PHED COMMITTEE #1
April 27, 2009

MEMORANDUM

April 23, 2009

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

FROM: Marlene Michaelson, Senior Legislative Analyst MM

SUBJECT: FY10 M-NCPPC Operating Budget: Park Revenues, Enterprise Fund, Property Management Fund, Advanced Land Acquisition Revolving Fund, and Follow-up Issues

Those expected for this worksession:

Royce Hanson, Chairman, Montgomery County Planning Board
Mary Bradford, Director, Department of Parks
Mike Riley, Deputy Director of Administration, Department of Parks
Gene Gibbons, Acting Deputy Director of Operations, Department of Parks
MaryEllen Venzke, Chief, Management Services Division/Parks
Karen Warnick, Budget Manager, Department of Parks
Alison Davis, Chief, Management Services Division/Planning

This memorandum addresses one new request from Maryland-National Capital Park and Planning Commission (M-NCPPC) for their FY10 Operating Budget, a follow-up issue related to school ballfields, as well as Park Revenues and Fees, the Enterprise Fund, Advanced Land Acquisition Revolving Fund (ALARF), the Property Management Fund, and the Internal Service Funds. Relevant pages from the County Executive Recommended FY10 Operating Budget are attached on © 1 to 8. Additional information from M-NCPPC staff is attached at © 9 to 19. **All page references are to the FY10 M-NCPPC recommended budget; Committee Members may wish to bring a copy to the meeting.**

PARKING MANAGEMENT STUDY

Attached on © 9 to 19 is a request from the Planning Department for a $75,000 addition to their FY10 operating budget to fund participation in a parking management study. The need for the study was discussed in March 2009 in a joint Planning, Housing, and Economic Development (PHED) Committee and Transportation, Infrastructure, Energy and Environment (T&E) Committee meeting. The Planning Department and the County Government Department of Transportation (DOT) jointly recommend a $150,000 parking study to be conducted by DOT and funded jointly by the two agencies ($75,000 for each agency). The justification for the study is summarized on © 9.

Staff supports the Planning Department request to place the funding for the study on the Council's reconciliation list.

COSTS ASSOCIATED WITH THE MAINTENANCE OF SCHOOL BALLFIELDS

At the Committee's April 20 meeting on the Department of Parks budget, the Committee asked the agencies to explore whether there is an alternative way of funding the costs of the school ballfield maintenance, rather than with the Park Tax. The M-NCPPC FY10 budget includes $755,000 for the maintenance of Montgomery County Public Schools (MCPS) ballfields. While this ensures that the fields are maintained, it presents the problem of having the Metropolitan District tax payers subsidize general County tax payers who will use these fields. Executive staff will be exploring this issue further and reporting back to the Committee at the meeting.

PARK FEES AND REVENUES

There are two issues the Committee may want to consider regarding park fees and revenues: whether to refine the existing system of fees to better differentiate between different user groups, and whether there should be fees associated with additional services.

The Department of Recreation charges a higher fee for non-residents, and this may be appropriate for some park fees as well. The Department of Parks would have to assess whether increased fees could decrease participation and have the unintended consequence of reducing total revenues; this could vary depending on the activity and the availability of other providers. (The Department assessed this option for Enterprise Fund activities but did not present the results to the Council.)

Other issues that deserve further attention are the cost recovery goals for different activities and the determination of discounts for certain user groups based on factors such as income or age. Staff believes there should be coordination and, where appropriate, consistency between the Department of Recreation and Department of Parks on fee policies, particularly with regard to how discounts are determined. A parks and recreation identification card could be used to predetermine which users should receive discounted or waived fees and to provide annual passes for frequent users. Staff recommends that further exploration of this idea be part of the assessment of the delivery of recreational programs about to be undertaken by the Department of Recreation and Department of Parks.

The second issue relates to the range of services for which fees are charged. In prior years, the Council considered whether there may be potential to increase the number of services for which fees are charged, and the Committee may be interested in reconsidering some of these ideas in light of the current fiscal condition. Staff offers the following considerations.

- It would not be feasible or desirable to have fees at all for most parks or park facilities. As a practical matter, fees could only be charged at facilities where the point of entry could be limited and manned by staff who could collect the fee (e.g., Brookside Gardens, Nature Centers). As a policy matter, Staff believes that most parks should be accessible without charge.
- For special parks where some fee may be appropriate, but entry points are not limited, parking meters may be a better way to collect fees. This may be appropriate for regional and/or recreational parks that provide special facilities and amenities.

While there are advantages and disadvantages to new fees, they do provide potential for additional revenue. For example, over 400,000 people visit Brookside Gardens each year. If there was a $1 entrance fee, and assuming that 25% were exempt from paying the entrance fee, this could generate $300,000 per year. Meters could also generate new revenue. For example, assuming that the 12 regional and recreational parks combined would have 312,000 hours of metered time each year for 6 months each year (an average of 100 cars per park, for 10 hours of metered time over the course of a week, at the 12 parks, for a period for 26 weeks) and charged 25 cents per hour, the revenue would be $78,000. Obviously, each of these revenue raising techniques also has costs associated with it, and staff did not have the information available to make a more precise estimate of revenues or an estimate of costs.

THE ENTERPRISE FUND

The Enterprise Fund accounts for various park facilities and services that are entirely or predominantly supported by user fees. (See pages 371 - 392 for a discussion of the Enterprise Fund.) Recreational activities include ice rinks, indoor tennis, event centers, boating, camping, and nature center programs. Operating profits are reinvested in new or existing enterprise facilities through the Capital Improvements Program. **The FY10 budget projects overall Fund revenue over expenditures of $371,500, but this net gain is based on an assumed subsidy of $599,000 from the Park Fund, which is $20,000 <u>less</u> than the FY09 subsidy.**

The proposed expenditures for the Enterprise Fund for FY10 are as follows:

FY09 and FY10 ENTERPRISE FUND EXPENDITURES			
FY09 Budget	FY10 Request	Change from FY09 to FY10	% Change from FY09 to FY10
$10,399,100	$10,397,000	-$2,100	-0.02%
104.6 WY	113.1	8.5	8.1%

Revenues and Losses by Activity

The following chart indicates whether each of the Enterprise Fund activities has generated or is expected to generate a positive return in years FY07 through FY10. Since the subsidy to the ice rinks significantly impacts the net revenue, Staff has displayed the ice rink and total costs including a subsidy (which treats the subsidy as revenue), and excluding the subsidy (which shows the net revenue without a subsidy). Net revenues without the subsidy are highlighted below.

