

GO COMMITTEE #4
April 23, 2014

Worksession

MEMORANDUM

April 21, 2014

TO: Government Operations and Fiscal Policy Committee

FROM: *CA* Jean C. Arthur, Legislative Analyst

SUBJECT: **Worksession: FY15 Operating Budget – Non-Departmental Accounts:
Boards, Committees and Commissions
Council of Governments
County Associations
Inauguration & Transition
Public Technology, Inc.**

The relevant pages from the FY15 Recommended Operating Budget are at ©1-4.

The following persons are expected at this worksession:

Sonetta Neufville, Administrative Specialist III, County Executive Office
Jahantab A. Siddiqui, Management and Budget Specialist, OMB

OVERVIEW

Before the Committee today are funding requests for several non-departmental accounts. The County Executive's recommended FY15 budget recommendations for these accounts are shown in the table below.

NDA	FY14 Approved	FY15 CE Recommended	% Change
Boards, Committees and Commissions	\$ 22,950	22,950	-
Council of Governments	\$796,668	816,409	2.4%
County Associations	\$ 72,710	74,728	2.7%
Inauguration	N/A	\$5,000	
Public Technology, Inc.	\$ 20,000	20,000	-

FY14 Expenditure Issues

Boards, Committees and Commissions

Currently, the County government has 86 boards, committees and commissions created by law or resolution. Over 1200 residents serve on these entities and most volunteer their time. Members on seven boards or commissions are compensated for their time. Some, including the Board of Appeals and the Board of Investment Trustees, have full-time staff.

A Committee Evaluation and Review Board (CERB) was appointed on March 6, 2012 and released its report on September 30, 2013. The CERB briefed the Council's Government Operations and Fiscal Policy Committee on its report on January 30, 2014. The GO Committee will hold a worksession on the CERB's recommendations later this year.

For FY15, the County Executive is recommending a budget of \$22,950, level with FY14. This budget funds costs directly related to the members of the board, committees and commissions such as reimbursements for dependent care and transportation.

Council of Governments¹

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

MWCOG FUND (\$)	FY14 Approved	FY15 Recommended	Change from FY14
General	\$601,693	\$620,235	\$18,542
Regional Environmental Fund	\$109,485	\$110,684	\$1,199
Anacostia Restoration Fund	\$85,490	\$85,490	\$0
Airport Noise	0	0	0
Cooperative Purchasing	0	0	0
Washington Area Housing Trust Fund	0	0	0
TOTAL Tax Supported	\$796,668	\$816,409	\$19,741

Billed to WSSC	FY14 Approved	FY15 Recommended	Change from FY14
Water Resources Mgmt. Planning	\$263,611	\$268,094	\$4,483
Blue Plains Users	\$108,292	\$101,072	(\$7,220)

¹ COG's membership assessment is formulaic. Dues are calculated on a per capita rate basis using projected jurisdiction population approved by each city or county manager. The adopted assessment rate for FY2015 is \$0.71 per capita; the population was adjusted to avoid double counting municipalities that are members of COG. In FY2014, the rate was \$0.70.

TOTAL Paid by WSSC	\$371,903	\$369,166	(\$2,737)
TOTAL	\$1,168,571	\$1,185,575	\$17,004

County Associations

This account pays the County's dues to the Maryland Association of Counties and the National Association of Counties. The NACO dues will increase by \$2,018 to \$19,436 from \$17,418 in FY14. The MACO dues are unchanged.

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

Inauguration & Transition

The County Executive recommends \$5,000 for the inauguration ceremony for the incoming Councilmembers and County Executive. This amount is the same as approved in FY11.

The Montgomery County Charter specifies that the Council-elect and the County Executive-elect are inaugurated on the first Monday in December after a general election. This year the general election is November 4 and the inauguration is December 1.

The recommended appropriation includes funds for the inauguration ceremony as well as for transition activities for the newly elected County Executive and County Council. The Committee should note that should the incumbent County Executive not win re-election, costs associated with a transition team would be considerably higher than the recommended budget.

	FY11 Approved	FY11 Actual	FY15 Recommended
Inauguration & Transition	\$5,000	\$2,740.52 ²	\$5,000

The last inauguration was held at Rockville High School on December 6, 2010.

² This amount does not include expenses incurred by the print shop or the cost of photography.

Public Technology, Inc.

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

Montgomery County's dues for FY15 are \$20,000.

Staff Recommendation: Approve the recommended budget for the non-departmental accounts listed above as recommended by the County Executive with the recognition that expenditures in the Inauguration NDA could exceed the budgeted amount, depending on the outcome of the election.



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.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	22,950	0.00
FY15 CE Recommended	22,950	0.00

Charter Review Commission

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

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	1,150	0.00
Decrease Cost: Biennial Workload Adjustment	-1,000	0.00
FY15 CE Recommended	150	0.00

Community Grants: County Executive

This NDA provides one-time grants directly to organizations in the community. These community organizations are critical to an effective network of services and are often able to provide these services in a more cost-effective, culturally appropriate, and flexible way than County Government. They also are able to leverage community resources that may be unavailable to the County Government. A complete list of grantees is located below. Included in this NDA are:

- Community Grants: one-time grants to organizations that leverage Federal, State, and/or private funding or improve the quality of life for County residents. FY15 Community Grants are \$5,468,821;
- Community Service Grants: one-time grants for capital purchases that support health and human service activities. FY15 Community Service Grants are \$104,396.

