

GO COMMITTEE #9
April 29, 2016

Worksession

MEMORANDUM

April 27, 2016

TO: Government Operations and Fiscal Policy Committee

FROM: ^{JCA} Jean C. Arthur, Legislative Analyst

SUBJECT: **Worksession: FY17 Operating Budget – Non-Departmental Accounts:
Boards, Committees and Commissions
Council of Governments
County Associations
Inauguration & Transition
Public Technology, Inc.**

The relevant pages from the FY17 Recommended Operating Budget are at ©1-5.

The following persons are expected at this worksession:

Sonetta Neufville, Administrative Specialist III, County Executive Office
Amy Wilson, OMB

Budget Summary:

- The County Executive is recommending an increase in expenditures for only one of these NDAs – Council of Governments dues. MWCOG has increased dues by 2.11 percent per capita.
- The Inauguration and Transition NDA has no funding in FY17.

Council Staff Recommendation:

- **Approve as recommended by the County Executive.**

OVERVIEW

Before the Committee today are funding requests for several non-departmental accounts. The County Executive's recommended FY17 budget recommendations for these accounts are shown in the table below.

NDA	FY16 Approved	FY17 CE Recommended	% Change
Boards, Committees and Commissions	\$22,950	\$22,950	-
Council of Governments	\$818,488	\$855,179	4.3%
County Associations	\$74,728	\$74,728	-
Inauguration	N/A	N/A	
Public Technology, Inc.	\$20,000	\$20,000	-

FY17 Expenditure Issues

Boards, Committees and Commissions ©1

Currently, the County Government has 86 boards, committees and commissions created by law or resolution. Members on seven boards or commissions are compensated for their time. Some, including the Board of Appeals and the Board of Investment Trustees, have full-time staff.

The Council recently enacted Bill 3-16 and 4-16. Both bills codified recommendations of the most recent Committee Evaluation Review Board. Specifically, the bills:

- define a board, committee, commission, and task force;
- require an Evaluation and Review Committee to be appointed every five years (rather than ten);
- establish a standard due date for annual reports from a board, committee, commission, and task force;
- increase the membership of the Animal Matters Hearing Board, the Commission on Aging, the Commission on People with Disabilities, the Commission on Veterans Affairs, the Commission on Child Care, and the Library Board; and
- eliminate the various geographical area recreation advisory boards.

These bills become effective on July 20, 2016 after which the County will have fewer boards since the regional recreation advisory boards will be combined into one county-wide entity.

For FY17, the County Executive is recommending a budget of \$22,950, level with FY16. This budget funds costs directly related to the members of the boards, committees and commissions such as reimbursements for dependent care and transportation.

Council of Governments¹ ©4

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

MWCOG FUND (\$)	FY16 Approved	FY17 Recommended	Change From FY16
General	\$622,143	\$653,250	\$31,107
Regional Environmental Fund	\$111,685	\$117,269	\$ 5,584
Anacostia Restoration Fund	\$84,660	\$ 84,660	0
Airport Noise	0	0	0
Cooperative Purchasing	0	0	0
Washington Area Housing Trust Fund	0	0	0
TOTAL Tax Supported	\$818,488	\$855,179	\$36,691
Billed to WSSC			
Water Resources Mgmt. Planning	\$272,838	\$274,880	\$ 2,042
Blue Plains Users	\$87,000	\$104,400	\$17,400
TOTAL Paid by WSSC	\$359,838	\$379,280	\$19,442
GRAND TOTAL	\$1,178,326	\$1,234,459	\$56,133
	\$622,143	\$653,250	\$31,107

County Associations ©2

This account pays the County's dues to the Maryland Association of Counties and the National Association of Counties.

MACo:	\$55,292
NACo:	\$19,436
Total	\$74, 728

¹COG's membership assessment is formulaic. Dues are calculated on a per capita rate basis using projected jurisdiction population approved by each city or county manager. The adopted assessment rate for FY17 is 72.5 cents per capita, an increase 2.11 percent over the FY15 and FY16 rate of \$.71.

