

MEMORANDUM

January 25, 2019

TO: County Council

FROM: ^{mm} Marlene Michaelson, Executive Director

SUBJECT: **Introduction/Suspension of Rules/Action:
Resolution to Approve the FY19 Savings Plan**

PURPOSE: Action on Proposed Savings Plan

On January 7, 2019 the County Executive proposed a FY19 savings plan identifying \$46.5 million in savings to address an approximately \$44.1 million gap in the operating budget.¹ The Executive recommendations are on © 1-12.

The Council's six Committees have reviewed all elements of the Executive's proposal. Their recommendations for FY19 savings are now before the Council for action. The Committees recommend \$45.7 million in operating budget savings and \$200,000 in current revenue in the Capital Improvements Program (CIP). In total, the Committees' recommendations are \$680,590 less than recommended by the Executive but exceed the identified gap. The table on © 13-17 lists the Committee changes and © 18 to 51 contain the Council staff memoranda to the Committees.

Background

In past years the Council and Executive have frequently collaborated on mid-year savings plans to address revenue shortfalls.² **Any element of a savings plan, whether proposed by the Executive or by the Council, may be implemented only if both agree.**

The Executive has proposed the FY19 savings plan to address an apparent FY19 budget gap of approximately \$44.1 million. This gap is due to lower than expected revenues and higher than expected expenditures in FY18. The December update to the Fiscal Plan indicated that FY19 revenue and expenditures were consistent with estimates, but this was before the Federal government shutdown. It is too soon to estimate the fiscal impact of the shutdown on revenues, but even if Federal employees receive back pay, there will still be significant lost wages that will not be recovered for the County

¹ Keyword: #MoCoSavingsPlan2019

² Prior savings plans include \$33.2 million in FY08, \$33 million in FY09, \$29.7 million in FY10, a second FY10 plan for 69.7 million, \$32.3 million in FY11, \$54.2 million in FY16 and \$62.6 million in FY18.

businesses that serve the Federal government and its employees. Current market volatility and fiscal uncertainty provides further impetus for a cautious approach at this time.

Committee Recommendations

Many elements of the proposed savings plan involve increased lapse in filling positions, reduced operating expense, or normal delays in implementing projects or programs. The Committees have declined to support a few specific reductions that they believe have significant service impacts (primarily in the Departments of Transportation and Corrections and Rehabilitation).

Committee recommendations to the Council are listed in the table on © 13-17. The table shows the Executive's and the Committees' reductions in adjacent columns. It also includes for each item the location of background information from the Committee packets prepared by our analysts. The Committee Chairs will present the Committee recommendations.

The Committees' recommendations are summarized below:

Education and Culture

- Support the Executive's \$25.0 million savings target for the MCPS operating budget in FY19, and support MCPS' intent to achieve these savings while minimizing any impact to students, schools, and the classroom.
- Support the Executive's \$2.8 million savings target for the Montgomery College operating budget.
- Support the Executive's \$1,276,635 recommended reduction for Public Libraries (Item #51).

Government Operations and Fiscal Policy

- Do not support the elimination of funding to defer intergovernmental payments to the State for voting system equipment (a \$121,101 reduction, Item #6). While the savings would not create a service impact, it would require the County approve a supplemental appropriation before making the payment.
- The Committee supported all other Executive-recommended reductions.

Health and Human Services

- Support all the Executive-recommended reductions.
- For Savings Plan Item #29, the Committee clarified that the reduction to the Youth Drop-in Center (homeless use) retain \$50,000 in planning funds and planning will continue.
- For Savings Plan Item #32 -- Savings from Working Parents Assistance Program (WPA) due to increases in the State Child Care Subsidy Program (\$1,972,211), the Committee recommended taking the savings resulting from unspent WPA funding in FY19, but requested that the Executive repurpose, rather than reduce, the funds in FY20 to support expansion of early care and education services.

Planning, Housing and Economic Development

- Do not support reductions to items #66 and #68 (Department of Recreation). The Committee requested that the Executive immediately begin recruitment of the MLS Manager II for Administration, Budget, and Human Resources, the Administrative Specialist II for Youth Development, and the part-time Recreation Coordinator for County-wide programs and events. Executive staff anticipates a start date for the Manager II and Administrative Specialist of May 1, and for the Recreation Coordinator of March 1, resulting in recalculated savings for #66 of \$337,467 and #68 of \$42,524.

In addition, the Committee requested that the Executive expediently work to fill newly vacated manager positions as retirements occur to ensure adequate oversight and administrative functioning of programs, facilities, and services.

- Do not support the \$84,836 reduction in contract and supplies for the Non-Native Invasive Plant Program from the Park Fund (adjustment to overall target Item #81).
- Support all other recommended reductions.

Public Safety

- Do not support the following Department of Correction and Rehabilitation (DOCR) savings:
 - Item #15 - Abolish Vacant Security Officer Position (-\$86,279)
 - Item #16 - Abolish Vacant Maintenance Officer Position (-\$76,279)
 - Item #18 - Lapse Administrative Specialist II (-\$41,902).

DOCR has lost more than 50 positions since the recession, at times causing unforeseen security issues. While several positions have been restored over the years, any permanent position reductions risk further security concerns.

- The Committee's recommendation reduces recommended savings by \$204,460, or from \$5,688,819 to \$5,484,369.

Transportation and Environment

- Do not support the reduction of \$203,211 for emergency tree pruning (component of Item #54), \$35,000 for new and replacement traffic signs and pavement markings (Item #55), and \$166,000 (Item #72) in Ride On service.
- Defer \$200,000 in FY19 in Current Revenue spending in the Street Tree Preservation CIP project to FY23 (\$100,000) and FY24 (\$100,000).
- Support all other Executive-recommended reductions.

Resolution and Follow-Up

A draft approval resolution for the FY19 savings plan starts on © 52. The text will be updated as needed to reflect the Council's decisions on January 29. Provision 2 in the action clause states in part: "Any budget savings plan or similar action is subject to review and approval by the Council." This provision is excerpted from Provision 53 of Resolution No. 18-1144, the FY19 operating budget approved resolution for County Government. The provision reflects the Council's intent to assure that

its annual decisions on County Government expenditures in the approved operating budget are fully implemented – neither reduced nor exceeded – unless the Council and Executive agree on changes.

Council staff intends to work with Executive staff to identify strategies to reduce the need for future saving plans, except in the case of the most significant and unexpected shifts in revenues and expenditures. More deliberate monitoring of expenditures and revenues to identify mid-year savings, together with an appropriate reserve, could achieve this objective.

