

GO COMMITTEE #1  
April 29, 2019

**Worksession**

**MEMORANDUM**

April 25, 2019

TO: Government Operations and Fiscal Policy Committee

FROM: <sup>JCA</sup> Jean C. Arthur, Legislative Analyst

SUBJECT: **Worksession: FY20 Operating Budget  
County Executive Office**

PURPOSE: Review and make recommendations on the FY20 Operating Budget for the Office of the County Executive

*Those expected to attend this worksession include:*

Andrew Kleine, Chief Administrative Officer

Sonetta Neufville, Manager III, County Executive Office

Jane Mukira, Management and Budget Specialist, OMB

Relevant pages from the FY20 Recommended Operating Budget are attached on ©1-6.

**SUMMARY**

The recommended budget for the Office of the County Executive includes funding for three non-merit positions created during the current fiscal year. It also contains seed funding for a kitchen incubator/food hall, contract funding to the University of Maryland to create a Biomanufacturing Industry Center, and funding to purchase additional training on racial equity.

**Council Staff recommendation:** Approve as submitted by the County Executive.

**OVERVIEW**

For FY20, the Executive recommends a total of \$6,020,944 for the County Executive's Office (CEX), an increase of \$223,022 or 3.85 percent from the FY19 Approved Budget of \$5,797,922. The recommended budget includes funding for 34 full-time positions and six part-time, and a total of 34.50 FTEs. The Base Realignment and Closure (BRAC) federal grant including the staff position was transferred from the Office of the County Executive to the Department of Transportation as part of the FY19 budget. This budget includes several new positions and shifting of funds both in and out of CEX. All of these issues will be discussed below.

	<i>FY18 Actual</i>	<i>FY19 Approved</i>	<i>FY20 Recommended</i>
<i>Expenditures by fund</i>			
General Fund	\$5,571,098	\$5,797,922	\$6,020,944
Federal (BRAC) grant	\$167,642	\$0 <sup>1</sup>	–
<i>Expenditures by type</i>			
Personnel Cost (General fund)	\$4,826,031	\$5,012,958	\$5,178,501
Operating Expenses	\$745,067	\$784,964	\$842,443
<i>Total Expenditures</i>			
<i>Positions</i>			
Full-Time	35	37	34
Part-Time	5	5	6
<i>FTEs</i>	35.5	35.5	34.5

### **FY20 EXPENDITURE ISSUES**

1. Recently Created non-merit Positions

<b>Position</b>	<b>FTE</b>	<b>Cost</b>
Chief Labor Relations Officer	1	\$209,250
Chief Equity Officer	1	\$209,250
Chief Digital Officer	.6	\$115,933

On March 19, 2019, the Council approved Bill 3-19E which created the three positions above. The positions all became effective in the current fiscal year and in fact, the Council will soon interview the Executive's appointee for Chief Labor Officer.

2. Chief Labor Officer home. This recommended budget has the Chief Labor Relations Officer in the Office of the County Executive, however, currently other staff working on labor relations issues are in the Office of Human Resources.

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<sup>1</sup> Transferred to the Department of Transportation

County Executive staff reports that in the short term, the Chief Labor Relations Officer will be in the County Executive's Office while other staff are in Human Resources, but eventually all labor relations staff will be co-located.

3. Shift: Create a Biomanufacturing Center Supported by the National Institute for Innovation in Manufacturing Biomedicals \$50,000 0 FTEs

This is a project of the University of MD Enterprise Corporation. The County Executive recommends that Montgomery County provide money for the renovation of the building that will house this facility and program.

The program is an initiative to attract and retain biotechnology companies in Montgomery County. The BIC will provide companies with access to state-of-the-art sequencing services designed to promote advances in genomics and molecular biology research. It also will provide training space -- including a National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL) dedicated mock Good Manufacturing Practice ("mGMP") facility -- a unique resource in the Mid-Atlantic Region for training GMP fundamentals at scale.

County Executive staff will administer the non-competitive contract.

4. Shift from, NDA Incubator: Seed funding to support creation of a County-based kitchen incubator/food hall \$40,740 0 FTEs

This is a project of Montgomery County Food Hall, Inc. It is not a county project. It is in the feasibility stage and will require input from multiple disciplines – finance, land-use, workforce development and community place-making - its first phase will be managed from the County Executive's Office. Should it be determined that there is an ongoing role for the County in this endeavor, the appropriate "home" agency will be identified.

The recommended funding is for a contract for a study to determine whether this project will be viable.

The proposed food hall and market will create a replicable model of aligned workforce and economic development. It is expected to feature up to 20 food and craft businesses – all owned and run by Montgomery County-based entrepreneurs. This will be coupled with a paid, year-long hospitality workforce development program for residents with disabilities or who have been previously incarcerated and are ready to begin the next chapter of their lives.