Inauguration & Transition ©3

	FY16 Approved	FY17 Recommended
Inauguration & Transition	\$0	0

There is no inauguration scheduled in FY17.

Public Technology, Inc. ©5

Public Technology, Inc. supports local governments through research, education, executive-level consulting services, and national recognition programs. PTI works to identify research opportunities, share solutions, recognize member achievements and address the many technology issues that impact local government. PTI has a close relationship with the National League of Cities, National Association of Counties and International City/County Management Association. Montgomery County's dues for FY17 are \$20,000.

Staff Recommendation: Approve the recommended budget for the non-departmental accounts listed above as recommended by the County Executive.



Boards, Committees, and Commissions

There are approximately 75 boards, committees, and commissions, created by law or resolution, which serve the County for a variety of purposes. These funds provide for the reimbursement of certain expenses incurred by eligible members of boards, committees, or commissions while on official business and/or for expenses related to the establishment of any new boards, committees, or commissions.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	22,950	0.00
FY17 Recommended	22,950	0.00

Charter Review Commission

Section 509 of the County Charter requires that a Charter Review Commission be appointed by the County Council every four years, within six months after the Council assumes office, for the purpose of studying the Charter. The Commission shall report at least once to the Council on the Commission's activities within one year after appointment. Commission reports shall be submitted no later than May 1 of every even-numbered year. The reports shall contain recommendations concerning proposed Charter amendments, if any. This NDA provides for the expenses of the Commission.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	1,150	0.00
Decrease Cost: Operating Expenses	(1,000)	0.00
FY17 Recommended	150	0.00

Children's Opportunity Fund

The Children's Opportunity Fund provides funding to support policy priorities that address the social determinants that impact the achievement gap for vulnerable children and the barriers faced by their families. In FY16, the County initiated a funding of \$250,000 in equal parts from the MCPS and Department of Health and Human Services budgets to support the Children's Opportunity Fund. Additionally, to support a public-private partnership with the Rales Foundation, the County appropriated a supplemental \$750,750 in mid-FY16 for the NDA-Children's Opportunity Fund to support the Building Educated Leaders for Life (BELL) summer program.

It is anticipated that the Children's Opportunity Fund will be established at the Montgomery County Community Foundation in FY17. The fund at the Community Foundation will be supported by a Policy Leadership Group made up of the County Executive, the MCPS Superintendent, a member of the Board of Education, and a member of the County Council. This Policy Leadership Group will be staffed by the Director/Consultant of the Children's Opportunity Fund, and will advise the Fund's Steering Committee as to the policy priorities for the Fund. The Children's Opportunity Fund Steering Committee will make the actual competition and award decisions. The membership of the Steering Committee will be 9-11 members and must include the Director of the Department of Recreation, the Director of the Department of Health and Human Services, the MCPS Chief Academic Officer, the Executive Director of the Collaboration Council, the Executive Director of the Montgomery County Community Foundation and the Director/Consultant to the Children's Opportunity Fund who will be hired by the Montgomery County Community Foundation and will be an ex-officio member. Evaluation and data driven decision-making is critical to the work of the Fund. The Children's Opportunity Fund will direct resources to County inter-agency and cross system collaborations, promote public-private partnerships and identify new funding sources in collaboration with the Community Foundation to aggressively close the achievement gap in Montgomery County and impact the social-economic determinants that affect outcomes for children and their families.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	0	0.00
Add: Implementation of the Building Educated Leaders for Life (BELL) Program	375,000	0.00
FY17 Recommended	375,000	0.00

Community Grants: County Council

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	616,072	1.00
Increase Cost: Annualization of FY16 Personnel Costs	11,364	0.00
Shift: Costar License from Department of Economic Development	4,000	0.00
Increase Cost: FY17 Compensation Adjustment	1,333	0.00
Decrease Cost: Biennial Management Audit	(50,000)	0.00
FY17 Recommended	582,769	1.00

Consolidated Retiree Health Benefits Trust (MCPS)

