent Resource Personnel?

Larry Bowers,
Right, we added four more in this year's budget to provide some additional support, and again, we are going to continue to monitor and look at that. That's an initiative that the Board has had. The question is how many do we add, how many can we add in any one year to provide additional support?

Dr. Jerry Weast,
I agree with you, I'd like to have more. But I'd like to have more speech therapists. I'd like more special ed. I'd like smaller class sizes at some of our secondary schools. That's what we really got into. It's a total position across the whole system of looking at everything. And we had an unprecedented unity in bringing all three unions in, not at the end of the budget process, but at the beginning of the budget process. And looking at all of our allocations and all budgets, kind of from a build it up from zero. And what we got at the end is we had a higher need in lots of places. So it was a matter of how do you reconcile that with what we're going after in budget numbers. And so these positions that I like and you like -- I believe we could make the same argument for all of the positions that we were trying to bring forward So it became a how do you even it all out? And this is the approach that was taken because we're putting in -- we wanted to put in quite a bit of money extra for Special Education this year, and this has $28 million extra in Special Education, counting its personnel. And we thought we had that pretty well secured until -- you'll have before you a budget amendment where the federal government came in at about $1.5 million less. So we're going to have to make that up. So it becomes competing interest, Mr. Perez.

Councilmember Perez,
I appreciate that and I say this in the spirit of collaboration and collegiality.

Dr. Jerry Weast,

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Understand.

Councilmember Perez,
And I appreciate that we're always making these judgments. I really believe that the area -- and I say "we" -- you and I and everyone in this room --
Dr. Jerry Weast,
We are, we are.

Councilmember Perez,
I believe the area where we haven't really cracked the nut yet is in the area of really coming up with effective strategies for meaningful, sustained parental involvement. We've got some good models that are -- there is some stuff going on on Maple Avenue in Takoma Park that's very promising, thanks to some support from the School System. Again, I say this in the utmost spirit of collaboration, but I'm just -- I watch this guy who -- I know the need has gone up because I've seen things that have happened. I've watched my daughter's classmate die one night -- I didn't watch it! I dealt with it. I just see the multiplication of the issues. And I don't mean to single out Rolling Terrace, I feel like I should recuse myself. like Ms. Praisner, but I see it at New Hampshire Estates, I see it at Broad Acres, I see it at Highland and I just know that this guy has more than enough work to spend his entire day at Highland as opposed to two days a week. And I We all agree with that. And I'd like to get some more insights on how we can, within the constraints of our operation, get back to the levels where we were, say two or three years ago. I think we're in danger of losing some parents that we want to engage.

Dr. Jerry Weast,
I totally understand and appreciate your collegiality and agree. I would like to complete what we promised the counselors five years ago. We haven't been able to complete that yet. That's how many new additional counseling positions we need to add. And I'd like to complete what we promised the assistant principals, but we haven't been able to do that either.

Councilmember Perez,
We are making a pretty good dent. We are heading in the right direction.

Dr. Jerry Weast,
We're making a good dent. We're heading in the right direction in all of it.

Councilmember Perez,
I'm just -- this is -- you're not going to get a lot of monolingual parents showing up at the School Board hearing to advocate for more Parent Resource Officers. They don't have -- I love my friends in the unions, but this is a weak union of monolingual parents working three jobs. I say that with the utmost respect to my friends in the audience, but we have to speak to that union as well. I hope we can try to work on this, because I really feel that's an area where there is a lot of potential, the evidence base is pretty profound in that area. I won't make a motion because I realize that there's a -- I appreciate the

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challenges, but I wanted to get more educated on what you're doing. Mr. Chairman, thank you for letting me ask that question at the outset.

Councilmember Subin,
Thank you, Mr. Perez.

Council President Leventhal,
Chairman Subin.

Councilmember Subin,
Thank you. There are a number of packets in here from several meetings. I'm going to start on page 2-A of the overall packet and break my presentation up as staff had shown in the General Overview. Some of the legal and fiscal frameworks, some budget initiatives, and then some discussion items. The initial Board request was for one million 830 -- $1,839,119,355. The Committee is presenting a recommendation for $1,853,094,834. That's an increase of $13,975,000 above the Board's initial request. 13.2 of that is pension related, $775,475 is program related.

Councilmember Praisner,
On that issue, Mr. Subin, do want us to stop you as you go along and I can give guidance to the Councilmembers as they put lights on, or would you prefer to do the overview?

Councilmember Subin,
I'm fine with that, Madam President

Councilmember Praisner,
Then I'd like to ask a question. We just talked about the offset of money the Superintendent has found in order to reduce the cost of the pension. What I have no idea about is where that money is coming from. in what specific categories and where. and I must say, while I very much appreciate the Education Committee's review of the budget, I'm getting less information than I ever got before from the School System and I don't like it. We need more information. The public needs more information. There are just tons of questions that are not being answered. If you have -- you're going to find savings, where are they coming from specifically? If you're going to -- how does that reconcile with the fact that the last fiscal statement for the month of April doesn't show any kind of surplus in those dollar amounts to find savings? So where is this money coming from?

Larry Bowers,
The last fiscal statement was as of the end of March.

Councilmember Praisner,

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I have one dated April 20th, 2006. Monthly Financial Report and Year-end Projections. And it says the year-end projections are somewhere about $504,000 surplus. So how do you find all these millions all of a sudden, and where?

Larry Bowers,
I think that report was as of the end of February; reflecting all activities as of the end of February.

Councilmember Praisner,
So you found $6 million since February -- between February and March?

Larry Bowers,
As a result of getting into the budget and getting into the pension... The Superintendent has asked us to go through the entire budget, look at all of our year-end activities, from our training activities, to any of our spending for summer activities, to any of our purchase of any goods. And so we're scrubbing through the budget in all categories.

Councilmember Praisner,
You've got an awful lot of room to scrub that no other agency of government has that capacity if you can scrub to generate that kind of money within the last few months of a fiscal year.

Larry Bowers,
Well, I think, Ms. Praisner, we would be happy to go through it with you, but we've been very prudent...

Councilmember Praisner,
I'd love to see it and I think the public would like to see it, too.

Larry Bowers,
We have been very prudent all year in terms of our decisions about allocations of resources, allocations of positions. As you know, we've held back positions.

Councilmember Praisner,
You've also had decreases in enrollment. You would have a decrease in total enrollment this year if it wasn't for Katrina students. Isn't that correct?

Larry Bowers,
We would be just about breaking even, we were just a little bit over. But remember last year when the Council took final action on the budget we did reduce the budget by 1,000 students, we did cut those positions out of the budget and even beyond that. Because elementary came in lower, secondary higher -- we held back positions at the elementary level because our elementary came in lower. We have been reporting that every month since the beginning of the year. We also looked at other materials that go along with those students. So we've been very prudent in terms of how we've been

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allocating our resources. We've been monitoring it very closely. As you know we've had to monitor it closely because of the significant increases in fuel costs.

