PHED Committee #2
April 22, 2013

MEMORANDUM

April 18, 2013

TO: Planning, Housing, and Economic Development (PHED) Committee

FROM: Marlene Michaelson, Senior Legislative Analyst

SUBJECT: Maryland-National Capital Park and Planning Commission FY14 Operating Budget

Those expected for this worksession:

Francoise Carrier, Chair, Montgomery County Planning Board

Parks	Mary Bradford, Director of Parks Mike Riley, Deputy Director of Administration, Department of Parks John Nissel, Deputy Director of Operations MaryEllen Venzke, Management Services Division/Parks Chief Christine Brett, Chief, Enterprise Division/Parks Karen Warnick, Departmental Budget Manager Kate Stookey, Chief, Public Affairs and Community Partnerships Debbie Rankin, Montgomery Parks Foundation
Planning	Rose Krasnow, Acting Director Piera Weiss, Deputy Director John Carter, Chief, Area 3 Glenn Kreger, Chief, Area 2 Valdis Lazdins, Chief, Area 1 Mark Pfefferle, Chief, Development Applications and Regulatory Review Anjali Sood, Budget Analyst
CAS	Patti Barney, M-NCPPC Executive Director Joe Zimmerman, M-NCPPC Secretary Treasurer Adrian Gardner, M-NCPPC General Counsel John Kroll, M-NCPPC Corporate Budget Manager

This memorandum addresses the Planning Department workprogram and the Maryland-National Capital Park and Planning Commission (M-NCPPC) budget, including a summary of major changes proposed for FY14, and the budgets for the Administration Fund (The Planning Department, Commissioners Offices and Central Administrative Services) and the Park Fund. On April 29, the Committee will continue its discussion of the M-NCPPC budget, focusing on the Enterprise Fund, Special Revenue Funds, Advance Land Acquisition Revolving Fund, the Property Management Fund, and the Internal Service Funds, as well as the Planning Board request for additional funding related to geographic information systems and the Planning, Housing, and Economic Development (PHED) Committee's request to discuss a single registration system for the Department of Parks and the Department of Recreation. Park Police will be considered separately by a joint Public Safety/Planning, Housing, and Economic Development (PHED) Committees meeting, also on April 22.

All page references are to the M-NCPPC Fiscal Year 2014 Proposed Annual Budget; Committee Members may wish to bring a copy to the meeting. The Planning Board Chair's transmittal letter is on © 1 to 8 Relevant pages from the County Executive Recommended FY13 Operating Budget are attached on © 9 to 15. M-NCPPC responses to Council Staff questions on the budget are attached at © 16 to 62.

PLANNING DEPARTMENT WORKPROGRAM

On April 2, the Planning Board presented their Semi-Annual Report to the Council, including their recommended schedule for master plans. The schedule better spaced the master plans that would come to the Council after the election. At the meeting, the Planning Department indicated support for 3 minor master plan amendments for Pooks Hill, Aspen Hill, and Bethesda CBD. Since the Planning Board did not have the opportunity to review the proposal for a minor master plan amendment in Bethesda, the Council asked the Planning Board to review this proposal and return with a recommendation to the PHED Committee for this meeting. The Planning Board met on April 17 and Planning Department staff were still working on their transmittal at the time this memorandum was finalized. Their recommendations will be distributed as soon as they available.

A number of questions have been raised about the Minor Master Plan process and whether it should be changed. Should the Committee wish to address this issue, Staff recommends that it be done after budget so that the Committee can give this issue greater attention than possible during budget worksessions.

OVERVIEW OF M-NCPPC BUDGET

The total requested FY14 budget for the agency for **all funds**, including self-supporting funds, debt service, and reserve is $146.5 million, an increase of $1.1 million, or 0.7 percent, as compared to the FY13 budget (see page 30). This figure includes tax-supported funds (the Administration Fund and Park Fund) and non-tax supported funds (Special Revenue Funds, Internal Services Funds (Capital Equipment and Risk Management), the Enterprise Fund, the Advance Land Acquisition Revolving Fund (ALARF), the Property Management Fund), and reserves.

The table below summarizes the **tax-supported request as calculated for Spending Affordability Guideline (SAG) purposes.** In February 2013, the Council approved an FY14 SAG for M-NCPPC of $102.5 million or $3.6 million (3.6%) above the $98,923,855 approved FY13 budget. For FY14, the Commission has requested $104,380,012 (**excluding debt service, grants, reserves and Other Post-Employment Benefits (OPEB) prefunding**), approximately $1.88 million above the February SAG amount target. For the second year in a row, the County Executive recommended funding at the Agency requested level.

M-NCPPC SUMMARY OF TAX SUPPORTED FUNDS COUNTED FOR SAG[1] (Millions)		Increase/Decrease Over Approved **FY13** Budget	
		Dollars	Percent
Approved FY13 Budget	$98.9		
M-NCPPC FY14 Request	$104.4	$5.5	5.6%
February Spending Affordability Guideline (SAG)	$102.5	$3.6	3.6%
Executive Recommendation	$104.4	$5.5	5.6%

COMPENSATION

Compensation for all agencies will be considered by the Government Operations and Fiscal Policy (GO) Committee in a meeting also on April 22, but understanding the proposed compensation provides useful background for the PHED Committee's deliberations. The FY14 budget as submitted by M-NCPPC does **not** include cost of living adjustments (COLAs) or merit increases, but instead funds a one time salary adjustment similar to what was included in the FY13 budget. The proposed budget funds OPEB, including the fifth year of what was supposed to have been an eight year prefunding plan. M-NCPPC indicates that they have reached almost 100% of the necessary prefunding.[2] M-NCPPC is currently in negotiations with unions and therefore no changes in compensation or benefits have been finalized.

MAJOR CHANGES IN THE FY14 BUDGET

Significant FY14 changes to the M-NCPPC are described on pages in the Chair's Cover letter (© 1 to 8). Changes in compensation include increases in OPEB Paygo ($1,082,964), health insurance ($937,456), pension ($1,248,642) and an employee compensation marker ($276,349) with an offsetting decrease in OPEB prefunding (-$890,069). Non-personnel cost changes include increases for National Pollution Discharge Elimination System (NPDES) ($479,262), the operating budget impact of new parks ($276,916) and investments in essential needs and infrastructure ($1,487,376), with offsetting decreases in debt service (-$555,600), the transfer from the Administration Fund to the Development

[1] This chart does not include the cost of OPEB pre-funding, which is part of the tax-supported request, but is not counted for SAG since it is accounted for elsewhere in the budget for SAG purposes.
[2] OPEB pre-funding is decreasing by $0.9 million due in large part to changes in retiree cost share and adoption of a credited service model for retiree health benefits for new hires after January 1, 2013.

Review Special Revenue Fund (-$440,000) and major known operating commitments (-$332,809). As noted above, compensation will be addressed by the GO Committee. Other major changes in the budget are addressed below in the discussion of the relevant department.

ADMINISTRATION FUND

The Administration Fund of M-NCPPC includes the bi-county Central Administrative Services (CAS), the Commissioners' Office, and the Planning Department. M-NCPPC's total budget request for the Administration Fund for FY14 is **$27,226,514**, representing a $1,599,214 or **6.2% increase** over the FY13 budget. **The Executive supported the budget as submitted.**

ADMINISTRATIVE FUND BUDGET HIGHLIGHTS (Millions)	
FY13 Approved Budget	$25.63
FY14 Request	$27.23
FY14 Executive Recommendation	$27.23
Difference between FY13 Approved and Request	$1.60

PLANNING DEPARTMENT

M-NCPPC has proposed 143.1 workyears (before lapse and chargebacks) for FY14 (137.85 after lapse and chargebacks), **which is identical to the amount in the approved FY13 and FY12 budgets**. The four major components of the Planning Department program budget are as follows: (1) Master Plans; (2) Plan Implementation; (3) Information Resources; and (4) Management and Administration.

WORKYEARS

The charts attached on © 24 to 25 provide a comparison between the Planning Department's FY13 and FY14 workyears and summary information about the FY14 costs for personnel and other costs. As the chart highlights, the Planning Department master plan resources will shift as they complete work on some plans and begin work on new ones, **but overall resources devoted to each of the main program areas are virtually unchanged.** The only new program other than the change in master plans and minor master plan amendments is 0.9 workyears for Pre-Application Meeting Guidance. Resources are allocated to major program areas as follows:

Program	**FY13 workyears**	**FY14 workyears**
Master Planning (includes Plans, Public Policies Planning Coordination, and Special Projects	47.75	44.50
Regulatory Planning (includes Regulatory Policy Development/Amendment and Land Use Regulations)	52.45	52.70
Information Resources	15.90	18.50
Management/Administration (includes Governance and Agency Support)	21.75	22.15

PROFESSIONAL SERVICES

Pages 111-112 of the Budget lists the Professional Services, which are proposed to increase from $301,000 in FY13 to $1,090,900 in FY14 due to several new projects and increases to existing efforts. Highlights are summarized below, followed by a description of new projects the Committee may want to discuss:

Professional Services	FY13	FY14
Functional Master Plan for Co-Location of Public Facilities	0	$50,000
Feasibility Studies/Economic Analysis associated with master plans	$9,000	$25,000
Funding for Special Council Requests	$75,000	$45,000
Traffic Counts and Modeling for master plans	$24,000	$27,000
TPAR 2014 Analysis Update	0	$100,000
BRT Implementation Planning	0	$100,000
Regional Transportation Modeling. Conversion to Travel 14 Model and Trip Generation Study	0	$175,000
BRT Network and Travel Time Modifications to TPAR	0	$200,000
GIS	$75,000	0[3]
Special Study – How Master Plans can Enhance Montgomery County's Economic Competitiveness	0	$100,000
Garden Apartment Lifecyle and Redevelopment	0	$50,000
Network Maintenance and Security	$90,000	$50,000
Consulting for Telephone Support	0	$30,000
Microsoft email Cloud. Email annual license fee	0	$18,000
L3 Helpdesk/Inventory support	0	$59,000

Functional Master Plan for Co-Location of Public Facilities ($50,000)

This proposed functional master plan would be a "strategic exploration of site with the potential for co-location of certain public facilities needed to support future development and the anticipated growth in services." Additional background appears on © 16 to 17. The request in the FY14 budget is for $50,000 to develop the GIS database and a detailed scope of work that would be done using professional services.

Staff supports efforts to explore opportunities for co-location of public facilities and develop a GIS database, but Staff is concerned about providing funding for any effort until it is clear what the role would be of each participating agency.

TPAR 2014 Analysis Update ($100,000)

The funding would allow the Planning Department to work on an update to the 2012-2016 Subdivision Staging Policy (SSP) in 2014 instead of waiting for 2016. The Planning Board was not entirely happy

[3] Subsequent to their submission of the FY14 budget, the Commission requested $70,000 to implement a multi-agency Interagency Technology Policy and Coordination Committee (ITPCC) GIS project that is not included here.

with what they proposed in 2012 for the transit adequacy test and wants to evaluate it further and consider alternatives. The Council will need to determine if you want to reconsider the SSP in 2014. Council Deputy Director Glenn Orlin questions whether this is necessary.

BRT Network and Travel Time Modifications to TPAR ($100,000)

Staff understands that these modifications will be necessary if the Council agrees to update the SSP in FY14 just addressed. If not, this effort can be delayed as well.

BRT Implementation Planning ($100,000)

The Budget does not provide specific information on this effort, and the Committee may want to follow-up with the Planning Department. The Executive Branch will take the lead in **implementing** the BRT and although Planning Department should be involved in this effort, it is not clear to staff what consulting resources they would need.

Regional Transportation Modeling ($175,000)

This provides necessary updates for modeling and forecasting tools, including adaption of the new Council of Governments regional transportation model. **Staff supports this funding.**

Special Study – How Master Plans can Enhance Montgomery County's Economic Competitiveness ($100,000 in FY14)

This is a 3-phased study (see © 28). In FY14, the Department proposes to "assess the County's competitive status relative to other jurisdictions in the region with respect to office space utilization, business relocation, employment and housing markets, and to determine how master plans might be able to enhance Montgomery County's desirability. The requested funds will support a developer survey and consulting services." Future phases include the purchase of the REMI Region Macro Economic Model ($120,000) and expanding the small area forecasting to identify which factors are most effective at changing the decisions developers make about where to locate within the County ($50,000). Once again it is unclear to Staff what the role is for the Planning Department relative to the Department of Economic Development. For example, on © 30 to 31, Planning Department answers to Council Staff questions indicate they would survey employers on a number of concerns/preferences including tax structure and analyze which industries we are losing and which we are retaining. It is unclear why this would be the purview of the Planning Department. Staff recommends that the Committee seek clarification.

Garden Apartment Lifecyle and Redevelopment ($50,000)

This study will develop baseline information and conditions for a County-wide housing supply/demand analysis framework that may be used broadly to support master plan recommendations regarding the timely redevelopment of older housing units and the preservation of affordable housing. The Council asked for an analysis of this issue when it considered proposals for the redevelopment of housing on Battery Lane in Bethesda, and the issue has been raised repeatedly in subsequent master plans. The Planning Department will need to identify strategies to allow redevelopment of aging properties without eliminating existing affordable housing. **Staff supports funding for this effort.**

COMMISSIONERS' OFFICE

The Montgomery County Commissioners' Office includes the Chair's Office and the technical writers unit. The description of this Office and the requested budget appears on pages 54 to 56 of the M-NCPPC Budget. The requested budget for FY14 is $1,108,700. This is a $14,000 increase (1.3%) in personnel services from the FY13 budget. Staffing levels remain the same as the prior year with 7 full-time and 4 part-time positions for a total of 9 workyears.

Staff recommends approval as submitted.

CENTRAL ADMINISTRATIVE SERVICES

Central Administrative Services (CAS) provides the administrative functions for both the Montgomery and Prince George's portions of this bi-county agency through three departments: Human Resources and Management (DHRM), Finance, and Legal. The FY14 Montgomery County portion of the proposed CAS budget after chargebacks, excluding non-departmental expenditures (OPEB, benefits, and wage adjustments), is $6,875,050, an increase of $282,950 or **4.3% over the approved FY13 budget** (page 41). The requested personnel services show an increase of $209,714 or 3.4% over the approved FY13 budget. Supplies and Materials remain unchanged from FY13, and Other Services and Charges increase by $42,476 (2.6%) (see page 93).

The total Montgomery County CAS workyears are proposed to **decrease** by 1.5 from 55.0 to 53.51 (see page 96 in the Budget). The budget includes one new workyear in the Department of Human Resources and Management (shared by the two counties with 0.5 workyears in each) to provide administrative support to the Budget Division, which currently does not have any administrative support. An additional position is proposed for the legal department to provide an additional workyear solely for Montgomery County to deal with the uptick in litigation related to Planning Board cases, major initiatives (such as the Zoning Ordinance Rewrite), and ongoing enforcement activities. These increases are offset by a 3.2 workyear decrease in staff for the Department of Finance.

CENTRAL ADMINISTRATIVE SERVICES (Excluding Non-Departmental)

Department	Actual FY12	Budget FY13	Proposed FY14	Change FY13 to FY14	% Change FY13 to FY14
Human Resources & Mgmt.	$1,677,212	$1,784,600	$1,864,052	$79,452	4.5%
Finance	$2,777,191	$2,764,800	$2,817,215	$52,415	1.9%
Legal	$1,144,034	$1,255,100	$1,405,919	$150,819	12.0%
Internal Audit	$137,747	$149,800	$151,113	$1,313	0.9%
CAS Support Services	$418,888	$569,600	$559,550	($10,050)	-1.8%
Merit System Board	$64,069	$71,200	$77,201	$6,001	8.4%
TOTAL CAS	$6,219,141	$6,595,100	$6,875,050	$279,950	4.2%

While CAS costs are 3.5% of the total Commission budget, they are over 5.6% of the Montgomery portion of the budget.

CAS FY14 COSTS AS A PERCENT OF TOTAL BUDGET			
	Montgomery County	Prince George's County	Full Commission
Total County Budget*	$146,522,792	$316,850,826	$512,647,741
CAS Budget	$8,274,090	$9,456,000	$17,730,090
Percent of Total Budget	5.6%	3.0%	3.5%
* As shown on page 30 of the Budget; CAS costs before chargebacks.			

Pages 90-92 of the budget show the allocation of CAS expenditures by Department or unit. While Prince George's County pays a higher percentage of the costs of the Departments of Human Resources and Management, Finance, and Internal Audit, Montgomery County pays a higher percentage of the costs for the Legal Department (with 13.25 workyears of legal support proposed for FY14 as opposed to Prince George's County's 9.75 workyears). The cost of the Merit System Board and Support Services are split equally between the two counties. As noted last year, Staff continues to believe that the 50% split does not reflect the services provided to the counties, particularly for Support services.

The Montgomery County and Prince George's County Councils must agree on any changes to the CAS budget, or the Commission's budget will stand as submitted. Typically, compensation is a significant part of this discussion and it is not yet clear whether the counties will agree on the proposed funding for compensation adjustments. Staff notes that the Bi-County meeting will occur before the Council has completed its review of other departments and agency budgets (tentatively May 9); therefore, it is not possible to consider any reductions or additions to the **CAS portion** of the M-NCPPC budget after May 9.

M-NCPPC PARK FUND

Background and Summary

The Montgomery County Park System includes 418 parks with over 35,000 acres of land. M-NCPPC has requested FY14 **tax-supported** funding of $79,627,929, excluding grants, debt service, and reserves. This represents a $3 million or 3.9 percent increase from the FY13 approved budget. **The Executive supports this request.**

PARK FUND BUDGET HIGHLIGHTS (Millions)	
FY13 Approved Budget	$76.67
FY14 Request	$79.63
FY14 Executive Recommendation	$79.63
Difference Between Approved Budget and Request	$2.96

Although the Department of Parks experienced significant reductions in prior years, they are to be commended for seeking efficiencies and maintaining a quality park system. They have continued to manage more acres with less staffing and to seek creative ways to maintain the parks and increase Enterprise Fund revenues.

Changes from FY13 to FY14

The proposed FY14 Department of Parks budget provides a level of service substantially similar to FY13. Page 153 of the budget explains the increases proposed for FY14, including the following:

Compensation and benefits	$1,456,327
Operating Budget Impact of New Parks (OBI)	$276,916
Known Operating Commitments	$982,043
Capital Equipment	$500,000
Preventative Tree Maintenance	$200,000
TOTAL INCREASES	$3,415,286

Compensation and Benefits will be addressed by the GO Committee and are not discussed here.

Operating Budget Impact of New Parks ($276,916)

Operating Budget Impact (OBI) associated with new parks includes $276,916 to support Northwest Branch, Darnestown, and Woodstock parks, as well support for new Legacy Open Space acquisitions. This includes 1 fulltime career maintenance position/workyear and 0.3 workyears of seasonal staff and includes $182,000 in one time capital outlays.