ENTERPRISE FUND REVENUE OVER/(UNDER) EXPENDITURES					
	Actual FY07	**Actual FY08**	**Budget FY09**	**Estimate FY09**	**Proposed FY10**
GOLF COURSES	($18,365)	($116,015)	$41,600	$39,200	$44,900
ICE RINKS (including subsidy)	($409,750)	($509,288)	($776,000)	($385,100)	($624,700)
ICE RINKS (excluding subsidy)	($738,750)	($1,052,288)	($1,319,000)	($928,100)	($1,147,700)
INDOOR TENNIS	$173,801	($133,137)	$411,000	$401,200	$511,800
EVENT CENTERS	$43,261	($169,429)	($116,100)	($130,400)	($128,700)
PARK FACILITIES	$896,213	$264,489	$397,700	$440,900	$533,000
TOTAL (including ice rink subsidy)	**$685,160**	**($663,380)**	**($41,800)**	**$365,800**	**$336,300**
TOTAL (excluding ice rink subsidy)	$356,160	($1,206,380)	($584,800)	($177,200)	($186,700)

As the summary chart indicates, both indoor tennis and the park facilities are projected to generate significant profits for the Enterprise Fund in FY10, almost offsetting the losses created by the ice rinks and event centers. (Enterprise Fund staff are preparing updates to the FY09 estimates to present to the Committee at the worksession, and Staff understands that the total net revenues will not be as great as projected in the FY10 Budget, but still better than FY08 or the budgeted amount for FY09.) This year, for the first time in several years, the proposed FY10 expenditures are projected to decrease at the same time that total revenues show a small increase, reversing the trend of having expenditures grow at a far greater rate than revenues.

Staff notes that the program budget highlights the fact that there are several services provided by the Park Fund to the Enterprise Fund that are not considered as Enterprise Fund expenditures and, therefore, represent a greater subsidy to the Fund than indicated by the $599,000 subsidy shown on page 378 of the budget. For example, repairs performed by the Central Maintenance Division and Park Police services are generally paid for by the Park Fund. As Staff has previously noted, maintenance costs should be charged to the appropriate Fund.

Enterprise Fund Subsidy

For the past several years, M-NCPPC has asked for a subsidy to the Enterprise Fund because revenues were not expected to cover costs. The Council has supported the subsidy, but has not agreed with the M-NCPPC assumption that a subsidy will be needed on an ongoing basis and, instead, continued to believe that the Fund's goal should be to be self sustaining. The Council had previously asked M-NCPPC to develop a plan for phasing out the subsidy altogether over time.

This FY10 budget includes a subsidy of $599,000, which is $20,000 less than the FY09 subsidy. This includes $25,000 for public service events at the Event Centers and $10,000 for a Therapeutic Ice Skating Program. The remainder is for debt service and losses at the ice rinks and event centers. The Executive did not support the subsidy, but did not provide any further guidance as to how this reduction could be accommodated without impacting programs.

Staff believes that the Park Fund should continue to subsidize both the Therapeutic Ice Skating Program and the public service events at the Event Centers for a total of $35,000 but supports reducing the Enterprise Fund transfer by the remaining amount ($564,000). To the extent possible, the Enterprise Division should continue to make every effort to increase revenues and further decrease costs. If this is not possible, the ultimate impact will be a reserve that is less than the current goal (which is 10% of operating costs **and** one year of debt service).

THE ADVANCED LAND ACQUISITION REVOLVING FUND (ALARF)

The Advanced Land Acquisition Revolving Fund (ALARF) is used to acquire land needed for public purposes, including parks, roads, school sites, and other public uses. (See pages 419-420 for the discussion of the Advance Land Acquisition Revolving Fund.) There is an ALARF project description form (PDF) in the CIP, but ALARF is also shown in the operating budget because it is a revolving fund, and repayments to the Fund need to be held as an operating budget account.

The intent is for the agency or department that ultimately builds the project to repay ALARF; repayment has not consistently occurred in the past. Although the Fund is a revolving fund, there is frequently a lengthy lapse in time before it is refunded and, in some cases, repayment does not occur. M-NCPPC held on to many millions of dollars in real estate for many years for the Inter-County Connector (ICC) and has finally been repaid by the State. The Fund currently has a balance of over $19 million, but the State legislature recently approved a bill allowing for a transfer of $5 million from ALARF to fund the Building Lot Termination (BLT) program. To provide the appropriation authority, the budget assumes that most of the Fund balance will be spent in FY10. Council approval is still required for each ALARF purchase.

Whenever the Fund drops inappropriately low, M-NCPPC issues new bonds to restore the balance. M-NCPPC last issued $2,000,000 in Advanced Land Acquisition (ALA) bonds in FY05, and debt service began in FY05. For FY10 they recommend debt service of $649,600, a decrease of $27,400 or 4%. They are not requesting any change in the property taxes associated with ALARF, the proceeds of which are used to pay debt service (real property tax rate of $0.001 per $100 assessed value and personal property tax rate of $0.003 per $100 assessed value).

Staff recommends approval of the Advance Land Acquisition request.

THE PROPERTY MANAGEMENT FUND

The Property Management Fund provides for the oversight, management, maintenance, administration, and leasing of parkland and facilities located on parkland (see pages 335 and 373). A private property management firm handles the day-to-day management of residential properties, agricultural leases, and a variety of other uses on park land. M-NCPPC projects a decrease in revenues of $65,700 due to a decrease in the number of leased facilities and properties, and a decrease of $45,000 in interest income for a total decrease of $110,700 or 9.7%. The Executive recommends approval of the Property Management Fund as submitted. The funding request is as follows:

FY09 and FY10 PROPERTY MANAGEMENT FUND			
FY09 Budgeted	FY10 Request	Change from FY09 to FY10	% Change from FY09 to FY10
$1,137,400	$1,026,700	-$110,700	-9.7%
3.5 WY	3.5 WY	0	0%

Staff recommends approval of the Property Management Fund.

INTERNAL SERVICE FUNDS

The M-NCPPC budget includes three Internal Service Funds: Risk Management, SilverPlace, and Capital Equipment. Total expenditures for the Risk Management Fund are projected to decrease by $136,500 or 4% (page 423).