Councilmember Praisner,
For which you got a Supplemental and County government did not. So I'd really appreciate it if you would give us the puts and takes that gave you six -- $3 million in pension savings and also how you've adjusted the budget such that you're going to take the spending affordability reduction in LAPSE. I mean to be able to project a future budget that you're going to take almost $1.5 million and you're going to take it out of LAPSE and staff turnover... And you obviously, like no other agency except Police, Fire, or Ride On buses, there are lots of positions where you can't LAPSE the positions because you have day-to-day operations that need to go on, So the question is what are you lapsing more, where is the savings coming from -- the $3 million, and where is the other $6 million we heard about? I want to see the specifics, and so do folks who are taxpayers want to see the specifics from a standpoint of -- a question of how is the budget built that it has that much capacity to find flexibility and still do operations?

Councilmember Subin,
Well, Ms. Praisner, I think a couple of things need to be kept in perspective here. The $6 million was a result of two late-breaking issues at the Legislature and at MSDE. MSDE coming in and saying "We need to have that rescission money and demanding it, and the Executive saying to the School System, "Look, I can put up $10-plus million, you're going to need to put up $3-plus, and any other issue with the pension." So the School System is sitting there faced with what do we think we can get done for the rest of the year in terms of savings as opposed to giving it up for next year? And how they can come in and develop this whole plan, I think, is a legitimate issue. But on the other hand they have made some choices and said we're going to force the issues now, because clearly if we can't get those savings, those "unsavings" carry over into next year and at the Board will have to make some other choices in terms of cutting back next year. It's correct we should see what the list is ultimately. but I think we also need to appreciate that the timing of this whole issue and why we don't have a detailed list this minute. But the bottom line is they do recognize if they don't find the savings now, they are going to have to find them subsequent to July 1st.

Councilmember Praisner,
I appreciate that, Mr. Subin, and I do have some questions for OMB as well, and have already asked staff to review the whole issue of who makes determinations on the sale of land and how that money is used and how the Council is informed about those. And we will be reviewing that issue in MFP in July, because I think that -- Again, when we're talking about making choices and having information, the ultimate decisions are made here at the Council when we approve a budget and appropriate money. And if there are choices being made -- and I'm not saying the School System -- but there are choices being made around the spectrum of agencies and departments, and including OMB, and we aren't aware of what they are we have a different priority for that funds. To automatically say it's going from land sales into helping with the state -- the complexities

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of trying to deal with a state that says we have to reimburse them on the cost of construction when it doesn't fit the category, even that issue or how it's engaged is something that I think requires not the County Executive to make a judgment, but the full government to make a judgment. And I appreciate that the School System has helped on this issue, but maybe we should be fighting it, not acquiescing. And maybe we should be looking at policy changes at the state level and maybe we should be pushing legislative solutions, not just acquiescing. And I know it has been going on for a long time, but why this year, right now, we have to do it, we can tell them they can take it out of our future GCEI money. There are a variety of ways to engage the state on this issue and I really think the Education Committee has worked really, really hard on these issues. But there are some policy judgments that I think, just like every member of the Board of Education should be engaged in, every member of the County Council, not just the Executive, should be engaged in it. And so we will discuss land sales and where that money gets assigned in MFP. I still would like to appreciate just the wondrous flexibility, and the rigor that obviously went into it, but the capacity to make those decisions as to where you find the savings is one that is lost on many other agencies and departments who don't have that capacity to find alternatives, especially since some did not get supplementals for utility costs. So I just think it's issues we need to look at as we examine decisions that are made both at this table and that other tables. So was any information given to the Board of Education when they reviewed and approved these that we could get copies of? Because I've seen nothing as far as a packet for the Board. If we could have the Board's packet when they made these judgments and whatever additional supportive material you have, Mr. Bowers, I'd appreciate it.

Larry Bowers,
We have not given the Board that detail. They've asked the same questions you asked us and showed them...

Councilmember Praisner,
So the Board made these decisions without that information?

Larry Bowers,
...to show them where we're going to be getting those savings. And to clarify, under the terms of the LAPSE and turnover we're talking about turnovers savings, basically. As you know that's where we get most of our savings.

Councilmember Praisner,
Well, we just did a wonderful retirement package so we'll have less turnover, remember?

Larry Bowers,
And the -- well, I don't know, we'll see about that. But the -- as you know, most of our savings is out of the teachers, almost $20 million of LAPSE and turnover savings. $1.5 million is about an additional 40 teacher positions, so... And, again, as we've been

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monitoring, 'cause one of the things is we monitor this very closely in terms of expenditures in all of our accounts. And we have much better information at this time of the year than we did in October and November when we put the budget together or in January when the Board reviewed the budget.

Councilmember Praisner,
But the -- my only point is the last financial statement I had did not show anywhere near these dollar amounts of revenue available from a standpoint of personnel not hired based on enrollment and any of the other issues. It does call into question for me perhaps requesting additional information as far as the monthly financial reports.

Larry Bowers,
Well, Category III does, in fact, talk about the elementary positions...

Councilmember Praisner,
Yeah, but the total dollar amount from the last one I have, which is I guess built on February but is dated April 28th, shows about a half a million dollars, $500,000. That's very different from $6 million or $3 million, whichever one you're talking about. Obviously $3 million is this year's, the $6 million I assume is in your projected restructuring of your budget. But both of those I'd appreciate additional information on. Thank you.

Council President Leventhal,
Well, I'm just going to comment very briefly, I want to associate myself with Ms. Praisner's remarks and just state now, although I understand that Ms. Praisner's motion will be coming up tomorrow, that Ms. Praisner, with my support, will be suggesting we add two staff positions for our Office of Legislative Oversight to work with your staff, Dr. Weast, to get a better understanding of some of these fiscal issues, that we would analysts in to assist. Joan Planell is -- we have excellent, excellent support here, superb analysts and Joan is right in the very top tier and I keep her very busy on the Health and Human Services budget. And with a budget of this size it's beyond the capacity of even three analysts, really to advise us on. But since we only have one right now overseeing the Operating Budget, we're going to propose tomorrow to add two positions to the Office of Legislative Oversight to get a better handle on some of these issues. Because it's breathtaking, I think, to the average resident of Montgomery County that $6 million -- I mean, Steve Silverman has been joking here, and I'll just repeat the joke, because it's funny and we can all use some levity here at the end of the day, that there must be $6 million in here somewhere, I'm sure we'll find it. And I would like to know where the $6 million is coming from. because I want the very best education for my two kids in the Montgomery County Public Schools. And I would expect that parents across the county would be interested in being reassured that that $6 million is not going to have any harmful impact on their school; and I'm certain that it won't. because I have confidence in you gentlemen, but it would be nice for the funding body to know where the savings are coming from. And I'll have additional questions but I'll yield to Ms. Floreen for the moment.

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Councilmember Floreen,
Thank you. I want to just understand the beginning point for this conversation. Ms. Praisner asked a lot of questions about some of the details, but we have an Education Committee recommendation based on the Board's March 15th budget, as is indicated in the front of the packet. Then there is the Superintendent's budget with amendments. And some of the savings are reflected there, as well as the issue for the pension plan. So I'd just like to get some clarity on what number it is that the Committee is starting from, Mr. Subin. Are your recommendations based on the Superintendent's additions and puts and takes?