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

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	61,733,000	0.00
Increase Cost: County Contribution Based on Actuarial Valuation	1,322,000	0.00
FY17 Recommended	63,055,000	0.00

Consolidated Retiree Health Benefits Trust (Montgomery College)

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

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	1,428,000	0.00
Increase Cost: County Contribution Based on Actuarial Valuation	96,000	0.00
FY17 Recommended	1,524,000	0.00



County Associations

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

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	74,728	0.00
FY17 Recommended	74,728	0.00

Device Client Management

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

Replacement of the remaining Windows XP machines is completed as of mid-FY15.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	5,800,200	0.00

Historical Activities

This NDA contains a General Fund appropriation of \$77,250 and provides funding for the following agencies and programs:

- **Historic Preservation Commission:** The Historic Preservation Commission's main responsibility is to administer the historic preservation ordinance including recommending Montgomery County sites of potential historical significance. These efforts are administered by the Maryland-National Capital Park and Planning Commission (M-NCPPC). Starting in FY14, funding to support the Commission is no longer budgeted in this NDA but is appropriated to the M-NCPPC.
- **Historical Society:** Funding for the Montgomery County Historical Society provides support for the Society's Education Program staff, educational and outreach programs for County residents, and to maintain the Historical Society's research library and museums.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	77,250	0.00
FY17 Recommended	77,250	0.00

Homeowner's Association Road Maintenance Reimburse

This NDA provides a partial reimbursement to homeowners' associations (HOAs) for their maintenance of certain privately-owned roadways. The payment is currently restricted to through roadways, accessible to the public, which are one-quarter mile or longer and which provide vehicular access to more than four dwelling units. In FY97, an Executive Regulation was enacted allowing homeowners' associations to request that their roadways be deemed "private maintenance roads." This designation qualifies the HOAs for State reimbursement of their roadway maintenance costs. The County annually submits to the State its estimate of reimbursable miles, including those accepted as private maintenance roads. The State then reimburses the County and, subsequently, the County forwards the funds to HOAs.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	59,070	0.00
FY17 Recommended	59,070	0.00

Housing Opportunities Commission

The Housing Opportunities Commission of Montgomery County (HOC) is a public body corporate and politic duly organized under Division II of the Housing Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law. As such, the Commission acts as a builder, developer, financier, owner, and manager of housing for people of low- and moderate- (eligible) income. The Commission also provides eligible families and individuals with affordable housing and supportive services.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	6,401,408	0.00
Increase Cost: Annualization of Personnel Costs	219,660	0.00
Increase Cost: Rental Licenses Fee Adjustment	20,000	0.00
Decrease Cost: Operating Expenses	(128,028)	0.00
FY17 Recommended	6,513,040	0.00



Inauguration & Transition

The Montgomery County Charter provides for the quadrennial election of a County Executive and County Council. This NDA provides for a ceremony and smooth transition of the County Executive and County Council every four years.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	0	0.00
FY17 Recommended	0	0.00

Oversight, the Board of Appeals, the Office of Zoning and Administrative Hearings, and the Office of the Inspector General) to inform constituent communities of issues that directly affect them and to ensure that these communities' concerns are effectively taken into account. Communications efforts supported by this NDA include expanded outreach in Spanish and other languages, greater use of web and social media resources, Open Government initiatives, and improved management of constituent requests.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	490,000	2.00
FY17 Recommended	490,000	2.00

MEDCO Grant - Incubator Network

This NDA provides debt service and facility lease payments for the County's Business Innovation Network (BIN-business incubator) facilities, program funding for the Business Incubator Without Wall Program (for Wheaton and Down County area), and the debt service payment for the National CyberSecurity Center of Excellence (NCCoE). Maryland Economic Development Corporation (MEDCO) is the County's program partner and the agent responsible for managing these facilities and programs. The BIN network consists of three physical locations: the Silver Spring Innovation Center (SSIC) on Georgia Avenue owned by the County, the Rockville Innovation Center (RIC) in Rockville Town Square owned by MEDCO, and the Germantown Innovation Center (GIC) on the campus of Montgomery College that the County leases from the College Foundation until 2036. The NCCoE, located at 9700 Great Seneca Highway, Rockville, is a partnership between the National Institute of Standard and Technology (NIST), the State of Maryland, and Montgomery County. MEDCO provides facility management but the MITRE Corporation selected by the NIST is in charge of day to day operations.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	0	0.00
Shift: Operating Support of Incubators from Department of Economic Development	3,416,621	0.00
FY17 Recommended	3,416,621	0.00