Known Operating Commitments ($982,043)

The Known Operating Commitments include $479,262 for National Pollution Discharge Elimination System (NPDES) Compliance to be funded by the Water Quality Protection Fund, as well as increases associated with Utilities ($55,000), Gasoline/Diesel ($150,000), Petroleum based supplies ($29,800) and contractual increases ($255,581).

Capital Equipment ($500,000)

M-NCPPC considers equipment costing more than $5,000 with a life expectancy of less than 6 years to be capital outlay. **Funding for capital outlay was eliminated in the FY10, FY11, FY12 and FY13 budgets for fiscal reasons.** The Department believes that much of their equipment is now old, outdated, not the correct type or size for the task and/or not efficient, and that this funding is critical. Examples of equipment to be purchased with these funds include smaller mowers, utility carts, all-terrain vehicles, salt/sand spreaders and field grooming machines.

Preventive Tree Maintenance ($200,000)

The Department is also proposing to restore a County-wide program to inspect and provide preventive maintenance for trees along major parkways and associated trails ($200,000). This program was cut in FY10 and is proposed to be reestablished on a contractual basis. The program would help ensure the long-term health and protection of trees, while ensuring the safety of parkway and trail users by removing hazardous trees and limbs that could fall onto parkways and bike paths.

Staff supports the increases requested for FY14.

PROGRAM BUDGETING/COSTS BY DIVISION

For the second year in a row, the Department did not allocate costs or workyears by program or subprogram this year but included cost information by Division. The Commission is in the process of implementing a new Enterprise Resource Planning (ERP) system that is being configured to collect data by program/activity. They have suggested that they will not revisit the benefits of preparing a program budget until after they have a full year of data from the new system (most likely at the end of FY15). **Staff recommends that they aim for an earlier assessment given the benefits of the program budgeting approach for the Department of Parks.**

Without a program budget, the Council is forced to assess costs based on allocations to relatively large divisions and the incremental changes made this year. Information presented in this form makes it virtually impossible for the Council to directly assess the impact of increases or decreases in funding on programs.

The Division allocation appears below. In total, they are requesting $1.3 million (1.8%) in additional funding (including $479,262 for NPDES compliance, but excluding increase in wages and benefits) and 8.7 additional workyears (1.3%).

FY13 AND FY14 PARK FUND BUDGET				
Excluding Grants, Non-Departmental, Debt Service and Reserves				
	Approved FY13	FY14 Request	Change from FY13 to FY14	% Change from FY13 to FY14
Director of Parks ($)	$ 896,300	$ 1,080,061	$ 183,761	20.5%
workyears	6.00	7.80	1.8	30.0%
Public Affairs and Community Partnerships ($)	$1,958,800	$ 2,036,219	$ 77,419	4.0%
workyears	18.2	19.1	0.9	4.9%
Management Services ($)	$ 3,242,200	$ 3,439,154	$ 196,954	6.1%
workyears	20.10	20.20	0.1	0.5%
Park Planning and Stewardship ($)	$ 3,035,200	$ 3,108,444	$ 73,244	2.4%
workyears	24.80	26.60	1.8	7.3%
Park Development ($)	$ 2,909,700	$ 2,830,240	$ (79,460)	-2.7%
workyears	23.80	23.08	-0.72	-3.0%
Park Police ($)	$12,873,755	$13,014,318	$ 140,563	1.1%
workyears	109.40	109.40	0	0.0%
Horticulture, Forestry and Environmental Educatio	$ 7,118,300	$ 7,242,286	$ 123,986	1.7%
workyears	79.40	80.60	1.2	1.5%
Facilities Management ($)	$10,319,800	$10,332,045	$ 12,245	0.1%
workyears	89.90	89.80	-0.1	-0.1%
Northern Region ($)	$ 7,968,400	$ 8,537,348	$ 568,948	7.1%
workyears	100.00	103.20	3.2	3.2%
Southern Region ($)	$11,781,800	$12,009,807	$ 228,007	1.9%
workyears	151.20	153.50	2.3	1.5%
Support Services ($)	$9,690,400	$9,426,980	-$263,420	-2.7%
workyears	2.90	1.10	-1.8	-62.1%
Total Tax Supported Funds (excluding grants,	$71,794,655	$73,056,902	$1,262,247	1.8%
non-departmental, debt service, and reserves)	625.70	634.38	8.7	1.4%

Improving Operations

Fiscal limitations have caused the Department of Parks, like other departments throughout the Government, to cut staffing and other resources and some of the impacts are documented in their budget including an increasing backlog of outstanding work orders (which increased from 2,000 to 2,500 in FY14). Staff asked about efforts they are taking to deal with these backlogs and increase efficiency, and their response indicates that the Department of Parks continues to work to improve operations and efficiency, as well as to implement the recommendations of their strategic planning effort – Vision 2030 (see © 39 to 44).

SmartParks

Several years ago the Council provided funding for the Department of Parks to purchase an automated system to track the costs associated with different park maintenance functions and better manage park operations. Since the existing software is becoming obsolete, they are exploring options for its replacement together with Prince George's County.

Some examples of the impact of SmartParks on operations are described on © 44 to 45. For example, SmartParks has allowed them to determine which playgrounds have been unusually expensive to maintain, and begin exploring the reasons for the elevated costs (e.g., aged equipment, poor drainage, high usage, etc.) so that they could find solutions and attempt to reduce maintenance costs. SmartParks also enabled them to realize they had overestimated the cost of maintaining dog parks and determine that a user fee was not necessary. Other examples are included in the attachment. Staff continues to believe that this is an important tool for managing the park system, particularly when resources are limited.

Parks Foundation

During last year's budget review, the Committee expressed an interest in monitoring the performance of the Parks Foundation to determine whether the operating expenses would be offset by revenues generated from private sources. The budget for the Parks Foundation was transferred this year from Public Affairs and Community Partnerships to the Director's office, and includes 1.8 workyears and $170,000. Attached on © 62 is the 2013 calendar year operating budget for the Parks Foundation and the most recent audit (© 49 to 61). As the budget indicates, they are projecting revenues of $731,000 in 2013 with total operating costs of $311,000, far exceeding their goal of being self-sufficient within 5 years of creation. In addition, the revenues raised were all from private sources, rather than state funds.

MONTGOMERY COUNTY PLANNING BOARD
OFFICE OF THE CHAIRMAN

January 10, 2013

The Honorable Isiah Leggett
Montgomery County Executive
Executive Office Building
101 Monroe Street
Rockville, MD 20850

The Honorable Nancy Navarro
President, Montgomery County Council
Stella B. Werner Council Office Building
100 Maryland Avenue
Rockville, MD 20850

Dear Mr. Leggett and Ms. Navarro:

Pursuant to §18-104 of the Land Use Article of the Annotated Code of Maryland, the Montgomery County Planning Board is pleased to transmit the FY14 Proposed Operating Budget for the operations of the Maryland-National Capital Park and Planning Commission in Montgomery County. This document contains the comprehensive budget presented at the budget appropriate levels of department and division, including lists of the programs and services provided by each division.

On-going Stabilization of Resources and Service Provision

Over the past few years, the Commission has worked with the County to balance limited resources with service delivery demands. We have weathered some of the largest budgets cuts received by any county-funded agency, resulting in the loss of more filled positions than any agency, two years of temporary pay reductions, and no raises for three years in a row except the one-time bonus that was common to most county-funded agencies last year. Our efforts have focused on minimizing the impact of these reductions on the community we serve, despite increasing difficulties in recruiting and retaining personnel and in managing with reduced staff and aging capital equipment. Our FY13 budget request and allocation were at a same-services level, allowing us to avoid losing positions or imposing another temporary pay reduction on our employees, but our operating budget is still at a level below FY10. Our FY14 Budget Proposal is based on a stabilization of resources necessary to provide investment in our critical infrastructure, maintenance and essential service needs. Our primary mission remains unchanged: providing clean and safe parks, and delivering a timely, comprehensive development review program, key master plans, and other critical planning programs which drive economic development.

With projected slow growth in revenues comes a responsibility for slow growth in proposed expenditures. The FY14 proposed tax-supported operating budget is $112.6 million. This is $3.6 million more than the FY13 adopted budget, a 3.3 percent change. The total proposed budget including largely self-sustaining Enterprise operations, Property

Summary of FY14 Proposed Budget Expenditures (net reserves, ALARF, and Internal Service Funds)

	FY13 Adopted	FY14 Proposed	$ Change	% Change
Montgomery Funds				
Administration (1)	$ 27,167,300	$ 28,326,514	$ 1,159,214	4.3%
Park (2)	81,853,755	84,265,029	2,411,274	2.9%
Subtotal Operating Budget	**109,021,055**	**112,591,543**	**3,570,488**	**3.3%**
ALA Debt	1,658,627	1,684,300	25,673	1.5%
Subtotal Tax Supported	**110,679,682**	**114,275,843**	**3,596,161**	**3.2%**
Enterprise (3)	9,953,730	9,971,767	18,037	0.2%
Property Management	867,700	905,600	37,900	4.4%
Special Revenue	5,759,000	5,921,293	162,293	2.8%
Total Montgomery	**$127,260,112**	**$ 131,074,503**	**$ 3,814,391**	**3.0%**

(1) Includes transfer to Special Revenue- Development Review
(2) Includes transfer to Debt Service and CIP
(3) Includes transfer to CIP

Management, and Special Revenue funds is $131.1 million, an increase of $3.8 million, a 3.0 percent change from the FY13 adopted budget.

Although there is a somewhat brighter horizon in front of us, challenges remain. Montgomery County is beginning a slow recovery from the Recession. For FY14, assessable base is projected to grow at a modest rate of about 2 percent, and general economic indicators show job growth, declining rates of unemployment, and low inflation. These positive indicators are welcome after the declines experienced in recent years, but at the same time do not mean that the Commission is relieved of fiscal stress. First, costs, particularly benefit costs, continue to grow at higher rates than the revenues that support them. Second, the Commission has budget needs that have been deferred over the last few years, particularly infrastructure, capital equipment, and core mission needs that grow more expensive to address the longer they are deferred. With property tax revenue making up more than 90 percent of the operating budget, slow growth means the Commission must manage its resources carefully to sustain a stable financial position. The Commission's Proposed Budget includes both operating and non-operating costs such as OPEB pre-funding, OPEB Paygo and debt service.

Like most state and local government agencies, managing the cost pressure of personnel expenses remains the biggest challenge. The cost pressure for major known personnel commitments constitutes nearly three quarters of the 3.3 percent increase in the FY14 General Fund proposed budget. The table below begins with our FY13 adopted budget total and adds each of the elements that make up the proposed 3.3 percent increase.

M-NCPPC
Summary of FY14 Proposed Budget Major Changes
Montgomery County General Fund Accounts
Administration and Park Funds (excludes property management and reserves)

	Budget Amount	% Change
FY 13 Adopted Budget	**$ 109,021,055**	
FY14 Major Changes- increase (decrease)		
Major Personnel Cost Changes		
OPEB Paygo	1,082,964	
OPEB Prefunding	(890,069)	
Health Insurance	937,456	
Pension (ERS)	1,248,642	
Employee Compensation Marker	276,349	
Subtotal Major Personnel Changes	**2,655,343**	**2.4%**
Major Non-Personnel Cost Changes		
Debt Service	(555,600)	
Transfer to Development Review	(440,000)	
Park- NPDES	479,262	
OBI	276,916	
Investment in Essential Needs and Infrastructure	1,487,376	
Operating Major Known Commitments	(332,809)	
Subtotal FY14 Major NonPersonnel Changes	**915,145**	**0.8%**
Total Dollar Change for Major Changes	**3,570,488**	**3.3%**
TOTAL FY14 Proposed Budget	**$ 112,591,543**	**3.3%**

When the cost pressure for personnel expenses is netted out, it is clear that we have held the line for the operating budgets, which, before the investment in essential needs and infrastructure is taken into account, actually decrease by a little more than $500,000. The difficulty with the cost pressure for personnel items is that most of the cost increase is essentially nondiscretionary. The following section of this letter explains the growth in personnel costs in more detail.

OVERVIEW OF BUDGET DEVELOPMENT AND ASSUMPTIONS

The Commission is putting forth a budget for FY14 that maintains current service levels with modifications for major known commitments plus critical needs investments. In order to position the Commission's departments for the future, we need to build on the stable foundation set in FY13 by ensuring that previously deferred infrastructure and capital needs are addressed in FY14.

The most significant part of the budget affected by major known commitments is personnel costs. Personnel costs make up 79 percent of the operating budgets for the General Fund Accounts in Montgomery County. Therefore, changes in these costs have a material impact on the total budget.

The Proposed Budget includes the following major known commitments for personnel costs in FY14:

- Medical Insurance and Benefit Costs;
- OPEB Pre-Funding at the level necessary to meet the 5th year target amount of the 8 year phase-in plan as determined by the actuarial study;
- OPEB Paygo funding as determined by the actuarial study;
- Full funding of pension contribution as determined by the actuarial study; and
- A dollar marker to adjust employee compensation.

As can be seen in the table below, imbedded cost pressure for personnel expenses is $2.65 million. While significant, this increase is much lower than the $4 million increase that was needed to fund major known commitments for personnel costs in the FY13 budget. The decline is a direct result of the benefit cost share restructuring achieved in FY13. Nonetheless, the increase is still greater than projected growth in property tax revenue and, therefore, still cause for monitoring and innovative approaches to managing benefit and wage changes. No inflation growth is budgeted for non-personnel cost increases.

FY14 Proposed Budget
Summary of Changes in Major Personnel Costs
Montgomery County Administration Fund and Park Fund

	FY13 Adopted	FY14 Proposed	$ Change	% Change
OPEB				
OPEB Prefunding	3,364,500	2,474,431	(890,069)	-26.5%
OPEB Paygo	3,017,300	4,100,264	1,082,964	35.9%
Subtotal OPEB	**6,381,800**	**6,574,695**	**192,895**	**3.0%**
Pension (ERS)				
Pension (ERS)	10,303,880	11,552,522	1,248,642	12.1%
Health and Benefits(1)				
Employee Health Benefits	10,509,600	11,447,056	937,456	8.9%
Employee Compensation				
Marker for Changes to Employee Comp.	1,862,600	2,138,949	276,349	14.8%
Total Major Personnel Costs	**29,057,880**	**31,713,223**	**2,655,343**	**9.1%**

(1)Health and Benefits includes medical insurances (health, dental, vision, prescription), long-term disability, accidental death and dismemberment, and life insurance.

Note: The year over year difference in pension and health insurance cost is based on total cost and may exclude a reduction of that cost by salary lapse.

The largest personnel cost increase in the FY14 Proposed Budget is for the employee pension plan, the cost of which is projected to rise by about $1.2 million, an increase of 12.1 percent. As determined by the actuary, this increase is due to less than favorable market performance in the most recent period as well as in prior periods.

The next largest cost increase is for OPEB Paygo, which is going up nearly $1.1 million. OPEB refers to the costs to provide retiree health benefits. The Paygo contribution pays for the cost of retiree health insurance as the costs are incurred in that year. As a result of demographic shifts (more retirees using their retiree benefits and less active employees in the insurance pool) and higher medical costs, the OPEB Paygo cost is increasing. OPEB pre-funding, however, is decreasing by $0.9 million, due in large part to changes in retiree cost share and adoption of a credited service model for retiree health benefits for new hires after January 1, 2013.

Further, as a consequence of the benefit restructuring, the Commission will be nearly at full funding of the annual required contribution for OPEB pre-funding in FY14, rather than at year 5 of the adopted 8 year phase-in. OPEB is shown in Non-Departmental accounts in individual funds rather than being allocated to each department.

Health insurance costs continue to increase, even though the Commission's costs are projected to increase at the low end of the national range for such costs. Again, cost share restructuring has lessened the projected increase.

As for employee compensation, with negotiations pending, the budget includes a dollar marker for possible wage increases for non-represented and represented employees. For FY14, this amounts to $2.1 million, an increase of $276,000 above the amount funded in FY13. We have a contractual obligation with MCGEO for FY 14 to request funding for a repeat of the one-time bonus. The contracts with MCGEO and the FOP have potential reopener provisions dependent on compensation changes provided by either county.

Investing to Meet Critical Infrastructure, Maintenance, and Essential Service Needs

Included in the funding levels of the Administration Fund and Park Fund is a funding request of $1.49 million to address critical infrastructure, capital equipment, maintenance, and essential service needs. The Commission's approach with the FY14 budget is to pivot from the "protectionist" approach that has been managing the budget to minimize the impacts of cuts to a "looking forward" approach that builds off the foundation of stability set in FY13 and begins to ready department services for the future. The immediate step in this plan is to ensure that deferred infrastructure and capital equipment needs are met. Further delays in meeting these needs could result in a higher cost to address the needs in the future. The Commission is also looking for opportunities to provide services that will help move the County forward as it emerges from the Recession. Each department's budget pages provide detailed information on how this increased investment will be used. Below is summary of the request by department.

Department	Essential Needs Request Amount
Planning	575,000
DHRM	68,000
Legal	144,000
Parks	700,000
Total	**$1,487,000**

Summary of FY14 Proposed Budgets for General Fund

Departments have developed proposed operating budgets that meet the Commission's guidance of maintaining current service levels for FY14. In the General Fund, operating budgets are generally flat compared to the FY13 adopted budget. The increases in pension cost and OPEB Paygo are partially offset by the decline in OPEB pre-funding. The largest changes in the proposed budget are either in the Non-Departmental accounts, which include the OPEB costs and the compensation dollar marker, or relate to the aforementioned proposed critical needs investments. The table below provides a comparative summary of the FY14 proposed budget to the FY13 adopted budget for the General Fund. Specific changes in each of the departments are explained in full detail in the department pages section of the Budget Book.

M-NCPPC
Summary of FY14 Proposed Budget General Fund Accounts
By Fund by Department (excludes reserves)

	FY13 Adopted	FY14 Proposed	$ Change	% Change
Administration Fund				
Commissioners Office	1,094,700	1,108,700	14,000	1.3%
Planning Department Operating	16,422,100	17,100,147	678,047	4.1%
CAS	6,595,100	6,875,050	279,950	4.2%
Transfer to Development Review	1,390,000	950,000	(440,000)	-31.7%
Grants	150,000	150,000	-	0.0%
Non-Departmental	1,515,400	2,142,617	627,217	41.4%
Subtotal Admin Fund	**27,167,300**	**28,326,514**	**1,159,214**	**4.3%**
Park Fund				
Park Department Operating	71,794,655	73,056,902	1,262,247	1.8%
Transfer to Debt Service	4,442,700	3,887,100	(555,600)	-12.5%
Transfer to CIP	350,000	350,000	-	0.0%
Grants	400,000	400,000	-	0.0%
Non-Departmental (1)	4,866,400	6,571,027	1,704,627	35.0%
Subtotal Park Operating	**81,853,755**	**84,265,029**	**2,411,274**	**2.9%**
Montgomery Operating Subtotal	**109,021,055**	**112,591,543**	**3,570,488**	**3.3%**
Property Management	867,700	905,600	37,900	4.4%
Montgomery General Fund Total	**109,888,755**	**113,497,143**	**3,608,388**	**3.3%**

(1) Non-Departmental for FY13 Adopted includes (1) OPEB prefunding and OPEB paygo. For FY14 Non-Departmental includes (1) OPEB prefunding and OPEB paygo, and (2) a budget marker for compensation adjustments.