Councilmember Subin,
They are based on the Superintendent's additions and puts and takes. That is what gets us to the 1 billion 853 million.

Councilmember Floreen,
Okay, and then -- so the issues outlined on the front page, the 103 for MCS component of childcare, money for a third middle school, fourth middle school, and LAPSE issues, they are already contained in the Committee's recommendations then?

Councilmember Subin,
That's correct.

Councilmember Floreen,
Okay, so we're looking at the Superintendent's recommendation with all changes. And no additional recommendation by the Committee. Is that right?

Councilmember Subin,
That's correct, the Committee's recommendation for the additions were subsumed in the Superintendent's. There were some -- there were one or two other puts and takes, but not to the gross level.

Councilmember Floreen,
So then -- on page two it indicates then we're short $10 million 531. That right? That's the issue?

Councilmember Subin,
It's...

Councilmember Floreen,
Just trying to...

Councilmember Subin,
It's probably...I think it's more like...

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Councilmember Floreen,
Just trying to follow along.

Councilmember Subin,
I think more like 10,975... minus the six -- No, that's correct. It's the 10,975...the $3 million for the reversion would not be here.

Councilmember Floreen,
Well, I'm looking at page two of the memo, second paragraph, which says, "To fill the gap requires an additional local contribution of $10,531,942." Is that the number that's needed?

Councilmember Subin,
I'm getting $10,975, which is the 13,975 that's listed on the amended recommendation. I'm not sure where the other $400,000 is coming from.

Charles Goldsmith,
That's from some of these other puts and takes. The local contribution number is the 10,500 and then there are some other puts and takes that don't effect the local contribution.

Councilmember Floreen,
That don't effect that, because the different....

Charles Goldsmith,
[INAUDIBLE]

Councilmember Floreen,
Okay, so then the numbers that we're looking at in terms of the big picture are those that are in bold on the second page in the second paragraph?

Charles Goldsmith,
Correct.

Councilmember Subin,
Yes.

Councilmember Floreen,
Okay, just wanted to get some clarity on the starting point. Thank you.

Councilmember Praisner,
Keep going, Mike -- oh, Mr. Andrews.

Councilmember Andrews,

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This may not be a timely question, but it's about the maintenance workers. I understand the Committee addressed this and that there is a shift in where they are accounted for, but the packet indicated that there were -- in terms of the maintenance workers -- that it was going from 332 to 320. And I had a conversation -- Mr. Knapp indicated there was a recategorization of some kind that results in no loss of capacity...

Councilmember Subin,
Correct.

Councilmember Andrews,
...but I wasn't sure how that was accounted for.

Councilmember Subin,
And most of that, there were less total jobs in there and the work that they were doing was going to be completed under PLAR, rather than by Building Service workers. That it was the work that was shifting, not necessarily the workers.

Councilmember Andrews,
I see. Okay. All right, thank you.

Council President Leventhal,
Let me just -- I'm getting a number of questions, Mr. Chairman. Let me make a couple of quick announcements regarding schedule. I have been running back and forth trying to figure out how to fit things in. Mr. Chairman, I understand that you have scheduled a meeting of the Education Committee tomorrow at noon to address the Seven Locks matter. Is that right?

Councilmember Subin,
That's correct.

Council President Leventhal,
Okay, it would be my intent that on Wednesday morning the first item of business before the Council would be the Seven Locks matter. I also want to move Community Grants from the 10:00 a.m. work session to immediately after Seven Locks on Wednesday morning. So we could do the grants Wednesday morning, and it would be my goal to have a recommended list of grants to Councilmembers before lunch tomorrow. And then we would act on the grants Wednesday morning. So we may have to move around some other budgets to make that fit. And I will confer with Mr. Farber at the conclusion of this session so that we can accommodate those. But we would do Seven Locks first thing Wednesday morning -- we are scheduled to start at 9:30 Wednesday morning. Thank you, Mr. Chairman.

Councilmember Subin,
Was that the explanation you were looking for, Mr. Andrews? It was the work, not the workers.

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Councilmember Andrews,
Yeah, I appreciate that, because I saw that there are five new schools that are opening and so, on the face of it, it looked odd. But if the work is shifting that explains the difference and I appreciate the explanation.

Councilmember Subin,
We did talk about that for a few minutes, because the Committee was concerned that with the additional schools and those lower positions, what was going to happen with that work as we increase from the PLAR to the Systemic Life Cycle Asset Replacement. So that was the concern.

Councilmember Andrews,
Okay, I had one other question -- this is really for the gentleman at the table -- and that is what, in your judgment, are the initiatives, the changes in the curriculum or class size or training that you think are having the biggest impact on improving educational performance?

Dr. Jerry Weast,
Wow! How long have you got? A long time?

Councilmember Andrews,
Well, I know that you're good at summarizing.

Dr. Jerry Weast,
I'll try summarizing. I think, if you -- you have to characterize the elementary level and the middle school level and the high school level. And I think at the elementary level we're probably 75% complete on our issues. That is to get the curriculum aligned, get the right number of teachers and the right number of locations and the training that is necessary. And all of that pretty much in indicates itself in the outcomes. We went from 39% of the kids that could read in the kindergarten, to 81%. And there is very little delta between different groups or races, and that's good. In fact the African-Americans in what we characterize as our most impacted area read as well as the highest socioeconomic -- Caucasians or whites in the highest socioeconomic area, and within two or three points. So that's going along rather well. When you get to fifth grade -- those are our first reform kids our National Teacher of the Year, Kim Oliver, started -- and now they're in fifth grade. When we get to fifth grade we noticed that when we started our reform only 196 kids out of approximately 10,000 per grade level could do the work of advanced mathematics that needed to be -- to hit the trajectory of pre-calculus in high school; to stay on that trajectory. This year we have about 4,000 -- 3,850 can do that. So I'd say we're about 75% there. We've got a whole lot more training in mathematics, 'cause we're elevating it, and more training in science. But we've got the right combinations, and it's just working it through. At the high school we have the right trajectory now. It is trying to hit that high-end type of course work that will get you to the next level. Our Community College requires a certain entry-level

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standard, and the universities require an entry-level standard, plus even more. And we're getting about half of our kids -- or greater -- to that very, very high standard. 54% of the children took at least one advanced placement course. That's what put us in the three times the national average, almost. 44% of the kids got a three or better; in the nation that's only about 14%. All of our racial groups actually outscored all racial groups in the nation and all kids in the nation. Our African-American group, for example, of high school kids that took the AP exam outscored all of the kids taking the AP exam in the nation, and outscored the Caucasians in America taking it. And our Hispanic group actually had a higher percentage taking it than the national -- not Hispanic group -- but all kids and outscored the Asians. So we think we're about 50% on the trajectory right there. There's much more work to do at the high schools. Now, at the middle school we think we're about 25% done. That's where we're really working; that's where we've got a lot of work. And we have some shining lights there. We have some national blue ribbons. But we have about 38 middle schools when we get all said and done. And the three that we got some help with -- one of them, the President of the United States came over and visited because it had a high minority concentration. It's at Parkland and it's at Tilden Center right now. But it was the magnet that we put together that we secured $7 million worth of funding for those three schools. So we had high poverty, high mobility, but yet had sixth graders doing algebra. So consequently we think that we found what the template is for these K-5. So at different levels we're at different levels of our reform. We have many miles to go. Yes, we have lots of wonderful things and lots of things I could tell you that our students, our teachers, have accomplished, but we have more to do. More done at the elementary; half done here. 25 to maybe 40% done in the middle. And so I think I'm happy with what we're doing and we need to stick at it another 3-5 years. And that's what I've been trying to get across. The kids that started the reform are in the fifth grade. We now need to do the sixth, seventh, and eighth grade as they move up, and then the ninth, tenth, 11th, and 12th.

