

MEMORANDUM

April 8, 2009

TO: Management and Fiscal Policy Committee
FROM: *CHS*
Charles H. Sherer, Legislative Analyst
SUBJECT: FY10 Operating Budget for five NDAs (section 68 in the budget)

The Executive's recommended budgets for five non-departmental accounts are summarized below.

NDA	FY09 Budget	FY10 Executive	FY10 CS	Difference
Future Federal/State/Other grants	\$10.0 million	\$15.0 million	\$20.0 million	+\$5.0 million
Grants to municipalities in lieu of shares tax	28,020	28,020	28,020	0
Takoma Park police rebate	705,570	854,920	854,920	0
Leases	18,455,210	21,723,050	21,432,050	(\$291,000)
Municipal Tax Duplication (see below)	7,488,240	7,488,240	7,488,240	0

The following may attend:
Beryl Feinberg, Budget Manager, OMB
Ed Piesen, Senior Management and Budget Specialist

I. Future Federal, State, or Other Grants (©1) This account is funded entirely from non-County sources and permits the County Government to accept and spend funds from grants by transferring funds from this account, rather than requesting a supplemental appropriation. This process saves time and paperwork. The appropriation can only be spent if grants are received.

In November 1994, the voters approved a Charter amendment that **excluded** all specific grants, such as these, from the calculation of the aggregate operating budget for spending

affordability purposes. There is no “harm” done if the County receives less than the appropriated amount. If the County receives more, then the Council will have to go through the effort and expense of processing a supplemental appropriation.

This NDA has frequently been under-funded in the budget the Council approves in May, as shown below. Each supplemental appropriations requires the unnecessary expenditure of time and money.

FY10 The Executive recommended \$15.0 million, which is \$5.0 million more than the original FY09 budget but \$5.0 million less than the revised FY09 budget after the \$10.0 million supplemental appropriation. **To avoid the time and expense of processing another supplemental appropriation if needed in FY10, Council staff recommends an FY10 budget of \$20 million.** The source of funds will be non-County funds, and this increase will have no impact on the tax-supported funds.

NDA FOR FUTURE FERERAL STATE AND OTHER GRANTS
\$million

FY	Appropriation		
	May	Supplemental	Total
1999	8.0	10.0	18.0
2000	15.0	0.0	15.0
2001	15.0	0.0	15.0
2002	15.0	10.0	25.0
2003	15.0	0.0	15.0
2004	15.0	0.0	15.0
2005	10.0	0.0	10.0
2006	10.0	8.0	18.0
2007	10.0	8.0	18.0
2008	10.0	8.0	18.0
2009	10.0	10.0	20.0

II. Grants to Municipalities in lieu of Shares Tax (©1). This budget is the same each year: \$28,020. In 1968, the State General Assembly revised the tax structure to permit a County income tax, to eliminate a tax on banks and other financial institutions (referred to as a “shares tax”), and to require counties to pay to municipalities each year the amount of the shares tax the municipalities received in 1968, which was \$28,020.

III. Takoma Park Police Rebate (©4) In accordance with the County Code, the County pays the City 4.8 cents per \$100 of the assessable base in the City. As the base increases, the rebate increases.

IV. Leases (©2) Most County employees and services are in County-owned facilities, but some are in leased space. This NDA provides the funds to pay for the leases. The NDA provides an increase for **new** leases and for increases for **existing** leases for annual increases in rent, real estate taxes and operating expenses, including higher energy costs.

Starting in FY05, leases were shifted from DPWT and from the Police Department to this NDA. (Similarly, utilities have long been accounted for in an NDA.) Removing leases from the Department's budget eliminates the possibility that other items in the budget would be forced to compete with a cost that cannot arbitrarily be reduced. However, the cost of leasing space is still a cost that is attributable to the using department.

The Real Estate Office provided the following description of each of the new leases. Other Committees may have comments or recommendations on the new leases.