PROGRAM HIGHLIGHTS

Despite the challenging budget year, we are committed to a FY14 work program that helps achieve our goal of maintaining Montgomery County as one of the nation's best places to live. Below are some highlights of the program budget focus in each of the departments. A more detailed discussion of department budgets is provided in the Department pages of the Budget Book.

Parks Department

The Department of Parks will focus on delivering core services to properly operate, maintain and protect our park system.

The Commission continues to develop and maintain one of the largest and most diverse park systems in the nation with over 35,000 acres in 418 parks. Montgomery Parks has balanced the dual roles of providing developed parkland for active and passive recreational opportunities that promote healthy, active life styles and serving as stewards and interpreters of Montgomery County's natural and cultural resources by conserving parkland.

Montgomery Parks offers leisure and recreational opportunities through an array of programmed and unprogrammed resources which enrich the quality of life for County residents. Ninety-one percent of Montgomery County households are park users. Like schools, churches, and other social gathering places, parks promote a sense of community. Studies show that institutions that foster the web of human relationships can make a neighborhood stronger, safer, and more successful. The social value of people caring about their communities provides economic benefits to help attract residents and businesses. From playgrounds and sports fields to park benches and trails, parks offer opportunities for people of all ages to communicate, compete, interact, learn and grow. Proximity to parks has been shown to increase property values.

As demand and usage continue to grow, Montgomery Parks seeks to provide quality recreational and educational opportunities through its operation, construction, development, and maintenance of a wide variety of facilities to meet the varied needs and interests of the County's residents. Montgomery Parks' Vision 2030 plan, prepared with the full cooperation of the County's Department of Recreation and elected officials, is a comprehensive planning effort to develop long range plans and serves as a guide for future park development and resource protection to better address changing needs and growth forecasts through 2030.

We have created a highly popular, valued, and nationally-recognized park system. Our entire team remains committed to honoring our core vision to provide "...an enjoyable, accessible, safe, and green park system that promotes a strong sense of community through shared spaces and experiences and is treasured by the people it serves." We will continue to aggressively seek new funding opportunities and improve work program efficiencies. We remain committed to forming viable partnerships and strong relationships with our stakeholders and within our communities. The FY14 budget request will enable us to continue to provide safe, clean parks, keep our programs and facilities accessible and affordable, and maintain the quality of life for which Montgomery County is renowned.

Critical needs requests in the FY14 budget include reinstatement of capital equipment funding as well as restoration of the preventive tree maintenance program on parkways and trails.

Planning Department

The Planning Department continues to deliver its core services to improve the quality of life in Montgomery County by conserving and enhancing both natural and man-made environments for current and future generations. Central to this role, the Department develops master plans, reviews development applications, and researches, analyzes and presents information to the community and public officials to aid them in planning for Montgomery County's future.

In addition to the FY14 work plan that is detailed in the department's budget section, the following new essential needs are proposed:

- Functional Master Plan for Co-Location of Public Facilities
  This Plan is a strategic examination of the types and quantities of public facilities – new and existing – needed to support future development and anticipated growth in services and where such services should be provided. An enhanced co-location concept was developed by the cross agency work group, formed by the Planning Board and Montgomery County School Board and including Executive Branch and Council staff, to examine issues arising from school site selection proposals involving parkland.
- Transportation Planning and Coordination (Functional Planning)
  The Department's transportation analyses involve incorporating Council of Governments (COG) regional transportation forecasts into a more fine-grained, county-wide transportation analytical framework, which forms the basis of the Subdivision Staging Policy analysis and master plan development scenarios. The requested funding will support consultant transportation modeling expertise for the Travel 14 Model and Trip Generation Study. Funds will also be directed to support the BRT Network and Travel Time Modification to TPAR.
- Garden Apartment Lifecycle and Redevelopment Study (Research)
  This study will develop baseline information and conditions for a county-wide housing supply/demand analysis framework that may be used broadly to support master plan recommendations regarding the timely redevelopment of older housing units as it relates to the preservation of affordable housing.
- Enhancing Montgomery County's Economic Competitiveness Study (Research)
  This is an economic analysis to assess how master plans can enhance the County's competitive status relative to other jurisdictions in the region with respect to office space utilization, business re-location, and employment and housing markets.

Central Administrative Services (CAS)

In FY14, CAS Departments' work priorities continue to be centered on responsive customer service, improved governance and cost containment.

In addition, DHRM and the Legal Department look to address essential needs that have been postponed in prior years because of funding issues. The proposed budget focuses on such core needs as:

- Critical infrastructure, capital equipment and maintenance that have been deferred in prior years.
- Employee safety issues
- Legal mandates, e.g., ADA compliance
- Corporate budget administrative support

In addition to addressing the above needs, in FY14, CAS departments will conclude their major overhaul of all corporate financial and human resource systems through the Enterprise wide Resource Planning System (ERP). No additional staffing resources were added to support the implementation of the ERP.

TAX RATES AND LONG-TERM FISCAL SUSTAINABILITY

In addition to meeting the immediate FY14 challenges, the Commission continues to strive for long-term fiscal sustainability. Property taxes comprise more than 94 percent of revenue in the tax-supported funds. The moderate increases of property assessments present the Commission with a projected revenue growth that continues to lag the projected growth in expenditures. The Commission, in proposing this budget, has proposed no change in the property tax rates.

The total tax rate for property tax supported funds in the FY14 Proposed Budget is 7.30 cents real property and 18.30 cents personal property. The breakdown by fund is:

- Administration Fund: 1.80 cents real and 4.50 cents personal;
- Park Fund: 5.40 cents real and 13.50 cents personal; and
- Advanced Land Acquisition Fund: 0.10 cents real and 0.30 cents personal.

At these tax rates, the Commission will have sufficient property tax revenues to meet the FY14 proposed expenditures and reserve requirements. The rates also generate undesignated fund balance. However, the Commission's six year fiscal plan utilizes the undesignated fund balance to maintain stable tax rates beyond FY14. This stability is necessary as benefit costs continue to outpace revenue growth in the near term. To reduce the tax rates would only necessitate a potential need to either increase those rates in the future or to enact additional budget reductions, which would undo the service stabilization achieved in the FY13 Adopted Budget.

MONTGOMERY COUNTY PROPERTY TAX RATES (Cents per $100 of assessed value)									
FUNDS	ACTUAL FY06	ACTUAL FY07	ACTUAL FY08	ACTUAL FY09	ACTUAL FY10	ACTUAL FY11	ADOPTED FY12	ADOPTED FY13	Proposed FY14
Administration Fund									
Real	2.2	2.0	1.9	1.9	1.8	1.5	1.7	1.8	1.8
Personal	5.5	5.0	4.7	4.7	4.5	3.8	4.3	4.5	4.5
Park Fund									
Real	6.1	5.7	5.8	5.3	5.0	4.5	4.8	5.4	5.4
Personal	15.3	14.3	14.5	13.2	12.5	11.2	12.0	13.5	13.5
Advance Land Acquisition Fund									
Real	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Personal	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Tax Rates (Cents)									
Real	**8.4**	**7.8**	**7.8**	**7.3**	**6.9**	**6.1**	**6.6**	**7.3**	**7.3**
Personal	**21.1**	**19.6**	**19.5**	**18.2**	**17.3**	**15.3**	**16.6**	**18.3**	**18.3**

CONCLUSION

In summary, the Commission is making continuous efforts to maintain the current level of services with a reduced workforce by focusing on our core services, primarily through improved processes and reallocation of resources. Although we have proposed minimal increases where needed to address critical needs, we fully understand the ongoing economic challenges and look forward to working with the Council and Executive to incorporate adjustments where needed.

We look forward to working with you and your staffs on our FY14 budget proposal.

Sincerely,

Françoise M. Carrier

Chair

Maryland-National Capital Park and Planning Commission

MISSION STATEMENT

The Maryland-National Capital Park and Planning Commission (M-NCPPC) in Montgomery County manages physical growth and plans communities, protects and stewards natural, cultural and historical resources, and provides leisure and recreational experiences.

BUDGET OVERVIEW

The M-NCPPC was established by the General Assembly of Maryland in 1927. As a bi-county agency, the Commission is a corporate body of, and an agency created by, the State of Maryland. The Commission operates in each county through a Planning Board and, in Montgomery County, a Park Commission. Five board members, appointed by the County Council, serve as the Montgomery County members of the Commission. The Planning Board exercises policy oversight to the Commissioners' Office, the Parks Department, the Planning Department, and Central Administrative Services.

On January 15 each year, M-NCPPC submits to the County Council and the County Executive the M-NCPPC proposed budget for the upcoming fiscal year. That document is a statement of mission and goals, justification of resources requested, description of work items accomplished in the prior fiscal year, and a source of important statistical and historical data. The M-NCPPC proposed budget can be obtained by contacting the M-NCPPC Budget Office at 301.454.1741 or visiting the Commission's website at www.mncppc.org. Summary data only are included in this presentation.

Tax Supported Funds

The M-NCPPC tax supported Operating Budget consists of the Administration Fund, the Park Fund, and the Advance Land Acquisition (ALA) Debt Service Fund. The Administration Fund supports the Commissioners' Office, the Montgomery County-funded portion of the Central Administrative Services (CAS) offices, and the Planning Department. The Administration Fund is supported by the Regional District Tax, which includes Montgomery County, less the municipalities of Barnesville, Brookeville, Gaithersburg, Laytonsville, Poolesville, Rockville, and Washington Grove.

The Park Fund supports the activities of the Parks Department and Park Debt Service. The Park Fund is supported by the Metropolitan District Tax, whose taxing area is identical to the Regional District.

The Advance Land Acquisition (ALA) Debt Service Fund supports the payment of debt service on bonds issued to purchase land for a variety of public purposes. The Advance Land Acquisition Debt Service Fund has a countywide taxing area.

Non-Tax Supported Funds

There are three non-tax supported funds within the M-NCPPC that are financed and operated in a manner similar to private enterprise. These self-supporting operations are the Enterprise Fund, the Property Management Fund, and the Special Revenue Fund.

Grants are extracted from the tax supported portion of the fund displays and displayed in the Grant Fund. The Grant Fund, as displayed, consists of grants from the Park and Administration Funds.

Special Revenue Funds are used to account for the proceeds from specific revenue sources that are legally restricted to expenditures for specific purposes. M-NCPPC is now reporting them in accordance with Statement No. 34 of the Governmental Accounting Standards Board (GASB), issued June 1999. The budgets are associated with Planning and Parks operations throughout the Commission.

Spending Affordability Guidelines

In February 2013, the Council approved FY14 Spending Affordability Guidelines (SAG) of $102,500,000 for the tax-supported funds of the M-NCPPC, which is a 3.6 percent increase from the $98,923,855 approved FY13 budget. For FY14, the Commission has requested $104,380,012 excluding debt service and retiree health insurance prefunding, $1,880,012 above the total SAG amount of $102,500,000.

The total requested budgets for the Enterprise Fund, Property Management Fund, Special Revenue Funds, ALA Debt Service Fund, and Grant Fund, are $17,046,260, a 1.1 percent decrease from the $17,242,530 total FY13 approved budget.

Commissioners' Office

The Commissioners' Office supports the five Planning Board members and enhances communication among the Planning Board, County Council, County residents, other governmental agencies, and other Commission departments.

Planning Department

The Planning Department provides information, analysis, recommendations and other staffing services to the Montgomery County Planning Board, the County Council, the County Executive, other governmental agencies, and the public. The Department prepares master and sector plans for Planning Board review and approval by the County Council. The Department reviews development applications for conformance with existing laws, regulations, master plans and policies, and presents its recommendations to the Planning Board for action. The Department gathers, analyzes and reports various data (such as housing, employment, population growth and other topics of interest) to the County Council, County government, other agencies, the business community, and the public.

Central Administrative Services

The mission of Central Administrative Services is to provide quality corporate services in the areas of corporate governance; human resources; finance and budget; legal counsel; information technology; and internal audit; and to deliver these services with integrity, innovation, responsiveness, and excellent customer service to the Commission, its employees, elected and appointed officials and the communities served in the bi-county region. The level of services and therefore funding allocation by county is tailored to the agency and the individual department needs. Certain functions are allocated based on labor distribution or a cost driver such as number of employees paid. Some functions such as the Merit System Board are funded evenly by both counties.

Department of Parks

The Department of Parks provides recommendations, information, analysis, and services to the Montgomery County Planning Board (who also serve as the Park Commission), the County Council, the County Executive, other government agencies, and the general public. The Department also oversees the acquisition, development, and management of a nationally recognized, award winning park system providing County residents with open space for recreational opportunities and natural resources stewardship. The Department oversees a comprehensive park system of over 35,300 acres in 418 parks of different sizes, types, and functions that feature Stream Valley and Conservation Parks, Regional and Special Parks, Recreational Parks, and Local and Community Parks. The Department serves County residents as the primary provider of open space for recreational opportunities and maintains and provides security for the park system.

Debt Service - Park Fund

Park Debt Service pays principal and interest on the Commission's acquisition and development bonds. The proceeds of these bonds are used to fund the Local Parks portion of the M-NCPPC Capital Improvements Program.

Debt Service - Advance Land Acquisition Debt Service Fund and Revolving Fund

The Advance Land Acquisition Debt Service Fund pays principal and interest on the Commission's Advance Land Acquisition bonds. The proceeds of the Advance Land Acquisition bonds support the Advanced Land Acquisition Revolving Fund (ALARF).

ALARF activities include the acquisition of land needed for State highways, streets, roads, school sites, and other public uses. The Commission may only purchase land through the ALARF at the request of another government agency, with the approval of the Montgomery County Council.

Enterprise Fund

The Enterprise Fund accounts for various park facilities and services which are entirely supported by user fees. Recreational activities include: ice rinks, indoor tennis, event centers, boating, camping, trains, carousel, mini-golf, driving range, and splash and skate parks. Operating profits are reinvested in new or existing public revenue-producing facilities through the operating budget and Capital Improvements Program.

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Property Management Fund

The Property Management Fund manages leased facilities located on parkland throughout the County, including single family houses, apartment units, businesses, farmland, and facilities which house County programs.

COUNTY EXECUTIVE RECOMMENDATIONS

The County Executive concurs with M-NCPPC's request and recommends an FY14 tax supported appropriation for M-NCPPC of $106,854,443, 4.5 percent above the FY13 approved budget for tax supported funds, exclusive of debt service.

Park Fund

The County Executive concurs with the M-NCPPC request for funding of $79,627,929, excluding debt service. This proposed funding represents a $2,966,874 or 3.9 percent increase from the FY13 approved budget. Park Fund debt service decreased by $555,600 from $4,442,700 in FY13 to $3,887,100 in FY14.

Administration Fund

The County Executive concurs with the M-NCPPC request for funding of $27,226,514. This represents a $1,599,214 or 6.2 percent increase from the FY13 approved budget. The Executive recommends a transfer from the Administration Fund to cover costs in the Special Revenue Fund in the amount of $950,000, a decrease of $440,000 or 31.7% from the FY13 amount of $1,390,000.

ALA Debt Service

The County Executive concurs with the M-NCPPC request for funding of $297,600. This represents a decrease of $14,500 or 4.6 percent from the FY13 approved budget.

Enterprise Fund

The County Executive concurs with the M-NCPPC request for funding of $9,371,767. This represents a $381,963 or 3.9 percent decrease from the FY13 approved budget of $9,753,730.

Property Management Fund

The County Executive concurs with the M-NCPPC request for funding of $905,600. This represents a $37,900 or 4.4 percent increase from the FY13 approved budget of $867,700.

Special Revenue Fund

The County Executive concurs with the M-NCPPC request for funding of $5,921,293. This represents a $162,293 or 2.8 percent increase from the FY13 approved budget. The Executive recommends a transfer from the Administration Fund to cover costs in the Special Revenue Fund in the amount of $950,000, a decrease of $440,000 or 31.7% from the FY13 amount of $1,390,000, and a transfer of $879,484 from the General Fund to cover costs associated with the maintenance of MCPS Ballfields.

In addition, this agency's Capital Improvement Program (CIP) requires Current Revenue funding.

PROGRAM CONTACTS

Contact John Kroll of the M-NCPPC at 301.454.1740 or Amy Wilson of the Office of Management and Budget at 240.777.2775 for more information regarding this agency's operating budget.