Councilmember Andrews,
So the kids that started with the reduced class size back in Kindergarten are now six years -- five, six years in and heading for middle school.

Dr. Jerry Weast,
Yeah, they're in fifth grade, they'll be going in the sixth grade next year. And the problem we have is there are so many kids and so much volume and so much capacity we have to do, we can't get it done except more or less by grade level as they move on, even though we're trying to supplement everything else.

Councilmember Andrews,
Is there any initiative that you're not satisfied with how it's working and that you think...

Dr. Jerry Weast,
Yes, several. I don't think we've -- and we're working on a national level on this -- figured out the most effective way to deal with the massive immigration we have. And part of it is that our kids are not coming from a particular country, we get 120 different

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languages. And that makes it exceptionally challenging, because you can't just make a program for one or two different countries. And then we're coming with so many different cultures, which creates some transition. And we're getting quite a few kids who come to us without benefit of parents, or maybe like our [METS] program, don't even have educational opportunities from the country they came from. And I'm not happy with -- I'm happy that everybody's making an effort, I'm happy we're doing better than most places, but I don't think we've found that template. Special Education: Special Education we are now funding at a much higher level, certainly a higher level than probably anybody in the state, and that's the good news. The bad news is that more people are coming because of that. And we have different groups who are growing at a different rate. The autism group is growing at a exponential rate. And it's how to -- to figure out how to handle the need and do the academic. We have not quite figured out how to extend the school day, 'cause we've been trying to figure out the best way to do that because we are asking people to do more, otherwise to get into the next level, college or [World of Work], we're asking them to do more, but we haven't changed time; we're still doing six hours a day, 180 days a year. That's still less than 10% of a kid's time if he made it in attendance every day. So how do you compress? Knowledge has grown, time has not, outcomes have to go up. I'm not quite sure how to do the compression, because it's kind of like your foot's growing but your shoe isn't; you keep compressing it in. That's exacerbating the burn out with teachers. Mobility is another thing that we haven't quite got a handle on how to deal with, 'cause the kids are kind of moving around. Now we've saturated the elementary, but what happens when they go into the Choice Program at the middle and high school? That becomes more challenging because you don't want to take away choices, but yet that increases the mobility. So there are several things that we have got to work on. I'm also trying to do everything I can with my top team and all of the school principals and all of the teachers and everything to work more collegially, because if we're going to have less time and more outcomes we have to work together better. So we're working on that. What concerns me is that we're taking a real good look at a sorting system in America with all these sorted kids, and now we want everybody to go to high levels -- every kid go to high levels -- we're having to tear down those old sorting barriers. And do it when a state and federal government is doing more and more tests on us that take more and more time, and that's killing us. And we're trying to figure out how to deal with that, because the signal to the teacher is that you want to get rid of the sorting mechanism, but here comes the test and it sorts everybody. So I don't like those sorting barriers. I don't like some win and some lose. I want everybody to win. So that is a huge issue. And I believe that a lot of those sorting barriers have done a very good job of sorting out racial -- racial kinds of things. And I think we're trying to deal with those "racial barriers," as I call them, or sorting barriers. So to have a system where, in the past in this country, that not everybody got the high level education, that's what we're trying to create here. and everybody is pushed to that highest level, we have different levels at different structures in accomplishing that. And then I could get into the -- there's a difference between every classroom teacher, because when you have 1,000 teachers turning over -- that's why I want to hold on to teachers. But we have added more teachers and we have a -- that sounds like a lot, but that's only -- that's less than 10% of our workforce because we're

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up about 11,000 teachers now, and that's a normal turnover. But the problem is the state doesn't make enough teachers to get them from Maryland, so we have to get them from all over. And when they come in, depending on what college they graduated from, what training they had... So they have to learn a new training system as well as an adjustment system. And we're getting -- starting to get picked off by our neighboring counties getting our people, because they're having to move up there to get their houses. And when gasoline hit three bucks we started to have a problem. And this year we started out with double the openings that we didn't have filled when we started the school year that we did last year. And last year was double what it was before. So that's the doubling I'm worried about. So I'm worried about keeping our help, keeping them happy, hit the targets, deal with the state and federal stuff, and do that in a system that's having to produce a higher level of education every year, and get out of the old sorting mechanism.

Council President Leventhal,
Well, I think that is a good summary of the simultaneous and conflicting challenges that you face. Let me just go from the general to the specific real quick. You mentioned that you're seeing an exponential increase in autism in the schools.

Dr. Jerry Weast,
Yes.

Council President Leventhal,
How to the -- what are you doing in that area in terms of the Special Education initiatives and some of the initiatives that are proposed...

Dr. Jerry Weast,
Well, we have quite a few -- first of all you have to take care of the volume and it...

Councilmember Subin,
I think if we go through the Committee report we can get to that.

Councilmember Andrews,
Okay.

Dr. Jerry Weast,
I would be happy to further my discussion with you at any time.

Councilmember Andrews,
Okay.

Dr. Jerry Weast,
I think with you're probably -- the hour's getting late.

Council President Leventhal,

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The hour is getting late. I wanted to tag on a question about magnet programs, but I'll wait until the appropriate time in the packet. And let's, Mr. Chairman, try to make as much progress as we can. I know that you and I and Ms. Floreen have the same commitment that we're all going to be late to, so if we all show up at the same time then they'll appreciate how busy we are.

Councilmember Subin,
But if none of us show up then we've all got the same cover.

Councilmember Floreen,
They'll have no doubts.

Council President Leventhal,
Exactly.

Councilmember Floreen,
We're a team.