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Bud, Fin & Econ Dev



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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

5082383

MEMORANDUM

January 7, 2019

To: Nancy Navarro, Council President
From: *Marc Elrich*
Marc Elrich, County Executive
Subject: FY19 Recommended Savings Plan

RECEIVED
MONTGOMERY COUNTY
COUNCIL

2019 JAN -7 PM 4:58

The purpose of this memorandum is to transmit my Recommended Fiscal Year Savings Plan for Montgomery County Government departments and other tax-supported County agencies to help close the approximately \$44.1 million gap we are facing in our FY 2019 Operating Budget. The attached plan identifies savings of approximately \$16.8 million from the County Government's Operating Budget. When the outside agencies are included, the savings plan totals \$46.5 million. Without these actions, our budget gap for FY2020 would exceed \$105 million.

In my memorandum dated December 7, 2018, I mentioned that this is not the way I would have chosen to begin my tenure as County Executive. However, it is imperative that I recommend a FY19 Savings Plan to begin to correct the shortfall in available resources for the FY20 Budget. Based on updated estimates from the Department of Finance, the FY18 year-end results, along with the set aside for snow removal costs for the current fiscal year, leaves a shortfall in available resources for the FY20 Operating Budget. The proposed savings plan will reduce costs in the current fiscal year and will keep our budget balanced going into the next fiscal year.

To develop this plan, I directed all Executive Branch Departments to identify savings of 1.5 percent against their approved FY19 tax-supported operating budget. The Cable Fund, which contributes to the General Fund, will also take a 1.5 percent reduction. I appreciated the willingness of the Legislative and Judicial Branch departments in identifying savings as well. Additionally, I requested outside agencies to participate in this effort, identify savings, and reduce spending in the current fiscal year.

Furthermore, the position exemption process for all County Government departments and the existing procurement exemption process are cost containment measures that will remain in effect. These collaborative efforts will help mitigate negative impacts to the FY20 Budget.

As outlined in the attached plan, I am recommending a reduction in County government expenditures of approximately \$16.8 million. The attached savings plan recommends total savings of about \$29.7 million from the FY19 Operating Budget for the outside agencies. My goal is to retain the most critical and basic services for County residents, therefore, the savings initiatives identified for County Government departments reflects minimized reductions to services.

I have provided a general savings plan target for the outside County agencies as follows:

Montgomery County Public Schools:	\$25 million
Montgomery College:	\$2.8 million
Maryland-National Capital Park and Planning Commission:	\$1.8 million
Housing Opportunities Commission:	\$100,204

The board for each of these respective agencies are in the best position to identify the budget actions that would have the least service impact.

Although these reductions will be challenging and present some difficult choices, given the projected shortfalls, this savings plan and the upcoming budget will allow us to reach the critical milestone of a 10 percent reserves target by the year 2020 and achieve a more sustainable fiscal future.

I greatly appreciate the Council's willingness to expedite scheduling the deliberation and approval of the savings plan. At the time of Council approval, there will be less than five months remaining in the fiscal year. Therefore, prompt action to approve and implement the savings plan will allow us to maximize the savings that can be achieved. Executive Branch staff is available to assist the Council in its review of the attached proposal.

EXECUTIVE RECOMMENDED FY19 SAVINGS PLAN		
	FY19 APPROVED BUDGET	FY19 SAVINGS PLAN REDUCTION
MCG	\$1,627,194,600	\$16,832,083
MCPS	\$2,444,080,162	\$25,000,000
COLLEGE	\$265,549,723	\$2,810,448
M-NCPPC	\$134,880,068	\$1,803,868
HOC	\$6,680,270	\$100,204
<u>TOTAL</u>	<u>\$4,478,384,823</u>	<u>\$46,546,603</u>

Nancy Navarro, Council President
January 7, 2019
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Thank you for your continued partnership as we work toward the best outcomes for our residents.

ME:rsm

c: County Council Members
Marlene Michelson, Executive Director, Montgomery County Council
Andrew Kleine, Chief Administrative Officer
Richard S. Madaleno, Jr., Director, Office of Management and Budget
Alexandre Espinosa, Director, Department of Finance

Attachment:
Recommended FY19 Savings Plan for Montgomery County Government and Outside Tax-Supported County Agencies

FY19 Savings Plan Analysis

Department/Fund	FY19 Original Budget	CE Recommended	Revenue	Savings as % of Orig. Bud
Tax-Supported				
<u>General Fund</u>				
Agriculture	972,187	-14,583	0	-1.50
Board of Appeals	579,230	-8,688	0	-1.50
Board of Elections	8,073,422	-121,101	0	-1.50
Community Engagement Cluster	3,781,762	-56,726	0	-1.50
Consumer Protection	2,337,140	-35,057	0	-1.50
Correction and Rehabilitation	66,278,818	-229,460	0	-0.35
County Council	11,646,525	-175,000	0	-1.50
County Executive	5,797,922	-86,970	0	-1.50
Emergency Management and Homeland Security	1,343,368	-20,151	0	-1.50
Environmental Protection	2,762,901	-33,944	0	-1.23
Finance	14,498,017	-217,470	0	-1.50
General Services	29,983,204	-552,868	0	-1.84
Health and Human Services	240,097,744	-3,891,160	0	-1.62
Housing and Community Affairs	7,519,410	-112,791	0	-1.50
Human Resources	8,755,692	-131,335	0	-1.50
Human Rights	1,247,047	-18,706	0	-1.50
Inspector General	1,140,590	-17,109	0	-1.50
Intergovernmental Relations	1,221,489	-18,322	0	-1.50
Management and Budget	4,920,305	-73,805	0	-1.50
NDA - Incubator Programs - Economic Development Partnership	3,584,971	-750,000	0	-20.92
NDA - Montgomery County Economic Development Corporation	5,007,750	-75,116	0	-1.50
NDA - Working Families Income Supplement	23,305,090	-500,000	0	-2.15
Police	279,873,331	-3,673,931	0	-1.31
Procurement	4,445,369	-66,681	0	-1.50
Public Information	5,361,431	-90,031	0	-1.68
Public Libraries	42,554,538	-1,276,635	0	-3.00
State's Attorney	17,843,310	-31,357	0	-0.18
Technology Services	42,171,965	-632,788	0	-1.50
Transportation	45,814,082	-547,711	0	-1.20
Zoning and Administrative Hearings	704,059	-10,562	0	-1.50
General Fund Total:	883,622,669	-13,470,058	0	-1.52
<u>Special Funds</u>				
Fire	217,411,217	-1,698,873	0	-0.78
Recreation	38,705,979	-581,064	0	-1.50
Mass Transit	132,517,047	-788,756	0	-0.60
Bethesda Urban District	3,313,905	-12,005	0	-0.36
Silver Spring Urban District	3,853,430	-8,095	0	-0.21
Wheaton Urban District	1,989,070	-30,334	0	-1.53
Special Funds Total:	397,790,648	-3,119,127	0	-0.78