Expenditures associated with the development of SilverPlace have been allocated to the SilverPlace Internal Service Fund (page 425). The budget proposes to allocate $100,000 from the Administration and Park Funds to offset the cost of future debt service. Staff questions whether this is appropriate since the Council has decided not to fund the design and construction of the project at this time and there will not be debt service associated with the project in FY10 or in the near future.

The Capital Equipment Service Fund was established to provide an economical method of handling large purchases of equipment (see page 427). The Fund spreads the cost of an asset over its useful life instead of burdening any one fiscal year with the expense. Expenditures in FY10 are projected to increase by $813,400 or 44%, due to an increase in the cost of the Financial System Replacement Project. The Committee may want to discuss whether Central Administrative Services (CAS) expenditures on major information technology or financial systems should be deferred pending the joint county study of CAS this summer.

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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 is available for review in Montgomery County Public Libraries and 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.

These 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 2009, the Council approved FY10 Spending Affordability Guidelines (SAG) of $110,100,000 for the tax-supported funds of the M-NCPPC, which is a 3.5 percent increase from the $106,424,200 approved FY09 budget. For FY10, the Commission has requested $111,311,200 excluding debt service, $1,211,200 above the total SAG amount of $110,100,000. The County Executive ecommends approval of $108,969,900.

The total requested budgets for the Enterprise Fund, Property Management Fund, Special Revenue Funds, ALA Debt Service Fund, and Grant Fund, are $18,161,700, a 4.9 percent increase from the $17,307,500 total FY09 approved budget. The County Executive recommends approval of $17,871,500.

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 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. In addition, the Department is responsible for the preparation of master plans and sector plans which are recommended by the Planning Board and approved by the County Council. The Department reviews development applications for conformance with existing laws, regulations, master plans, and policies and then presents its recommendations to the Planning Board for action. The Department gathers and analyzes various types of census and development data for use in reports concerning housing, employment, population growth, and other topics of interest to the County Council, County government, other agencies, the business community, and the general public.

Planning Activities

The Planning Activities section recommends plans that sustain and foster communities and their vitality; implements master plans and manages the development process; provides stewardship for natural resources; delivers countywide forecasting, data, and research services; and supports intergovernmental services.

Central Administrative Services

The mission of the Central Administrative Services (CAS) is to provide effective, responsive, and efficient administrative, financial, human resource, and legal services for the M-NCPPC and its operating departments. Costs of the bi-county CAS office are divided equally between Montgomery and Prince George's Counties.

Parks Department

The Parks Department provides recommendations, information, analysis, and services to the Montgomery County Planning Boa (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.

Montgomery Parks

Montgomery Parks oversees a comprehensive park system of 410 parks of different sizes, types, and functions that feature Stream Valley and Conservation Parks, Regional and Special Parks, and Local and Community Parks. Montgomery Parks 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 or predominantly supported by user fees. Recreational activities include: ice rinks, indoor tennis, conference and social centers, boating, camping, and nature center programs.

Operating profits are reinvested in new or existing public revenue-producing facilities through the Capital Improvements Program.

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's recommended FY10 level of expenditure for M-NCPPC is $108,969,900, 2.4 percent over the FY09 approved budget for tax supported funds, exclusive of debt service. The Executive's recommended total is $1,130,100 or 1.0 percent under Council Spending Affordability Guidelines (SAG).

Park Fund

The County Executive recommends a Park Fund budget of $81,027,900, excluding debt service. This proposed funding represents a $1,918,200 or 2.4 percent increase over the FY09 approved budget. The Executive recommends a reduction of $401,200 from the Commission's request for the projected increase to prefund retiree health insurance and a reduction of $1.3 million for requested General Wage Adjustment increases and other operating expenditures to be determined by the Commission. The Executive does not recommend the Commission's requested transfer of $599,000 from the Park Fund to the Enterprise Fund. Park Fund debt service increased by $298,600 from $4,005,800 in FY09 to $4,304,400 in FY10.

Administration Fund

The County Executive recommends an Administration Fund budget of $27,942,000. This represents a $627,500 or 2.3 percent increase over the FY09 approved budget. The Executive recommends a reduction of $197,300 from the Commission's request for the projected increase to prefund retiree health insurance and a reduction of $457,400 for requested General Wage Adjustment increases and other operating expenditures to be determined by the Commission. The Executive recommends a transfer from the Administration Fund to cover costs in the Special Revenue Fund in the amount of $1,528,000, a decrease of $245,000 from the Commission's request of $1,773,000.

ALA Debt Service

The County Executive recommends ALA debt service funding of $649,600 a decrease of $27,400 or 4.0 percent from the FY09 approved budget. The cost decrease is due to lower bond interest.

Enterprise Fund

The County Executive recommends an Enterprise fund budget of $10,351,800. This represents a $47,300 or 0.5 percent decrease from the FY09 approved budget of $10,399,100. The Executive recommends a reduction of $6,200 from the Commission's request for the projected increase to prefund retiree health insurance and a reduction of $39,000 for requested General Wage Adjustment increases and other operating expenditures to be determined by the Commission. The Executive does not recommend the Commission's requested transfer of $599,000 from the Park Fund to the Enterprise Fund. Without the requested transfer, the Enterprise Fund is projected to have a FY10 ending cash balance of $1.6 million or 13.0 percent of resources.

Property Management Fund

The County Executive concurs with the M-NCPPC request for funding of $1,026,700. This represents a $110,700 or 9.7 percent decrease from the FY09 approved budget of $1,137,400.

Special Revenue Fund

The County Executive recommends a Special Revenue Fund budget of $5,268,400. This represents a $749,400 or 16.6 percent increase from the FY09 approved budget. The Executive recommends a transfer from the Administration Fund to cover costs in the Special Revenue Fund in the amount of $1,528,000, a decrease of $245,000 from the Commission's request of $1,773,000. The Executive also recommends a decrease of $245,000 in expenditures in the development review Special Revenue Fund from the Commission's request, which is equivalent to the Executive's recommended budget reduction in the Department of Permitting Services.