Approved for Community Grants, but included as part of the Capital Budget within the Cost Sharing: MCG Project (CIP#720601) for a total of \$1,077,368 are listed as follows: Easter Seals Greater Washington-Baltimore Region, Inc. \$100,000; Graceful Growing Together, Inc. \$125,000; Jewish Community Center of Greater Washington \$150,000; Muslim Community Center, Inc. \$125,000; Potomac Community Resources, Inc. \$150,000; The Arc of Montgomery County, Inc. \$17,973; Catholic Charities of the Archdiocese of Washington, Inc. \$11,395; Melvin J. Berman Hebrew Academy \$33,000; Jewish Social Service Agency \$75,000; Warrior Canine Connection, Inc. \$40,000; Jewish Council for the Aging of Greater Washington, Inc. \$100,000; The Jewish Federation of Greater Washington, Inc. \$75,000; and Family Services, Inc. \$75,000.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	7,198,997	0.00
Add: Community Grant: A Wider Circle, Inc. (operating support for the Center for Community Service)	63,920	0.00
Add: Community Grant: A Wider Circle, Inc. (operating support for the Center for Professional Development)	40,000	0.00
Add: Community Grant: African Immigrant and Refugee Foundation ("Catching Up" Youth Development Program)	15,000	0.00
Add: Community Grant: African Women Council Inc. (lease space at The Nonprofit Village)	9,000	0.00
Add: Community Grant: Asian American LEAD (programs to low-income/underserved Asian American youth to become healthy, confident and engaged community members)	45,000	0.00
Add: Community Grant: Asian Pacific American Legal Resource Center (legal services to low-income Asian immigrants with limited English proficiency in Montgomery County.)	25,000	0.00
Add: Community Grant: Asian-American Homeownership Counseling, Inc. (foreclosure/eviction prevention services, homeownership and financial education, which includes rebuilding credit and assets)	48,000	0.00
Add: Community Grant: Ayuda (legal interpreters for attorneys to work with limited English proficient & deaf/hard of hearing clients)	20,000	0.00
Add: Community Grant: Bethesda Cares Inc. (bilingual outreach team, working all hours of the day and night, engaging homeless clients wherever they live)	28,500	0.00
Add: Community Grant: Bethesda Green (operating support)	15,810	0.00
Add: Community Grant: Bethesda Help (Emergency Food Program)	2,000	0.00

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	606,256	1.00
Increase Cost: FY15 Compensation Adjustment	9,202	0.00
Decrease Cost: Annualization of FY14 Personnel Costs	-2,491	0.00
Decrease Cost: Biennial Conference Center Audit	-50,000	0.00
FY15 CE Recommended	562,967	1.00

Consolidated Retiree Health Benefits Trust (MCPS)

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

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	83,700,000	0.00
Decrease Cost: Implementation of Medicare Part D Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015	-25,393,000	0.00
FY15 CE Recommended	58,307,000	0.00

Consolidated Retiree Health Benefits Trust (Montgomery College)

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

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	2,372,000	0.00
Decrease Cost: Implementation of Medicare Part D Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015	-398,000	0.00
FY15 CE Recommended	1,974,000	0.00

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; and the Regional Environmental Fund.

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.

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	796,668	0.00
Increase Cost: Annual Membership Dues	19,741	0.00
FY15 CE Recommended	816,409	0.00

County Associations

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

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	72,710	0.00
Increase Cost: NACo Membership Dues	2,018	0.00
FY15 CE Recommended	74,728	0.00

Device Client Management

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

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	32,462,450	0.00
FY15 CE Recommended	32,462,450	0.00

Historical Activities

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

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

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	77,250	0.00
FY15 CE Recommended	77,250	0.00

Homeowners' Association Road Maintenance Reimburse

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

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	49,250	0.00
Increase Cost: State Highway Mileage Reimbursement Formula	3,490	0.00
FY15 CE Recommended	52,740	0.00

Housing Opportunities Commission

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

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	6,093,310	0.00
Increase Cost: Annualization of FY14 Personnel Costs	283,170	0.00
FY15 CE Recommended	6,376,480	0.00



Inauguration & Transition

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

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	0	0.00
Increase Cost: Inauguration and Transition	5,000	0.00
FY15 CE Recommended	5,000	0.00

The Department of Police will manage this account with the assistance of the County Attorney. All bills will be reviewed to determine the appropriateness of the medical expense reimbursement and to assess the responsible party for the medical expense.

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	50,000	0.00
FY15 CE Recommended	50,000	0.00

 **Public Technology, Inc.**

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

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	20,000	0.00
FY15 CE Recommended	20,000	0.00

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.

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	0	0.00
FY15 CE Recommended	0	0.00

Retiree Health Benefits Trust

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

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 \$1.5 billion – approximately twenty-nine percent of the total FY15 budget for all agencies.

One approach used to address retiree health benefits funding is to determine an amount which, if set aside on an annual basis and actively invested through a trust vehicle, will build up over time and provide sufficient funds to pay future retiree health benefits and any accrued interest on unfunded liability. This amount, known as an Annual OPEB Cost or "AOC", is estimated at \$104.9 million. This amount consists of two pieces – the annual amount the County would usually pay out for health benefits for current retirees (the pay as you go amount), plus the additional amount estimated as needed to fund retirees' future health benefits (the pre-funding portion). The pay as you go amount can be reasonably projected based on known facts about current retirees, and the pre-funding portion is estimated on an actuarial basis.

The County has committed to an approach of "ramping up" to the AOC amount over several years, with the amount set aside each year increasing steadily until the full AOC is reached. A total of \$31.9 million for all tax supported agencies was budgeted for this purpose in FY08. In May 2008, the County Council passed resolution No. 16-555 which confirmed an eight-year phase-in approach

(4)