BUDGET SUMMARY

	Actual FY12	Budget FY13	Estimated FY13	Recommended FY14	% Chg Bud/Rec
ADMINISTRATION FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Administration Fund Personnel Costs	***0***	***0***	***0***	***0***	—
Operating Expenses	23,709,214	25,627,300	25,877,300	27,226,514	6.2%
Capital Outlay	0	0	0	0	—
Administration Fund Expenditures	***23,709,214***	***25,627,300***	***25,877,300***	***27,226,514***	***6.2%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	175.90	173.40	173.40	174.28	0.5%
REVENUES					
Intergovernmental	564,032	385,400	385,400	400,400	3.9%
Investment Income	54,023	45,000	45,000	54,000	20.0%
Property Tax	25,260,352	25,830,836	25,739,414	25,965,553	0.5%
User Fees	558,753	210,000	210,000	235,000	11.9%
Administration Fund Revenues	***26,437,160***	***26,471,236***	***26,379,814***	***26,654,953***	***0.7%***
PARK FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Park Fund Personnel Costs	***0***	***0***	***0***	***0***	—
Operating Expenses	69,415,902	76,661,055	76,661,055	79,627,929	3.9%
Debt Service Other	3,457,183	4,442,700	4,442,700	3,887,100	-12.5%
Capital Outlay	0	0	0	0	—
Park Fund Expenditures	***72,873,085***	***81,103,755***	***81,103,755***	***83,515,029***	***3.0%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	641.00	625.60	625.60	635.10	1.5%
REVENUES					
Facility User Fees	1,808,168	1,711,800	1,711,800	2,048,939	19.7%
Intergovernmental	1,509,300	1,558,600	1,558,600	2,037,862	30.7%
Investment Income	-11,063	5,000	5,000	5,000	—
Investment Income: CIP	3,389	0	0	0	—
Miscellaneous	146,651	247,500	247,500	106,500	-57.0%
Property Tax	71,398,786	77,492,510	77,218,242	76,468,661	-1.3%
Park Fund Revenues	***74,855,231***	***81,015,410***	***80,741,142***	***80,666,962***	***-0.4%***
ALA DEBT SERVICE FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
ALA Debt Service Fund Personnel Costs	***0***	***0***	***0***	***0***	—
Operating Expenses	0	0	0	0	—
Debt Service Other	319,460	312,100	312,100	297,600	-4.6%
Capital Outlay	0	0	0	0	—
ALA Debt Service Fund Expenditures	***319,460***	***312,100***	***312,100***	***297,600***	***-4.6%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Property Tax	1,723,507	1,651,447	1,653,880	1,686,287	2.1%
ALA Debt Service Fund Revenues	***1,723,507***	***1,651,447***	***1,653,880***	***1,686,287***	***2.1%***
GRANT FUND MNCPPC					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Grant Fund MNCPPC Personnel Costs	***0***	***0***	***0***	***0***	—
Operating Expenses	62,839	550,000	550,000	550,000	—

	Actual FY12	Budget FY13	Estimated FY13	Recommended FY14	% Chg Bud/Rec
Capital Outlay	0	0	0	0	—
Grant Fund MNCPPC Expenditures	***62,839***	***550,000***	***550,000***	***550,000***	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Administration Fund Grants	0	150,000	150,000	150,000	—
Park Fund Grants	62,839	400,000	400,000	400,000	—
Grant Fund MNCPPC Revenues	***62,839***	***550,000***	***550,000***	***550,000***	—
ENTERPRISE FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Enterprise Fund Personnel Costs	***0***	***0***	***0***	***0***	—
Operating Expenses	8,340,016	8,876,530	8,775,410	9,143,810	3.0%
Debt Service Other	1,298,752	877,200	877,194	227,957	-74.0%
Capital Outlay	0	0	0	0	—
Enterprise Fund Expenditures	***9,638,768***	***9,753,730***	***9,652,604***	***9,371,767***	***-3.9%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	118.80	118.90	118.90	116.00	-2.4%
REVENUES					
Concessions	0	32,500	0	0	—
Fees and Charges	6,527,955	6,467,300	6,521,532	6,323,008	-2.2%
Merchandise Sales	732,130	690,000	713,000	722,100	4.7%
Miscellaneous	93,225	0	0	0	—
Non-Operating Revenues/Interest	22,192	25,000	21,400	22,200	-11.2%
Rentals	2,990,504	2,791,500	2,836,433	2,963,500	6.2%
Enterprise Fund Revenues	***10,366,006***	***10,006,300***	***10,092,365***	***10,030,808***	***0.2%***
PROP MGMT MNCPPC					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Prop Mgmt MNCPPC Personnel Costs	***0***	***0***	***0***	***0***	—
Operating Expenses	771,444	867,700	867,700	905,600	4.4%
Capital Outlay	0	0	0	0	—
Prop Mgmt MNCPPC Expenditures	***771,444***	***867,700***	***867,700***	***905,600***	***4.4%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	2.50	5.00	5.00	6.00	20.0%
REVENUES					
Investment Income	5,607	8,000	8,000	5,600	-30.0%
Rental Income	813,708	794,000	794,000	900,000	13.4%
Prop Mgmt MNCPPC Revenues	***819,315***	***802,000***	***802,000***	***905,600***	***12.9%***
SPECIAL REVENUE FUNDS					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Special Revenue Funds Personnel Costs	***0***	***0***	***0***	***0***	—
Operating Expenses	4,285,899	5,759,000	5,392,150	5,921,293	2.8%
Capital Outlay	0	0	0	0	—
Special Revenue Funds Expenditures	***4,285,899***	***5,759,000***	***5,392,150***	***5,921,293***	***2.8%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	28.50	28.55	28.55	27.17	-4.8%
REVENUES					
Intergovernmental	1,048,044	350,700	350,640	309,840	-11.7%
Investment Income	20,423	11,900	10,600	20,800	74.8%
Miscellaneous	33,514	0	0	0	—

	Actual FY12	Budget FY13	Estimated FY13	Recommended FY14	% Chg Bud/Rec
Service Charges	4,432,999	2,500,000	2,822,887	2,638,476	5.5%
Special Revenue Funds Revenues	***5,534,980***	***2,862,600***	***3,184,127***	***2,969,116***	***3.7%***
DEPARTMENT TOTALS					
Total Expenditures	**111,660,709**	**123,973,585**	**123,755,609**	**127,787,803**	**3.1%**
Total Full-Time Positions	**0**	**0**	**0**	**0**	**—**
Total Part-Time Positions	***0***	***0***	***0***	***0***	**—**
Total FTEs	***966.70***	***951.45***	***951.45***	***958.55***	***0.7%***
Total Revenues	***119,799,038***	***123,358,993***	***123,403,328***	***123,463,726***	***0.1%***

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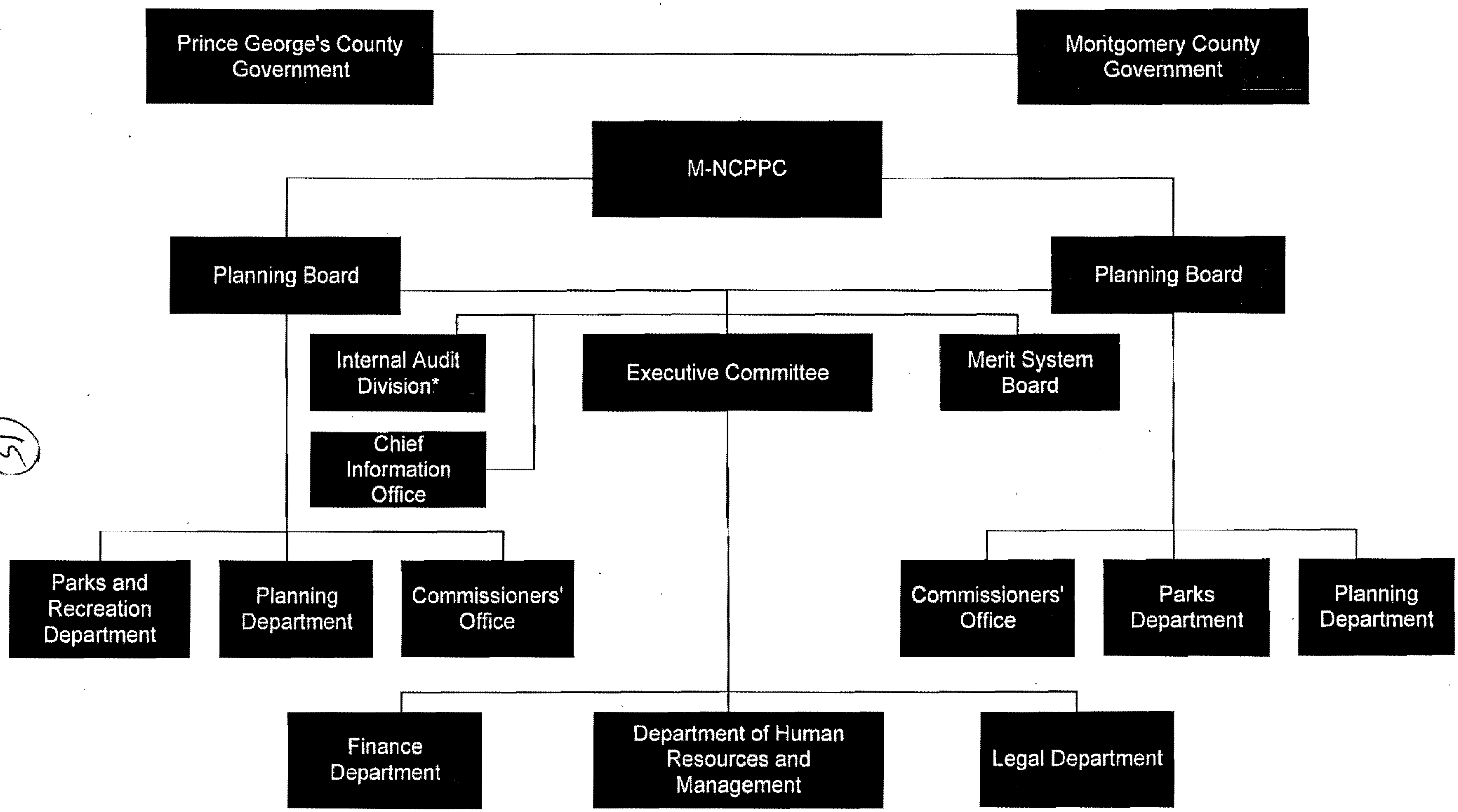
Maryland-National Capital Park and Planning Commission



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*Internal Audit Division reports to Chair and Vice Chair of the Commission and the Audit Committee.

MONTGOMERY COUNTY PLANNING DEPARTMENT
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

April 18, 2013

MEMORANDUM

To: Marlene Michaelson, Legislative Analyst, County Council

Via: Rose Krasnow, Acting Director, Montgomery County Planning Department

From: Piera Weiss, Deputy Director
Anjali Sood, Budget Analyst AS
Mark Pfefferle, Chief, Development Applications and Regulatory Coordination MP

Subject: Answers to Questions regarding the Planning Department's proposed FY14 Budget

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The following are responses to the questions you have regarding the Planning Department's proposed FY14 Budget.

1. Provide information on costs by program.

Please see the attached Excel Spread sheet (Attachment 1): Montgomery County Planning Department: FY 14 Estimated Work Program Cost.

2. For each of the "new essential needs", please provide additional detail on what is being proposed, the justification, whether the work would be done by in-house staff or contractors, how long it will take, what other agencies would be involved, and whether the other agencies agree with the scope of work you have proposed.

   a. Please see the attached memorandum from the Planning Board November 8, 2012 Agenda (Attachment 2) describing the proposed essential needs projects. All of the proposed projects would be completed in FY14 and do not require any additional staff.

   b. The following is a more detailed background on the Functional Master Plan for Co-Location of Public Facilities, which was not fully described in the above mentioned memorandum.

This proposed functional master plan would be a strategic exploration of sites with the potential for co-location of certain public facilities needed to support future development and the anticipated growth in services. The idea for such a study originated with the Joint Work

Group established by the Planning Board and Board of Education to examine issues arising from school site selection proposals that involved parkland, in particular the Bethesda Chevy Chase Middle School/Rock Creek Hill Park site. The Work Group members included Planning Board Commissioner Marye Wells-Harley, County Council staff, and staff from the Planning Department, Parks Department, MCPS, and the Executive's Office. One recommendation that resonated with all of the members: further investigate the merits of facility co-location.

The Work Group presented their findings to the Planning Board, Board of Education, and County Council. On October 9, MCPS staff presented the co-location concept to the School Board. On October 10, 2012, members of the School Board, the School Superintendent, members of the Planning Board, and staff from Parks, Planning and MCPS toured School/Recreation co-location facilities in Prince George's County. The consensus of the tour group was that co-location should be seriously considered since county resources and land will become scarcer while needs will increase. Planning staff prepared a brief description of the proposed project for inclusion as an essential need in the proposed FY14 Planning Department budget. This was presented to the Planning Board on October 25 and approved at the Board's November 8, 2012 meeting.

The Planning Department believes that a functional master plan is the appropriate vehicle to address the identification of sites to meet future public facilities needs county-wide, although other approaches may be considered based on input from other county agencies. We anticipate that the plan would seek to determine the future need for schools, libraries, recreation centers, community centers, community services, as well as facilities needed to maintain and support these services, such as bus depots and maintenance facilities. The Plan would inventory county owned sites, identify opportunities for efficient and cost effective expansion through co-location, and coordinate with county agencies and the Parks Department to develop co-location prototypes.

The request in the proposed FY14 budget is $50,000 to develop the GIS data base and a detailed scope of work, prepared in consultation with the other county agencies and with the help of professional services.

3. Provide additional information on the changes in professional services for Management and Technology Services listed on page 112.

The proposed FY14 budget reflects a zero budget approach. We are not requesting any new funding for the Management & Technology Services Division; however we have redistributed the funds to more appropriate categories to enable us to better monitor and manage expenses.

These professional services costs reflect the use of consultants to help us manage our complicated and geographically dispersed IT/Telecommunications systems. Our Technology Team Unit manages IT for the Planning and Parks Departments. The costs are shared proportionally. The proposed costs below represent the Planning Department's share of the total costs.

- Network maintenance and security ($50,000): this LAN/WAN (network) support helps keep our IT system up and running. The Planning Department manages the complex and geographically dispersed system that supports the Parks Department Headquarters, park sites and park police, as well as the interface with CAS. This is our share of the contract, which is a Montgomery County Consulting and Technology Services contract (MCCATS) that is bid competitively.

- Telephone Support ($30,000): This is 30% of the total cost, which is our share of Parks/Planning telecommunications support. This is primarily technical and involves wiring and maintaining hardware. This contract is also MCCATS and bid competitively.

- Cloud ($18,000): Two years ago our e-mail servers crashed and we, along with the rest of The M-NCPPC, moved to the Cloud for e-mail services. This is our portion of the annual fee.

- L3 Help Desk ($59,000): This consultant contract has been in place for a few years because it is more efficient and cost effective than in-house staff support. The on-call support allows staff to resolve computer/printer issues quickly, often via the internet. When we downsized in 2010, this was the most cost effective way to maintain desktop support.

4. Document the costs and revenues of the Development Review Special Revenue Fund this year as compared to last year.

To date revenues are about 45% less in FY13 than revenues received in FY12. FY13 expenditures were less than FY12 as a result of eliminating the Detrick Annex lease. Although we anticipate additional revenues for the remainder of FY13, the total revenues will not reach that achieved in FY12. (Table 1)

TABLE 1: Revenues, Expenditures, and Balances for the Development Review Special Revenue Fund					
	Starting balance	Revenues	Expenses	Transfer from the Admin Fund	Ending balance
FY12	$741,313	$4,034,058	$3,213,447	$1,278,000	$2,839,924
FY13 through April 2013	$2,839,924	$2,409,744	$3,128,935	$1,390,000	$3,510,733

5. How did the fund balance for the Development Review Special Revenue Fund become so high?

The Department requested a transfer of $1,528,000 in FY11, $1,278,000 in FY12, and $1,390,000 in FY13. At the time we were developing the FY13 budget (Sept 2012), monthly revenues were decreasing as compared to FY12. After the budget was completed and submitted (Dec 2012) the revenues were rising. This increase was attributed to the new fees for sketch plans, as well as an increase in project plan submittals, occurrences we did not anticipate continuing through FY13. (Table 2)

A second factor is that the accounting period in FY11 and FY12 was different. Applications and related fees collected in June 2011 (FY11) were deferred to July 2011 (FY12) under the accepted accounting practice of recognizing revenues as earned. As a result of this change FY12 had revenues for 13 months and FY11 had revenues for 11 months.

A third factor in FY13 was recognizing revenues for those plan applications with credits in the year in which they were received.

A fourth factor was that there were more revenues in FY12 than in FY11 or FY13, even accounting for the additional month in FY12. FY12 revenues were much higher than FY06 - FY11 and FY13.

Finally in FY13, the expenditures were lower as a result of terminating the Detrick Annex lease.

All these factors resulted in a larger balance.

TABLE 2: Revenues By Plan Type/Category			
	FY11	**FY12**	**FY13**
Preliminary Plans	$551,728	$1,368,416	$720,140
Project Plans	$88,359	$584,934	$108,334
Site Plans	$880,617	$1,217,950	$1,199,059
Record Plat Fees	$297,255	$428,925	$235,885
Sketch Plans	$238,377	$397,573	$130,000
Staging Allocation			$3,911
Revenues from DAP	$17,010	$21,210	$12,415
Misc. Revenues including interest	$8,845	$15,051	
Total Revenues	$2,082,191	$4,034,058	$2,409,744
Transfer from Admin Fund	$1,528,000	$1,278,000	$1,390,000
Total Budget	$3,610,191	$5,312,058	$3,799,744

6. How are you proposing to change the chargebacks to the Development Review Special Revenue Fund in FY14?

We are not proposing to change the chargeback to the Development Review Special Revenue Fund. The Planning Department is requesting a smaller transfer from the Administration Fund this year than in previous years because of the balance that currently exists in the Development Review Special Revenue Fund. Please also note that we have proposed to use $416,081 of this fund balance in the current fiscal year and expect to continue to draw down the fund balance in future years.

7. Describe the shifts in regulatory workload that have led you to move staff (e.g., on page 125 it indicates that Area 3 has more special exceptions and therefore will have an increase in positions/work years).

The paragraph on page 125 seeks to explain that Area 3 receives more Special Exceptions (SE), Natural Resource Inventories (NRI/FSD) and Forest Conservation Plans than Areas 1 and 2; however, these development application types are not eligible for charging to the Development Review Special Revenue Fund. Therefore, although the positions and work years are the same as last year's budget, the amount of staff work supported by the Development Review Special Revenue Fund (derived from an assessment of the Labor Codes) is less than in the other Area Divisions and different from last year's projected allocation. FY12 was the first full year of data output from the Labor Code since the reorganization. A detailed analysis of the Labor Codes revealed that the regulatory work in the three Area Divisions was comparable, but not similar. For example, Sketch Plans were in Area 2 only; Project Plans in Areas 1 and 3, as well as the NRI/FSD and SE project types noted earlier.

8. Provide additional detail on supplies and materials and other services for FY14 as compared to FY13. In the past you have broken it down into the top ten or so subcategories.

Please see Table 3 on the following page.

TABLE 3: Support Services Budget for Montgomery County Planning Department by Major categories		
Title	**FY13**	**FY14**
Retirement – FT	$0	
Group LTD Insurance – FT	$0	$5,000
Unemployment Payments	$43,800	$37,100
Salaries and FICA interns	$22,800	$22,800
Personnel Other	$13,000	$15,000
Total Personnel	**$79,600**	**$79,900**
Office Supplies	$164,500	$74,400
Advertising want ads,advertising media, RFP's	$12,000	$3,000
Postage	$40,000	$15,000
Telephone/ communication	$74,900	
Utilities	$290,000	$241,700
Internal Rent Cap Eq ISF	$51,500	$57,000
Commission -Wide IT Initiative	$54,200	$43,100
CIO Allocation	$46,600	$50,000
Reprs/Maint Bldg & Struct	$176,500	$150,000
Real Propty Rent/Lease	$0	$0
Maintenance Copier and other office equipment	$390,000	$280,000
Risk Management	$77,700	$49,400
Group Insurance	$61,400	$0
Const/Renov Serv – Bldgs	$160,000	$150,000
Flooring Services	$30,000	
Tuition Assistance	$10,000	$10,000
Legal Services	$9,000	$10,000
Leadership & Development Training	$0	$25,000
Specialized printing	$5,000	$5,000
Repairs/Maint HVAC, Elevator	$110,000	$371,000
Misc. Services	$125,000	$153,200
Total OSC	**$1,723,800**	**$1,613,400**
Legal Chargeback	$85,000	$85,000
	$2,052,900	$1,852,700

9. Do the professional services related to master plans on page 111 match the most recent master plan schedule and need for work to be performed in FY14. Are any additions or reductions necessary based on the most recent schedule?

The professional services are aligned with the master plan schedule in the proposed budget. There would need to be a reassessment of the distribution of the professional services based on the master plan work program. Most of these can be reallocated to whichever master plan is added or shifted in the work program, since these amounts involve consulting services to answer certain questions that arise in all master plans, such as economic considerations or traffic congestion.

10. What is the new framework for forecasting referenced on page 130?

The research team develops forecasts of County housing, jobs, and population. This product supports the analysis of County growth and development. The County forecast is developed cooperatively with the Metropolitan Washington Council of Government's (MWCOG) regional forecasting efforts. The resulting product is the primary demographic input into MWCOG's federally mandated regional analysis of the transportation network's impact on air quality.