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

Consolidation of Recreation Programs

The Montgomery County Department of Recreation and the Maryland-National Park and Planning Commission (M-NCPPC) Department of Parks offer recreation programming to the residents of Montgomery County. The recent Office of Legislat Oversight report, Organization of Recreation Programs across the Department of Parks and Department of Recreation, looked recreation programming across both departments and recommended that the County consider consolidation of recreation programming into one department.

The County Executive strongly supports consolidation of the Parks Department's recreation programs into the County Government Department of Recreation. There would be many benefits to this consolidation including:

- improved customer service;
- elimination of duplicative functions;
- improved utilization of capital and operating assets with fewer conflicts on space and time; and
- generation of savings based on the economies of scale realized through consolidation.

In addition, recreation programming is tied directly to four of the County's priority objectives: preparing children to live and learn, safe streets and secure neighborhoods, healthy and sustainable communities, and ensuring vital living for all. Consolidation in the direction of the Recreation Department would more effectively support attainment of these objectives, since the Recreation Department is one of the lead agencies within the County's social service network as a participant in the Positive Youth Development Initiative, Senior Services Initiative, the Cultural Diversity Center, the Sports Council, the Maryland Senior Olympics, and extended learning opportunities with Montgomery County Public Schools (MCPS).

Further, having these programs under the same County leadership allows the Department of Recreation to more easily collaborate and coordinate their efforts with other County departments, such as the Department of Health and Human Services, the Police Department, and Public Libraries. Accountability will also be improved because the County Council and the County Executive will be more directly responsible for the operations and management of the County's recreation activities and facilities. Also, short-term and long-term planning, budgeting, and resource allocation for recreation programming will be improved, as the focus will be on a single entity, the County Department of Recreation.

There are significant logistical issues to be worked through in the consolidation of recreation programming including human resources, financial, information technology, and budget and management issues. While all of these complex matters need to be addressed in detail, this is the appropriate time to begin this process. As a first step, the County Council, the County Executive, and the Park Commission should jointly name a Work Group to identify, evaluate, and resolve transition issues with the goal of consolidating all recreation programming in the Department of Recreation during FY11. This work group should be charged with:

- identifying all action items required to complete the consolidation;
- determining the precise strategy and methodology to complete each action items;
- proposing a specific timeline for all action items; and
- completing assigned work within six months.

Because of the significant issues involved in implementing this consolidation, the FY10 budget does not include any budgetary or organizational changes in anticipation of this consolidation.

PROGRAM CONTACTS

Contact Holly Sun of the M-NCPPC at 301.454.1741 or Christopher M. Mullin of the Office of Management and Budget at 240.777.2772 for more information regarding this agency's operating budget.