FY19 Savings Plan Analysis

Department/Fund	FY19 Original Budget	CE Recommended	Revenue	Savings as % of Orig. Bud
Tax-Supported Total:	1,281,413,317	-16,589,185	0	-1.29
Non-Tax Supported				
<u>Special Funds</u>				
Cable TV	16,193,212	-242,898	0	-1.50
Special Funds Total:	16,193,212	-242,898	0	-1.50
Non-Tax Supported Total:	16,193,212	-242,898	0	-1.50
MCG Total:	1,297,606,529	-16,832,083	0	-1.30

FY19 Savings Plan

Ref. No	Title	Total \$	Revenue
<u>Tax-Supported</u>			
General Fund			
Agriculture			
1	Software Licenses	-3,000	0
2	Reduce Office Supplies	-4,000	0
3	Marketing	-7,583	0
Agriculture Total:		-14,583	0
Board of Appeals			
4	Printing - Central Duplicating Services	-7,566	0
5	Mail - Central Duplicating Services	-1,122	0
Board of Appeals Total:		-8,688	0
Board of Elections			
6	Deferral of Intergovernmental Payments for Voting System	-121,101	0
Board of Elections Total:		-121,101	0
Community Engagement Cluster			
7	Marketing	-20,000	0
8	General Office Supplies	-10,000	0
9	Education/Vocation Supplies	-1,100	0
10	Other Central Duplication Services - Printing	-5,000	0
11	Metropolitan Area Travel	-8,000	0
12	Other Misc. Operating Expenses	-6,626	0
13	Cellular Phone Line Charges	-6,000	0
Community Engagement Cluster Total:		-56,726	0
Consumer Protection			
14	Lapse Full-Time Executive Administrative Aide	-35,057	0
Consumer Protection Total:		-35,057	0
Correction and Rehabilitation			
15	Abolish Vacant Security Officer Position at Pre-Trial Services	-86,279	0
16	Abolish Vacant Maintenance Officer Position	-76,279	0
17	Realign pharmacy budget based on current use trends	-25,000	0
18	Lapse Administrative Specialist II	-41,902	0
Correction and Rehabilitation Total:		-229,460	0
County Council			
19	Cost reduction from staff changes	-155,000	0
20	Decrease operating expenses	-20,000	0
County Council Total:		-175,000	0

FY19 Savings Plan

Ref. No	Title	Total \$	Revenue
County Executive			
21	Increase lapse	-72,070	0
22	Business Solutions Group Professional Services Contracts	-14,900	0
County Executive Total:		-86,970	0
Emergency Management and Homeland Security			
23	Lapse of Volunteer and Donations Management Position	-20,151	0
Emergency Management and Homeland Security Total:		-20,151	0
Environmental Protection			
24	Additional Lapse of Manager II in WWPG	-33,944	0
Environmental Protection Total:		-33,944	0
Finance			
25	Lapse Savings from Vacant Positions	-217,470	0
Finance Total:		-217,470	0
General Services			
26	Savings from Utilities NDA	-455,000	0
27	Window Washing (Liquidate PO)	-15,000	0
28	Additional Lapse and Turnover Savings	-82,868	0
General Services Total:		-552,868	0
Health and Human Services			
29	Unanticipated Delay in the Implementation of the Youth Drop-in Center	-196,500	0
30	Delay Implementation of the Paint Branch and Springbrook Cluster Project	-134,190	0
31	Delay Implementation of the Adult Day Care Worker Supplemental until Fourth Quarter FY19	-488,259	0
32	Savings from Working Parents Assistance Program (WPA) due to increases in the State Child Care Subsidy program	-1,972,211	0
33	Increased Departmental Lapse	-1,100,000	0
Health and Human Services Total:		-3,891,160	0
Housing and Community Affairs			
34	Lapse Savings	-112,791	0
Housing and Community Affairs Total:		-112,791	0
Human Resources			
35	Lapse Savings	-131,335	0
Human Resources Total:		-131,335	0
Human Rights			
36	Lapse Public Service Intern Position	-18,706	0
Human Rights Total:		-18,706	0
Inspector General			

FY19 Savings Plan

Ref. No	Title	Total \$	Revenue
37	Lapse and turnover savings	-17,109	0
Inspector General Total:		-17,109	0
Intergovernmental Relations			
38	Professional Services	-18,322	0
Intergovernmental Relations Total:		-18,322	0
Management and Budget			
39	Increased lapse and turnover savings	-73,805	0
Management and Budget Total:		-73,805	0
NDA - Housing Opportunities Commission			
40	FY19 Savings Plan	-100,204	0
NDA - Housing Opportunities Commission Total:		-100,204	0
NDA - Incubator Programs - Economic Development Partnership			
41	Decrease Funding to BioHealth Innovation, Inc. (BHI)	-750,000	0
NDA - Incubator Programs - Economic Development Partnership Total:		-750,000	0
NDA - Montgomery County Economic Development Corporation			
42	FY19 Savings Plan	-75,116	0
NDA - Montgomery County Economic Development Corporation Total:		-75,116	0
NDA - Working Families Income Supplement			
43	Realign budget to match program participation	-500,000	0
NDA - Working Families Income Supplement Total:		-500,000	0
Police			
44	Increase Lapse	-2,694,266	0
45	Liquidate Prior Year Encumbrances	-180,647	0
46	Reduce Current Year Encumbrances	-435,129	0
47	Align Recruit Training Budget to Reflect Enrolled Class Size	-335,224	0
48	Abolish 2 Vacant Security Officer Positions	-28,665	0
Police Total:		-3,673,931	0
Procurement			
49	Turnover Savings	-66,681	0
Procurement Total:		-66,681	0
Public Information			
50	Departmental lapse	-90,031	0
Public Information Total:		-90,031	0
Public Libraries			

FY19 Savings Plan

Ref. No	Title	Total \$	Revenue
51	Lapse of Various Positions	-1,276,635	0
Public Libraries Total:		-1,276,635	0
State's Attorney			
52	Lapse Secretary to the State's Attorney Position	-31,357	0
State's Attorney Total:		-31,357	0
Technology Services			
53	Delay filling six IT positions	-632,788	0
Technology Services Total:		-632,788	0
Transportation			
54	Reduce 10 percent of Tree Pruning and 50 percent of Stump Removal budget	-337,711	0
55	Reduce Sign and Marking Materials	-35,000	0
56	Bikeshare: Other Supplies and Equipment	-25,000	0
57	Additional Lapse and Turnover Savings	-150,000	0
Transportation Total:		-547,711	0
Zoning and Administrative Hearings			
58	Consultant Services	-5,281	0
59	Decrease Transcript Costs	-5,281	0
Zoning and Administrative Hearings Total:		-10,562	0
General Fund Total:		-13,570,262	0
Fire			
Fire and Rescue Service			
60	Realized Equal Employment Opportunities efficiencies	-63,333	0
61	Outreach Programs	-255,000	0
62	National Fire Academy Officer Program	-50,000	0
63	Reduce Overtime in Support Services and Operations	-534,000	0
64	Car Seat Checks and Installations	-40,000	0
65	Improvements in Disability Retirement Processing	-756,540	0
Fire and Rescue Service Total:		-1,698,873	0
Fire Total:		-1,698,873	0
Recreation			
Recreation			
66	Lapse and Turnover Savings from Employee Vacancies	-380,937	0
67	Lapse and Turnover Savings from Employee Retirements	-135,091	0
68	Lapse of Administrative Specialist II Position	-65,036	0
Recreation Total:		-581,064	0

