MFP Committee # 4
April 27, 2009

MEMORANDUM

April 23, 2009

TO: Management & Fiscal Policy Committee

FROM: Shondell Foster, Research Associate SHF

SUBJECT: **Worksession:** FY10 Operating Budget
Non Departmental Accounts (NDA): County Associations; Public Technology, Inc.; Council of Governments; and Boards, Committees, and Commissions

Those expected for this worksession:

Sonetta Neufville, Administrative Manager, County Executive's Office
Amy Wilson, Office of Management and Budget (OMB)

The Executive's recommendations for the NDAs are attached at ©1-3.

Overview

For FY10, the Executive recommends total expenditures of $870,580 for these NDAs, a 1.14 percent increase from the FY09 approved budget:

	FY09 Approved	FY10 CE Recommended	% Change FY09-FY10
Expenditures:			
Boards, Committees, Commissions	$20,000	$27,000	35.00%
Council of Governments	$742,720	$743,370	0.09%
County Associations	$70,450	$72,710	3.21%
Public Technology, Inc.	$27,500	$27,500	0.00%
TOTAL Expenditures	**860,670**	**870,580**	**1.14%**

The Executive's recommended budgets for these programs made no changes in staffing.

The FY10 Executive recommendation is an increase of $9,910; this increase comes from the following identified same services adjustments.

Identified Same Services Adjustments:	
Council of Governtments	
Anacostia Restoration Fund	$650
County Associations	
MACo Dues	$2,260
Boards, Committees, and Commissions	
Dependent Care and Travel Reimbursement	$7,000
NET SAME SERVICES ADJUSTMENT TOTAL	$9,910

FY10 Expenditure Issues

NDA: Boards, Committees, and Commissions (©1)

There are approximately 1200 members of County boards, committees, and commissions, created by law or resolution, who serve the County for a variety of purposes. These funds provide for the reimbursement of certain expenses incurred by eligible members while on official business and/or for expenses related to the establishment of any new boards, committees, or commissions.

Table 1. Expenditures for Boards, Committees, and Commissions

	Actual FY08	Approved FY09	Recommended FY10
Expenditures	$15,000	$20,000	$27,000

The increased expenditure of $7,000 from FY09 to FY10 is identified as the cost for Dependent Care and Travel Reimbursement. Dependent Care is reimbursement to members who need care for children or a family member while attending a meeting. The reimbursement is a flat rate of $30.00 per meeting. Travel expenses are reimbursed to members travel to and from meetings at a flat rate of $10.00 per meeting.

Council staff recommends approval of the Boards, Committees, and Commissions NDA as submitted by the Executive.

NDA: Metropolitan Washington Council of Governments (©2)

The Metropolitan Washington Council of Governments (COG) is a voluntary association of major local governments in the Washington metropolitan area. COG seeks to provide regional answers to, and coordination of, area-wide issues. COG membership assessments are calculated on a per capita (population) basis each fiscal year using an assessment rate adopted by the COG Board of Directors. The annual formula will be suspended for FY10 and dues will be frozen at the FY09 amount.

This NDA reflects the County's share of the organization's operation plus special COG initiatives. Additionally, the contribution supports the Cooperative Purchasing Program; the Anacostia Restoration Fund; the Regional Environmental Fund; the Airport Noise Abatement Program; and a membership fee for participation on a regional housing committee. Since FY08, COG has included the amount of funding Montgomery County provides for these programs in the general membership dues. The Executive indicates that the increase of $650 to the Anacostia Restoration Fund reflects an error in the FY08 invoice received from COG. The invoice error was corrected in FY09 and the FY10 level of funding reflects the correction.

The Washington Suburban Sanitary Commission will provide the County's contribution to support the Water Resources Management Planning Program, the Blue Plains Users Program, and the Potomac River Regional Monitoring Program. The chart below summarizes the County's share of these programs.

Metropolitan Washington Council of Governments			
Montgomery County FY10 Contributions			
	FY09	FY10	Change from
Non Departmental Account Budget	Approved	Proposed	FY09 Approved
General	$553,330	$553,330	$0
Regional Environmental Fund	$107,036	$107,036	$0
Anacostia Restoration Fund	$82,354	$83,000	$646
Airport Noise			
Cooperative Purchasing			
Washington Area Housing Trust Fund			
TOTAL Tax Supported	**$742,720**	**$743,366**	**$646**
Billed to WSSC			
Water Resources Mgmt. Planning	$251,782	$264,371	$12,589
Blue Plains Users Program	$81,869	$114,067	$32,198
TOTAL Paid by WSSC	**$333,651**	**$378,438**	**$44,787**
TOTAL	**$1,076,371**	**$1,121,804**	**$45,433**

Council staff recommends approval of the COG NDA as submitted by the Executive.