MC311 Constituent Resource Management Call Center – 10,511sf - This new lease has already been signed and will provide space for a new call center. The \$255,260 cost represents a full year of rent. (MFP will discuss on April 21)

6th District Police Station – 18,924sf – This lease will provide interim space for the 6th District Police Station, which has outgrown its current leased space and is several years away from a permanent home built through the CIP. The \$208,160 represents 6 months of rent, commencing January 1, 2010, and operating expenses, like janitorial and utilities. The cost of the tenant improvements is being paid by the landlord. **The lease has not been signed.**

Due to an oversight, the Executive's FY10 lease budget was not, but should be, reduced by \$133,000. This is the 6 month cost of the old lease which is in the FY09 budget but will not be needed in the last 6 months of FY10.

If the cost of the Interim Gaithersburg Library (see below) can be charged to the CIP, why not charge the Interim 6th District Police Station to the CIP also? OMB explained that:

“The charging of the 6th District Police Station to the CIP is not feasible for the following reasons:

1. The CIP project cost of the 6th District Police Station does not include any leasing expenses for an interim facility.
2. The project is totally funded by county bonds and the use of county bonds to cover leasing expenses is not an allowable charge.
3. The situation with respect to the Gaithersburg Library is not the same in that the CIP project includes a total of \$481,000 in current revenue. The leasing cost for the Interim Gaithersburg Library is being charged to current revenue, not to county bonds.

Interim Gaithersburg Library – location and size TBD – This lease will provide a storefront interim library during the renovation/expansion of the existing Gaithersburg Library. The costs associated with this lease will be charged to the CIP project. The estimated lease cost in FY10 is \$400,000.

11 N. Washington Street – HHS expansion – 3,834sf – this expansion provides space for the relocation of Montgomery Cares staff to 11 N. Washington Street from 401 Hungerford, as well as expansion space for Aging and Disability staff, who have outgrown their current space as the State continues to expand their grant funded positions. In FY10, 75% of the increase in costs will be paid through the grant. 25%, or \$38,000 will be charged to the NDA.

Close the Piney Branch Police Satellite facility, to save \$75,000. This 1900 sq. ft. facility is a "drop-in" satellite office that is staffed with MCP personnel only when field officers stop in to complete paperwork or handle other administrative duties. In addition, an office in this facility is used to perform administrative functions for DHCA and HHS. DHCA uses the facility for the Longbranch Redevelopment Office. HHS uses the facility for the Public Inebriate Initiative Team (PIIT). Both DHCA and HHS staff have indicated that their functions can be relocated elsewhere. Police Officers will either use the computer in their cars to complete paperwork or will return to 3rd District Station. DGS Real Estate staff has confirmed that the lease can be terminated at the end of FY09 if funds are not appropriated for the lease in FY10.

Outpatient Addiction Services (OAS) – 24,166sf - This lease will provide for the relocation of the OAS methadone clinic from the Broome School to a building on Rollins Avenue in Rockville. The \$2,281,250 cost for FY10 represents the cost to build out the space, relocate and provide operating expenses, like janitorial services and utilities, for FY10. The landlord has agreed to abate the rent for FY10, but the unpaid rent will be spread over the remaining 9 years of the lease. **The lease has not been signed.**

Starting in FY11 and for the remaining 9 years of the lease, the annual cost will be:

Rent	\$695,000
Property tax	66,000
Operating costs, such as maintenance and utilities	145,000
IT costs	27,000
TOTAL annual cost	\$933,000

Note: most of the property taxes come back to the County, and at least some of the operating and IT costs would presumably be incurred whether the program moves or not. Therefore, the incremental cost is roughly the rent plus some but not all of the other costs.

Note that this is not a new service, not an expansion of an existing service, but rather is a relocation of an existing service. Executive staff explained that the proposed new site has all the

characteristics of an ideal site compared to the current site, and finding another site comparable to Rollins would be difficult if not impossible:

1. The Rollins site is in a commercial area, not in a residential area, and is not near a school. The Rollins site is surrounded by Rollins Avenue, a car wash, railroad tracks, and a State building that provides parole and probation services. The nearest housing is a condominium building more than a block away, separated by the car wash. The Flagship and Pike shopping centers are a block away.

In contrast, Broome is in a residential area and is next to the Meadow Hall elementary school. Although Executive staff are not aware of any major incidents attributable to the clinic patients, the Executive has received some complaints from the surrounding neighbors and the Broome location is not ideal for such a clinic.