FY19 Savings Plan

Ref. No	Title	Total \$	Revenue
Recreation Total:		-581,064	0
Bethesda Urban District			
Urban Districts			
69	Turnover Savings- Program Specialist II	-12,005	0
Urban Districts Total:		-12,005	0
Bethesda Urban District Total:		-12,005	0
Silver Spring Urban District			
Urban Districts			
70	Lapse Savings- Program Specialist II	-8,095	0
Urban Districts Total:		-8,095	0
Silver Spring Urban District Total:		-8,095	0
Wheaton Urban District			
Urban Districts			
71	Lapse Savings- Public Service Worker II	-30,334	0
Urban Districts Total:		-30,334	0
Wheaton Urban District Total:		-30,334	0
Mass Transit			
Transit Services			
72	Ride On Route Frequency Reductions	-166,000	0
73	Savings from the End of the Lyttonsville Place Bridge Detour	-29,756	0
74	Rock Spring Shuttle	-443,000	0
75	Realign budget to reflect actual utilization of the Fareshare Program	-150,000	0
Transit Services Total:		-788,756	0
Mass Transit Total:		-788,756	0
Tax-Supported Total:		-16,689,389	0

Non-Tax Supported

Cable TV

Cable Television Communications Plan

76	Delay filling Cable positions	-207,729	0
77	Lower than anticipated Miss Utility costs (DOT-FiberNet Operating)	-35,169	0
Cable Television Communications Plan Total:		-242,898	0
Cable TV Total:		-242,898	0

FY19 Savings Plan

Ref. No Title	Total \$	Revenue
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Non-Tax Supported Total:	-242,898	0
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MCG Total:	-16,932,287	0
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NOTE: MCG Total includes Housing Opportunities
Commission Non-Departmental Account

FY19 Savings Plan

Ref. No	Title	Total \$	Revenue
<u>Tax-Supported</u>			
Montgomery County Public Schools			
78	Identified Reversion to Fund Balance	-25,000,000	0
Montgomery County Public Schools Total:		-25,000,000	0
Current Fund MCPS Total:		-25,000,000	0
Montgomery College			
79	Identified Reversion to Fund Balance	-2,810,448	0
Montgomery College Total:		-2,810,448	0
Current Fund MC Total:		-2,810,448	0
Maryland-National Capital Park and Planning Commission			
80	Savings Target after adjusting for OPEB (Admin Fund)	-447,290	0
Maryland-National Capital Park and Planning Commission Total:		-447,290	0
Administration Fund Total:		-447,290	0
Maryland-National Capital Park and Planning Commission			
81	Savings Target after adjusting for OPEB (Park Fund)	-1,356,578	0
Maryland-National Capital Park and Planning Commission Total:		-1,356,578	0
Park Fund Total:		-1,356,578	0

FY19 Savings Plan

Ref. No	Title	CE Recommended	Committee Recommend	©
<u>Tax-Supported</u>				
General Fund				
Agriculture				
1	Software Licenses	-3,000	-3,000	35
2	Reduce Office Supplies	-4,000	-4,000	35
3	Marketing	-7,583	-7,583	35
Agriculture Total:		-14,583	-14,583	
Board of Appeals				
4	Printing - Central Duplicating Services	-7,566	-7,566	40
5	Mail - Central Duplicating Services	-1,122	-1,122	40
Board of Appeals Total:		-8,688	-8,688	
Board of Elections				
6	Deferral of Intergovernmental Payments for Voting System	-121,101	0	23
Board of Elections Total:		-121,101	0	
Community Engagement Cluster				
7	Marketing	-20,000	-20,000	23
8	General Office Supplies	-10,000	-10,000	23
9	Education/Vocation Supplies	-1,100	-1,100	23
10	Other Central Duplication Services - Printing	-5,000	-5,000	23
11	Metropolitan Area Travel	-8,000	-8,000	23
12	Other Misc. Operating Expenses	-6,626	-6,626	23
13	Cellular Phone Line Charges	-6,000	-6,000	23
Community Engagement Cluster Total:		-56,726	-56,726	
Consumer Protection				
14	Lapse Full-Time Executive Administrative Aide	-35,057	-35,057	42
Consumer Protection Total:		-35,057	-35,057	
Correction and Rehabilitation				
15	Abolish Vacant Security Officer Position at Pre-Trial Services	-86,279	0	43
16	Abolish Vacant Maintenance Officer Position	-76,279	0	43
17	Realign pharmacy budget based on current use trends	-25,000	-25,000	42
18	Lapse Administrative Specialist II	-41,902	0	43
Correction and Rehabilitation Total:		-229,460	-25,000	
County Council				
19	Cost reduction from staff changes	-155,000	-155,000	23
20	Decrease operating expenses	-20,000	-20,000	23
County Council Total:		-175,000	-175,000	
County Executive				
21	Increase lapse	-72,070	-72,070	22
22	Business Solutions Group Professional Services Contracts	-14,900	-14,900	22
County Executive Total:		-86,970	-86,970	