Councilmember Subin,
Okay, 89% of the request for salaries and benefits, 62% of the $124 million requested is for increased salaries and benefits. I'm not sure how the new pension moneys might change that. Of the Board's request and the increase piece of it, 69% is from the local tax supported funds, which normally is 75%. The amendments, as Ms. Floreen was talking about earlier equal, $2.2 million. That is to complete the Full-day Kindergarten initiative this year instead of next year, to implement the Poolesville High School Magnet to add four ESOL Parent Community Coordinator positions and 5.6 positions to serve ESOL students. And then there is a position to hire a policy analyst and part-time contractual staff to review and evaluate the effectiveness of Board policies. There was a discussion within the Board and Superintendent on where that would be. There was some community input, but the Board has decided to place that in the Superintendent's Office. The negotiated agreements with all three bargaining units are 3.5%. Next year we'll be opening one new high school, four new elementary schools. The cost of inflation is $20 million, the greatest part of that being for utilities. We did, as Ms. Praisner said, budget a Supplemental last year. We all kind of choked when the School System signed a contract for gasoline at $2.15 a gallon. It looks like a real bargain right now. Other new initiatives that come to $17.3 million. The largest pieces of that are the Special Education, the Full-day Kindergarten, high school supports, and class size reductions. There is a commensurate $6 million reduction in Central Services. I would note that that is now 2.1% of the budget in Category One, back in the late '80s and we were over 6%. So there has been a steady decrease of Central Administrative supports, with those positions flowing to the schoolhouse. Now the average cost per student is $12,457. I would caution using that number though, because that is an average per student number, which does not represent the cost for "out of School System" placements for Special Ed. There are 546 Full-Time Equivalent adds this year. Ms. Floreen.

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Councilmember Floreen,
Just to carp on, Mr. Chair, are you saying that that's the difference between the School System's number and the Executive's figure?

Councilmember Subin,
No, the Executive's figure was a higher number because it included things that were not K-12 and included the entire budget. The $12,457 is a K-12 average cost number. So they are other pieces going on.

Councilmember Floreen,
Such as -- what would those -- those pieces would be?

Charles Haughey,
Well, this excludes things like where we have Adult Education, which is [INAUDIBLE] but we still have in the budget, Pre-school, programs where those students are not considered part of the K-12 environment.

Councilmember Floreen,
Okay, thanks.

Councilmember Subin,
They are offsets to the $13,000 in terms of revenues that come in. There are 546 Full-Time Equivalent adds this year, which gets back to Ms. Praisner's earlier comments about a leveling off of the population, and why would there be additional students -- or additional positions with the leveling off? A number of issues: there's All-Day Kindergarten, there's Special Education, we have aides and assistants going in. As Mr. Andrews noted we have the loss of 12 maintenance workers. But there have been better staffing levels in a number of areas that we did not have before, really the smaller class size being -- and Special Ed being the two biggest contributors.

Councilmember Praisner,
No, my question really related to the savings in LAPSE and in personnel given the declining enrollment, or leveling off of enrollment.

Councilmember Subin,
I was just addressing your point and then why would there be additional positions.

Councilmember Praisner,
Right, no I understand the new initiatives. The Taxpayers League had asked a question about trying to reconcile MCPS employee population figures or numbers, because the Personnel Complement that we receive when MFP looks at each of the agencies and looks at the personnel shows a number for employees at the -- the FY '06 number for employees, which is different than the number that we've seen in the Personnel Complement. And then there's a subset number listed for MCEA, meaning teachers,

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that's different than the Personnel Complement information. Rather than to ask you to reconcile them here, now, I think the question is, that they were looking at the Personnel Complement information, which we received, and they saw a different number. So I'll make a copy of their request, and if you could get back to me and them.

Charles Haughey,
Ms. Praisner, we worked with them on that. They were looking at the Staff Statistical Profile, which is a headcount item, which is the number of employees for Personnel reasons. The figure that we have in the budget is Full-Time Equivalent, so that was the difference.

Councilmember Praisner,
Okay, so it's an FTE versus number...

Charles Haughey,
FTE. We worked with Mr. Weinman to...

Councilmember Praisner,
So you're okay now? Mr. Weinman's head -- he's shaking his head no, so they both said... He's saying, both of the charts said "FTE."

Charles Haughey,
Oh, I'll work with him.

Councilmember Subin,
Why don't you reconcile those numbers and bring it back?

Councilmember Praisner,
So why don't you work with them and get it back to me. Yeah, that would be helpful. Thank you. I see no other lights.

Councilmember Subin,
Again, enrollment is flat, however Special Ed students in intensive programs is increasing by about 6.6%. And that's being felt most heavily at the high school level. ESOL students up 500; farm students, a slight decrease. Student demographics increasingly heavy on ethnic minorities: 42% White, 23% African-American, 20% Hispanic, and 14.7% Asian-Americans, .3% Native American. There were a number of speakers...

Council President Leventhal,
Mr. Silverman had a question.

Councilmember Silverman,
I'm sorry. Real briefly, what's the explanation for the bump up in the number of Special Education students?

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Councilmember Subin,
Increasing identification of kids in high school mostly. That's where the biggest bump was.

Dr. Jerry Weast,
Basically, there's been an historic under-identification.

Councilmember Silverman,
Okay, thank you.

Councilmember Subin,
That's just a greater attempt to identify students with needs in high school, especially with the high school assessments coming up. Several speakers basically said, "Hey, we're spending all of this money and not getting anything out of it," so I'm going move to the performance measures. Starting on Circle 19 of the packet there is a series of charts, and then the Committee was handed an additional list by the System. Quickly, there are percentage increases in the number of SAT scores of 1,100 or higher: Whites were 23.5; African-American, Asian, and Hispanic rapidly outpaced that number. In fact, African-American increases there were 52.2%. We were at 1,100 for two years -- 1,100 plus for two years in a row, which is the best in the state. Number of students who took the SATs: across the nation 47%; we beat that in all ethnic classes here. And that's an important statistic, because it means that more kids are interested in taking that test, which means that more kids are taking courses of rigor. That shows up again in the percentage of graduates taking at least one AP Exam. And increases from the Class of 2001 to 2005: African-American increased from 12%; Hispanic, 16%; and All MCPS, 14%. Percentage of MCPS scoring 3 or higher on the APs: African-American up 6%; Hispanic up 15%. Percentage of Grade Eight students completing Algebra I or higher: African-American, increases; Hispanic, increases; All MCPS, increases. Mr. Andrews asked earlier about advances in youngsters who've been in the smaller class size, K-2: in the Fall, 2005, 36% of MCPS fifth grade students enrolled in Math A or higher. That is where that is showing up. Other record-breaking proficiency levels: in fourth grade, MSA scores for reading, across-the-board; record-breaking proficiency levels, fourth grade math, across-the-board. Second grade scores at or above the national average: Asian-Americans up 9%; African-American, 15; Hispanic, 17; White, 9. So we're raising the bar and closing the gap, maybe not as quickly as we would hope, but more youngsters are getting there, more youngsters are taking courses of rigor. Kindergarten: students are at or above text reading benchmarks since 2002: African-American, up 26%; Hispanic, up 27%; the entire school district, up 22%. I'm looking at some of the national assessments. All 23 of our eligible high schools for two years in a row were among the top 3% in the nation as named by "Newsweek." That is a neutral observer. 44% of the Class of 2005 scored 3 or higher on at least one AP: 17% of African-American students and 33% of Hispanic students in the Class of 2005 scored a 3 or higher on at least one AP Exam. We had 160 students named National AP scholars by the College Board. And Walter Johnson High School was named the Best In the World for AP History by