Metro Washington Council of Governments

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	818,488	0.00
Increase Cost: General Membership Dues and Assessments	36,691	0.00
FY17 Recommended	855,179	0.00

Montgomery Coalition for Adult English Literacy (MCAEL)

This NDA provides funding for the Montgomery Coalition for Adult English Literacy (MCAEL). MCAEL's mission is to strengthen the countywide adult English literacy providers' network with resources, training, collaborations, and advocacy to support a thriving community and an effective workforce. Funding for MCAEL supports program grants to organizations that provide adult English literacy services; technical assistance, training, and networking opportunities that improve program quality and coordination; information resources for the community; and operating expenses to administer grants to over 20 programs and educate and engage the community about the need for and benefits from adult English literacy classes. The County's contribution is implemented by a contract between the Department of Public Libraries and MCAEL.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	1,357,058	0.00
Enhance: MCAEL Grants and Operating Support	100,000	0.00
FY17 Recommended	1,457,058	0.00

Montgomery County Economic Development Corporation

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	20,000	0.00
FY17 Recommended	20,000	0.00

Public Election Fund

Article IV of Chapter 16 of the County Code requires the Director of Finance to create a Public Election Fund to provide public campaign financing for qualified candidates for County Executive or County Council. The law is intended to encourage more candidates who do not have access to large contributions from interest groups or individuals to run for County elective offices. This NDA provides for the distribution of public contributions to qualified candidates in a contested election.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	1,000,000	0.00
FY17 Recommended	1,000,000	0.00

Public Technology, Inc.

Funds are budgeted each year to continue membership in Public Technology, Inc. (PTI) as the County's research and development link with the National Association of Counties. Annual dues cover research and development assistance for innovative projects; access to a computerized information-sharing network; and membership in the Urban Consortium. The County participates in, and has received grants as a result of, initiatives in task forces on energy, solid waste, and telecommunications. PTI, as an organization, specializes in the research and assessment of ideas of interest to local governments for increasing efficiency, reducing costs, improving services, and solving problems. A current emphasis is on public enterprise, toward helping local governments identify and capture potential sales from products and information that are outcomes of government investment.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	20,000	0.00
FY17 Recommended	20,000	0.00

Retiree Health Benefits Trust

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

One approach used to address retiree health benefits funding is to determine an amount which, if set aside on an annual basis and actively invested through a trust vehicle, will build up over time and provide sufficient funds to pay future retiree health benefits and any accrued interest on unfunded liability. This amount, known as an Annual OPEB Cost or "AOC", consists of two pieces - the annual amount the County would usually pay out for health benefits for current retirees (the pay as you go amount), plus the additional amount estimated as needed to fund retirees' future health benefits (the pre-funding portion). The pay as you go amount can be reasonably projected based on known facts about current retirees, and the pre-funding portion is estimated on an actuarial basis.

The County has committed to an approach of "ramping up" to the AOC amount over several years, with the amount set aside each year increasing steadily until the full AOC is reached. In FY 2011, the County Council enacted Bill 17-11 which established the Consolidated Retiree Health Benefits Trust. The bill amended existing law and provided a funding mechanism to pay for other post employment benefits for employees of Montgomery County Public Schools and Montgomery County College. In FY15, the County and all other agencies implemented the Medicare Part D Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015. This will reduce retiree drug insurance costs and the County's OPEB liability. The County achieved full pre-funding in FY15, consistent with Council resolution No. 16-555. In FY16, these contributions were \$43.5 million (County General Fund), \$61.7 million (MCPS Consolidated Trust), and \$1.4 million (Montgomery College Consolidated Trust).