Ref. No	Title	CE Recommended	Committee Recommend	Ⓒ
Emergency Management and Homeland Security				
23	Lapse of Volunteer and Donations Management Position	-20,151	-20,151	42
Emergency Management and Homeland Security Total:		-20,151	-20,151	
Environmental Protection				
24	Additional Lapse of Manager II in WWPG	-33,944	-33,944	46
Environmental Protection Total:		-33,944	-33,944	
Finance				
25	Lapse Savings from Vacant Positions	-217,470	-217,470	23
Finance Total:		-217,470	-217,470	
General Services				
26	Savings from Utilities NDA	-455,000	-455,000	46
27	Window Washing (Liquidate PO)	-15,000	-15,000	23
28	Additional Lapse and Turnover Savings	-82,868	-82,868	23
General Services Total:		-552,868	-552,868	
Health and Human Services				
29	Unanticipated Delay in the Implementation of the Youth Drop-in Center	-196,500	-196,500	26
30	Delay Implementation of the Paint Branch and Springbrook Cluster Project	-134,190	-134,190	27
31	Delay Implementation of the Adult Day Care Worker Supplemental until Fourth Quarter FY19	-488,259	-488,259	32
32	Savings from Working Parents Assistance Program (WPA) due to increases in the State Child Care Subsidy program	-1,972,211	-1,972,211	29
33	Increased Departmental Lapse	-1,100,000	-1,100,000	30
Health and Human Services Total:		-3,891,160	-3,891,160	
Housing and Community Affairs				
34	Lapse Savings	-112,791	-112,791	36
Housing and Community Affairs Total:		-112,791	-112,791	
Human Resources				
35	Lapse Savings	-131,335	-131,335	23
Human Resources Total:		-131,335	-131,335	
Human Rights				
36	Lapse Public Service Intern Position	-18,706	-18,706	30
Human Rights Total:		-18,706	-18,706	
Inspector General				
37	Lapse and turnover savings	-17,109	-17,109	24
Inspector General Total:		-17,109	-17,109	
Intergovernmental Relations				
38	Professional Services	-18,322	-18,322	23
Intergovernmental Relations Total:		-18,322	-18,322	
Management and Budget				
39	Increased lapse and turnover savings	-73,805	-73,805	23
Management and Budget Total:		-73,805	-73,805	

Ref. No	Title	CE Recommended	Committee Recommend	Ⓒ
NDA - Housing Opportunities Commission				
40	FY19 Savings Plan	-100,204	-100,204	37
NDA - Housing Opportunities Commission Total:		-100,204	-100,204	
NDA - Incubator Programs - Economic Development Partnership				
41	Decrease Funding to BioHealth Innovation, Inc. (BHI)	-750,000	-750,000	35
NDA - Incubator Programs - Economic Development Partnership Total:		-750,000	-750,000	
NDA - Montgomery County Economic Development Corporation				
42	FY19 Savings Plan	-75,116	-75,116	35
NDA - Montgomery County Economic Development Corporation Total:		-75,116	-75,116	
NDA - Working Families Income Supplement				
43	Realign budget to match program participation	-500,000	-500,000	24
NDA - Working Families Income Supplement Total:		-500,000	-500,000	
Police				
44	Increase Lapse	-2,694,266	-2,694,266	44
45	Liquidate Prior Year Encumbrances	-180,647	-180,647	42
46	Reduce Current Year Encumbrances	-435,129	-435,129	44
47	Align Recruit Training Budget to Reflect Enrolled Class Size	-335,224	-335,224	44
48	Abolish 2 Vacant Security Officer Positions	-28,665	-28,665	42
Police Total:		-3,673,931	-3,673,931	
Procurement				
49	Turnover Savings	-66,681	-66,681	24
Procurement Total:		-66,681	-66,681	
Public Information				
50	Departmental lapse	-90,031	-90,031	22
Public Information Total:		-90,031	-90,031	
Public Libraries				
51	Lapse of Various Positions	-1,276,635	-1,276,635	20
Public Libraries Total:		-1,276,635	-1,276,635	
State's Attorney				
52	Lapse Secretary to the State's Attorney Position	-31,357	-31,357	42
State's Attorney Total:		-31,357	-31,357	
Technology Services				
53	Delay filling six IT positions	-632,788	-632,788	22
Technology Services Total:		-632,788	-632,788	
Transportation				
54	Reduce 10 percent of Tree Pruning and 50 percent of Stump Removal budget	-337,711	-134,500	46
55	Reduce Sign and Marking Materials	-35,000	0	47
56	Bikeshare: Other Supplies and Equipment	-25,000	-25,000	47
57	Additional Lapse and Turnover Savings	-150,000	-150,000	47
Transportation Total:		-547,711	-309,500	

Ref. No	Title	CE Recommended	Committee Recommend	©
Zoning and Administrative Hearings				
58	Consultant Services	-5,281	-5,281	40
59	Decrease Transcript Costs	-5,281	-5,281	40
Zoning and Administrative Hearings Total:		-10,562	-10,562	
General Fund Total:		-13,570,262	-13,006,490	
Fire				
Fire and Rescue Service				
60	Realized Equal Employment Opportunities efficiencies	-63,333	-63,333	42
61	Outreach Programs	-255,000	-255,000	42
62	National Fire Academy Officer Program	-50,000	-50,000	42
63	Reduce Overtime in Support Services and Operations	-534,000	-534,000	44
64	Car Seat Checks and Installations	-40,000	-40,000	42
65	Improvements in Disability Retirement Processing	-756,540	-756,540	44
Fire and Rescue Service Total:		-1,698,873	-1,698,873	
Fire Total:		-1,698,873	-1,698,873	
Recreation				
Recreation				
66	Lapse and Turnover Savings from Employee Vacancies	-380,937	-337,467	37
67	Lapse and Turnover Savings from Employee Retirements	-135,091	-135,091	37
68	Lapse of Administrative Specialist II Position	-65,036	-42,524	37
Recreation Total:		-581,064	-515,082	
Recreation Total:		-581,064	-515,082	
Bethesda Urban District				
Urban Districts				
69	Turnover Savings- Program Specialist II	-12,005	-12,005	36
Urban Districts Total:		-12,005	-12,005	
Bethesda Urban District Total:		-12,005	-12,005	
Silver Spring Urban District				
Urban Districts				
70	Lapse Savings- Program Specialist II	-8,095	-8,095	36
Urban Districts Total:		-8,095	-8,095	
Silver Spring Urban District Total:		-8,095	-8,095	
Wheaton Urban District				
Urban Districts				
71	Lapse Savings- Public Service Worker II	-30,334	-30,334	36
Urban Districts Total:		-30,334	-30,334	
Wheaton Urban District Total:		-30,334	-30,334	