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the College Board. Again, the 1,100 in Math and Critical Reading, and 31 National Blue Ribbon Schools, 48 National Merit Scholars. We had, again, Ms. Kim Oliver, National Teacher of the Year. 229 teachers were certified by the National Board for Professional Teaching Standards. And in Albert Einstein High School, Ed Nolan was named the recipient of the 2005 Presidential Award for Excellence in Math and Science Teaching. So, the list goes on and on. And again, while we're not where we want to be, we get to a certain point and we move the goal posts higher and challenge even more. Revenue sources: 75% come from the County, 17.7 from the state, 3.7 from the Feds. Almost 3% are enterprise funds. I'm going to page 6A, under Proposed '07 Expenditures By Category. Instruction is 63.4% of the requested budget. The most substantial increase, unfortunately this year, was in Category 10, which is Plant and Equipment. And that simply reflects higher utility costs. Again, I think it is significant to know that administration only is 2.1%, and that is partially a result of three separate outside studies done on the School System by the private sector, where the School System opened up its policies and procedures, and we've been able to move money out of Administration into the classroom. Funding for Special Ed has increased by 7.5%. Again, an issue with more children being identified. Student transportation is up. And we just, in Committee, approved a request to shift $1 million from Category Ten to Category Nine to cover the increased fuel cost. Basically that was diesel fuel. On 8-A, getting into the legal and fiscal framework, we do have the state's Bridge To Excellence, which is requiring that all students have All-Day Kindergarten available to them by September, '07. This budget and the Committee has approved the plan -- or is recommending approval of the plan to do it in September, '06, so that it will be available in every school in the County. Funding, the big issue that we had was the $17 million gap in GCEI funding, which we still are not getting. That was closed with some puts and takes, but mostly by reducing the County's -- not the surplus, we stopped using that word.

Councilmember Silverman,
Excess revenues.

Councilmember Subin,
The excess -- thank you -- the excess revenues from 6.5% to 6% of the budget. If we had gone with Maintenance of Effort that calculation, because of the flat student enrollment, would have increased the County contribution by $1.3 million. Instead, we do have a request of $81.5 million above that. Starting on 9-A, Compensation: again, 3.5% across-the-board for all of the bargaining units within the School System. On 10-A in Previews Initiatives for Fiscal '07, Special Education presented a challenge -- there were a number of changes in the federal formula for IDEA that gave us some extra moneys in some places, but ended up $1.4 million short. And the Committee is recommending that we appropriate that shortfall so that we can continue the effort that we have in Special Education. Moneys for Learning and Academic Disabilities Program is 1.$5 million. We're moving to a teacher station staffing model and that's just over $1 million for this year. And that will ensure that every middle school has at least three Special Ed teachers and each high school has at least four teachers. We're moving to what Dr. Wright implemented in Howard County as a hours-based staffing model, which

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goes into the schools and looks not at the number of -- simply at the number of students, but identifies their needs and what they will actually require in terms of staffing. The School System had recommended adding two schools to that next year, it would have been Forest Oak Middle and Silver Spring International. Based on a memo that Mr. Silverman provided to the Committee we are recommending two increments of one school each to get to four additional schools next year. The first increment's $327,000 the second increment is $197,000. There's and issue also that Mr. Silverman brought up in his memo On Web-based System For Education Plans and that is $515,700. That is required by the feds, the state is falling behind on their advances there, but the Board is recommending that we continue to move on our system. So that is the answer, Mr. Silverman, and from your memo on that. Mr. Silverman's third issue was training. The Committee stated that the system already gets $52 million in teacher training, staff training and that if additional moneys were necessary for Special Ed they could find it within those resources.

Councilmember Floreen,
Mr. President, I have a question about Special Ed.

Council President Leventhal,
Ms. Floreen.

Councilmember Floreen,
Thank you, Just to understand, the Committee recommendation on staffing, is that included within the total Committee recommendation?

Councilmember Subin,
Yes. Yes.

Councilmember Floreen,
Okay, I had just a general question about the Special Education. There are costs associated with Special Education that aren't just instructional. Does the $228 million budgeted here reflect the Out of System placement requirements, but not the transportation or other employee...

Councilmember Subin,
No, it's all there. That includes the Out of School placements, out of County placements, and transportation.

Councilmember Floreen,
It includes all of those elements then?

Dr. Jerry Weast,
Yes.

Councilmember Floreen,

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All right, because it wasn't clear to me from the memo that it did.

Councilmember Subin,
Two points on that, the feds are supposed to...

Councilmember Floreen,
Oh, it's $340 million!

Dr. Jerry Weast,
Correct. $340 million.

Councilmember Floreen,
Okay, that's the number that I was looking at.

Councilmember Subin,
Right, the $228 million is only when we Category Six. I see what your question is.

Councilmember Floreen,
Okay, Thanks.

Unidentified Speaker,
[INAUDIBLE]

Councilmember Subin,
The transportation is a heavy cost. The feds are supposed to be paying 40% of the costs, they pay like 8%. And then they took away 1.4 this year. Overall staffing is like 14-1 for school-based Special Ed, but that will vary by child and by need. That's just an overall number. Next issue on 11-A High School Supports: A new initiative worth $2.6 million, and that's to address literacy coaches for all high schools based on the needs of the students in the individual schools. $400,000 for high school assessment support. That's program is going to kick in soon and we need to get all our young people up to that -- up to the point of being able to pass that. There's a new reading program, Read 180. It's an intensive reading program to help students below grade level. And especially in high school what has been a chronic issue are overly large classes, which we're trying to get down *de minimis*. Again, this is an initiative that will add personnel to the Personnel Complement, even though the population is level. Continuing on the elementary class size reduction, which we're seeing the impacts of. We're going to lower the loads in elementary art, music and PE, adding teacher assistants and substitutes in the elementary/middle schools, and class size reductions for Special Ed. Again, to get that down to the 14 staff -- 14 students to every staff individual. Assistant principals are on the second year of that initiative. There'll be an additional 15, and we've done that by changing the standards to which a school will qualify to get there. Middle school reform, this was an issue which the Committee was not totally comfortable that the system was ready to move ahead on and had put the $500,000 in as a placeholder. What we did was reduced the reform number to $250,000, and took

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the other $250,000 -- and if the Council will remember last year, we put $100,000 into the Career and Tech Ed for planning purposes to come up with an apprenticeship program to deal with SCIU individuals who qualified for additional training, wanted to move up to the apprenticeship level, understanding also that this is a program that is wanted by Park and Planning, could also be used by the County government. There are plans now that can be moved on, both looking at the [Galdowski] Center, but clearly there has been a lot of movement made with the National Labor College, the George Meany Center. And we're ready to go on that, start with the plans, and get additional training and qualifications for our employees.

Councilmember Floreen,
Question.

Council President Leventhal,
Ms. Floreen.