NDA: County Associations (©2)

This NDA funds Montgomery County membership dues to the National Association of Counties (NACo) and the Maryland Association of Counties (MACo). County dues for both are based on population. Table 2 summarizes membership dues for FY10.

Table 2. County Association Fees

Association	Approved FY09	Recommended FY10	$ Change FY09-FY10	% Change FY09-FY10
MACo	$53,033	$55,292	$2,259	4.3%
NACo	$17,417	$17,417	$0	0.0%
TOTAL	**$70,450**	**$72,709**	**$2,259**	**4.3%**

Montgomery County received 20 awards in 2008 for outstanding programs from NACo (©4). Detailed information on each of these awards as well as on the winning programs across the country can be found at the following NACo website:
http://www.naco.org/Template.cfm?Section=Achievement_Awards&Template=/cffiles/awards/2008achieve.cfm

Council staff recommends approval of the County Associations NDA as submitted by the Executive.

NDA: Public Technology Institute (PTI) (©3)

Funds are budgeted each year to continue membership in PTI as the County's research and development link with NACo. Montgomery County's annual membership dues were reduced to $20,000 this year to reflect the current fiscal challenges faced by the County (©5). Annual dues cover research and development assistance for innovative projects; access to a computerized information-sharing network; and membership in the Urban Consortium. The PTI website, http://www.pti.nw.dc.us/ , offers technology-related information for local governments.

In previous years the Council has requested an update on the benefits received from its membership in PTI. OMB reports that PTI works with its membership to identify opportunities for technology research, share solutions and recognize member achievements, and develop best practices that address the technology management, governance and policy issues that impact local government. The County also receives consulting services, research assistance, internet-based training, and attends technology conferences. A list of benefits can be found at ©6.

Council staff recommends funding the PTI NDA at $20,000 to reflect the organization's reduction in annual dues. The Executive's recommended budget does not reflect this reduction.

This packet contains:	©
Recommended FY10 Budget – Boards, Committees, Commissions	1
Recommended FY10 Budget – Metropolitan Washington Council of Governments COG	2
Recommended FY10 Budget – County Associations	2
Recommended FY10 Budget – Public Technology, Inc.	3
Montgomery County's NACo Awards	4
Letter from PTI- reduction in annual dues	5
Summary of PTI Membership Benefits	6

from the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), Retiree Health Benefit Trust (RHBT), and the General Fund on behalf of the Montgomery County Deferred Compensation Plan (DCP) trust funds and are, therefore, not appropriated here. The Board of Investment Trustees manages the assets of the ERS and RHBT through its investment managers in accordance with the Board's asset allocation strategy and investment guidelines. The Board also administers the investment programs for the RSP and DCP. The Board consists of 13 trustees including the Directors of Human Resources, Finance, Management and Budget, and the Council Staff; one member recommended by each employee organization; one active employee not represented by an employee organization; one retired employee; two members of the public recommended by the County Council; and two members of the general public.

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

Boards, Committees, and Commissions

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

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**20,000**	**0.0**
Increase Cost: Dependent Care and Travel Reimbursement	7,000	0.0
FY10 CE Recommended	**27,000**	**0.0**

Charter Review Commission

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

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**150**	**0.0**
Increase Cost: Biennial Cycle Adjustment	1,350	0.0
FY10 CE Recommended	**1,500**	**0.0**

Climate Change Implementation

This NDA provides funding to implement the initiatives the Council adopted in Bills 29-07, Environmental Sustainability - Climate Protection - Motor Vehicles; 30-07, Buildings - Energy Efficiency; 32-07, Environmental Sustainability - Climate Protection Plan; and 35-07, Consumer Protection - Energy and Environmenal Advocacy; and to fund the Clean Energy Rewards program established in County Code 18A-11.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**1,561,000**	**0.0**
Add: Initial Implementation of Sustainability Working Group Recommendations	50,000	0.0
Increase Cost: Group Insurance Adjustment	280	0.0
Technical Adj: Annualization of FY09 Personnel Costs	0	0.5
Decrease Cost: Adjust Clean Energy Rewards Based on Projected Participation	-43,000	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY09	-844,020	0.0
FY10 CE Recommended	**724,260**	**0.5**

Closing Cost Assistance

This NDA provides financing for real estate closing cost expenses to assist moderate- to middle-income home buyers. Eligible first-time home buyers can receive a seven-year loan under the program to help pay the settlement expense of a home purchase. The maximum amount of loans is the lesser of $7,500 or five percent of the sale price of the single-family residence. The Housing Opportunities Commission (HOC) administers and operates the program. As part of an arrangement between HOC and the Federal National Mortgage Association (Fannie Mae), the County has established this account to help defray program operating costs

Conference Center

Prior to FY06, the Conference Center NDA primarily provided for pre-opening expenses. Since the Conference Center opened in November, 2004, the NDA has expanded its scope to fund:

- a full-time position to manage the operational and fiscal oversight of the Conference Center complex;
- non-routine or major repairs, alterations, improvements, renewals, and replacements; and
- the designated reserve required by the management agreement with Marriott International, Inc.