The "incubation" concept comes into play as it is expected that these food culinary businesses will move from the food hall/market into the community within approximately three years. It is projected that the proposed facility will also contain banquet space for events to be catered by companies in the food hall/market.

5. COG-GARE (Government Alliance for Race and Equity) Regional Cohort – Training  
\$10,000 0 FTEs

Montgomery County is a member of GARE. This funding is to purchase additional training in FY20.

6. Shift Business Solutions Group to Community Engagement Cluster -\$356,741 2 FTEs

The Executive has recommended that funding for the Business Solutions Group and the two associated positions be transferred to the Regional Services Centers.

The Committee discussed this issue as part of the Community Engagement Cluster budget worksession.

7. Other Budget Adjustments

The recommended budget for the Office of the County Executive contains several other adjustments including reducing funding for professional services contracts and abolishing several positions in the Office. The budget also includes funding for compensation adjustments.

**Council Staff recommendation:** Approve as submitted by the County Executive.



# County Executive

**RECOMMENDED FY20 BUDGET**  
**\$6,020,944**

**FULL TIME EQUIVALENTS**  
**34.50**

☀ **MARC ELRICH, COUNTY EXECUTIVE**

## **MISSION STATEMENT**

The Office of the County Executive provides political leadership to the community and administrative direction to the County's departments and offices. The Office is committed to providing accurate, timely, and effective support to the County Executive and the Chief Administrative Officer (CAO) as they carry out their responsibilities to residents and employees of Montgomery County in an atmosphere that is characterized by excellence, efficiency, openness, equity, and integrity.

## **BUDGET OVERVIEW**

The total recommended FY20 Operating Budget for the Office of the County Executive is \$6,020,944, an increase of \$223,022 or 3.85 percent from the FY19 Approved Budget of \$5,797,922. Personnel Costs comprise 86.01 percent of the budget for 34 full-time position(s) and six part-time position(s), and a total of 34.50 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 13.99 percent of the FY20 budget.

## **County Priority Outcomes**

The Office of the County Executive supports and also enforces all seven of the County Executive's Priority Outcomes.

## **Performance Measures**

The primary focus of the Office of the County Executive is to provide policy direction, reinforce accountability, and ensure the achievement of results for our residents. In support of these objectives, this office primarily uses the following tools to measure the effectiveness of the policy directions provided to County departments:

1. Departmental performance plans, headline performance measures, and program performance measures that are reviewed and monitored on a routine basis;
2. A "Dashboard" reporting system on departments' headline performance measures and program performance measures that monitors and reports to the public, in real time, the County's successes and challenges; and
3. The County Executive has outlined seven priority outcomes and 21 key indicators of County performance and quality of life.

## **PROGRAM CONTACTS**

Contact Sonetta Neufville of the Office of the County Executive at 240.777.2516 or Jane Mukira of the Office of Management and Budget at 240.777.2754 for more information regarding this department's operating budget.

## **PROGRAM DESCRIPTIONS**

### **☼ County Executive - Policy Planning and Development**

The County Executive oversees the enforcement of the laws of Montgomery County and provides executive direction to all departments and offices of the County government. The County Executive develops policies; proposes services, programs, budgets, and legislation to the County Council; adopts Executive Orders and Regulations; and appoints citizens to boards, committees, and commissions.

<b>FY20 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY19 Approved</b>	<b>1,240,210</b>	<b>8.00</b>
Increase Cost: Restore One-Time Lapse Increase	158,295	0.00
Shift: Create a Biomanufacturing Industry Center Supported by the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIMBL) shifted from NDA Incubator	50,000	0.00
Increase Cost: Motor Pool Adjustment	1,239	0.00
Decrease Cost: Abolish Senior Executive Administrative Aide Position	(101,582)	(1.00)
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(13,752)	0.00
<b>FY20 Recommended</b>	<b>1,334,410</b>	<b>7.00</b>

### **☼ CAO - Supervision & Management of Executive Branch Departments**

The Chief Administrative Officer (CAO) oversees the operations and services of all departments and offices of the Executive Branch. The CAO also advises the County Executive on all administrative and government operations/service related matters and coordinates final review and decision-making on policies, programs, service delivery, budgets, legislation, regulations and related matters. The CAO uses the following to carry out his responsibilities: 1) The Office of Performance and Innovation (formerly CountyStat) provides data analytics services - a forum for ongoing monitoring and measurement of the effectiveness and efficiency of County government services to improve performance, reinforce accountability and focus on results, and leads the County's Lean process improvement efforts by coaching and training County employees to identify, analyze, and reengineer business processes to be more efficient, customer-friendly, and cost-effective. 2) The Constituent Services section coordinates responses to correspondence and electronic mail from our residents and identifies community/residents' concerns that require special attention/response. 3) The Criminal Justice Coordinating Commission (CJCC) seeks to enhance cooperation among the agencies involved in the criminal justice system in Montgomery County and to ensure that they address the issues facing the system. 4) CAO staff acts as a facilitator for strategic economic commercial development projects and resolves conflicts that arise during the entitlement and permitting process. The staff works with public and private-sector entities, including State and County agencies, utility companies, and community groups and facilitates the resolution of obstacles to the successful implementation of County Master Plans and will also identify systemic changes needed to create a more efficient, predictable and transparent development review and approval system. 5) The Planning Implementation Coordinator manages the implementation of the White Flint Sector Plan to ensure that the various public and private elements of the Plan are met. The Planning Implementation Coordinator also manages the implementation of the White Oak Master Plan to ensure that the area becomes established as the Science Gateway