Councilmember Floreen,
I commend the Committee's effort on the Apprenticeship Program, but I am a little concerned about the middle school issue, because I think that's a really big challenge. And I wanted to get a sense of what the thinking was in terms of the System's attention to that problem, given the reduction.

Larry Bowers,
We have, as we discussed with the Education Committee a significant reform initiative. as we have talked to the students who started in the initiative in Kindergarten and now are in fifth grade. And we have to prepare for the sixth grade. We are looking at the curriculum, we're looking at the assessments, and we're looking at the instructional programs, but it needs to go much further than that. We have shifted money from the elementary to the middle level for training next year. Primarily what we were looking for for this additional money was what Dr. Weast had talked about, how do you give kids more time? There's a lot of kids who have to have more time in order to be able to catch up and stay up with their peers. And so we were looking at Math and Reading Programs for the summer for a number of additional students. We have some programs, we're looking at extending them in terms of both the number -- the amount of time and the number of students. That's just one of the initiatives. And as we move this plan forward and we're going to be submitting a plan to the Superintendent and the Board in the fall. It's going to cover all areas of hiring, recruitment, training of our employees. It's going to look at how we organize our schools, how we staff our schools, how we schedule our schools. So you'll be seeing, after we submit to the schools, a wide array of initiatives or plans in which to reorganize, restructure our middle schools so that they're much more successful. The data that we've showed you before, and one of the things that Dr. Weast's talked about, and the areas that he's not as pleased with is certainly in middle schools, and we've got a ways to go. Again, we've accomplished a lot, but we have a lot more to do, and that's what we're going to be seeing in all of this.

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Councilmember Floreen,
Well, anyone who's ever been a -- anyone who's ever had a child going through the that age knows the challenge. Are you saying then that -- the work that's underway is not going to stop? You'll have to roll out whatever you have to roll out, and it will have to be vetted by the Board and we'll hear some more from you.

Dr. Jerry Weast,
That is correct. Basically if you take a look at...

Councilmember Floreen,
So there's room.

Dr. Jerry Weast,
Yeah, and it's going to be expensive when we get it done.

Councilmember Floreen,
I know we can count on you, Dr. Weast.

Dr. Jerry Weast,
We looked at the three schools, remember we got the federal government to give us $7 million. You divide that by three, it's a little more than $2 million a school for a three-year period. And what we're doing is taking a look at how we can do it without doing it at that level. But I can tell you those three schools were our three most impacted schools: Argyle, Parkland, and now what we call Loiederman. And what we are looking at is remarkable success in not only kids taking higher level classes, but achievement in higher level classes. What we're trying to do is take a look at what about those models can we use in the other schools and do that as cost effective as we possibly can and capture back that time?

Councilmember Floreen,
So it's a question of implementing initiatives that have been employed elsewhere across the System.

Dr. Jerry Weast,
Yes, right here.

Councilmember Floreen,
It's not that you don't have ideas, it's the question of what's going to go where, under what circumstances?

Dr. Jerry Weast,
We know -- Pyle, for example, was selected as one of the best schools in the entire United States of America. And our -- our three magnets, or their kind of whole area, their choice kind of things in that area. This word "magnet" is misused so many times. Those three whole school reforms that we have at Parkland, Loiederman, and Argyle,

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that's what got the Presidential visit, is because -- they didn't come here, they were looking in the Secretary of Education about how successful they were, because they're very successful compared to other initiatives that the Federal Government has invested in. And we have sixth graders studying Astronomy, We have seventh graders studying higher level math and working with different kinds of people that are coming in helping us from universities and things like that. So what we'd like to do is see if we can spread those successful programs other places, and how to do that within the time -- that's going to be a killer -- and the cost.

Councilmember Floreen,
So you've got three schools with programs in place that you're happy with, is that what you're saying?

Dr. Jerry Weast,
Very happy with those three schools.

Councilmember Floreen,
And how many other middle schools?

Dr. Jerry Weast,
There are 38 middle schools.

Councilmember Floreen,
38 others?

Dr. Jerry Weast,
No, 38 all together.

Councilmember Floreen,
So 35 more.

Dr. Jerry Weast,
And then we have National Blue Ribbon ones and things like that, so we're looking at what works at different locations. Our biggest problem is movement. These little kids on the reform that Phil was asking about? We've got about the same number of fifth graders as we had six years ago when we started the reform. The problem is that only 65% of them are the same kids. Now that's a challenge with our reform. So even -- our reform is getting wonderful results, setting District-wide -- shattering the records. But the problem is the reform has to be so strong to offset those...

Councilmember Floreen,
You mean 35% of those children left the System?

Dr. Jerry Weast,

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Yeah, 35% left and a new 35% came in. We're running about the same numbers, but running with different kind of numbers.

[RINGING]

Dr. Jerry Weast,
It's just somebody from the Council offices.

Councilmember Floreen,
Okay, all right.

Dr. Jerry Weast,
They're probably telling me to hurry you guys up.

Councilmember Subin,
Well, it wasn't that the Committee disagreed with the initiative. Everybody agreed that it's not yet ready to roll out that they would be back, and that the apprenticeship program was ready to roll out. And that if the -- if System wide, they could look for $250,000 in savings elsewhere if they were ready to roll with this.

Councilmember Floreen,
Well, I guess I would ask that the Education Committee watch this issue very closely, because I think it's -- these are the most...

Councilmember Subin,
Fragile.

Councilmember Floreen,
Well, these are challenging children at complex times in their lives, and a challenge for parents to deal with as much as anyone else, I know.

Dr. Jerry Weast,
As I said in my comments to Mr. Andrews, we're only about 25, 30% of where I'd like us to be at at the middle school. So that means we've got 70% more to do.

Councilmember Floreen,
So we'll hear a lot more from you on this subject next year?

Dr. Jerry Weast,
You'll probably be very tired of it in the next three years.

Councilmember Subin,
They'll be this and the high school initiatives also, I suspect will be...

Dr. Jerry Weast,

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We'll talk about sixth grade next year, 'cause we can't have these fifth graders falling off. And then sixth grade and then seventh grade.

Councilmember Floreen,
Okay. Thanks.