Funding is also included to reimburse the contractor for costs not covered by operations during accounting periods when losses occur. These costs will be offset by contractor payments to the County during accounting periods with operating gains.

Revenues consisting of net operating income from the Conference Center and land rent from the hotel are also reflected in the NDA. Twenty percent of the County's net proceeds from Conference Center operations will be retained for investment in marketing and facility improvements that will increase Conference Center usage. All proposed investment expenditures will be reviewed and approved by the Conference Center Management Committee.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**567,090**	**1.0**
Increase Cost: Management Audit Services	50,000	0.0
Increase Cost: Group Insurance Adjustment	300	0.0
Increase Cost: Printing and Mail Adjustments	10	0.0
FY10 CE Recommended	**617,400**	**1.0**

Council of Governments

The Metropolitan Washington Council of Governments (COG) is a voluntary association of major local governments in the Washington Metropolitan Area. COG seeks to provide regional answers to, and coordination of, area-wide issues such as air and water pollution, day care, housing, crime, water supply, land use, and transportation.

This NDA reflects Montgomery County's share of the organization's operation plus special COG initiatives. Additionally, the contribution supports the Cooperative Purchasing Program; the Anacostia Restoration Fund; the Regional Environmental Fund; the Airport Noise Abatement Program; and a membership fee for participation on a regional housing committee.

As in previous years, the Washington Suburban Sanitary Commission will provide Montgomery County's contribution to support the Water Resources Management Planning Program and the Blue Plains Users Program.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**742,720**	**0.0**
Increase Cost: Anacostia Restoration Fund	650	0.0
FY10 CE Recommended	**743,370**	**0.0**

County Associations

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

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**70,450**	**0.0**
Increase Cost: MACo Dues	2,260	0.0
FY10 CE Recommended	**72,710**	**0.0**

Desktop Computer Modernization

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

by Workers' Compensation, personal medical insurance, the Federal government, or other appropriate and available outside resources). DOCR manages this account and, with the assistance of the County Attorney, determines which costs are the responsibility of the County. All bills are reviewed for appropriateness of cost by a private contractor prior to payment.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**10,000**	**0.0**
FY10 CE Recommended	**10,000**	**0.0**

Productivity Enhancements and Personnel Cost Savings

The approved budget assumes implementation of a Retirement Incentive Program to generate savings of $1,011,260.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**-13,000,000**	**0.0**
Increase Cost: Replace One-time Expenditure Reductions	7,191,080	0.0
Shift: Technical Adjustment for Permanent Savings from FY09 Retirement Incentive Program (RIP)	5,808,920	0.0
Decrease Cost: Savings from the FY10 Retirement Incentive Program (RIP)	-1,011,260	0.0
FY10 CE Recommended	**-1,011,260**	**0.0**

Public Technology, Inc.

Funds are budgeted each year to continue membership in Public Technology, Inc. (PTI) as the County's research and development link with the National Association of Counties. Annual dues, unchanged since 1991, cover research and development assistance for innovative projects; access to a computerized information-sharing network; and membership in the Urban Consortium. The County participates in, and has received grants as a result of, initiatives in task forces on energy, solid waste, and telecommunications. PTI, as an organization, specializes in the research and assessment of ideas of interest to local governments for increasing efficiency, reducing costs, improving services, and solving problems. A current emphasis is on public enterprise, toward helping local governments identify and capture potential sales from products and information that are outcomes of government investment.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**27,500**	**0.0**
FY10 CE Recommended	**27,500**	**0.0**

Restricted Donations

This NDA was established to comply with the requirements of Government Accounting Standards Board Statement No. 34 (GASB 34) by budgeting for the receipt of private donations for County programs. The proceeds of the former Expendable Trust Fund accounts and other miscellaneous funds have been transferred to the Restricted Donations Special Revenue Fund. Appropriation authority to spend additional donations received during the year is provided through the County Council Resolution for the Approval of and Appropriation for the Operating Budget of the Montgomery County Government. The budget resolution provides that the unexpended balance in this fund at the end of the fiscal year is reappropriated by the County Council for the next fiscal year; and if needed, the Restricted Donations NDA can receive transfers from the Future Federal, State, or Other Grants NDA for any individual donations up to $200,000. Additional information relating to the financial activities of this NDA is displayed in Schedule A-4, Fiscal Summary by Fund, Non-Tax Supported, Montgomery County Government, Restricted Donations.