envisioned by the County Executive and County Council.

<b>FY20 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY19 Approved</b>	<b>3,701,996</b>	<b>24.50</b>
Add: FY19 Mid-Year Change Chief Labor Relations Officer Position	209,250	1.00
Add: FY19 Mid-Year Change- Chief Equity Officer Position	209,250	1.00
Add: FY19 Mid-Year Change - Chief Digital Officer Position	115,933	0.60
Shift: Seed Funding to Support Creation of a County-based Kitchen Incubator/Food Hall shifted from NDA Incubator	40,740	0.00
Increase Cost: COG-GARE Regional Cohort - Training	10,000	0.00
Technical Adj: Re-align FTE	0	0.40
Decrease Cost: Professional Services Contracts	(54,500)	0.00
Decrease Cost: FY19 Mid-Year Personnel Changes	(97,849)	0.00
Technical Adj: FY19 Mid-Year Change - Abolish Senior Information Technology Specialist	(115,933)	(1.00)
Shift: Business Solutions Group Shifted to CEC	(356,741)	(2.00)
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	162,258	0.00
<b>FY20 Recommended</b>	<b>3,824,404</b>	<b>24.50</b>

### ☀ **Internal Audit**

The Internal Audit program provides independent strategic risk-based auditing services. The core function of this program is to improve internal controls and provide reasonable assurance of reliable financial reporting; effective and efficient operations; legal and regulatory compliance; fraud investigations and deterrence; and the safeguarding of County assets.

<b>FY20 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY19 Approved</b>	<b>553,478</b>	<b>1.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(11,391)	0.00
<b>FY20 Recommended</b>	<b>542,087</b>	<b>1.00</b>

### ☀ **Administration**

The Administration program provides budget development and analysis, fiscal and inventory control, personnel and payroll management, training and supervision, procurement, and contract administration.

<b>FY20 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY19 Approved</b>	<b>302,238</b>	<b>2.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	17,805	0.00
<b>FY20 Recommended</b>	<b>320,043</b>	<b>2.00</b>

## **BUDGET SUMMARY**

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	%Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	3,694,448	3,863,169	4,246,962	4,012,905	3.9 %
Employee Benefits	1,131,583	1,149,789	974,512	1,165,596	1.4 %
<b>County General Fund Personnel Costs</b>	<b>4,826,031</b>	<b>5,012,958</b>	<b>5,221,474</b>	<b>5,178,501</b>	<b>3.3 %</b>
Operating Expenses	745,067	784,964	769,881	842,443	7.3 %
<b>County General Fund Expenditures</b>	<b>5,571,098</b>	<b>5,797,922</b>	<b>5,991,355</b>	<b>6,020,944</b>	<b>3.8 %</b>
<b>PERSONNEL</b>					
Full-Time	36	36	36	34	-5.6 %
Part-Time	5	5	5	6	20.0 %
FTEs	35.50	35.50	35.50	34.50	-2.8 %
<b>County General Fund Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>

## GRANT FUND - MCG

<b>EXPENDITURES</b>					
Salaries and Wages	101,360	0	0	0	—
Employee Benefits	15,722	0	0	0	—
<b>Grant Fund - MCG Personnel Costs</b>	<b>117,082</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>
Operating Expenses	50,741	0	0	0	—
<b>Grant Fund - MCG Expenditures</b>	<b>167,823</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>
<b>PERSONNEL</b>					
Full-Time	1	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	1.00	0.00	0.00	0.00	—
<b>REVENUES</b>					
Federal Grants	168,002	0	0	0	—
State Grants	(360)	0	0	0	—
<b>Grant Fund - MCG Revenues</b>	<b>167,642</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>

## DEPARTMENT TOTALS

<b>Total Expenditures</b>	<b>5,738,921</b>	<b>5,797,922</b>	<b>5,991,355</b>	<b>6,020,944</b>	<b>3.8 %</b>
<b>Total Full-Time Positions</b>	<b>37</b>	<b>36</b>	<b>36</b>	<b>34</b>	<b>-5.6 %</b>
<b>Total Part-Time Positions</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>20.0 %</b>
<b>Total FTEs</b>	<b>36.50</b>	<b>35.50</b>	<b>35.50</b>	<b>34.50</b>	<b>-2.8 %</b>
<b>Total Revenues</b>	<b>167,642</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>