Council President Leventhal,
Mr. Chairman, I would like to ask a question on the same point. And I will follow up with a memo that articulates my questions more clearly. A couple of months ago, Dr. Weast, you offered me a briefing on the issue of the magnet programs, and we've all been busy and we'll get to that. So what I'm going to do is articulate for you the specific questions that I have, which have to do with the programs, the three new ones that you mentioned, as well as the existing programs at Eastern and Takoma Park and there's a new one up at Roberto Clemente Middle School. So, among the things that I'll be looking for, I would like a very clear demographic breakout of participation in those programs. We're talking about sixth now, if we don't want to use the word "magnet" that's fine, I'm not wild about it either. So whatever you want to call them, Accelerated Middle School Programs. And fundamentally what I'm looking for, and I will articulate this in a memo, but I would like to understand the basic answer to the basic question of how is it that we tell any kid no? That is every child that's in the Montgomery County Public Schools is educated in the Montgomery County Public Schools. And any child who asks for that curriculum is going to get some curriculum. And so I would like to understand what are the resource allocation issues that make us say to any child who wants that curriculum, "No, you can't have it." If it's because the best teachers are limited, that's a problem. Because should we be making the best teachers available to the most fortunate, most advantaged kids? That's a problem. If it's because we spend more on the most fortunate, most advantaged kids, that's a problem. Are we spending more on the participants in that program than we are spending on other kids? If it's because of classroom space, that's a problem, because all of the kids have to get educated one way or the other and the classroom space is a fairly artificial distinction. So I'm -- and my concern stems -- and this relates directly to what Ms. Floreen was asking, about the affect on a kid who gets told no just as they're entering adolescence. What is the message that that child is receiving about his or her own future when his or her own public school system tells them, "Well, you're just not quite good enough." And what signal does that send to them for their achievement track just as they're entering the years where their hormones are raging and their body is changing and gangs are beckoning and all kinds of inappropriate activities are making themselves available. And just as they step off into adolescence are they getting the message that we believe in them and they're on the successful track, or are the kids who get told no getting sent a different message. So I'll articulate that in more detail. You need not be hours late, and you need not answer in great detail now. But this is a real concern of mine and I am going to want to have a lengthy conversation with the School System, but not tonight.

Dr. Jerry Weast,

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Yeah, and I won't get into a lengthy one. I can only tell you that three new programs that we put forward in our middle school reform are whole school. They may call them, because we had quite a bit of debate about that. I may be one of the few people that really doesn't like that word; you are too, okay. They're whole school programs. And just like I was saying before, we've been transitioning from a sorting type of system to one that has everybody hit high levels. Well, we've got some transitioning to do as we're doing our reform with what was done in the past and what I'm trying to bring forward in the future. And it takes a lot of work and a lot of time. And we've done that at the elementary school and now we're going to move through the middle school and do that. And I would hope that we could move towards the whole school programmatic kinds of things. Then people coming in from the outside, you're only limited to them coming to it by space. We're dealing with thematic things, too, because you can't run the same themes every place.

Councilmember Subin,
Well, and the reason that Clemente got the magnet was, in fact, to do that, to make it a whole school program. And because of the high minority population there make it a whole school program and then bring students in from the outside to fill out those numbers. So there has been some movement and I agree with the Council President, we do need to keep looking at those issues and how those programs become available, but we have made some progress. Which brings us to Poolesville and the Poolesville magnet, which was to give the youngsters from Clemente who will be leaving there the chance to move on. There will be 100 ninth graders at Poolesville for that program There's a request from the Office of Information and Organizational Systems to enhance the security system, data safety and security, electronic rating and reporting, and information solutions. and they are 1 full-time position and 1 part-time contractual position going into that.

Council President Leventhal,
What page are you on, Mr. Chairman?

Councilmember Subin,
That was on 12-A, the bottom of 12-A Which brings us up to the top of 13-A: Security and School Environment Enhancements and Violence Prevention are issues which we've been discussing with HHS and were in the HHS budget. Building Services: there's the addition of building services workers with 40 FTEs for the new schools. That, again, is a net with the 12 positions that will not be there. Spending Affordability Guidelines: the Board has identified $1.5 million in savings. On 14-A I've already touched on reduction...

Councilmember Praisner,
Can I ask a question on Spending Affordability? Just as with the other funds for pension and for the $6 million, I would like to know specifically where those reductions are taken. Thank you. I think that -- no other questions, Mr. Subin, you can go on.

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Councilmember Subin,
On 14-A, the impact of the reduction in Federal Revenue for Special Ed, and there were a number of puts and takes and a number of formulas but we ended up with a $1.4 million reduction over all. There were some additional moneys in there which would have taken that number higher. The GCEI of $17 million, again, by taking down the additional revenue from 6.5 to 6% covers that. The capital costs of the high school...

Councilmember Praisner,
Could I ask a question? I'm sorry. Technically, the GCEI is not an issue from the School System perspective because the School System didn't count that money. The problem is that the Executive counted it, and therefore we have to make up the money. So in that case I think the School System appropriately felt they could find uses for it when they got it, but to program for it without -- given the behavior of this Governor is -- was a wise thing. Unfortunately, the Executive calculated it. Right? Isn't that... Okay. Thank you.

Councilmember Subin,
Okay, the word I've been struggling to find was not "surplus," but "reserves." It's right there. The capital costs of the High School Wellness Center are not in the budget. They can't do that until next April or May, anyhow. And we figured that April and May were not the right times to be starting a program in the School System. So we put that off until July of Fiscal '07 -- '08. High school initiative/Middle School reform we've been over. Went over the issue of the number of new employees. The Taxpayers League was absolutely correct, the employee numbers have gone up while the students' enrollment has stayed flat. But, again, looking at needs in Special Ed, reduced class size initiatives, the new schools, assistant principals, All-Day Kindergarten, that's where the additions came in. And then on 15-A, which is the last page of what the Committee went over, went over the issue of the policy staff again. The suggestion was to put it in the Board office rather than in the Superintendent's office, but the Board has made the decision to put it in the Superintendent's Office. Personally, I think the Board should have control of that person, but that clearly is a Board decision on where to put them. The additional staff for budget analysis, same thing. And we will be talking about Council staff on that tomorrow. Reduction of maintenance workers we've been over. End of year savings, again, $6 million -- $3 million to go to the pension, $3 million to the reversion, and we've discussed several times the increase in the Special Ed students. Madam President, that completes...

Councilmember Praisner,
I see no other lights, the only other comment I was going to add is there is also $20,000, compliments of the Cable Fund, to allow the Board of Education to come into at least the 20th century on its microphone system. What I've been told is that we don't know how much that will fix your problem with Blackberries. But at least it will...

Councilmember Subin,
Get rid of Silverman, that'll fix it.

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Councilmember Praisner,
Their problem! But at least if the microphones aren't on it shouldn't pick up as much, unless it's a "push to talk." That should improve some of the Blackberry problem, although not eliminate it completely, from what I've been told.

Charles Haughey,
And I will assume personal responsibility for doing more to enforce the anti-Blackberry rule, but I...

Councilmember Praisner,
I haven't had any luck here, although I'm looking forward to it in the future.

Charles Haughey,
Unless Mr. Silverman decides to change his venue I think we'll deal with others.

Councilmember Subin,
He's decided to do that.

[LAUGHTER]

Charles Haughey,
We are very appreciative of those funds and the staff has already begun reconnoitering, finding systems, and we'll be ready as soon as the money is there.

Councilmember Praisner,
Well, it's an '07 budget and that should get it during your presidency, Mr. Haughey. And having watched the Board meeting and seeing the problem with the Blackberry and having some additional cable funds we are able to do that and I think it's a significant improvement for all of us. And I see no other lights. Thank you, Mr. Committee Chair, for your excellent review. Thank you folks from the School System, Thank you, Mr. Marvin Weinman, for hanging with us. And we do have a series of follow-ups of information both for community members who have asked questions and for Councilmembers. We are adjourned.

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