Ref. No	Title	CE Recommended	Committee Recommend	©
Mass Transit				
Transit Services				
72	Ride On Route Frequency Reductions	-166,000	0	47
73	Savings from the End of the Lyttonsville Place Bridge Detour	-29,756	-29,756	48
74	Rock Spring Shuttle	-443,000	-443,000	48
75	Realign budget to reflect actual utilization of the Fareshare Program	-150,000	-150,000	48
Transit Services Total:		-788,756	-622,756	
Mass Transit Total:		-788,756	-622,756	
Tax-Supported Total:		-16,689,389	-15,893,635	
<u>Non-Tax Supported</u>				
Cable TV				
Cable Television Communications Plan				
76	Delay filling Cable positions	-207,729	-207,729	22
77	Lower than anticipated Miss Utility costs (DOT-FiberNet Operating)	-35,169	-35,169	22
Cable Television Communications Plan Total:		-242,898	-242,898	
Cable TV Total:		-242,898	-242,898	
Non-Tax Supported Total:		-242,898	-242,898	
MCG Total:		-16,932,287	-16,136,533	
<u>Tax-Supported</u>				
Montgomery County Public Schools				
78	Identified Reversion to Fund Balance	-25,000,000	-25,000,000	19
Montgomery County Public Schools Total:		-25,000,000	-25,000,000	
Current Fund MCPS Total:		-25,000,000	-25,000,000	
Montgomery College				
79	Identified Reversion to Fund Balance	-2,810,448	-2,810,448	19
Montgomery College Total:		-2,810,448	-2,810,448	
Current Fund MC Total:		-2,810,448	-2,810,448	
Maryland-National Capital Park and Planning Commission				
80	Savings Target after adjusting for OPEB (Admin Fund)	-447,290	-447,290	40
Maryland-National Capital Park and Planning Commission Total:		-447,290	-447,290	
Administration Fund Total:		-447,290	-447,290	
Maryland-National Capital Park and Planning Commission				
81	Savings Target after adjusting for OPEB (Park Fund)	-1,356,578	-1,271,742	40
Maryland-National Capital Park and Planning Commission Total:		-1,356,578	-1,271,742	
Park Fund Total:		-1,356,578	-1,271,742	
GRAND TOTAL:		-46,546,603	-45,666,013	

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CIP Current Revenue	Executive Reduction	Council Approved	©
Street Tree Preservation	0	-200,000	49
TOTAL	0	-200,000	

MEMORANDUM

January 11, 2019

TO: Education and Culture Committee

FROM: Craig Howard, Senior Legislative Analyst
Gene Smith, Legislative Analyst

SUBJECT: **FY19 Savings Plan**

PURPOSE: Make Committee recommendations for Council Consideration

On January 7, the County Executive transmitted an FY19 Recommended Savings Plan (attached at ©1) that includes operating budget savings for the Education and Culture Committee agencies and departments as detailed in the table below.

Agency/ Department	Tax Supported Budget	% of Total Tax Supported Budget	Savings Plan Target	Target as % of:	
				Total Savings Plan	Agency/Dept Budget
MCPS	\$2,444,080,162	54.7%	\$25,000,000	53.8%	1.0%
College	\$265,549,723	5.9%	\$2,810,448	6.0%	1.1%
MCG: Libraries	—	--	\$1,276,635	2.7%	3.0%

Council staff notes that this Education and Culture Committee worksession is the first of the Committee reviews of the savings plan. Both Montgomery College and MCPS have stated their intent to participate in the savings plan and both are actively developing their respective approaches to implement reductions.

For both MCPS and the College, current year operating budget savings are critically important in conserving resources for the next fiscal year. Unlike County Government, these agencies' operating budget savings do not fall to the County's General Fund but remain in reserve within each agency as possible resources for reappropriation in FY20.

Council staff recommends approval of the County Executive's savings plan target amounts for MCPS and Montgomery College, and recommends approval of the savings plan reduction for the Montgomery County Government Department of Public Libraries.

1. Montgomery County Public Schools (MCPS)

The Executive recommends an operating budget savings plan target of \$25.0 million for MCPS. This represents 1.0% of the total MCPS tax supported budget (which includes the County contribution, State Aid, fund balance carryover, and other non-grant, non-enterprise fund revenues), 1.5% of MCPS' County contribution, and 53.8% of the total savings plan.

MCPS has always participated in countywide savings plans and has achieved significant savings through hiring freezes and expenditure restrictions to help fund future-year budgets. In FY18, MCPS contributed the full \$25.0 million for the savings plan requested by the Executive.

Any FY19 savings for MCPS would accrue to its year-end fund balance and could be reappropriated by the Council as part of the FY20 budget. Prior to receiving the Executive's savings plan, MCPS was already anticipating a \$22.0 million year-end fund balance and that amount was included as a resource in the Superintendent's FY20 Recommended Operating Budget. As a result, MCPS would need to achieve an additional \$3.0 million in FY19 savings to meet the \$25.0 million target.

While MCPS has not formally communicated information to the Council regarding the savings plan, initial indicators suggest that MCPS can achieve these additional savings and meet the Executive's \$25.0 million target. MCPS' most recent Monthly Financial Report presented to the Board of Education on January 8 shows a revised year-end fund balance projection of \$24.7 million that is already near the savings target level.

Savings Plan Impact. While achieving a \$25 million savings target appears feasible, a higher level of savings than was initially planned will have an impact on MCPS operations via expenditure restrictions, central office hiring restrictions, etc. Some of these impacts may not be readily apparent outside of MCPS, while others may be visible to the broader community. In FY18, MCPS was able to meet the savings plan target without making reductions that would directly impact classroom learning.

Council staff recommends that the Committee support with the Executive's \$25 million savings target for the MCPS operating budget in FY19, and support MCPS' intent to achieve these savings while minimizing any impact to students, schools, and the classroom.

2. Montgomery College

The Executive recommends an operating budget savings plan target of \$2.8 million for Montgomery College. This represents 1.1% of the total College tax supported budget (which includes the County contribution, State Aid, fund balance carryover, tuition and student fees, and other miscellaneous revenues), 2.0% of the College's County contribution, and 6.0% of the total savings plan.

The College has always participated in countywide savings plans and has achieved significant savings through hiring freezes and expenditure restrictions. In FY18, the College contributed \$4.4 million to the savings plan.

As noted above, any FY19 savings for the College would accrue to its year-end fund balance, a portion of which is typically re-appropriated by the Council as part of the next fiscal year's budget. Prior to receiving the Executive's savings plan, the College's December 10 operating budget framework presentation to the Board of Trustees projected a \$2.2 million year-end fund balance for the Board to consider as an FY20 operating budget resource. **While the Board is not scheduled to make budget decisions until January 23, if that initial projection holds the College would need to achieve an additional \$600K in FY19 savings to meet the \$2.8 million target.**

Savings Plan Impact. Achieving a higher level of savings than was initially planned will have an impact on College operations via expenditure restrictions, hiring freezes, etc. As with MCPS reductions, some of these impacts may not be readily apparent outside of the College while others may be visible to the broader community.

Council staff recommends that the Committee support the Executive's \$2.8 million savings target for the Montgomery College operating budget in FY19.

3. Montgomery County Government: Department of Public Libraries

The approved FY19 tax-supported appropriation for Public Libraries was \$42,554,538. For the FY19 Savings Plan, the Executive recommends a reduction of \$1,276,635 or 3.0% of the approved tax-supported appropriation.

The entire reduction is achieved by lapse savings from 38 positions. The positions were vacant the first six months of FY19, so the savings are already realized. These vacant positions are distributed evenly, mostly, across the branches and have not impacted public service hours during FY19. Public Libraries will continue to fill these vacant positions as quickly as possible.

Council staff supports the Executive's recommended reduction for Public Libraries.