The new framework included new data sources, cleaning up the baseline since no establishment level baseline exists for the previous forecast efforts, and adding the ability to document error corrections.

The department acquired ES202 employment data, a record level government series that was not previously used in the forecast. This employment information was incorporated into the forecast after a two year effort of cleaning and geo-coding the information. The forecast now uses record level based employment information that can be corrected each year in a documented fashion as errors are discovered.

Developing the Forecast is a two-step process. In the first step, the team develops an aggregate County level forecast through year 2040 as follows:

- Developed a population growth model that incorporated new information from the 2010 Census.
- Developed new employment projections that more realistically reflected high, low, and moderate County employment growth scenarios. The previously used County level employment projections were the result of incremental adjustments to a year 2000 baseline that pre-dated the recent recession.

The second step in the forecasting process is to allocate the above "aggregate" County population, employment, and households projections to small sub-County geographies. In order to develop a new framework, the research team:

- Developed a new, more accurate source for identifying "on the ground" locations for existing employment. The previous baseline employment measure had not been updated since 2005.
- Incorporated a new measure of the County's employment pipeline. This updated pipeline was the result of a two year "clean up" effort that pulled information from the agency's Hansen system, State appraisal data, and the Department of Permitting Services.
- Developed and incorporated a revised land use base, a "parcel snapshot" for the County, into the forecast. This product is still evolving, but provides a "time stamped "quality controlled source of land use information for forecasting and other land use analysis.

All of these base inputs were moved from the previously used spreadsheet model into a geographic information system. This transition positions the Department to continue to progress towards more contemporary land use modeling frameworks that better capture the dynamics of county demographic and land use change.

Attachment 1

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Montgomery County Planning Department: FY14 Estimated Work Program Cost	FY13 Approved	FY14 Proposed	Personnel **	Professional Services	Publication	Other Costs	Sub Total	Historic Preservation Chargeback	DR Chargeback	Total
Total Funded Workyears	**137.85**	**137.85**								
Program: MASTER PLANNING PROGRAM										
Plans										
Countywide Transit Corridors Functional Master Plan	2.35	1.73	$204,898	$100,000		$29,197	$334,095			$334,095
Functional Master Plan for Historic Preservation	2.20	1.76	$208,451			$29,704	$238,155			$238,155
Functional Plan For Co-Location of For Public Facilities		0.40	$47,375	$50,000		$6,751	$104,126			$104,126
~~Wheaton CBD and Vicinity Sector Plan~~	0.40									
~~Kensington And Vicinity Sector Plan~~	0.30									
~~Takoma/Langley Crossroads Sector Plan~~	0.40									
~~Chevy Chase Lake Sector Plan~~	2.40									
White Flint II Sector Plan	1.50	2.01	$238,061	$9,000		$33,923	$280,983			$280,983
Glenmont Sector Plan	2.85	1.91	$226,217			$32,235	$258,452			$258,452
Long Branch Sector Plan	2.25	0.76	$90,013			$12,827	$102,839			$102,839
Lyttonsville/Rosemary Hills Sector Plan	1.55	1.16	$137,388	$3,000		$19,577	$159,966			$159,966
Bethesda CBD Sector Plan		0.91	$107,779	$18,000		$15,358	$141,137			$141,137
Westbard/ River Road Plan		2.41	$285,436	$5,000		$40,674	$331,109			$331,109
White Oak Science Gateway Master Plan	4.70	2.35	$278,329			$39,661	$317,990			$317,990
Gaithersburg East/Montgomery Village Master Plan	0.20	2.81	$332,811	$27,500		$47,424	$407,735			$407,735
Aspen Hill Master Plan		1.91	$226,217	$23,500		$32,236	$281,952			$281,952
Minor and Limited Amendments/Neighborhood Plans	1.40	0.30	$35,531			$5,063	$40,595			$40,595
~~Burtonsville Neighborhood Plan~~	0.90									
Clarksburg Master Plan Limited Amendment -Ten Mile Creek Watershed		1.85	$219,110			$31,223	$250,333			$250,333
Sandy Spring Minor Master Plan Amendment	2.00	1.06	$125,544			$17,890	$143,434			$143,434
Pooks Hill Minor Master Plan Amendment	1.45	0.91	$107,779			$15,358	$123,137			$123,137
Public Policies Planning and Coordination										
Public Project Coordination	8.80	7.35	$870,520			$124,046	$994,566			$994,566
Master Plan Staging/Monitoring	3.95	4.15	$491,518			$70,040	$561,558			$561,558
Special Projects										
Subdivision Staging Policy /COG Master Plan Local Area Modeling Support)	3.85	3.10	$367,158	$100,000		$52,319	$519,477			$519,477
Sustainability Indicators and Planning Activity	1.40	1.60	$189,501			$27,003	$216,504			$216,504
Agriculture Initiatives	1.90	1.91	$226,217			$32,235	$258,452			$258,452
Special Projects	1.00	2.15	$254,642	$470,000		$36,286	$760,927			$760,927
SUB-TOTAL MASTER PLANNING	**47.75**	**44.60**	**$5,270,494**	**$806,000**	**$0**	**$761,028**	**$6,827,522**	**$0**	**$0**	**$6,827,522**
New Work Program Efforts in FY14										
Expected to end in FY13										

Montgomery County Planning Department: FY14 Estimated Work Program Cost

	FY13 Approved	FY14 Proposed	Personnel **	Professional Services	Publication	Other Costs	Sub Total	Historic Preservation Chargeback	DR Chargeback	Total
Total Funded Workyears	**137.85**	**137.85**								
Program: REGULATORY PLANNING PROGRAM										
Regulatory Policy Development/Amendment										
Zoning Text Amendments (ZTA)/Subdivision Regulation Amendments (SRA)	2.05	1.75	$207,267			$29,535	$236,802			$236,802
Zoning Code Rewrite	6.85	5.10	$604,034			$86,073	$690,107			$690,107
Land Use Regulations										
Special Exceptions	4.25	3.85	$455,987			$64,977	$520,963			$520,963
Local Map Amendments and Development Plan Amendments	2.95	3.00	$355,314			$50,631	$405,945		-$168,400	$237,545
Preliminary Plans/Subdivision Plans	11.40	12.20	$1,444,944			$205,900	$1,650,844		-$1,496,800	$154,044
Project, Sketch and Site Plan Reviews and Site Plan Enforcement	10.20	9.20	$1,089,630			$155,269	$1,244,899		-$873,100	$371,799
Pre-Application Meetings/Guidance		0.90	$106,594			$15,189	$121,783			$121,783
Site Plan Enforcement and Building Permit Review	0.30	1.80	$213,189			$30,379	$243,568			$243,568
Historic Area Work Permits	4.00	4.00	$473,752	$12,900	$8,000	$67,508	$562,160	-$254,840		$307,320
Forest Conservation Reviews, Inspections & Enforcement	10.45	10.90	$1,290,975			$183,960	$1,474,935			$1,474,935
SUB-TOTAL REGULATORY PLANNING	**52.45**	**52.70**	**$6,241,686**	**$12,900**	**$8,000**	**$889,420**	**$7,152,006**	**-$254,840**	**-$2,538,300**	**$4,358,866**
Program: INFORMATION RESOURCES										
Public Information										
Research	4.40	4.90	$580,347	$100,000		$82,697	$763,044			$763,044
Information Systems/Geographic Information Systems (IS/GIS)	5.60	6.80	$805,379			$114,764	$920,143		-$25,000	$895,143
Information Services	5.90	6.80	$805,379			$114,764	$920,143		-$374,200	$545,943
SUB-TOTAL INFORMATION RESOURCES	**15.90**	**18.50**	**$2,191,104**	**$100,000**	**$0**	**$312,226**	**$2,603,329**	**$0**	**-$399,200**	**$2,204,129**
Program: MANAGEMENT/ADMINISTRATION										
Governance										
Work Program Management	6.80	7.15	$846,832			$120,671	$967,503			$967,503
Work Program Support	10.95	9.40	$1,113,318			$158,644	$1,271,962			$1,271,962
Agency Support										
Information Technology	4.00	5.60	$663,253	$157,000		$649,911	$1,470,164			$1,470,164
SUB-TOTAL MANAGEMENT/ADMINISTRATION	**21.75**	**22.15**	**$2,623,403**	**$157,000**	**$0**	**$929,226**	**$3,709,630**	**$0**	**$0**	**$3,709,630**
TOTAL	**137.85**	**137.85**	**$16,326,687**	**$1,075,900**	**$8,000**	**$2,881,900**	**$20,292,487**	**-$254,840**	**-$2,937,500**	**$17,100,147**

New Work Program Efforts in FY14

Expected to end in FY13

**Personnel cost does not include OPEB PreFunding and OPEB pay go.

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MONTGOMERY COUNTY PLANNING DEPARTMENT
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

MCPB Date: ~~10/25/2012~~ 11-8-12
Agenda Item ~~#14~~ / 1

MEMORANDUM

October 25, 2012

TO: Montgomery County Planning Board

VIA: Rose Krasnow, Interim Director RK
Montgomery Planning Department

FROM: Piera Weiss, Deputy Director
Traci L. Anderson, Chief, Management and Technology Services

SUBJECT: Planning DepartmentFY14 Budget Development Follow-up

ACTION REQUESTED

Planning Board approval to include the requested elements in the Planning Department's FY14 budget.

BACKGROUND

At the October 18, 2012, the Planning Board directed staff to provide more information regarding several new work program elements and the reduction in the Development Review Special Revenue Fund included in the Department's preliminary budget proposal. This memorandum provides additional details as requested.

WORK PROGRAM ADDITIONS

The Department reviewed and refined its priorities for FY14, and offers the following information to clarify these preliminary requests:

1. *Functional Master Plan for Co-Location of Public Facilities - $50,000*

This Plan is a strategic exploration of the types and quantities of public facilities – new and existing – needed to support future development and anticipated growth in services. An enhanced co-location concept was developed by the cross agency work group that had been assigned by the County Council to examine issues arising from school site selection proposals involving parkland. This is planned as a one-time cost for professional services, and will not require additional staff.

2. *Transportation Planning and Coordination - $375,000*

The Department's transportation analyses must be restructured to answer the larger questions involved with transportation planning including bus rapid transit and other non-auto modes of travel. To do this, and provide needed supplemental technical assistance for master planning transportation analysis and the Subdivision Staging Policy, the following is needed:

- Adaptation of the new Council of Governments regional transportation model (which has better analytical tools for non-auto modes) into our more fine-grained county-wide transportation model, which forms the basis of the Subdivision Staging Policy analysis and master plan development scenarios.
- Analytical work associated with preparing TPAR 2014 to account for an approved BRT network, travel time and consider other measures recommended by the County Council and Planning Board.
- Local Area Modeling
    - Development of a replacement tool for our current obsolete software.
    - Technical assistance in preparing forecasts and potential solutions for master plan intersection performance.
    - Traffic counts needed to support local intersection modeling and the Mobility Assessment Report.

3. *Study of Garden Apartment Lifecycle and Redevelopment - $50,000*

This study will develop baseline data and conditions for a county-wide housing supply/ demand analysis framework that may be used broadly to support master plans. The initial framework is designed to identify a master plan's overall impact on the County's supply of affordable units. The study is envisioned to take place in two phases:

I) Internal staff will collaborate with DHCA to survey the housing supply, to create county-wide typology of lifecycle and affordability ($50,000); and

II) Department staff will incorporate the developed typology into demographic profiles and models ($110,000).

In FY14, the Department proposes to conduct the housing supply survey, and to develop a shared typology re: garden apartment lifecycles. The requested funds will support hiring of interns to conduct the baseline supply review, under guidance of the Chief. This is estimated as a one-time cost. Additional phases of work will be funded in succeeding fiscal years at the costs delineated above. A more detailed explanation of these projects is attached (Attachment A) for the Board's review and consideration.

4. *Special Study – Economic Analysis Supporting Master Planning Efforts - $100,000 (for Phase I)*

The Department reconsidered the proposal, and identified phases of study to support to more efficiently allocate internal staff resources, as well as optimize the study's benefits. The three phases of work include:

I) In coordination with the Montgomery County Department of Economic Development, formalize knowledge of the County's economic strengths and weaknesses, developer preferences, and structural constraints to regional competitiveness ($100,000);
II) Purchase the REMI Region Macro Economic Model ($120,000); and
III) Expand the small area forecasting to identify which factors are most effective at changing the decisions developers make about where to locate within the County ($50,000).

In FY14, the Department proposes to assess the County's competitive status relative to other jurisdictions in the region with respect to office space utilization, business re-location, employment and housing markets, and determine how master plans might be able to enhance Montgomery County's desirability. The requested funds will support a developer survey and consulting services. This is estimated as a one-time cost. Additional phases of work will be funded in succeeding fiscal years at the costs delineated above. A more detailed explanation of these projects is attached (Attachment A) for the Board's review and consideration.

TRANSFER TO DEVELOPMENT REVIEW SPECIAL REVENUE FUND

The Department has reviewed its regulatory activities and identified additional services and personnel costs, which are eligible to be charged against the Development Review Special Revenue Fund. Therefore, the transfer request is reduced nominally to $950,000 from $1,140,000.

SUMMARY

The Department per the Board's direction closely reviewed and refined its requests. These adjustments reflect the critical services needs and preserves the Department's budget in relation to SAG.

ATTACHMENT A

SUMMARY: ECONOMIC ANALYSIS OF MASTER PLANNING EFFORTS

This effort will evaluate the impact of alternative master plan scenarios on regional and county employment and population. Initial work will target the following questions:

- Given competing regional growth in retail, office, and industrial, (or for industry specific employment cluster growth) what are the thresholds of development that we can realistically support? Are master plan densities, housing, and employment levels consistent with these thresholds?
- How does the master plan's amount and mix of housing influence County commuter and workflows? Given our regional competitors, how does the, master plan influence the County's overall housing, income, and jobs distribution.
- Fiscal: How do we evaluate the countywide fiscal implications of a new master plan given the plan's employment and housing mix?

Phase I: Qualitative Macro Level/Background
Developer Survey: $ 35,000
Consulting: $ 65,000

Coordinate with DED to formalize knowledge of County economic strengths and weaknesses, developer preferences, and structural constraints to regional competitiveness. Cooperate with DED to better define the nexus between long range master planning efforts and to identify specific strategies for improving the influence of the master planning process on economic development outcomes.

Deliverables include:

- Meta analysis/Summary of existing literature on national and regional trends in office, retail, and industrial location.
- Survey of employer concerns/preferences (i.e., access to transit, tax structure, housing costs, forward-backwards industry linkages, amenities for employees, etc.)
- A regional profile of historical industry location and relocation decisions. Which industries are we losing, which are retaining?
- Profile of the small area characteristics for the specific types of places to which we are losing development. What are the characteristics of our competitors' most successful retail and office developments? How do they differ from Montgomery County?
- Prospective assessment of how industry specific land use needs can improve our competitiveness. (Example: adequate zones for light manufacturing to support changing needs of local bio tech)

Phase II: Quantitative Macro Level
REMI Multi Region Macro Economic Model:
(Acquisition, calibration, baseline scenario development) $100,000
Additional Scenario Development (Consulting): $ 20,000

Both DED or MCP identify the direct jobs associated with employer relocation or with a new proposed development. However, neither agency has a good handle on the mix of indirect jobs that projects generate. Both agencies need a framework for placing economic impact assessments and employment scenario development within a reliable framework that provides industry detail, realistically assesses inter-industry relationships, and better considers our economic relationships to surrounding jurisdictions.

REMI is a modeling tool that considers the inter-industry relationships that exists between regions. The model can evaluate changes in employment and population based on a wide array of policy variables. The baseline economic scenario proposed for the model would assume MC "builds out" according to the design vision implied in our current master plans. We would then profile the long term economic, housing, and implications of this prospective build out, given the regional model's consideration of inter-industry relationships and the regional competition for jobs and households. The baseline scenario will provide:

- Industry specific business mix , growth in specific clusters
- Distribution of secondary employment/amenities that attract a competitive workforce: (retail, restaurants, entertainment)
- Housing: by type and price range.
- Allow an assessment of whether the required workforce matches our current demographic profile (age, education, income).
- Allow an investigation of the fiscal implications of these demographic changes.

Phase III: Allocation
Interns $35,000
Statistical Analysis Support $15,000

The work is an expansion of the small area forecasting work currently performed by the CRIS. The emphasis is creating more realistic small area "neighborhood level" forecasts that describe future concentrations of jobs and housing. This modeling work attempts to identify which sub-county factors (i.e., density bonus, MPDU requirements, zoning changes, proximity to BRT and other transpiration improvements) are most effective at changing the decisions developers make about where to locate within the County.

Deliverables:

- A small area forecasting framework that adequately describes how growth in one master plan effect decline in another.
- a quantitative assessment of the impact of the transportation network on changing land development patterns

- A small area profile for our housing/ jobs mix. A typology of neighborhoods and commercial centers.
- An initial quantification of impact that our growth controls have on actually changing developer location choice.
- The baseline for small area fiscal impact framework. An initial assessment of what happens as the commercial sector bears increasing share of fiscal costs.

SUMMARY: GARDEN APARTMENT LIFECYCLE AND REDEVELOPMENT ANALYSIS

Project Background

Montgomery County's stock of garden apartments represents an emerging issue. A wave of garden apartments was built during the 1960's and many are nearing the end of their physical life. Some decisions need to be made regarding their future. In some cases, property owners may undertake major renovations, which may cause displacement or result in raised rent levels. In other cases, they seek more intensive redevelopment, which typically causes displacement and higher rent levels.

Redevelopment proposals often occur in the context of active master plan efforts. Over the past year this has occurred in the context of several Area 2 master plans, including the proposed minor master plan amendment for Halpine View; the recommendations for the Glenmont Forest apartments in Glenmont; and the recommendations for the White Oak Apartments in the White Oak Science Gateway master plan. It is also a concern in other areas, such as Battery Lane and the Falklands in Area 1.

There are several aspects to this issue. We need to understand the types of housing that should be encouraged by master plans to respond to long term market demand. We need a solid database for the existing garden apartments and their residents, including the extent of various housing affordability programs that affect who lives in these units. We need to consider the impact of both refurbishment and redevelopment on existing residents. We need a tool to determine whether redevelopment at various levels would lead to a net loss of affordable housing.

So far, we have been forced to try to deal with this problem on a case by case (or plan by plan) basis without an accurate profile of the garden apartment stock, an understanding of the factors driving demand for these units or a strategy for making redevelopment decisions. In Glenmont, we had the luxury of having sufficient time and resources for the Research Division to conduct an analysis of the garden apartments in Glenmont and the impact of redevelopment on the stock of affordable housing. Since this appears to be an ongoing, County-wide issue, however, we should try to get ahead of the curve and seek to understand the issue and the options.