2. The building is the right size for the clinic, 24,000 square feet, slightly larger than the space at Broome, roughly 22,000 square feet. Because the program will occupy the entire space, there will be no conflicts with or complaints from other tenants, who might not want to be in the same building as a methadone clinic. Obviously, the owner is willing to lease the building to the County for this use.
3. The Rollins site is close to the Twinbrook Metrorail station, which is also served by various Metro and County bus routes. The Broome site is not close to any Metrorail site but is served by RideOn Bus service. Both sites have ample parking, and both sites are reasonably “centrally” located in the County.
4. Executive staff noted that the Broome School needs renovation and it could be renovated to provide space for Health and Human Services programs that are currently in leased space that is unlikely to be available in two years and that a Department of Health and Human Services strategic facilities plan has been completed that concludes that DHHS programs need an additional 160,000 square feet of space. The County could transfer services currently in leased space to owned space and save the lease expense. If the County is going to renovate Broome, then the current tenants must be moved out. As described above, Rollins is an appropriate site and it is available now, but might not be in a few years if the County does not take advantage of the opportunity now.

The arguments **against** approving the proposed new lease are:

1. The clinic has been housed at Broome School for many years. While there are concerns from the some in the community there is no evidence that those using the clinic or the other programs in the Broome School are the cause of any serious problems. If the location of the current bus stop is a concern, the County should look for an alternative location for the bus stop for those going to the clinic.

2. It is “expensive”, \$2.3 million in FY10 and more than \$900,000 in the next 9 years. An alternative to this expense is to maintain other services that will otherwise be cut, including programs in the Department of Health and Human Services.
3. The owner of the proposed new site is unwilling to sell the building, so the County will have to pay additional lease costs at a time when the County is trying to reduce its use of leased space.
4. Executive staff believe that the owner is not likely to extend the lease beyond the 10 year period, so the County will have to find suitable space again in 10 years. The County should instead wait until we have suitable owned space, either in a building we can buy or in an owned building that we renovate.
5. There is currently no project in the CIP to renovate the Broome School so it is not clear that this relocation will necessarily lead to the renovation of the school in the next few years. There was previously a project related to renovations for the Board of Elections which is instead moving to leased space.

The MFP and HHS Committees may have to meet jointly to decide whether to recommend approval of the proposed lease for the Rollins Avenue site.

GE Tech Park (GE Building/GE Technology Park) and the budget for leases. Linda McMillan provided the following description and explanation of this item.

“The County Executive is proposing that the Council approved a capital lease/purchase agreement for the GE Tech Park building (also referred to as the old National Geographic Headquarters). The programs that are expected to be relocated to this building are:

- Police Headquarters
- Police 1st District Police Station
- Police Background Investigations
- Police Special Operations Division
- Police Internal Affairs
- Police Fraud, False Alarm, Pawn, and Traffic Units
- Public Safety 2000 (radio/data) Training Center (police and fire/rescue)
- Fire and Rescue Headquarters
- Fire and Rescue Service Bomb Squad and Self Contained Breathing Apparatus Unit
- Fire and Rescue Internal Affairs
- Department of Correction and Rehabilitation Headquarters
- Department of General Services Procurement, Real Estate Management, Building Management
- Department of Transportation - Parking Lot Division

“On March 26, 2009, Executive staff provided the Public Safety and T&E Committees (which are reviewing the Property Use Study/Smart Growth Initiative) with information showing that in FY10, lease costs are proposed to be \$1.136 million, maintenance and operating expenses \$1.836 million,

and utilities \$979,200. There are offsetting savings from lease terminations of \$1.294 million. **Due to an oversight, the Executive’s FY10 lease budget was not, but should be, reduced by \$158,000, the difference between the increase and decrease.**

“Because the lease savings from the programs to be relocated are greater than the new lease cost in FY10 no new additional monies are requested in the lease NDA. The net new amount needed for FY10 is \$2.6 million. The County Executive has included the following in his FY10 Recommended Operating Budget:

Maintenance, in DGS Budget for maintenance of facility	\$1,600,000
Electricity	749,110
Natural Gas	158,920
Water and Sewer	84,390
Fuel Oil	7,520
Propane	60
Total	\$2,600,000

“On March 29, 2009, the Council introduced the Executive’s supplemental appropriation and CIP amendment for lease/purchase and renovation of the GE Tech Park Building. A public hearing will be held on April 21. The Public Safety and T&E Committee worksession will be scheduled after the public hearing.” A date for action has not yet been scheduled.