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Worksession

MEMORANDUM

January 22, 2019

TO: Government Operations and Fiscal Policy Committee

FROM: Linda Price, Legislative Analyst

SUBJECT: FY19 Savings Plan

PURPOSE: Review and make recommendations on FY19 Savings Plan

The Committee is to review elements of the Executive's recommended FY19 Savings Plan that are under its jurisdiction. See © 1-12 for the Executive's January 7 transmittal memo and relevant background information. The Council is scheduled to consider the recommendations on the Savings Plan from all six Committees on January 29.¹

The Committee will focus on the Executive's recommendations for the following budgets:

Budget	© #	Executive's Recommended Reduction	Percentage of Approved Appropriation	Council Analyst
County Executive	7	-\$86,970	-1.50%	Arthur
Public Information	8	-\$90,031	-1.68%	Arthur
County Council	6	-\$175,000	-1.50%	Michaelson
Board of Elections	6	-\$121,101	-1.50%	Mihill
Inspector General	7-8	-\$17,109	-1.50%	Smith
NDA-Working Families Income Supplement	8	-\$500,000	-2.15%	Smith
Cable TV	10	-\$242,898	-1.50%	Toregas
Technology Services	9	-\$632,788	-1.50%	Toregas
Community Engagement Cluster	6	-\$56,726	-1.50%	Price
Finance	7	-\$217,470	-1.50%	Price

¹ Keywords: #MoCoSavingsPlan2019.

Budget	© #	Executive's Recommended Reduction	Percentage of Approved Appropriation	Council Analyst
General Services ²	7	-\$97,868	-0.33%	Price
Human Resources	7	-\$131,335	-1.50%	Price
Intergovernmental Relations	8	-\$18,322	-1.50%	Price
Management and Budget	8	-\$73,805	-1.50%	Price
Procurement	8	-\$66,681	-1.50%	Price
GO Committee Total		-\$2,528,104	-1.39%	

Manageable Items

In Council staff's view, the following proposed savings are manageable and Council staff recommends that the Committee support the Executive's full proposed savings of \$2,528,104. Council staff questions and responses are available at © 13-16 providing additional details on the proposed savings plan items.

Department	Item	Proposed Savings
County Executive	#21 Increase lapse	(\$72,070)
County Executive	#22 Business Solutions Group Professional Services Contracts	(\$14,900)
Public Information	#50 Departmental lapse	(\$90,031)
County Council	#19 Cost reduction from staff changes	(\$155,000)
County Council	#20 Decrease operating expenses	(\$20,000)
Board of Elections	#6 Deferral of Intergovernmental Payments for Voting System	(\$121,101)
Inspector General	#37 Lapse and turnover savings	(\$17,109)
NDA-Working Families Income Supplement	#43 Realign budget to match program participation	(\$500,000)
Cable TV (<i>Non-Tax Supported</i>)	#76 Delay filling Cable positions	(\$207,729)
Cable TV (<i>Non-Tax Supported</i>)	#77 Lower than anticipated Miss Utility costs (DOT-FiberNet Operating)	(\$35,169)
Technology Services	#53 Delay filling six IT positions	(\$632,788)
Community Engagement Cluster	#7 Marketing	(\$20,000)
Community Engagement Cluster	#8 General Office Supplies	(\$10,000)
Community Engagement Cluster	#9 Education/Vocation Supplies	(\$1,100)
Community Engagement Cluster	#10 Other Central Duplication Services - Printing	(\$5,000)
Community Engagement Cluster	#11 Metropolitan Area Travel	(\$8,000)
Community Engagement Cluster	#12 Other Misc. Operating Expenses	(\$6,626)

² The proposed savings to the Department of General Services budget included a reduction of \$455,000 to the Utilities NDA, which was reviewed by the T&E Committee on January 22.

Department	Item	Proposed Savings
Community Engagement Cluster	#13 Cellular Phone Line Charges	(\$6,000)
Finance	#25 Lapse Savings from Vacant Positions	(\$217,470)
General Services	#27 Window Washing (Liquidate PO)	(\$15,000)
General Services	#28 Additional Lapse and Turnover Savings	(\$82,868)
Human Resources	#35 Lapse Savings	(\$131,335)
Intergovernmental Relations	#38 Professional Services	(\$18,322)
Management and Budget	#39 Increased lapse and turnover savings	(\$73,805)
Procurement	#49 Turnover Savings	(\$66,681)
	Total Savings	(\$2,528,104)

The following are highlights from the list of manageable items:

1. County Council – Marlene Michaelson, Council Executive Director

The Saving Plan target for the County Council is \$175,000 or 1.5%. The Council will meet that target with a combination of lapse in the Central Staff budget and to a lesser extent in Councilmember Offices. Among the lapsed positions will be a 6-month lapse in the staff support for the Interagency Technology Policy and Coordination Committee. In addition, there will be a reduction in operating expenses, primarily for consulting support for the Council. Although these reductions will not be without impact, Staff believes the Council will be able to absorb them.

2. Board of Elections – Amanda Mihill, Legislative Attorney

The FY19 Savings Plan includes a reduction of \$121,101. These savings will be taken by deferring payment to the State for the voting equipment. As Committee members know, the County is required to pay 50% of voting equipment-related costs. Should the County receive additional invoices, the County will be required to make a payment at that time.

Committee members should also be aware that after conducting the second quarter analysis, Board staff estimate that the Department will have a deficit of \$468,182 during FY19, specifically for personnel costs. This number includes offsetting operating expense savings and assumes the \$121,101 as presented in the Savings Plan. The deficit is attributed to:

- the timing of the primary election in the final week of FY18, which shifted some of the after-election costs (canvass and audit) to FY19;
- unanticipated costs associated with conducting 2 recounts;
- a longer ballot and increased voter turnout;
- state delays in making ballot marking devices available for use at early voting, which required the Board to increase spending on temporary personnel and overtime to mitigate wait times.

Board staff and OMB staff are working to determine whether a supplemental appropriation or end of year transfer is best suited to address this deficit.

3. Office of the Inspector General – Gene Smith, Legislative Analyst

The recommended reduction of \$17,109 for the OIG is 1.5% of the approved tax-supported appropriation in FY19. The OIG has already realized these savings through lapse positions. One manager position has been vacant since the beginning of the fiscal year, and one Investigative Analyst position has been vacant since mid-October. The proposed reductions will not adversely impact the timing of hiring or our employment of contractors during the balance of this fiscal year.

4. NDA-Working Families Income Supplement – Gene Smith, Legislative Analyst

The recommended reduction of \$500,000 for the WFIS is 2.15% of the approved tax-supported appropriation in FY19. The WFIS provides funds to supplement the State's Refundable Earned Income Tax Credit (EITC) and is intended to benefit low-income working families in the County. The County reimburses the State for actual costs each year; therefore, the approved appropriation is an estimate. Also, since the State administers the program for the County, the County does not have information at the household-level to determine why the funding level fluctuates each year.