The goal of this project is to provide both the data and a framework for future master plan recommendations. We have requested funds to permit an assessment of the County's stock of garden apartments; analysis of the demographic factors driving the long term demand for these types of units; examination of how other jurisdictions have dealt with this issue; and economic analysis of redevelopment options. Ultimately, this will provide a framework for future master plan decisions.

Specific Tasks

- Develop a geographically complete and accurate profile of existing garden apartment stock overall and the stock of affordable units specifically

- Profile factors that affect the lifecycle of the existing stock (e.g., vacancy rates, rent rates, refurbishment costs)
- Analyze factors driving demand for garden apartments (e.g., need for basic units without current amenities)
- Prepare pro-forma analyses to illustrate redevelopment scenarios
- Develop a tool for evaluating redevelopment options with regard to the stock of affordable housing
- Examine how other jurisdictions have addressed this issue and relevant to Montgomery County

Phase I: Survey Existing Stock (Baseline Supply) and Demographic Models (Demand)
Interns: $ 35,000

Internal staff will work with DHCA to survey the housing supply with the goal of creating countywide typology by lifecycle and affordability.

- How many units do we have?
- How many are affordable? Work with DHCA to determine the distribution of rents.
- Where are units in their life cycle?

GIS Interns will clean up the current land use so that we can perform meaning small area and Countywide analysis

Additionally, internal staff will better leverage the information in our existing demographic models to better characterize the demand for affordable units.

- Profile/indicator of distribution of family size, age of head, kids, and income projected over time.
- Perform this analysis Countywide and for sub County market areas based on age profiles and neighborhood typology.

Phase II: Profile Garden Apartment Redevelopment
$35,000 Interns
$75,000 Consulting

Develop pro forma that describe affordability levels as garden apartment stock redevelops:

- Determine the ideal characteristics/amenities associate with the types of apartment development we should be encouraging. (examine regional and national trends)
- Determine the costs/pro forma for test cases in target neighborhoods.
- Determine the typical profile for affordable units lost/gained during redevelopment in the target areas.
- Identify the gaps in demand/supply for target geographic areas.
- Identify methods of incentivizing developers to actualize desired affordability mix in redevelopment projects.

CAS FY14 BUDGET QUESTIONS

1. On page 30, the Grand Total last line of the page, the total for the two counties does not appear to be correct (assuming you would add 316 million from Prince George's to 146 million for Montgomery County (proposed FY14), the total should be less than the 512 million shown on page 30. Is there an error here or something I am misunderstanding?

   No error, just a presentation that could have used additional annotation. The Group Insurance Fund, shown under Proprietary Funds, is only shown in the Total Commission columns due to the fact that it is a Commission-wide fund and is not split between the two counties.

2. What is the targeted fund balance in the Administration Fund and Park Fund?

   As stated on page 17 of the Proposed Budget, the Commission targets a reserve of 3-5% of operating expenditures in the Administration and Park Funds. In FY14, the proposed budget includes a designated fund reserve of 3% in each of these funds. Projected fund balance above this level is intended to and is necessary to balance future years in our 6 year projections.

3. What is the status of the implementation of the ERP? When will it be fully implemented?

   The Commission is engaged in the implementation of an ERP solution from Lawson Software. This effort includes software modules to support Finance, Human Resource/ Payroll, Purchasing, and Budgeting. The implementation effort began in the early spring of 2012 for Finance, HR/Payroll and Purchasing. Budgeting is just beginning now. At this point in time, much of the configuration of the software is complete, preliminary testing is complete for the first three modules, and much of the technical details of data conversion has been accomplished. Efforts over the next six months will focus on the Budgeting module and final testing of the software and training of Commission staff with a scheduled go-live date of October 1 for all modules.

4. Provide additional detail on other services and charges and supplies and materials (i.e., major cost items).

   <u>DHRM :</u>

   <u>Other Services and Charges total $338,520.</u> This category addresses services such as:

   - *Specialized technical consultant/management services (e.g., classification and compensation consultant, regulatory compliance and equal employment training, labor counsel and other legal services). (approximately 161K)*
   - *Financing for capital equipment (employment filing systems) and departmental share of enterprise technology initiatives funded in the internal service fund. (approximately 43K)*
   - *Computer/copier maintenance agreement, licensing agreements and repair (approx. 70k)*
   - *Other miscellaneous charges (primarily park police testing and recruitment services)- 64K*

   <u>Supplies and Materials total $41,500.</u> This charge remained flat from FY13. This category primarily addresses supplies for the department (computer equipment, office supplies, training materials) and supplies to support corporate meetings of the agency and official records of the agency (technical equipment to maintain minutes and equipment for maintaining agency records).

<u>CAS Support Services :</u>

<u>Other services and charges total $537,550:</u> Primary components of this category include:

- *Rent payments to the building internal service fund which houses Central Administrative Services' departments and operations. (approximately 363K)*
- *Communication/telephone systems (approximately 65K)*
- *Maintenance agreements/insurance/postage other miscellanous services to support CAS functions (approx. 110K)*

<u>Supplies and Materials total $17,000</u>

- *Office and printer/copier supplies*

<u>Finance :</u>

<u>Other Services and Charges total $581,400 (reduced $9,000 from 2013).</u> This category addresses services such as:

- *Maintenance agreements for Commission wide hardware and software applications.(approximately $315K).*
- *Financing for capital equipment and departmental share of enterprise technology initiatives funded in the internal service fund. (approximately 125K)*
- *Audit & other professional fees (approximately $50K)*
- *Other miscellaneous charges for communications, training, printing, etc.*

<u>Supplies and Materials total $79,900 (unchanged from 2013).</u> This category primarily addresses supplies for the department (computer supplies, office supplies, training materials) and materials necessary to maintain the official records of the Agency.

<u>Legal</u> :

<u>Other Services and Charges total $202,706.</u> This category addresses services such as online legal research and case management tools, library materials, legal fees for outside counsel, rent and equipment charges.

<u>Supplies and Materials total $14,900 and remained flat.</u> This category includes office supplies and computer supplies.

5. Provide additional rationale for the new positions requested in legal and HRM?

The ½ position (for Montgomery County) requested in DHRM is a Grade G, administrative specialist, which will provide critical administrative support to the Budget Division, which is currently without any dedicated administrative support. Some of the tasks will be managing the budget calendar, scheduling meetings, entering data, and preparing material for meetings and documents for publishing. This position will increase the value and service to our Commissioners and operating departments by freeing up the professional staff time to focus entirely on critical functions such as current and long-term fiscal planning, budgetary fiscal policies, labor cost analysis, benefit analysis and coordination of Commission-wide budget needs.

An additional position is proposed for the Legal Department to improve service levels for the Montgomery County Land Use Team at MRO. Based on an uptick in litigation related to Planning Board cases, several major County initiatives (including the Zoning Ordinance Rewrite), and ongoing enforcement activities, the MC Land Use Team is overtaxed. As a result, the Team does not have the capacity to meet Planning Board expectations for handling more routine legal projects – for example, Planning Board resolutions and providing real-time consultation with planners – on a consistent basis. Therefore, the additional term contract arrangement for that Team is proposed as a near-term solution.

6. How are chargebacks allocated by Department? How do the chargebacks in FY14 differ from FY13?

   <u>DHRM</u> : DHRM chargebacks to Montgomery County total $139,190. Of that amount, $103,310 is for Labor Counsel and park police testing and is allocated to the Park Fund and $35,880 is allocated to the Group Insurance Fund and Risk Management Fund representing the time spent by Corporate Budget Office and the Executive Director on these two work programs in the Internal Service Funds. The FY 14 chargeback represents an increase of $1,090 from FY 13.

   <u>Finance</u>: In FY10, the methodology for chargeback allocations was analyzed, at the request of the departments, and presented for review and comments. The revised methodology was accepted at that time for future use and has been used since FY10, and updated annually from the CAFR and Finance Department budget data. The revised methodology is comprised of two sections; General Allocations and Data Center Allocations.

   General Allocations are based on the total activity of the funds receiving services from the Finance Department as a percentage of total Commission activity. Activity is defined as total revenue and expenditure dollars from the prior year's CAFR. This methodology may be imperfect and there could be other ways to more accurately calculate the figures, however it is believed that the process we use is reasonable and does not require more effort than is gained by the result.

   The Data Center allocated costs are for Commission-wide software applications, such as Kronos, EneryCAP, NeoGov, and Lawson S3 ERP(new project expected to go-live in FY14), and their associated license fees, annual support agreements, hosting costs, server costs and personnel expenses, based on time reporting. The formulas used to allocate the aggregate costs are based on the budgets from the Prince George's County Parks & Recreation Department and the Montgomery County Parks Department as a percentage of the total operating budget.

   The calculation of chargebacks for FY 2014 resulted in a decrease of $30,700 to Montgomery County funds, most of which is attributable to decreased costs charged to group insurance and capital equipment funds, offset slightly by increases in charges to enterprise funds.

Legal :
With the exception of 30% of the risk management fund chargeback and 100% of the pension fund chargeback, all other chargeback amounts are strictly compensation-based (salaries and benefits) for specific positions to support specific functions.

There is no material difference between the chargeback allocations for the Legal Department's proposed FY 14 and approved FY 13 budgets for Montgomery County funding sources.

7. What audits were completed in FY13? What audits are planned for FY14?

MC FY 13 Audits Completed as of 4/17/2013

	Department Head Credit Cards	*Purchase Cards*	*Compliance Audits*	*Surprise Cash Audits*	*Hotline /Investigations*
Number of Audits	*0*	*7*	*3*	*4*	*1*

The audit plan for FY14 has not yet been completed; it is due to be presented to the Audit Committee by the end of May. At a minimum, it will include continuing audits of department head credit cards, purchase cards, compliance audits, and surprise cash audits.

8. Please send a copy of the full Commission resolution to see if there are ways we can make the resolutions more comparable.
Two resolutions are attached – that adopting the Final FY13 budget and that adopting the Proposed FY14 budget.

MONTGOMERY COUNTY DEPARTMENT OF PARKS
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

April 17, 2013

TO: Planning, Housing and Economic Development Committee
Marlene Michaelson, Senior Council Analyst

VIA: Mary Bradford, Director of Parks MB
Michael Riley, Deputy Director of Parks

FROM: Karen Warnick, Budget Manager KWarnick

SUBJECT: Budget Worksession

Below please find the Department of Parks' responses to Council Staff questions in preparation for the budget worksession of April 22:

1. **Last year you did not include a program budget, noting that for FY13 you decided to focus on the cost recovery goals of Vision 2030.**

   a. **Have you prepared program-based budget data for FY14 and do you plan to prepare it in the future?**

   The Department of Parks did not prepare a program based budget for FY14.

   The Commission is in the process of implementing a new Enterprise Resource Planning (ERP) system. This new system is being configured to collect actual data by program/activity which is critical to preparing and tracking a program budget. In order for a program budget to be useful, our systems must have the capability to track actual vs. budgeted expenditures by program, which is a capability we have not had in the past. The ERP system is scheduled go live in the fall of 2013. That means that FY14 will only have a partial year of data and we will not have a full year of data until the end of FY15. We will revisit the benefits of preparing a program budget after we have a full fiscal year of data in our new system.

   The Department is also in the process upgrading to the next generation of SmartParks with the implementation of an Enterprise Asset Management (EAM) system expected to go live in FY 14. The new EAM will allow the Department to enhance data gathering for our work programs, resource allocation, cost recovery, performance measures, and gather operating budget impact costs.

   b. **What changes have you made over the past year to implement the cost recovery goals in Vision 2030? (I noticed a comment related to Property Management, but did not see other comments on this issue.)**

   The Department began tracking cost recovery data for the services we provide with the implementation of the Vision 2030 plan in 2012. Data is collected on the direct costs of the service provision and all the revenue sources, such as fees, volunteer hours, sponsorships/ donations, etc.

For FY13, the Department began collecting this data twice a year. Staff have attended training on collecting and analyzing the data. Where appropriate, staff have adjusted fees, increased marketing, or reduced expenditures to meet cost recovery goals.

Both Park Fund and Enterprise Fund programs have used the cost recovery data gathered over the past year to meet the goals outlined in the Vision 2030 Plan to manage and prioritize our work programs and services.

Park Fund

Since we developed the cost recovery goals, it allowed the Department to look more closely at ways to reduce costs or increase fees or use alternative funding sources. For the past two years, a concerted effort has been made to expand the Department's capacity to engage volunteers in a variety of programs.

- Volunteer support has been instrumental in stream and park cleanup activities thereby reducing costs associated with park maintenance.

- Volunteers have enabled some of our summer camp programs to remain affordable for our patrons and to meet our cost recovery goals.

- The Deer Management Program is exceeding its cost recovery goal through the use of volunteers to assist with the managed deer hunts.

Enterprise

The Enterprise Division has also made changes in the past year to implement the cost recovery goals in Vision 2030. The Enterprise Division uses the cost recovery data, along with a number of other information sources such as fee surveys and enrollment statistics, to monitor program fees. The cost recovery information analysis reveals that program costs vary from facility to facility due to the nature of the operation and that ice rinks are more expensive to operate than tennis centers. In order for the ice skating and hockey class programs to meet cost recovery goals, the methodology has not been to raise class fees but to look at finding ways to further reduce utility costs.

For the event centers the cost recovery goal is 200% and cost recovery rate is at 160%. In order to meet this goal, the strategy has been to focus on marketing and enhancement of the facilities in order to increase usage. There is a 3 year plan to analyze the return on investment and to meet the goals by marketing and enhancing the facilities, and setting fees that remain competitive in the market.

Property Management

Many of the new building license agreements reflect a more current standardized approach, charging the private 3rd party occupants both a building license fee and a common area maintenance (CAM) fee. The CAM fees reflect the cost of park management operations for that portion adjacent to the building and cover costs such as mowing, snow removal and preventative maintenance of the building systems (HVAC). Additionally, utilities, and janitorial costs are passed on to the 3rd party occupants, saving the Commission these costs.

New policies - Increase alternative funding sources

The Department had recently adopted two policies aimed at increasing alternative funding sources: 1) the Individual Park Naming and Dedication Policy in December 2011 and 2) the Corporate Sponsorship Policy in January 2013.

Both programs are administered through the Parks Foundation. The Department is collaborating with the Foundation to develop sponsorship packages that bundle opportunities and will then work in coordination to market them to major businesses.

The Department has initiated discussion with the Recreation Department and various public-private partners who operate on parkland to determine if/how the sponsorship program can be expanded to include and benefit those facilities and programs.

As the Department continues to assess the viability of public-private partnerships and sponsorships, we must think ahead when constructing or renovating parks and amenities to consider use of taxable bonds rather than tax-exempt bonds so that desirable sponsorships and partnerships are not precluded.

2. Describe any changes in Department programs or policies over the last year related to Vision 2030.

The following are some examples of program and/or policy changes as part of the Strategic Plan for Vision 2030.

- The 2012 PROS Plan, approved by the Planning Board in July, 2012, includes service delivery strategies that incorporate the concept of equitable geographic distribution.

- Park staff are striving to provide new and/or renovated parks in higher density areas with lower levels of service through Sector Plans and urban park facility plans, e.g. Caroline Freeland, Woodside, and Hillandale.

- The current PROS Plan provides more specific policy guidance regarding park acquisition/dedication than previous plans. Accordingly, developer provided public use space is consistently supported by the PROS Plan's Urban Park Guidelines and Park Classification System contained in PROS.

- As noted in the PROS Plan, park staff have initiated an Athletic Field Study. As part of a recent leadership training program, one group focused on athletic field conditions and evaluation of playability and is moving forward with an ongoing workgroup.

- The Enterprise Division changes programs and policies related to Vision 2030. The goal is to repurpose, maintain, and enhance facilities. Two recent examples include repurposing the Wheaton Outdoor Arena into the Wheaton Sports Pavilion, and the expansion of the South Germantown Splash Park.

  A 6-year program was implemented in FY13 to audit all park Best Natural Areas (BNAs) and Biodiversity Areas (BDAs). The audit will be repeated regularly thereafter similar to the program used by the Montgomery County Stream Protection Strategy. The first year of data collection is scheduled to be completed June 2013. As the audits are completed, a Natural Resource Management Plan will be developed for each BNAs and BDAs. Completion of this overall effort is expected in 2018.

- The Countywide Natural Resources Management Plan has been completed and a review of this document was presented to the Planning Board in February 2013. Now that this planning effort has been completed, it will be used to prioritize future natural resource management work.
- In an effort to formalize the maintenance and management of athletic fields, our Athletic Field Permit Policy was amended in consultation with the Community Use of Public Facilities (CUPF) to reflect new, streamlined permitting procedures and changes in use to improve the management and parameters for use of park fields. The amended policy was adopted by the Planning Board in February 2013.

- The Department has stepped up its efforts in the area of recycling so that we are a leader in the County as it relates to waste reduction. A recent Leadership Team project address the Departmental needs regarding meeting or exceeding the County's recycling targets.

- The Department has worked to incorporate Crime Prevention through Environmental Design (CPTED) principles and guidelines into parks and recreation site design and ongoing maintenance practices. Three CPTED projects have been completed this fiscal year by the Park Police Community Services Section working in conjunction with divisions to implement CPTED principles both with new construction and existing parks and park buildings.

- A Department Public Outreach Manual has been drafted to establish clear public outreach guidelines for park construction projects, public-private partnerships, building leases and demolitions, and park master plans, among other activities, and is currently in review. This manual is anticipated to be finalized by the end of FY13.

- To meet the demand from the recent swell in the number of people who want to play cricket in Montgomery County, the Department has constructed two "temporary" cricket fields; one in South Germantown Regional Park and one in Calverton-Galway Local Park by repurposing fields that had originally been constructed for other sports. Park Planning and Stewardship is in the midst of a site selection study for a permanent facility that would be large enough to hold tournaments.

- To enhance users experience on trails, staff is working on a trail signage manual to add distance markers, directional and way-finding signage, and interpretive signage, per departmental standard. The 14 miles of Rock Creek Trail is being used as a pilot program. Both the manual and the pilot program are expected to be completed by the end of the summer of 2013.

- To incorporate the 2010 Americans with Disabilities Act (ADA) Standards for Accessible Design into planning and development of new and renovated park and recreational facilities for both the M-NCPPC Department of Parks and Montgomery County Department of Recreation, the Department has two consultants under contract to conduct phases one and two of the audit of Parks existing facilities for compliance. The first phase has been completed and the second phase is currently underway.

- The Department is developing a comprehensive "green" operations and maintenance initiative and is participating in the conducting a Sustainable Sites Initiative (SITES) pilot project program at Evans Parkway Local Park and Kemp Mill Urban Park. The standards result in water savings, appropriate plantings, less waste, more public participation in design and better storm water management among other benefits.

3. Provide an update on efforts to improve the efficiency of maintenance operations.

<u>Refocused/Realigned Resources</u>
Maintenance staff have been trained and educated on best management practices for care of environmentally sensitive areas, non-native invasive plant management, and stormwater management structural maintenance.

The Northern Parks Division re-aligned internal boundaries thus separating the South Germantown Management Area from the Black Hill Management Area so as to provide for more efficient routing and staff proximity as well as to accommodate extensive growth in the Black Hill Management Area.