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

Retiree Health Benefits Trust

Retiree Health Benefits Trust: Beginning in FY08, the County implemented a plan to set aside funds for retiree health benefits, similar to what we have been doing for retiree pension benefits for more than 50 years. The reasons for doing this are simple: due to exponential growth in expected retiree health costs, the cost of funding these benefits, which are currently paid out as the bills come due, may soon become unaffordable. Setting aside money now and investing it in a Trust Fund, which will be invested in a similar manner as the pension fund, not only is a prudent and responsible approach, but will result in significant savings over the long term.

As a first step in addressing the future costs of retiree health benefits, County agencies developed current estimates of the costs of health benefits for current and future retirees. These estimates, made by actuarial consultants, concluded that the County's total future cost of retiree health benefits if paid out today, and in today's dollars, is $2.6 billion – more than half the total FY09 budget

National Association of Counties
2008 Achievement Award Winners

MD	Montgomery County	An Innovative Way of Using Motor Vehicle Records to Address Buildings
MD	Montgomery County	Business Eviction Response Team (BERT)
MD	Montgomery County	Clean Energy Rewards Program
MD	Montgomery County	Diamonds in the Rough
MD	Montgomery County	DPS-DOCR Electronic Document Management Program
MD	Montgomery County	Employment Guide for Domestic Workers
MD	Montgomery County	Enforcement of Quaranting Orders in a Catastrophic Health Event or Pandemic
MD	Montgomery County	GIS Data in a Format Non-GIS Users Understand: Google Maps
MD	Montgomery County	Information Security Awareness and Training Program (ISATP)
MD	Montgomery County	IT Intelligence Dashboard
MD	Montgomery County	Latino Business Alliance
MD	Montgomery County	Manager Development Program for High Potential Employees
MD	Montgomery County	Mobile Production Vehicle
MD	Montgomery County	Pilot Program for Licensure of Foreign-Trained Nursing Professionals
MD	Montgomery County	Pre-Release Resource and Development Center
MD	Montgomery County	Prison Outreach Ministry Welcome Home Reentry Program
MD	Montgomery County	SAAS Integration
MD	Montgomery County	Safe Speed- Implementation of a Speed Camera Program
MD	Montgomery County	The Tree House Child Assessment Center
MD	Montgomery County	Virtual Town Hall/Live Discussions

pti
ublic Technology Institute

April 1, 2009

Ms. Shondell Foster
Montgomery County Council
100 Maryland Avenue, 5th Floor
Rockville, MD 20850

Dear Ms. Foster:

The PTI Board of Directors, appreciating the financial stress that Montgomery County is currently facing, has authorized me to reduce the amount that Montgomery County pays for its participation in the Public Technology Institute (PTI).

Accordingly, the annual PTI membership/technical assistance dues amount for Montgomery County has been reduced to $20,000. This is a reduction by more than 25% from the previous amount of $27,500.

Montgomery County is one of PTI's most valued members and has benefitted from its active participation in the PTI network of city and county governments. In fact, next week we will be announcing that the County is being named a PTI Innovation Lab for the implementation of configuration management practices in the County's use of Geographic Information Systems technologies.

Sincerely,

Alan Shark,
Executive Director

The technology resource for local governments
1301 Pennsylvania Avenue NW ♦ Washington, DC 20004 ♦ Phone: (202) 626-2400 ♦ Fax: (202) 626-2498 ♦ www.pti.org

Benefits the County Receives From Membership in PTI

- Participation in research Councils, Forums, and Trainings, sample topics include:
  - Geospatial Information Systems (GIS)
  - Public Safety Technology and Homeland Security
  - Sustainability
  - Transportation
  - Web Management and E-Government
- Consulting Services, sample topics include:
  - Technology Management Consulting: Provide local governments with strategic and technical guidance with a team of industry experts.
  - Executive-On-Loan: These teams bring together officials who have addressed similar problems to share their insights and make recommendation in a particular problem area.
  - Surveys: Can be designed to help define the most pressing constituent service delivery issues, identify key barriers to technology implementation, examine internal service issues and determine customer needs.
- Research: Members are invited to participate in pilot demonstration projects designed to test new technologies and practices for the public sector.
- Publications: PTI publications cover a variety of technology topics including wireless applications, web and GIS services, telecommunications and information technology, sustainability and public safety and emergency management.