## FY20 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>COUNTY GENERAL FUND</b>		



**FY20 RECOMMENDED CHANGES**

	Expenditures	FTEs
FY19 ORIGINAL APPROPRIATION	5,797,922	35.50
<b><u>Changes (with service impacts)</u></b>		
Add: FY19 Mid-Year Change Chief Labor Relations Officer Position [CAO - Supervision & Management of Executive Branch Departments]	209,250	1.00
Add: FY19 Mid-Year Change- Chief Equity Officer Position [CAO - Supervision & Management of Executive Branch Departments]	209,250	1.00
Add: FY19 Mid-Year Change - Chief Digital Officer Position [CAO - Supervision & Management of Executive Branch Departments]	115,933	0.60
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: Restore One-Time Lapse Increase [County Executive - Policy Planning and Development]	158,295	0.00
Increase Cost: FY20 Compensation Adjustment	104,396	0.00
Shift: Create a Biomanufacturing Industry Center Supported by the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIMBL) shifted from NDA Incubator [County Executive - Policy Planning and Development]	50,000	0.00
Shift: Seed Funding to Support Creation of a County-based Kitchen Incubator/Food Hall shifted from NDA Incubator [CAO - Supervision & Management of Executive Branch Departments]	40,740	0.00
Increase Cost: Annualization of FY19 Personnel Costs	40,406	0.00
Increase Cost: COG-GARE Regional Cohort - Training [CAO - Supervision & Management of Executive Branch Departments]	10,000	0.00
Increase Cost: Retirement Adjustment	5,118	0.00
Increase Cost: Intranet Quorum for Boards	5,000	0.00
Increase Cost: Motor Pool Adjustment [County Executive - Policy Planning and Development]	1,239	0.00
Technical Adj: Re-align FTE [CAO - Supervision & Management of Executive Branch Departments]	0	0.40
Decrease Cost: Professional Services Contracts [CAO - Supervision & Management of Executive Branch Departments]	(54,500)	0.00
Decrease Cost: FY19 Mid-Year Personnel Changes [CAO - Supervision & Management of Executive Branch Departments]	(97,849)	0.00
Decrease Cost: Abolish Senior Executive Administrative Aide Position [County Executive - Policy Planning and Development]	(101,582)	(1.00)
Technical Adj: FY19 Mid-Year Change - Abolish Senior Information Technology Specialist [CAO - Supervision & Management of Executive Branch Departments]	(115,933)	(1.00)
Shift: Business Solutions Group Shifted to CEC [CAO - Supervision & Management of Executive Branch Departments]	(356,741)	(2.00)
<b>FY20 RECOMMENDED</b>	<b>6,020,944</b>	<b>34.50</b>

**GRANT FUND - MCG**

FY19 ORIGINAL APPROPRIATION	0	0.00
FY20 RECOMMENDED	0	0.00

**PROGRAM SUMMARY**

Program Name	FY19 APPR Expenditures	FY19 APPR FTEs	FY20 REC Expenditures	FY20 REC FTEs
County Executive - Policy Planning and Development	1,240,210	8.00	1,334,410	7.00
CAO - Supervision & Management of Executive Branch Departments	3,701,996	24.50	3,824,404	24.50
Internal Audit	553,478	1.00	542,087	1.00
Administration	302,238	2.00	320,043	2.00
<b>Total</b>	<b>5,797,922</b>	<b>35.50</b>	<b>6,020,944</b>	<b>34.50</b>

### CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY19 Total\$	FY19 FTES	FY20 Total\$	FY20 FTES
<b>COUNTY GENERAL FUND</b>					
Permitting Services	Permitting Services	206,365	1.00	200,268	1.00
CIP	Capital Fund	326,273	2.00	264,671	1.60
<b>Total</b>		<b>532,638</b>	<b>3.00</b>	<b>464,939</b>	<b>2.60</b>

### FUTURE FISCAL IMPACTS

#### CE RECOMMENDED (\$000S)

Title	FY20	FY21	FY22	FY23	FY24	FY25
<b>COUNTY GENERAL FUND</b>						
<b>EXPENDITURES</b>						
<b>FY20 Recommended</b>	<b>6,021</b>	<b>6,021</b>	<b>6,021</b>	<b>6,021</b>	<b>6,021</b>	<b>6,021</b>
No inflation or compensation change is included in outyear projections.						
<b>Labor Contracts</b>	<b>0</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
<b>Subtotal Expenditures</b>	<b>6,021</b>	<b>6,030</b>	<b>6,030</b>	<b>6,030</b>	<b>6,030</b>	<b>6,030</b>