If the Council approves the lease/purchase, then the above appropriations will be required. If the Council disapproves the lease/purchase, then the above appropriations will NOT be required. If the Council has not made its decision by May 21, then the FY10 appropriation should be reduced by the above amount, and that amount should instead be put in designated reserve. If the FY10 lease budget had been reduced by \$158,000 for the savings from relocating programs, then this amount would have to be restored.

V. Municipal Tax Duplication (©3) The joint Municipality-County task force is in the final stages of completing its report and presenting it to the Executive. After he sends it to the Council, a briefing will be scheduled for this Committee and/or the Council. The FY11 payment will presumably be based on the methodology in the report.

Since the task force has not completed its report, the Executive’s recommended budget for FY10 is the same as in FY07-09. However, the State is likely to reduce the County’s aid from the amount assumed in the March 16 budget, but the exact amount of reduction will not be known until sometime after the General Assembly adjourns on April 13. **The County may have to reduce its payment to the municipalities, based on the amount the State reduces the County’s aid.**

Background

Municipal tax duplication payments are required by section 6-305 of the State Tax Property Article and are implemented by chapter 30A of the County code. The Code assigns the responsibility

for calculating the amount of reimbursement to the County Executive, not the municipalities. “The amount of reimbursement shall be limited to the amount the county executive estimates the county would expend if it were providing the services...subject to the limits of the funds appropriated by the County Council.”

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

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

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

The County Code follows.

Chapter 30A. MONTGOMERY COUNTY MUNICIPAL REVENUE PROGRAM

§ 30A-1. Established.

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

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

§ 30A-4. Limitations on expenditures.

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

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

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

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

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

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

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

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	7,136,360	0.0
Increase Cost: Public safety mobile data computers	292,720	0.0
Increase Cost: Public safety servers	164,650	0.0
Increase Cost: Enterprise server replacement	36,590	0.0
Increase Cost: Professional consultant services	16,640	0.0
Increase Cost: Password reset software	8,440	0.0
Increase Cost: Program measure software	7,300	0.0
Increase Cost: Self help information portal (SHIP) right answer	5,000	0.0
Decrease Cost: Reduction in contract costs and fewer replacements	-828,410	0.0
FY10 CE Recommended	6,839,290	0.0

→ **Future Federal/State/Other Grants**

This NDA enables the County to implement new grant-funded programs up to \$200,000 each and provides funds for grant continuations and enhancements without having to process individual supplemental appropriations through the County Council. Upon approval by the County Executive, funds in this program are transferred to the receiving department's grant account.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	10,000,000	0.0
Increase Cost: Appropriation to more closely align historical expenditures & funding	5,000,000	0.0
FY10 CE Recommended	15,000,000	0.0

→ **Grants to Municipalities in Lieu of Shares Tax**

This NDA funds payments required in accordance with State law. The 1968 Session of the General Assembly revised the tax structure to include a County income tax. As part of this restructuring, the shared tax on banks and financial institutions was eliminated, and a provision was adopted which requires counties to pay annually to municipalities the amount (\$28,020) which had been received by the municipalities in FY68.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	28,020	0.0
FY10 CE Recommended	28,020	0.0

Group Insurance for Retirees

Group insurance is provided to an estimated 4,500 retired County employees and survivors, as well as retirees of participating outside agencies. Employees hired before January 1, 1987, are eligible upon retirement to pay 20 percent of the premium for health and life insurance for the same number of years (after retirement) that they were eligible to participate in the group insurance plan as an active employee. The County government pays the remaining 80 percent of the premium. Thereafter, these retirees pay 100 percent of the premium. Employees hired before January 1, 1987, are also offered the option at retirement to convert from the 20/80 arrangement to a lifetime cost sharing option.