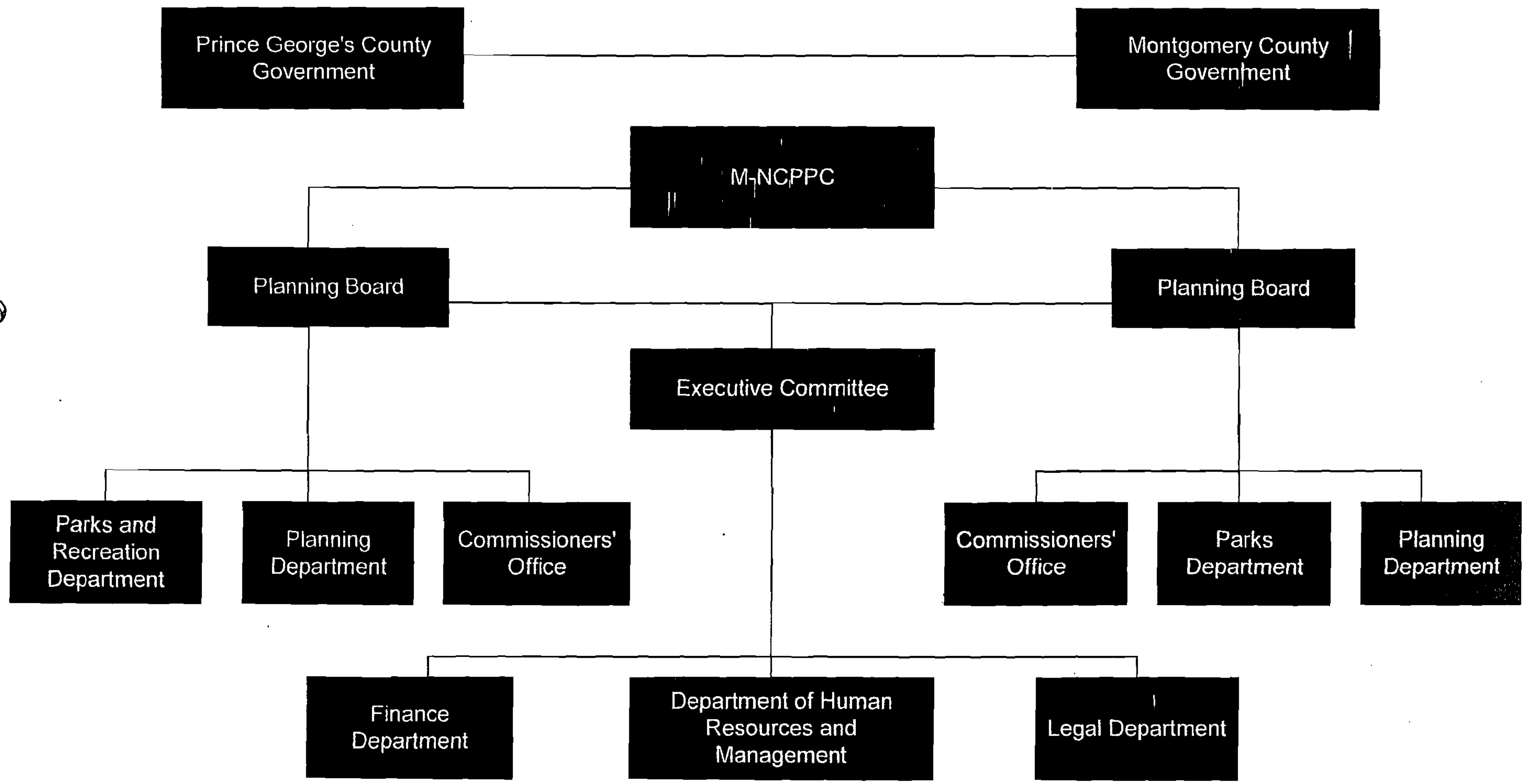
BUDGET SUMMARY

	Actual FY08	Budget FY09	Estimated FY09	Recommended FY10	% 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	26,234,794	27,314,500	26,664,340	27,942,000	2.3%
Capital Outlay	0	0	0	0	—
Administration Fund Expenditures	***26,234,794***	***27,314,500***	***26,664,340***	***27,942,000***	***2.3%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	207.2	211.4	211.4	215.7	2.0%
REVENUES					
Intergovernmental	458,385	818,500	737,500	0	—
Property Tax	25,057,657	27,460,120	27,404,000	27,709,310	0.9%
User Fees	367,161	400,000	422,500	287,500	-28.1%
Investment Income	373,624	250,000	100,000	90,000	-64.0%
Miscellaneous	6,471	0	0	0	—
Administration Fund Revenues	***26,263,298***	***28,928,620***	***28,664,000***	***28,086,810***	***-2.9%***
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	71,126,214	79,109,700	77,280,520	81,027,900	2.4%
Debt Service Other	3,817,466	4,005,800	4,005,800	4,304,400	7.5%
Capital Outlay	0	0	0	0	—
Park Fund Expenditures	***74,943,680***	***83,115,500***	***81,286,320***	***85,332,300***	***2.7%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	679.3	688.2	688.2	698.7	1.5%
REVENUES					
Property Tax	76,339,969	76,628,030	76,471,560	80,049,110	4.5%
Facility User Fees	1,586,581	1,701,800	1,701,800	1,879,800	10.5%
Investment Income	774,783	450,000	210,000	180,000	-60.0%
Investment Income: CIP	133,635	130,000	30,000	30,000	-76.9%
Intergovernmental	512,650	0	0	0	—
Miscellaneous	129,077	33,500	33,500	74,100	121.2%
Park Fund Revenues	***79,476,695***	***78,943,330***	***78,446,860***	***82,213,010***	***4.1%***
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	1,048,030	0	0	0	—
Debt Service Other	545,000	677,000	677,000	649,600	-4.0%
Capital Outlay	0	0	0	0	—
ALA Debt Service Fund Expenditures	***1,593,030***	***677,000***	***677,000***	***649,600***	***-4.0%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
REVENUES					
Property Tax	1,543,383	1,691,200	1,689,620	1,800,840	6.5%
Miscellaneous	52,022	0	0	0	—
ALA Debt Service Fund Revenues	***1,595,405***	***1,691,200***	***1,689,620***	***1,800,840***	***6.5%***
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***	—

	Actual FY08	Budget FY09	Estimated FY09	Recommended FY10	% Chg Bud/Rec
Operating Expenses	107,156	575,000	575,000	575,000	—
Capital Outlay	0	0	0	0	—
Grant Fund MNCPPC Expenditures	***107,156***	***575,000***	***575,000***	***575,000***	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
REVENUES					
Administration Fund Grants	0	150,000	150,000	150,000	—
Park Fund Grants	107,156	425,000	425,000	425,000	—
Grant Fund MNCPPC Revenues	***107,156***	***575,000***	***575,000***	***575,000***	—
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	8,088,137	9,070,000	8,182,000	9,045,820	-0.3%
Debt Service Other	1,372,287	1,329,100	1,329,100	1,305,980	-1.7%
Capital Outlay	0	0	0	0	—
Enterprise Fund Expenditures	***9,460,424***	***10,399,100***	***9,511,100***	***10,351,800***	***-0.5%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	110.3	104.6	104.6	113.1	8.1%
REVENUES					
Intergovernmental	102,906	0	0	0	—
Rentals	2,418,125	2,709,700	2,559,100	2,691,300	-0.7%
Fees and Charges	4,786,151	6,087,200	5,819,500	6,542,800	7.5%
Merchandise Sales	631,448	754,500	755,700	797,400	5.7%
Concessions	88,777	96,900	93,600	88,000	-9.2%
Non-Operating Revenues/Interest	101,154	90,000	30,000	50,000	-44.4%
Enterprise Fund Revenues	***8,128,561***	***9,738,300***	***9,257,900***	***10,169,500***	***4.4***
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	1,178,399	1,137,400	992,040	1,026,700	-9.7%
Capital Outlay	0	0	0	0	—
Prop Mgmt MNCPPC Expenditures	***1,178,399***	***1,137,400***	***992,040***	***1,026,700***	***-9.7%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	3.5	3.5	3.5	3.5	—
REVENUES					
Investment Income	54,646	70,000	36,000	25,000	-64.3%
Miscellaneous	1,180	0	0	0	—
Rental Income	1,020,274	1,067,400	956,040	1,001,700	-6.2%
Prop Mgmt MNCPPC Revenues	***1,076,100***	***1,137,400***	***992,040***	***1,026,700***	***-9.7%***
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	3,939,515	4,519,000	4,510,870	5,268,400	16.6%
Capital Outlay	0	0	0	0	—
Special Revenue Funds Expenditures	***3,939,515***	***4,519,000***	***4,510,870***	***5,268,400***	***16.6%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	36.6	38.5	38.5	29.5	-23.4%
REVENUES					
Intergovernmental	470,490	198,000	513,800	545,800	175.7%

	Actual FY08	Budget FY09	Estimated FY09	Recommended FY10	% Chg Bud/Rec
Miscellaneous	276,157	0	0	0	—
Investment Income	82,088	60,000	10,000	10,000	-83.3%
Service Charges	1,881,903	2,032,400	1,947,800	2,398,000	18.0%
Special Revenue Funds Revenues	***2,710,638***	***2,290,400***	***2,471,600***	***2,953,800***	***29.0%***
DEPARTMENT TOTALS					
Total Expenditures	**117,456,998**	**127,737,500**	**124,216,670**	**131,145,800**	**2.7%**
Total Full-Time Positions	**0**	**0**	**0**	**0**	—
Total Part-Time Positions	***0***	***0***	***0***	***0***	—
Total Workyears	***1,036.9***	***1,046.2***	***1,046.2***	***1,060.5***	***1.4%***
Total Revenues	***119,357,853***	***123,304,250***	***122,097,020***	***126,825,660***	***2.9%***

Maryland-National Capital Park and Planning Commission



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

April 17, 2009

MEMORANDUM

TO: Marlene Michaelson, Senior Legislative Analyst
Montgomery County Council

VIA: Rollin Stanley, Director RS
Montgomery County Planning Department

FROM: Dan Hardy, Chief DKH
Move/Transportation Planning Division

SUBJECT: Request for FY 10 Operating Budget Reconciliation List Addition

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The Montgomery County Planning Department requests a $75,000 addition to our FY 10 operating budget for participation in a parking management study to inform revisions to Chapter 59-E of the Zoning Ordinance.