Management staff positions were redeployed to more effectively cover the expanding work program and allow for adequate oversight of staff in response to efforts to fill vacancies.

Using SmartParks data, managers have been able to review reports on "work not done" and to hire seasonal employees, when possible, to complete many of these projects.

When possible, staff is scheduled to report directly to the work location in the morning thereby significantly reducing travel time and providing more time for the actual work during the day. For example, landscape crews located at Shady Grove report directly to Pope Farm from November thru April so they can assist with digging trees in fall and spring. The tree crews have divided the county into sections. Work is scheduled for each week for a different section of the county. Crews report in the morning to the maintenance yard located in the designated section where the work is to be done for the week.

Technology Used in the Field

Where possible, the Department is including remote monitoring on new or replacement equipment (grinder pumps, HVAC equipment, locking systems, etc.), that will alert staff to potential problems allowing less costly repairs prior to complete failure.

The Department has invested in computer diagnostic programs in our Fleet operation to enhance productivity such by greatly shortening the time spent on troubleshooting vehicle problems.

The Department has made use of new products to increase efficiency and lower costs. Cost savings have been achieved by using products such as more efficient LED lights and lights with longer working hours which need to be replaced less frequently. For outdoor lighting, the Department has started to use astronomical time clocks that have a built-in sunrise and sunset feature, with daylight saving time programed.

The Department is replacing older drinking fountains, which required winterization, with frost free fountains meeting ADA guidelines. These new fountain require less maintenance and fulfill our ADA mandate.

Training

The Department has greatly expanded training of staff on Best Management Practices (BMP's) associated with stormwater management facilities and surrounding areas.

Where possible, divisions have cross trained field administrative staff, to maximize efficiency, and to limit the amount of time supervisors and other field staff perform administrative duties.

Volunteers

The Department continues to look for additional ways to increase volunteer participation and implement efficiencies wherever we can to continue to reduce overall costs. This robust program has more than 8,000 volunteers who contribute the equivalent of 34 work years in 24 distinct program areas supporting a wide variety of programs throughout the parks system. Examples include efforts cleaning streams of trash and debris, maintaining the grounds, natural and garden areas around nature centers, public gardens, and supplementing our archaeology and cultural resource programs. The estimated dollar value of our volunteer activities is estimated at over $1.5 million.

Maintenance and Operations Manual (MOM)

The Department developed the first Maintenance and Operations Manual (MOM) for the newly renovated Takoma-Piney Branch Local Park and presented to the park manager in August 2012. A MOM is to be prepared whenever there is a new facility and/or new materials used in a renovation to give the park manager all of the information he/she will need to operate and maintain the facility. Topics range from how to clean a new material to how to maintain and repair boardwalks to a maintenance agreement with another municipality. The maintenance data is entered into SmartParks.

4. **The backlog of outstanding work orders for repairs and preventative maintenance has increased in the last year (from 2,000 to 2,500). How will you address the backlog given that it is highly unlikely the Council will be able to significantly increase funding for M-NCPPC in future years?**

The backlog of repairs and preventative maintenance are being aggressively prioritized to address the most critical safety issues which impact safe operations, mandated responses, and return on investment. The Department will defer cyclical and lifecycle replacement projects and maintenance or eliminate inventory that cannot be properly maintained. The Department is using SmartParks data to manage the allocation of resources to help staff be more efficient with the limited resources (see response to question #5 below).

5. **Provide an update on Smart Parks.**

SmartParks is used in the daily operation of the parks in the decision making process and the allocation of operations resources. Some examples are:

<u>Playgrounds</u>
Trending reports from SmartParks have been used to identify possible problems causing high maintenance of some amenities such as the playgrounds. Reports comparing maintenance cost of playgrounds have shown some playgrounds with very high maintenance cost. Possible causes for the high maintenance could be aged equipment, poor drainage, high usage, etc. SmartParks data has allowed us to better analyze these costs and find solutions to the problems. Often the solutions have led to reduced maintenance costs.

Playground safety is a priority for the department. With 291 playgrounds and monthly inspections, the 3,500 annual inspections were more than the existing crews could handle. A decision was made to reassign an existing position to the playground inspection crew, thus allowing the inspectors to achieve a 100% inspection rate for these high profile amenities and to better address maintenance needs

<u>Dog Parks</u>
Dog parks are fairly new amenities in our inventory. The original estimates of maintaining the dog parks produced the need to impose a user fee to offset costs. SmartParks was configured to track costs related to the dog parks. The results showed that the maintenance costs of the dog parks were significantly lower than expected. A decision was made to eliminate the fee, thereby reducing the hassle for our patrons to get the permit and for the department to save the cost of collecting and administering the fee.

<u>Tree Care/Maintenance</u>
The Arboriculture Section uses SmartParks to:

Assist in organization of the work requests that are received on a weekly basis. The Arboriculture Section receives an average of 25 and 50 new work requests on a weekly basis. Using the system, the crew is able to track which ones have been inspected (to be scheduled), which ones have not yet been inspected (new), which ones are in progress (assigned), and which ones are complete (closed).

Track data on tree canopy loss so we can mitigate through our tree planting efforts countywide.

Determine labor costs and time associated with completing tree work on a park by park basis using specific staff. A few years ago, analysis of this data showed the backlog to be greater than the crews' work capacity and existing staff positions were reassigned to the tree crew.

Recently, with the added workload created by recent storms and the Derecho, the backlog increased significantly. This year, the decision was made to contract out some of the tree work to reduce the backlog and allow the tree crew to move back into a proactive mode. The Department leveraged funds reimbursed from Federal Emergency Management Administration (FEMA) to cover 75% of this contract.

Respond to citizen and staff inquiries regarding the status of a work request. Using SmartParks data, the Arboriculture Section is able to provide an update based on notes that have been entered into the work request.

Lifecycle Replacement

By tracking maintenance over a given period, the Department is able to implement work programs which decreased the expected maintenance and replacement. For example, the Heating, Ventilation, and Air Conditioning (HVAC) shop uses maintenance and repair data collected in SmartParks to quickly assess replacement needs throughout our facilities. Lifecycle replacement can be deferred to support the replacement of higher maintenance/higher annual cost systems.

Lock Shop

The Lock Shop has developed a "key hook" database within the SmartParks system which identifies every door and provides critical information about the size of the door, the hardware, and the key cut. This database is used to compare products currently in use to help determine which ones perform better. This is an excellent timesaving tool for anticipating requested repairs prior to the site visit or when re-keying a facility is required.

6. **Provide an update on the Parks Foundation and contrast the revenues raised in the past year with those raised in the preceding year (including source of funding). What are the targets for FY14?**

The Montgomery Parks Foundation is not on a concurrent fiscal year with the Department. It functions on a calendar year.

Attached are the Foundation's FY12 Audit (Jan-Dec 2012) and the approved FY13 Budget (Jan-Dec 2013), which indicate that the 2012 actual revenues were $609,160 and the 2013 budgeted revenues are $742,000. Projections for FY14 will be made later this year in the fall.

7. **Provide an update on operating costs associated with Woodstock Equestrian Center and any efforts to secure private funding.**

In cooperation with the Montgomery Parks Foundation, the Public Affairs and Community Partnership Division is actively soliciting corporate sponsors for Woodstock and has raised approximately $10,000 to date. Once the facility opens and a community of users develops, we anticipate the formation of a friends group that will work with Montgomery Parks on fundraising for further improvements to the park.

There is a need for additional parking which was planned for but available funds could not support the inclusion of that element in the construction of the cross country course, outdoor arena, and renovation of historic structures. Other needs will be identified as the increased use occurs and efforts will continue to raise private funds to offset taxpayer costs.

As it relates to operations, the department is prepared to formally open the developed section of the park to the public later this month using a minimum amount of resources. Most of the equipment needed to operate the facility has been acquired or repurposed from other operations and we have hired an experienced seasonal employee to handle onsite operations.

8. **Provide the vacancies by quarter for the last 3 years.**

See chart below.

Department of Parks Quarterly Vacancy Report - FY11, FY12, and FY13

FY 2011

Authorized Positions		669	
Quarters		Vacancies	Vacancy Rate
1st Q	Sept.2010	50	7.47%
Recruitable Vacancies		12	1.79%
Frozen Vacancies		34	
Contract Working Against Vacancy		4	
	Lapse		5.00%
2nd Q	Dec.2010	48	7.17%
Recruitable Vacancies		12	1.79%
Frozen Vacancies		33	
Contract Working Against Vacancy		3	
	Lapse		5.00%
3rd Q	Mar.2011	51	7.62%
Recruitable Vacancies*		15	2.24%
Frozen Vacancies		33	
Contract Working Against Vacancy		3	
	Lapse		5.00%
4th Q	Jun.2011	63	9.42%
Recruitable Vacancies*		26	3.89%
Frozen Vacancies		33	
Contract Working Against Vacancy		4	
	Lapse		5.00%

FY 2012

Authorized Positions		672	
Quarters		Vacancies	Vacancy Rate
1st Q	Sept.2011	72	10.71%
Recruitable Vacancies*		23	3.42%
Frozen Vacancies*		42	
Contract Working Against Vacancy		7	
	Lapse		7.50%
2nd Q	Dec.2011	78	11.61%
Recruitable Vacancies		17	2.53%
Frozen Vacancies**		57	
Contract Working Against Vacancy		4	
	Lapse		7.50%
3rd Q	Mar.2012	69	10.27%
Recruitable Vacancies		5	0.74%
Frozen Vacancies**		57	
Contract Working Against Vacancy		7	
	Lapse		7.50%
4th Q	Jun.2012	72	10.71%
Recruitable Vacancies		19	2.83%
Frozen Vacancies**		49	
Contract Working Against Vacancy		4	
	Lapse		7.50%

FY 2013

Authorized Positions		672	
Quarters		Vacancies	Vacancy Rate
1st Q	Sept.2012	76	11.31%
Recruitable Vacancies		42	6.25%
Frozen Vacancies***		25	
Contract Working Against Vacancy		9	
	Lapse		7.50%
2nd Q	Dec.2012	63	9.38%
Recruitable Vacancies		30	4.46%
Frozen Vacancies***		25	
Contract Working Against Vacancy		8	
	Lapse		7.50%
3rd Q	Mar.2013	62	9.23%
Recruitable Vacancies		32	4.76%
Frozen Vacancies***		25	
Contract Working Against Vacancy		5	
	Lapse		7.50%
4th Q	Jun.2013	0	0.00%
Recruitable Vacancies			0.00%
Frozen Vacancies***			
Contract Working Against Vacancy			
	Lapse		7.50%

*Modified hiring freeze invoked in last quarter of FY2011 due to Park Police study, potential RIF and carried forward 1st quarter FY2012
**Lapse and 15 additional positions due to property tax shortfall beginning in December 2011
***Reduced frozen vacancies to 1/2 of 50 WY lapse to better reflect actual attrition rate

9. **The lapse calculations on page 52 do not appear to quite match the stated goal of 7.5% lapse and did not increase for FY14 although workyears will increase slightly. Shouldn't lapse in FY14 be 51.36 workyears instead of 49.7?**

Lapse is calculated as a percentage of the overall career salaries and then converted into work years for each division based on the average salary of employees in that division. This accounts for a small aberration in work years as compared to calculating lapse based strictly on work years. In FY13, the Council approved increased funding for operating budget impacts for Park Police but did not include a new work year. This work year was accounted for in the reduction of the lapse by one work year. This one work year reduction was carried forward in the FY14 calculation of lapse.

10. **Are all new NPES costs covered by the water quality protection charge?**

Yes, the proposed increase to the water quality protection charge will cover the new NPDES costs.

11. **What is the rationale for the increase in staffing for property management?**

The property management work program has taken on the preparation and management of new leases for the closed park activity buildings and parking lots, and, with increased bandwidth technology, the telecom contractors are asking for revision in their contracts, resulting in an increase in new cell towers leases. The increase in leases reflects a $106,000 increase in rentals.

12. **I understand that Golf Course debt service is ending in FY14 but do not understand why all other costs and revenues are zeroed out in FY14. Were all of these associated with the Germantown Driving Range?**

The Golf Course debt service will be completed in FY13. There were only two revenue and expenditure activities accounted for in the Golf Courses sub-fund: the golf course lease with the Montgomery County Revenue Authority and the South Germantown Driving Range. No revenue or expenditures are projected in FY14 from the golf course lease. The South Germantown Driving Range was shifted out of the Golf Course sub-fund in FY14 and moved to the Park Facilities sub-fund to put the driving range revenues and expenditures with other like-facilities in regional and recreational parks.

13. **With all the debt service on Golf Courses and Ice Rinks ending in FY14, is the Enterprise Fund considering any major capital projects for future years?**

The debt service for the Golf Course ends in FY13 and the debt service for the Ice Rinks ends in FY14. Yes, the Enterprise Division is considering major capital projects for future years. Capital projects include deferred maintenance, preventative maintenance, continued expansion of the South Germantown Splash Park, improvements at the Agricultural History Farm Park's Barn, a new generator for the Cabin John Ice Rink and refrigeration system improvements.

14. **Are the transfers out in the Park Facilities Enterprise Fund ($600,000) for the capital improvements? Provide additional details on these projects including a breakdown of costs.**

Yes, the $600,000 is for capital improvements included in the CIP budget. These funds will be transferred out of the Enterprise fund once the services have been completed. There are a number of candidate projects in the CIP including further improvements to the South Germantown mini-golf and splash playground, facility planning for additional courts and air conditioning at the Pauline Betz Addie Indoor Tennis Center, replacing the refrigeration system on the NHL and studio rinks at the Cabin John Ice Rink, and adding a new bathhouse to the Little Bennett Campground.

15. Why is there a 15% increase in the cost of Enterprise Fund Administration Personnel costs at the same time there is a decrease of 4 workyears?

There is a 15% increase in the cost of the Enterprise Fund Administration personnel costs due to increases in benefit and retirement costs and increasing to a full-time career marketing position from a 50% chargeback to reflect the increased marketing needs of the Enterprise Fund. As noted on page 232 of the proposed budget book, one full time position/work year was transferred to the Ice Rinks. However, this position was unfunded in FY13.

The reduction of 4 workyears is a reflection of the transfer of 1 workyear to the Ice Rinks, the reduction of 2.1 workyears for seasonal/intermittent staff, and the reduction of 1 workyear in chargebacks.

16. Northwest Branch Recreational Park shows a 0.5 increase in workyears for OBI, but a $235,904 increase in expenditures. What are the expenditures?

Personnel	$ 35,704	50% of one full-time career maintenance employee
Supplies & Materials	$ 16,200	Fertilizers, pesticides, small equipment, etc.
Other Services & Charges	$ 2,000	Port-o-john rentals
Capital Outlay	$182,000	One time expenditure for large equipment including a crew cab truck, mowers, trailer, infield pro, etc.
Total	$235,904	

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

GOVERNMENT & NON-PROFIT AUDIT GROUP, PLC
Certified Public Accountants
Chantilly, Virginia

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MONTGOMERY COUNTY PARKS FOUNDATION, INC.

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Government & Non-Profit Audit Group, PLC
Certified Public Accountants

P.O. Box 220111 • Chantilly, Virginia 20153
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Montgomery County Parks Foundation, Inc.
Silver Spring, MD

We have audited the accompanying financial statements of Montgomery County Parks Foundation, Inc. (a nonprofit organization), which comprises the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Montgomery County Parks Foundation, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Government & Non-Profit Audit Group, PLC

Certified Public Accountants
Chantilly, Virginia

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March 21, 2013

Office: (703) 631-1376 Fax: (703) 631-1386 Toll Free (877) 631-1408

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2012

ASSETS

Current Assets	
Cash and cash equivalents	$ 373,158
Prepaid expenses	921
Total Current Assets	374,079
Property and Equipment	
Software	7,788
Accumulated amortization	(3,131)
Total Property and Equipment	4,657
Other Assets	
Investments	60,121
Total Assets	$ 438,857

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	$ 12,730
Net Assets	
Unrestricted	
Undesignated	86,307
Board designated	60,121
Total Unrestricted Net Assets	146,428
Temporarily Restricted	279,699
Total Net Assets	426,127
Total Liabilities and Net Assets	$ 438,857

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See accompanying notes to financial statements.

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	$ 36,713	$ 378,582	$ 415,295
In-kind donations	193,850	-	193,850
Investment income	15	-	15
Net assets released from restriction:			
Satisfaction of project restriction	170,774	(170,774)	-
Total Revenue and Support	401,352	207,808	609,160
Expenses			
Program expenses	113,371	-	113,371
Management and general	90,930	-	90,930
Fundraising	78,421	-	78,421
Total Expenses	282,722	-	282,722
Change in Net Assets	118,630	207,808	326,438
Net Assets at Beginning of Year	27,798	71,891	99,689
Net Assets at End of Year	$ 146,428	$ 279,699	$ 426,127

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MONTGOMERY COUNTY PARKS FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012

	Program Expenses	Management and General	Fundraising	Total
Expenses				
Wages and benefits	$ 45,257	$ 52,800	$ 52,800	$ 150,857
Project expense	58,567	-	-	58,567
Professional fees	-	18,423	-	18,423
Marketing	-	169	15,000	15,169
Software	-	4,356	6,534	10,890
Contract services	8,332	-	-	8,332
Rent and utilities	1,215	4,050	2,835	8,100
Office expense	-	5,420	-	5,420
Amortization	-	835	1,252	2,087
Bank fees	-	1,358	-	1,358
Insurance	-	1,107	-	1,107
Travel and meetings	-	978	-	978
Equipment expense	-	750	-	750
Training	-	440	-	440
Membership expense	-	244	-	244
Total Expenses	$ 113,371	$ 90,930	$ 78,421	$ 282,722

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See accompanying notes to financial statements.

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012

Cash flows from operating activities	
Change in net assets	$ 326,438
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Amortization expense	2,087
Changes in operating assets and liabilities:	
Decrease in accounts receivable	35,000
Increase in prepaid expenses	(24)
Increase in accounts payable	10,446
Net cash provided by operating activities	373,947
Cash flows from investing activities	
Purchase of software	(1,527)
Proceeds from investments	136
Purchase of investments	(60,257)
Net cash used in investing activities	(61,648)
Change in cash and cash equivalents	312,299
Cash and cash equivalents, beginning of year	60,859
Cash and cash equivalents, end of year	$ 373,158

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See accompanying notes to financial statements.

NOTE 1 – Organization and Significant Accounting Policies

The Montgomery County Parks Foundation, Inc. (the Foundation) is a nonprofit organization incorporated in 1992 under the laws of the State of Maryland. The Foundation is dedicated to help fund parks and open space needs in Montgomery County, Maryland. The Foundation works in cooperation with private citizens, businesses, other foundations, the Maryland-National Capital Park and Planning Commission, and the Montgomery County Department of Parks to meet these parks and open space needs. The Foundation's primary sources of funds are from contributions and donated services.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

(a) Basis of Accounting – The Foundation prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

(b) Basis of Presentation – The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2012, the Foundation had temporarily restricted net assets of $279,699 and the Foundation had no permanently restricted net assets.