Employees hired after January 1, 1987, are eligible upon retirement for a lifetime cost sharing option under which the County pays 70 percent of the premium and the retiree pays 30 percent of the premium for life for retirees who were eligible to participate in the County group insurance plan for 15 or more years as active employees. Minimum participation eligibility of five years as an active employee is necessary to be eligible for the lifetime plan. The County will pay 50 percent of the premium for retirees with five years of participation as an active employee. The County contribution to the payment of the premium increases by two percent for each additional year of participation up to the 70 percent maximum.

On March 5, 2002, the County Council approved a one-time opportunity for retirees still under the 20/80 arrangement with an expiration date to elect the lifetime cost sharing arrangement. The new percentage paid by the County for those electing this arrangement ranges from 50 percent to 68 percent, depending upon years of active eligibility under the plan and years since retirement. The cost sharing election process has been completed.

The budget does not include employer contributions from participating outside agencies.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	26,039,330	0.0
FY10 CE Recommended	26,039,330	0.0

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	0	0.0
FY10 CE Recommended	0	0.0

Independent Audit

Section 315 of the County Charter requires the County Council to contract with a Certified Public Accountant for an independent post audit of all financial records and actions of the County, its officials, and employees. By County Resolution, the Office of Legislative Oversight is the designated administrator for this contract, which also includes an independent audit of the basic financial statement of the Employee Retirement Plans; additional services related to reviews, tests, and certifications; and audits of tax-funded expenditures by the independent Fire and Rescue Corporations.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	394,000	0.0
FY10 CE Recommended	394,000	0.0

Interagency Technology, Policy, & Coordinating Comm.

This NDA supports the operation of the Interagency Technology, Policy, and Coordination Committee (ITPCC). The ITPCC was chartered by the Montgomery County Council to promote strategic planning and coordination in the use of information technology among County agencies. The ITPCC reports biannually to the County Council. By regularly convening the agencies' chief executive and chief information officers, the ITPCC provides an effective forum for the coordinated implementation of technology policies and guidelines. Additionally, the ITPCC facilitates interagency communication, the evaluation and sharing of new technologies, and advises policy makers on the strategic uses of technology.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	30,000	0.0
Decrease Cost: Reduce expenditures to be in line with historical spending levels	-25,000	0.0
FY10 CE Recommended	5,000	0.0

Judges Retirement Contributions

This NDA provides pensions for retired Judges who were on the bench prior to 1968 in the Circuit Court and the People's Court (District Court) of Montgomery County and for their surviving spouses.

The Circuit Court pension is calculated at one percent of the net supplement paid by the County to the salaries of the Circuit Court Judges as of May 31, 1968, multiplied by the number of years of active service as a Judge (up to a maximum of 20 years). The surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are authorized in Section 12-10 of the Montgomery County Code.

The People's Court (District Court) pension is based on the current salary of a District Court Judge. A retired Judge receives 60 percent of the current salary of a District Court Judge, while a surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are authorized in Article 73B, Section 63(b) of the Annotated Code of Maryland. This NDA may be increased to include a cost of living adjustment at a rate equal to that approved for District Court Judges by the General Assembly. If a cost of living adjustment is approved next fiscal year, the NDA will be adjusted as necessary by a year-end transfer.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	3,740	0.0
FY10 CE Recommended	3,740	0.0

Leases

This NDA provides the funds necessary to lease privately owned real estate to accommodate County programs. Real property leased by the County includes office, warehouse, and retail space; hangar facilities; child care space in schools; parking spaces; and space for communication antennas. Leasing property allows the County the flexibility to locate programs in the communities they serve and provides space for programs to operate when there is no County-owned space available. Further, it is an economical way to procure highly specialized, location sensitive, or temporary space. Currently, there are approximately 80 leased facilities. The inventory of leases is constantly shifting as new leases are added and existing leases are terminated.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	18,455,210	0.0
Add: Build-out cost for new location of Outpatient Addiction Services (OAS)	2,281,250	0.0
Increase Cost: Lease increases	889,030	0.0
Add: MC311 Constituent Resource Management Call Center Lease at 51 Monroe Street	255,260	0.0
Add: Prorated six month cost of new location for Sixth District Police Station	208,160	0.0
Decrease Cost: Close Piney Branch Road Police Satellite Facility	-75,000	0.0
Decrease Cost: Adjustment for a 2% inflation factor	-290,860	0.0
FY10 CE Recommended	21,723,050	0.0