The value and need for this study was discussed at a joint PHED and T&E Committee meeting on March 16. At that meeting the Committee members reviewed the attached Council staff packet, including the $150,000 parking study scope developed by M-NCPPC and DOT staff on page circle-4 of the attached memorandum. This study is needed to address complex shared parking formulas in order to justify reduced commercial parking requirements and develop business community support for reduced parking, consistent with recommendations in OLO Report 2009-6 and Recommendation T-1 in the 2009 Climate Protection Plan.

The Committee members directed M-NCPPC and DOT to propose study funding resources. M-NCPPC and DOT have concurred that the study should be conducted by DOT, based on their ability to expedite consultant services procurement, and funded jointly by the two agencies.

We look forward to continuing the discussion of this important study with you and the County Council members. Please let me know if you have any questions.

cc: Al Roshdieh, DOT
Rick Siebert, DOT
Alison Davis
Rose Krasnow

8787 Georgia Avenue, Silver Spring, Maryland 20910 Director's Office: 301.495.4500 Fax: 301.495.1310
www.MontgomeryPlanning.org

T&E/PHED COMMITTEE #1
March 16, 2009

Worksession

MEMORANDUM

March 12, 2009

TO: Transportation, Infrastructure, Energy, and Environment Committee
Planning, Housing, and Economic Development Committee

FROM: Aron Trombka, AT Senior Legislative Analyst
Office of Legislative Oversight

SUBJECT: Follow Up on Office of Legislative Oversight 2009-6, *Transportation Demand Management Implementation, Funding, and Governance*

On February 2, the Transportation, Infrastructure, Energy, and Environment (T&E) Committee and the Planning, Housing, and Economic Development (PHED) Committee met jointly to discuss Office of Legislative Oversight (OLO) Report 2009-6, *Transportation Demand Management Implementation, Funding, and Governance*. Transportation demand management refers to strategies aimed at providing alternatives to commuting by single-occupant vehicle, such as public transit, biking, or carpooling. At that worksession, the Committees discussed:

- The consistency of County transit and parking policies;
- Parking requirements in the County Zoning Ordinance;
- Parking pricing strategies;
- Strategies to improve transit accessibility; and
- Master Plan and Growth Policy standards for parking and transit use.

The Committees asked staff from the Department of Transportation (DOT) and the Planning Department to return in March with a recommended work program to revise County parking policies and other transportation demand management strategies. DOT and Planning Department staff will present the recommendations at the March 16 worksession.

DOT and Planning Department staff will attend the worksession.

Discussion Items

Based on the T&E/PHED discussion on February 2, OLO suggests that the Committees consider the following items:

1. Proposed Parking Management Study

The OLO report concluded that County parking policies work at cross purposes to County transportation demand management objectives. Although the County actively promotes alternative commuting modes, it simultaneously offers single-occupant drivers easy access to parking in urban centers. OLO recommended that the Council assess whether current Zoning Ordinance parking requirements are appropriate for urban centers served by transit. In addition, OLO recommended that Council consider establishing criteria for determining the supply and pricing of County-owned parking spaces. At the February worksession, Committee members asked DOT and Planning staff to report back on what information would be needed to prepare an amendment to Zoning Ordinance parking requirements and to develop a pricing policy for County-owned parking spaces.

Over the past six weeks, DOT and Planning Department staff have worked together to develop a joint recommendation on modifying County parking policies. The two departments prepared a proposal for a parking management study that would provide information needed to prepare a zoning text amendment addressing parking requirements in urbanized areas of the County.

The Planning Board reviewed the proposal and directed their staff to present the parking management study concept to the T&E and PHED Committees. A copy of the Planning Department memo to the Board appears on © 1 – 4. The proposed scope of work for the parking management study appears on © 4.

OLO has asked Planning Department and DOT staff to be prepared to discuss the need, cost, funding source, and timing of the proposed study at the T&E/PHED worksession.

2. Master Plans, Growth Policy, and the Zoning Ordinance

At the February worksession, Committee members discussed how to advance transportation demand management objectives through master plans, the Growth Policy and the Zoning Ordinance. The attached memorandum addresses the Planning Department's intentions for using these policy documents to promote non-auto travel (see © 1 -2).

3. Transit Signal Prioritization

The OLO report identified transportation demand management practices used in other jurisdictions that may be suitable for implementation in Montgomery County. One of the practices described in the report is called "transit signal prioritization." Transit signal prioritization refers to a traffic management strategy that gives precedence to transit vehicles at signal controlled intersections. In one common form of transit signal prioritization, buses are equipped with transponders that signal traffic lights to remain on green until the bus passes through the intersection. Multiple communities have instituted the use of transit signal prioritization including Chicago, Illinois; Fairfax County, Virginia; King County, Washington; Los Angeles, California; Portland, Oregon; and Tacoma, Washington.

DOT operates the County's Advanced Transportation Management System (ATMS). ATMS is a computer system designed to monitor and control traffic signals in real-time to reduce traffic congestion, travel time, and accidents. Several years ago, DOT conducted a limited demonstration of transit signal prioritization for Ride On buses. At that time, DOT found transit signal prioritization generally feasible but refrained from implementing the system pending completion of the current multi-year replacement of major ATMS technology.

DOT has provided an update on its implementation of transit signal prioritization. As detailed on © 5, DOT plans to program ATMS to provide preferential treatment at signals for buses that are running behind schedule.

4. Employer-Based Transit Passes

The OLO report also described an alternative transit pricing method used in other jurisdictions known as "employer-based transit passes." With employer-based transit passes, a transit agency sells an employer passes for all of its employees to ride public transit for free. The transit agency can price passes at a highly discounted rate because an employer pays for all employees regardless of how often they ride transit.