(c) Cash and Cash Equivalents – For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

(d) Investments – Investments consist of cash held by the Community Foundation for the National Capital Region (CFNCR) that earn interest at .50%. Investments are reported at fair value, with any unrealized and realized gains and losses included as components of investment income.

(e) Support and Revenue – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.

(f) Revenue Recognition – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(g) Income Tax Matters – The Foundation has been granted tax exempt status under the Internal Revenue Code Section 501(c)(3) on all income other than unrelated business income. The Foundation has been classified as an organization that is not a private foundation.

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NOTE 1 – Organization and Significant Accounting Policies (continued)

(h) Management Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates, including estimates relating to assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(i) Accounts Receivable – The Foundation solicits pledges and grants from individuals, corporations, foundations, and local businesses. Management periodically evaluates the contributions receivable and determines the need for an allowance for doubtful accounts. Management considers the Foundation's past receivables loss experience, adverse situations that may affect the donor's ability to pay, and current economic conditions.

(j) Property and Equipment – Purchased property and equipment are recorded at cost for any item in excess of $500. Contributed property and equipment is recorded at its fair market value on the date of contribution. Expenditures for maintenance and repairs are charged against income as incurred; betterments, which increase the value or materially extend the life of the related assets, are capitalized.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The estimated useful life of the software is 3 years.

(k) Concentration of Credit Risk and Market Risk – The Foundation occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. The Foundation has not experienced any losses on its cash accounts. The Foundation's investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is in cash.

(l) Uncertain Tax Positions – As of December 31, 2012, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended December 31, 2009 through 2011.

(m) Functional Presentation – The direct costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs, management and general and fundraising activities benefited.

(n) Advertising Costs – Advertising costs are expensed when incurred.

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NOTE 2 – Leases

No formal lease agreement has been written. Montgomery County Department of Parks donates office space on a month-to-month basis to the Foundation. Donated rent for the year ended December 31, 2012 was valued at $8,100.

NOTE 3 – Donated Services and Support

Donated services and materials received during the year ended December 31, 2012 were recognized in the accompanying financial statements as in-kind support and are offset by like amounts included in expenses or assets.

Donated services and materials received for the year ended December 31, 2012 consisted of:

Program Support:		
Wages and benefits		$ 45,000
Rent and utilities expense		1,215
	Sub-total	$ 46,215
General Operations Support:		
Wages and benefits		$ 52,500
Professional fees		15,000
Office expense		5,000
Rent and utilities expense		4,050
Equipment expense		750
	Sub-total	$ 77,300
Fundraising Support:		
Wages and benefits		$ 52,500
Marketing		15,000
Rent and utilities expense		2,835
	Sub-total	$ 70,335
	Total	$193,850

NOTE 4 – Related Parties

The Foundation is related to the Montgomery County Department of Parks (MCDP) through common support. For the year ended December 31, 2012, the MCDP made in-kind donations of salaries and benefits, rent, marketing and office expense to the Foundation of $193,850. The Foundation's fundraising efforts are directed towards granting funding to support the parks and open space under the management of the Foundation.

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NOTE 5 – Investments

Investments are recorded at fair market value based on level 2 inputs (observable market-based inputs other than level 1 prices or unobservable inputs corroborated by market data) and are comprised of the following as of December 31, 2012:

	Fair Market Value	Cost
Community Foundation for the National Capital Region	$60,121	$60,121
Total	$60,121	$60,121

The fair value of the Community Foundation for the National Capital Region funds has been estimated using value reported by the Community Foundation for the National Capital Region. The Foundation is generally permitted to make complete or partial redemptions of its investments at Community Foundation for the National Capital Region.

Net investment income for the year ended December 31, 2012 consists of unrestricted interest and dividend income of $15.

NOTE 6 – Temporarily Restricted Net Assets

Temporarily restricted net assets include donor restricted funds which are available for various purposes. As of December 31, 2012 temporarily restricted assets are available for the following activities:

Project:	
Brookside Gardens	$132,122
Westmoreland	69,283
Tributes	37,125
Rock Creek Park	22,000
Naming Rights	8,813
NNI Elimination	6,044
Future Projects	3,430
Chesapeake Bay Trust	491
Hillmead Park	391
Total	$279,699

Net assets for the year ended December 31, 2012, were released from donor restrictions, by incurring expenses and/or satisfying the purpose or time restrictions specified by donors as follows:

Project:	
Takoma Piney Branch Park	$ 70,000
Tributes	44,259
Brookside Gardens	36,845
Naming Rights	7,292
NNI Elimination	4,956
Westmoreland	4,422
Rock Creek Park	3,000
Total	$170,774

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NOTE 7 – Board Designated Funds

The Board Designated Funds consist of money designated by the Foundation's Board of Directors for the Takoma Piney Branch Park. Because of a lack of donor restrictions, these funds are considered unrestricted in accordance with FASB Statement No. 117. However, the Foundation has disclosed these funds separately to reflect the Board's desire that these funds be retained for the Takoma Piney Branch Park. Board Designated Funds as of December 31, 2012 were $60,121.

NOTE 8 – Evaluation of Subsequent Events

The Foundation has evaluated subsequent events through March 29, 2012, the date which the financial statements were available to be issued.

Montgomery Parks Foundation
Approved FY13 Budget

Income

44815 · Designated Gifts (Subj. to 12%)	
49000 · Administrative Fee-12%	-13,200.00
43450 · Corporate Sponsorships	30,000.00
44830 · Naming Rights & Dedications	40,000.00
44815 · Donations	40,000.00
Total 44815 · Designated Gifts (Subj. to 12%)	96,800.00
43400 · Unrestricted	
43420 · Donations	20,000.00
43410 · Memberships	15,000.00
43430 · Trees	30,000.00
43440 · Benches	115,000.00
43445 · Bricks	2,000.00
47000 · In-Kind Support	170,000.00
43401 · Administrative Fee-12%	13,200.00
Total 43400 · Unrestricted	365,200.00
44800 · Restricted	
44810 · Donations	10,000.00
44820 · Grants	200,000.00
44840 · Special Projects	10,000.00
44880 · Friends Groups	
44881 · Brookside Gardens	60,000.00
Total 44880 · Friends Groups	60,000.00
Total 44800 · Restricted	280,000.00
Total Income	742,000.00

Expenses

Operating

51000 · Program Services	
63000 · Membership Expenses	2,000.00
51040 · Marketing	5,000.00
51050 · Bench Expenses	60,000.00
51050 · Brick Expenses	400.00
51060 · Dedication Signage	5,000.00
Total 51000 · Program Services	72,400.00
60900 · Business Expenses	
60910 · Trustee Meeting	1,000.00
60900 · Business Expenses - Other	500.00
Total 60900 · Business Expenses	1,500.00
61000 · Payroll/Staff Expenses	
61010 · Salaries (Admin Support)	6,000.00
61011 · Salaries-In-Kind	150,000.00
61020 · Payroll Expenses	2,000.00
61050 · Professional Development	500.00
68320 · Travel	1,000.00
Total 61000 · Payroll/Staff Expenses	159,500.00
62100 · Contract/Professional Fees	
62110 · Accounting Fees	10,000.00
62120 · Audit	4,300.00

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Montgomery Parks Foundation
Approved FY13 Budget

62140 · Legal	5,000.00
62150 · Outside Contract Services	
6102 · Capital Campaign Consultant	25,000.00
Total 62150 · Outside Contract Services	25,000.00
Total 62100 · Contract/Professional Fees	44,300.00
65000 · Operations	
65030 · Printing and Copying	500.00
65040 · Supplies	500.00
65041 · Supplies/Materials-In-Kind	20,000.00
65061 · Credit Card Fees	800.00
Total 65000 · Operations	21,800.00
65100 · Insurance	
65120 · Insurance - Liability	650.00
65130 · Insurance-Directors & Officers	650.00
65160 · Insurance-Workers Compensation	30.00
Total 65100 · Insurance	1,330.00
65200 · Software/Technology	
65210 · eTapestry	10,000.00
Total 65200 · Software/Technology	10,000.00
Total Operating Expenses	310,830.00
Departmental Disbursements/Support	
Designated Gifts	114,400.00
Restricted Gifts	70,000.00
Bench installation cost	15,000.00
Tree cost/maintenance	20,700.00
51010 · Grant Expenses	200,000.00
Total Departmental Support	420,100.00
Total Expenses	730,930.00
Net Ordinary Income	**11,070.00**

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ADDENDUM

PHED Committee #2
April 22, 2013

To: The PHED Committee

From: Rose Krasnow, Acting Planning Director

Subject: Master Plan Schedule

Date: April 22, 2013

On Tuesday, April 2nd, the Planning Department presented the Master Plan Schedule to Council as part of our Semi-Annual Report. Since that time, the schedule has been revised somewhat to reflect new information received and additional input from the Planning Board.

As you may recall, staff had recommended that three minor master plans go forward including the Purple Line @ Terminus (Apex Building), the Aspen Hill Road (Vitro) plan, and Pooks Hill. None of the three was going to be delivered to Council until after the November, 2014 election since Council was already going to be reviewing six Master Plans and the Zoning Code Rewrite over the next twelve months. However, MTA recently made it clear that they need an answer regarding the fate of the Apex Building by the end of 2013. Therefore, in light of the major public benefits that could be obtained if the Apex building comes down, we propose to start work on this plan right away so that we can deliver it to Council by November. The Planning Board also recommended that the scope be revised from the one submitted by the Applicant. As can be seen in Attachment 1, the scope now includes both the Federal Realty and JBG properties that fill out the same block as the Apex building as well as the properties to the east of Wisconsin and north and south of Elm Street, including the park itself. This broader scope will allow us to examine impacts to any properties that might be affected by a redesign of the Purple Line Terminus, the new south metro station entrance, and the Capital Crescent Trail. It also removes the properties that lie further east of the park and closer to the residential neighborhood.

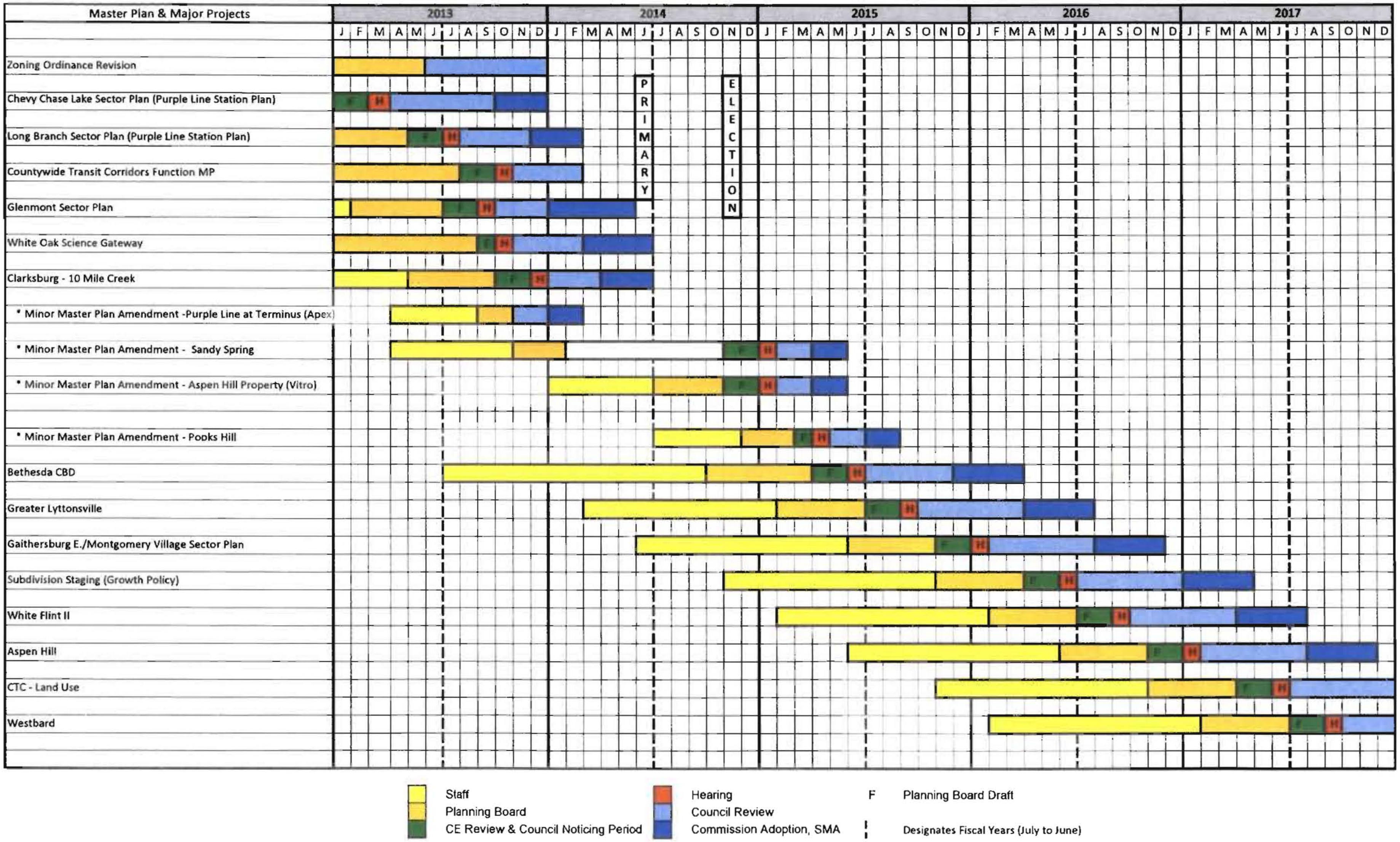
The scope of the Aspen Hill (Vitro) minor master plan amendment has also been revised to include additional properties. At first, we considered broadening the scope to include all the retail properties surrounding the intersection of Connecticut Avenue and Aspen Hill Boulevard. However, the C-1 zoned properties to the east of Connecticut are likely to receive CR zoning as part of the Zoning Code Revision, which will allow mixed use development to proceed. Therefore, only the properties to the west of Connecticut on either side of Aspen Hill Boulevard were added. Staff points out that the study area will be even larger to allow us to look at the need and demand for retail in the broader area.

The Planning Board also supported staff's recommendation to put the Sandy Spring Minor back onto the work program because it was decided that the benefit to the public of the Sandy Spring plan was greater than that of Pooks Hill at this point in time. Rather than dropping the Pooks Hill Plan altogether, however, the Board decided to push back the Countywide Transit Corridor Land Use Plan to 2017.

Lastly, in light of the fact that construction of the Purple Line may be more imminent now that the State Legislature has approved an increase in the gasoline tax, the Board voted to restart the Lyttonsville Plan in 2014 for delivery to Council in 2015.

Master Plan and Major Projects Schedule

MCPB Rev 04/17/2013

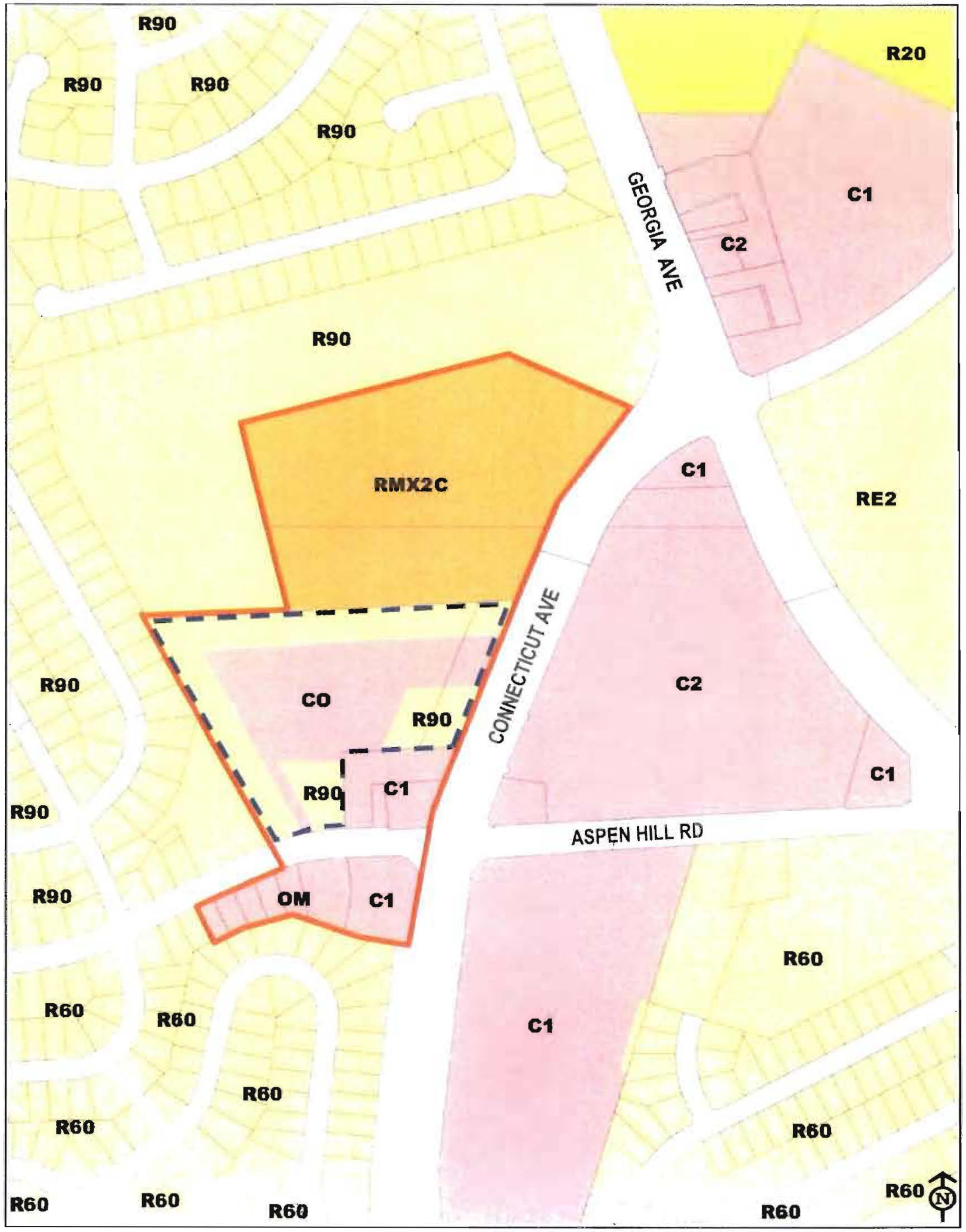


Apex Minor Master Plan

04/19/2013
(b)

Legend

Apex Minor Master Plan Boundary


R90
R90
R90
R90
R20
GEORGIA AVE
C1
C2
R90
RMX2C
C1
RE2
CONNECTICUT AVE
R90
CO
R90
C2
C1
R90
C1
R90
ASPEN HILL RD
R90
OM
C1
R60
R60
R60
C1
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