Montgomery Coalition for Adult English Literacy (MCAEL)

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

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	745,000	0.0
FY10 CE Recommended	745,000	0.0

Motor Pool Fund Contribution

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

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	1,332,650	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY09	-1,332,650	0.0
FY10 CE Recommended	0	0.0

Notes: No new vehicle purchases are proposed for FY10

Municipal Tax Duplication

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

This program was reviewed in FY96 and technical formula amendments proposed. The changes were approved, and payment calculations since then are prepared in accordance with County Council Resolution No. 13-650, adopted September 10, 1996. Specifically, as the exact payment amount for the current year cannot be determined until both municipal and County books are closed, reimbursements are based on the final audited cost of performing eligible services during the fiscal year two years prior to the budget year. Also, reimbursements are now made at the County's cost and not at "the lesser of County or Municipal costs" of eligible service provision.

Finally, payments to municipalities are also made from other sources, including Cable TV Franchise Fees, Grants in Lieu of Shares Tax, Non-Departmental Accounts, and as part of the County's Community Development Block Grant.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	7,488,240	0.0
FY10 CE Recommended	7,488,240	0.0

Prisoner Medical Services

This NDA provides reimbursements to physicians and hospitals for medical care provided to individuals in the custody of any Montgomery County law enforcement agency, with the exception that offenders committed to the custody of the Department of Correction and Rehabilitation (DOCR) receive medical treatment paid for by the budget of that department (to the degree not paid for

	Expenditures	WYs
Increase Cost: Homestead Property Tax Program	126,580	0.0
Shift: Homeowner's Reimbursement	39,720	0.0
FY10 CE Recommended	166,300	0.0

State Positions Supplement

This NDA provides for the County supplement to State salaries and fringe benefits for secretarial assistance for the resident judges of the Maryland Appellate Court and for certain employees in the Office of Child Care Licensing and Regulation in the Maryland State Department of Human Resources.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	144,950	0.0
Decrease Cost: Group Insurance Adjustment	-10	0.0
Increase Cost: Annualization of FY09 Personnel Costs	-44,000	0.0
FY10 CE Recommended	100,940	0.0

State Retirement Contribution

This NDA provides for the County's payment of two items to the State Retirement System:

- Maryland State Retirement System: Unfunded accrued liability, as established by the Maryland State Retirement System (MSRS), for employees hired prior to July 1, 1984, who are members of the MSRS (including former Department of Social Services employees hired prior to July 1, 1984), and for those who have retired (all County employees participated in the State Retirement System until 1965.) The County contribution for this account is determined by State actuaries. Beginning in FY81, the amount due was placed on a 40-year amortization schedule.
- State Library Retirement: Accrued liability for retirement costs for three Montgomery County Public Library retirees who are receiving a State retirement benefit. These were County employees prior to 1966 who opted to stay in the State plan.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	934,920	0.0
Increase Cost: Amortized amount owed to the State Retirement based on actuarial cost to the plan.	46,560	0.0
FY10 CE Recommended	981,480	0.0

Takoma Park Library Annual Payment

The annual amount provided in this NDA is a function of County expenditures for the Montgomery County Public Libraries (as a share of property tax-funded spending) and the City of Takoma Park's assessable base. The payment is authorized by Section 2-53 of the Montgomery County Code.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	112,630	0.0
Increase Cost: Annual payment to the Takoma Park Library	20,200	0.0
FY10 CE Recommended	132,830	0.0

Takoma Park Police Rebate

The County provides financial support to the City of Takoma Park for police protection services in accordance with provisions of the County Code. This provision was enacted in 1949 and provides a payment to the City for protective services for the County residents of the City of Takoma Park. The payment is based on a formula, which uses \$0.048 per \$100 of assessable base tax rate with "full value assessment" levied on real property.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	705,570	0.0
Increase Cost: Rebate for Takoma Park Police protection services	149,350	0.0
FY10 CE Recommended	854,920	0.0