Transit systems in the Dallas, Denver/Boulder, Portland, Salt Lake City, San Jose, and Seattle areas offer employer-based transit passes. These programs, known as "EcoPass" programs, have increased transit usage by offering all employees – particularly commuters who do not need to drive every day – an incentive to ride transit on occasion. A study of EcoPass programs found that employer-based transit benefits reduce commuter parking demand by as much as 19 percent.[1]

As detailed in comments from DOT appearing on © 6, the Division of Transit Services has begun discussions with WMATA about implementing employer-based pricing possibly as early as next year.

5. Transit Subsidy Tax-Free Limits

The OLO report also discussed the Internal Revenue Service ruling that considered employer-provided transit, vanpool, and carpool subsidies in excess of $120 per month as taxable under Federal law. OLO found that the $120 limit would cover only about one-half of monthly commuting costs for many County transit riders. OLO had suggested that the Council and the Executive team with transit advocacy groups and other local and state governments to persuade Congress to raise the maximum tax-free transit benefit amount.

As reported by DOT beginning on © 6, the recently approved Federal stimulus package raised the tax-free transit allowance to $230 per month.

[1] Donald C. Shoup, *Eco Passes: An Evaluation of Employer-Based Transit Programs*, Department of Urban Planning, University of California, Los Angeles, 2004.

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

MCPB
Roundtable Discussion
03/05/09

February 26, 2009

MEMORANDUM

TO: Montgomery County Planning Board

VIA: Rollin Stanley, Director

FROM: Dan Hardy, Transportation Planning Chief DKH
Lois Villemaire, Project Manager, Zoning Code Rewrite

SUBJECT: OLO Report 2009-6 Follow-Up
Parking Policy Consultant Draft Work Scope

The County Council PHED and T&E Committees reviewed OLO Report 2009-6, "Transportation Demand Management: Implementation, Funding, and Governance" at a joint worksession on February 2. This memorandum describes the follow-up actions from that worksession.

The Committees requested that the Planning Department and the Department of Transportation coordinate on short-term, medium-term, and long-term actions that would begin to implement the recommendations in OLO Report 2009-6.

The Planning Department's immediate action items are, for the most part, incorporated within our work program elements, including:

- **Master Plans**, where we are recommending land uses and densities that promote non-auto travel, as well as staging plans that include the achievement of progressive increases in non-auto mode shares as staging prerequisites in Germantown, Gaithersburg West, and White Flint. All three plans are scheduled for delivery to the County Council during the second half of FY 09.
- **The Growth Policy**, where we will identify recommended changes to transportation adequacy procedures that further incentivize trip reduction and non-auto facilities as preferred solutions to address the impacts of new development on the transportation system. The Staff Draft of the Growth Policy will be completed by June 15.

- **The Zoning Code Rewrite**, where we are pursuing reduced parking requirements and pedestrian-oriented design as we streamline the zoning code.

The reduction of the numeric parking space requirements in Section 59-E of the Code is challenging, particularly for non-residential uses, for the following reasons:

- From a technical perspective, the relationship between land use and parking demand is complex, particularly concerning:
  - the variety and mix of both commercial and residential uses,
  - the management of short-term and long-term parking supply,
  - the pricing or subsidy of parking by both property owners and public policy
  - the availability of alternative travel modes (notably transit and walking).

- From a consensus-building perspective, stakeholder concerns are equally complex, relating primarily to:
  - customer convenience,
  - project financing, and
  - spillover concerns in adjacent communities

Both the Planning Department and the Executive branch recognize the need for an analytic framework on which to develop a new parking policy for Montgomery County. This recommendation was included in the Planning Board's 2007 Growth Policy, the 2009 Climate Protection Plan, and OLO Report 2009-6.

Therefore, we are working with the County Council staff and the Department of Transportation to develop a focused parking policy study scope as a mid-term action for OLO Report 2009-6. The draft scope is included in Attachment A, and will be discussed at a joint PHED / T&E Committee worksession on March 16. This parking study would focus resources on identifying a model by which the County can identify appropriate parking space ratios in consideration of relevant independent variables.

Our proposed study will build upon lessons being learned in other jurisdictions, including the two studies noted below that were completed in 2008.

TCRP Report 128: Effects of TOD on Housing, Parking, and Travel
http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_128.pdf

This report evaluates on-the-ground characteristics of Transit Oriented Development sites across the country (including sites in Montgomery County). TCRP 128 considers both physical site layout and operational characteristics of primarily residential developments and concludes:

- The ITE trip generation and parking generation rates overestimate automobile trip rates for TOD housing (a conclusion already reflected in our LATR review processes).
- The vehicular trip generation and parking rates for TOD housing are 50% less than rates shown on the ITE trip generation/parking rates.
- Lowering residential parking rates by 50% for TODs in station areas can result in:
  - Increase between 20% to 33% in the potential density of a residential TOD
  - Savings from 5% to 36% on residential parking costs after accounting for increase in the number of units, and
- Potentially greater developer profits and/or increased housing affordability from achieving higher densities and lower capital costs for parking

Washington DC Review of Zoning Requirements for Parking
http://www.dczoningupdate.org/parking.asp?area=pkg

This analysis is part of the Washington DC Office of Planning comprehensive zoning ordinance update and recommends:

- Establishing a framework for establishing a new schedule of parking standards that focus more on existing transportation opportunities and constraints and less on preventing impacts on nearby streets. The objectives in the recommended framework include:
  - Removing minimum parking requirements,
  - Setting maximum parking requirements,
  - Establishing flexibility and supportive strategies for case-specific issues including economic development initiatives including unbundling parking, TDM programs incentivizing non-auto travel, and payment-in-lieu strategies.
- Applying design and operational tools, such as attended parking and stacked parking, to maximize parking efficiency opportunities.
- Using on-street management tools such as pricing and residential permit parking as preferable for addressing "spillover" impacts. Relying upon these tools rather than minimum requirements would allow zoning to focus on enhancing the unique strengths, and avoiding the most chronic constraints, of the District's existing transportation and development market.

These studies provide useful background, but neither provides the causative relationship between parking demand and site land use and design we believe is needed to establish not just an ad-hoc recommendation for parking strategy, but rather a model that can be used comprehensively for setting parking standards as our land use and zoning recommendations evolve.

We look forward to discussing this information with you at the March 5 roundtable.

Attachment A.
Parking management study for urban commercial and mixed-use zones

Work Scope
DRAFT 2/27/09

Mission: Develop a model to define required parking space minimums and/or maximums to inform a Zoning Text Amendment for Section 59-E regarding parking space requirements for commercial and mixed-use zones in the County's urbanized areas. The study will identify a recommended process for setting the following quantitative elements of ZTAs:

- Expected parking demand per square foot for different commercial land uses
- A possible differentiation between long term and short term parking requirements
- Possible shared parking reductions
- Reductions for proximity to transit alternatives
- Possible implementation of reductions for achievement of master planned non-driver mode share goals

The study must consider the following elements:

- The proximity to heavy rail, light-rail, and varieties of bus transit
- Differing short-term and long-term parking space needs
- The definition and utility of shared parking
- Guidance regarding the advantages/disadvantages of publicly owned parking in the balance between the encouragement of economic development and transportation demand management
- The utility of the Parking Lot District as a parking management tool and/or the proposal of alternative parking management system(s)
- The accommodation of non-auto facilities such as offsite sidewalks, flex-car services, or similar approaches and the corresponding reduction in parking demand.

The study must consider existing and proposed commercial and mixed-use zones in the County's Metro Station Policy Areas, the Germantown Town Center Policy Area, and the proposed Life Sciences Center Policy Area.

The study must consider available parking utilization and commuter survey data for locations in Montgomery County and similar jurisdictions elsewhere in the USA.

The study must be completed within four months of Notice to Proceed, anticipated in October 2009.

Transit Signal Priority

The County's Advanced Transportation Management System (ATMS) includes, within its overall vision and scope, a concept for Transit Signal Priority (TSP). ATMS will utilize "conditional" TSP, meaning that only buses that are running late will receive preferential treatment through the traffic signals. Additionally, we envision potentially incorporating other factors into the final TSP algorithm, which is the computer application that will decide whether to grant priority to a late running bus, such as congestion levels at an intersection, passenger counts, and impacts to crossing transit routes.

The following is the current status of the work to date for use of TSP in the County.

- The two main subsystems of ATMS that are required to work cooperatively to utilize transit signal priority are the traffic signal system and the CAD/AVL system. Both of these subsystems are in the midst of major upgrade/modernization projects. The new CAD/AVL system is nearing completion – the central system is up and running, equipment installation on the buses is 80% complete. Funding to proceed with the traffic signal system modernization project was just approved for deployment starting in FY09 and scheduled to run through FY14. Both systems included in their Concept of Operations a systems requirement to provide for TSP functionality. However, the scope of work and funding to further TSP beyond the conceptual stage is not included in either project; rather it is assumed that it will be done as part of the ATMS CIP. Actual work will depend on future funding levels within the ATMS CIP, competing subprojects, and actual progress on the replacement of the traffic signal system as the current schedule assumes certain levels of state aid. As the core signal system replacement project is complete, work on TSP can evolve to further developing the TSP functionality, making detailed decisions on methodology and technology to be utilized (i.e., centrally controlled or distributed/roadside based), design for and procure necessary on-board vehicle and traffic signal interface equipment, and then start deployment on a wider scale basis. Given the signal system project is currently in its infancy, it is premature to develop detailed TSP implementation steps and funding requirements at this time. However, the important thing at this point is that we are making plans for TSP, and nothing that has been done to date will preclude us from deploying some form of TSP in the future.

Transit Employer Pass

- Transit Services has begun discussions with WMATA on developing an employer pass. We are currently reviewing other systems' passes and the fiscal impact and feasibility.
- We are identifying issues to be addressed and steps to implementation. Two issues identified thus far are:
  - ➢ Pricing of the pass: Many areas where employer passes have been implemented do not have higher-cost rail transit as part of their system. The travel-distance basis of Metrorail pricing also will need to be addressed.
  - ➢ Capacity constraints of the transit system: For example Metrorail in Montgomery County has capacity constraints during peak periods and thus is concerned about providing unlimited peak period rides with an employer pass.
- In developing the pass program, discussions also will be held with advisory groups and with other employers.
- Once a draft employer pass program has been developed it will be pilot tested with a limited number of employers.
- An information and marketing plan will be developed to support the pass program.
- We are hoping for initial implementation in 2010 when passes are available on the SmarTrip card.

Transit Subsidies

- On March 1st, the monthly transit benefit allowance increased to $230 from the previous $120, thanks to the recently-enacted federal economic stimulus package.
- The new federal legislation allows employers to subsidize their employees as much as $230 a month, or $2,760 a year, in public transportation benefits. The subsidy must be no more than the actual cost of the transit commute.
- Employees can receive these benefits either as a direct benefit (in addition to compensation), as a pretax payroll deduction, or some combination of the two.
- These benefits are tax free to both employees and employers.
- This increase in the allowable transit benefit means that for the first time transit benefits can be provided tax-free at the same financial level as parking benefits. ("Parking Parity")
- This provision of the economic stimulus bill will expire at the end of 2010. However, efforts will be made to extend the provision through new legislation.
- In the Washington region, more than 189,000 employees from 400 federal agencies and 4,000 private employers use the transit benefit and participate in Metro's SmartBenefits program.
- The Metro program allows employers to assign a dollar value of each employee's monthly commuting benefit directly to their individual electronic SmarTrip cards. The value is allocated remotely. Employees take the cards to machines in Metrorail stations between the first and last day of the month to claim the benefit.

- In Montgomery County approximately 200 employers currently participate in the County's Fare Share or Super Fare Share (FS/SFS) transit subsidy programs, with about 4,000 employees receiving benefits.
- Through these programs the County incentivizes employers to provide transit benefits to their employees, by providing seed money to cover the employers' initial costs of administration and a significant portion of the subsidy itself for several years.
- The County's FS/SFS programs' contributions to employer costs are based on the 2008 maximum benefit level of $115 per month per employee. There are no plans to tie the program to the increased maximum benefit of $230 per month. However, employers will be able to increase their benefits to employees to that level using their own funding, or can increase benefits in the form of pre-tax payroll deduction.
- The FS/SFS programs have been interfaced with the SmartBenefits program to enable employers to obtain the County's contribution through remote loading of value onto employees' SmarTrip cards.
- For employees using transit providers that do not accept the SmarTrip card (e.g., MARC rail, MTA commuter buses), a process has been instituted to enable their employers to continue participating in both the SmartBenefits program and FS/SFS.