The Executive is recommending this reduction because Finance is projecting that less appropriation is needed in FY19 than originally estimated. The difference between the original appropriation in FY19 and actual payments in FY18 is approximately to \$1.9 million. If the Council approves this reduction, there remains approximately \$1.4 million in additional resources to address any increase in participation or need for the program in FY19.

5. Office of Procurement – Linda Price, Legislative Analyst

The Executive has proposed savings of \$66,681 for turnover savings related to an MII level vacancy. The vacancy was created after the retirement of the Procurement Operations Section manager in May. The current responsibilities are currently being absorbed by the Procurement Division Chief, who is also serving as the acting Director for the Office of Procurement until a new director appointment is confirmed by the Council. A recruitment add for the position is currently being finalized.

This packet contains:

County Executive Transmittal Memo	©
FY19 Savings Plan Analysis	1
FY19 Savings Plan	4
Council Staff Questions	6
	13

MEMORANDUM

January 15, 2019

TO: Health and Human Services Committee

FROM: Linda McMillan, Senior Legislative Analyst *LM*
Vivian Yao, Legislative Analyst *VY*
Jean Arthur, Legislative Analyst *JA*

SUBJECT: **Worksession: FY19 Savings Plan**
Department of Health and Human Services
Office of Human Rights

PURPOSE: Review and make recommendations on FY19 Savings Plan

On January 7, 2019 the County Executive forwarded his FY19 Recommended Savings Plan (© 1-12) which identifies reductions of \$46.547 million across five agencies (Montgomery County Government, Montgomery County Public Schools, Montgomery College, Maryland-National Capital Park and Planning Commission, and the Housing Opportunities Commission.) Savings for the Montgomery County Government are recommended to be \$16,832,083. The following recommendations are scheduled to be reviewed by the HHS Committee:

Item #	Description	Expenditure	Revenue	Memo page
29	DHHS: Unanticipated Delay in the Implementation of the Youth Drop-in Center (Homeless Services)	-196,500	0	2-3
30	DHHS Delay implementation of the Paint Branch and Springbrook Cluster projects to FY20	-134,190	0	3
31	DHHS Delay implementation of Adult Day Care Worker Supplement until 4 th quarter FY19	-488,259	0	3-4
32	DHHS Savings from Working Parents Assistance Program (WPA) due to increases in the State Child Care Subsidy Program	-1,972,211	0	5-6
33	DHHS Increase Departmental Lapse	-1,100,000	0	6
35	HUMAN RIGHTS Lapse Public Service Intern Position	-18,706	0	6

Department of Health and Human Services

FY19 Budget Summary – General Fund Only

The total FY19 Approved Operating Budget for the Department of Health and Human Services is \$319,233,313. Of this, \$240,097,744 is appropriated in the General Fund, which is the subject of the FY19 Recommended Savings Plan.

Expenditures:	
Salaries and Wages	\$ 95,569,784
Employee Benefits	\$ 32,986,976
TOTAL PERSONNEL COSTS	\$128,556,760
Operating Expenses	\$111,540,984
TOTAL EXPENDITURES	\$240,097,744
Personnel:	
Full-Time Positions	879
Part-Time Positions	313
Full-Time-Equivalents (FTEs)	1237.71

The total Recommended Savings Plan for DHHS is \$3,891,160, or, 1.6% of the Approved General Fund appropriation.

Discussion of DHHS Items:

#29 Unanticipated Delay in implementation of Youth Drop-In Center (\$196,500) (McMillan)

The Council appropriated \$246,500 in the FY19 Budget to open a drop-in center for homeless youth (expected age: 14 to 24 years old). The County has made substantial system changes to address homelessness for Veterans and chronically homeless single adults and the Interagency Commission on Homelessness and the County have agreed that addressing youth and family homelessness is the next priority.

Many jurisdictions have one or more Youth Drop-in Centers as a part of their outreach and services continuum. These centers provide comfortable places for these young people, as young adults may not be comfortable in an adult day program or shelter (and youth under the age of 18 cannot be served in an adult-only setting.) Youth drop-in centers vary in specific services and hours. The homeless young people may be couch-surfing or street homeless. The centers may provide showers, laundry, food, lockers, clothing and hygiene products, and would help connect young people to housing, financial, education, workforce, and other services. A center should provide a continuum of care that results in the young person being housed. This may include reunification with family or services that include rapid re-housing, transitional housing, rent subsidies, or permanent supportive housing, depending on the assessed need.

The \$246,500 included \$50,000 for DHHS to use to hire a contractor/consultant to serve as the planner for this effort. This work would include looking at data and talking with outreach and others serving this population to create a scope of services that is appropriate to the characteristics of the homeless youth in the County. The remainder of the funding was based on some estimates for center rent, staff, and operating expenses that were similar to one drop-in center in the District of Columbia.

The planning work has been delayed and so the Executive's recommendation is to move forward with the planning (\$50,000) but recognize that the implementation will not be ready for the current fiscal year (\$196,500).

Council staff recommendation: Concur with Executive. DHHS will continue the planning process. Once the planning and analysis is complete, the County will have better information on which to base the expenses for one or more centers to serve the needs of homeless youth.

**#30 Delay implementation of Paint Branch and Springbrook Cluster projects (\$134,190)
(Yao)**

The Executive's recommends a reduction of \$134,190 to delay the implementation of the Paint Branch and Springbrook Cluster Project until FY20. The two schools were chosen as expansion sites because their EverFarms rates were similar to the Kennedy and Watkins Mill HS clusters, and project expansion would provide needed services to the underserved East County/Route 29 Corridor. Although services were anticipated to start on January 1, 2019, hiring delays would have pushed the start date to March. Council staff understands that this item was proposed for a savings because introducing school-based services during the last few months of the school year is less effective than at other times. Start-up would be delayed to the beginning of the next school year.

Council staff recommendation: Concur with the Executive. Council staff agrees that waiting until the start of the next school year is the most effective way to implement the program.

If the Committee is interested in having the Department move forward with service start-up in the current school-year, it should seek additional information about when hiring can be completed and the amount of funding needed to provide services in FY19.

**#31 Delay implementation of the Adult Day Care Worker supplement until 4th Quarter of FY19 (\$488,259)
(McMillan)**

The County has had a long-standing policy of providing County funds to support organizations that provide direct services to the developmentally disabled. In FY19, total

funding for this support to DD service providers is \$17.56 million. Most recently, the policy for distribution of funding is based on support needed for DD service providers to pay its direct service workers, on average, a wage equal to at least 125% of the Montgomery County minimum wage.

For the FY19 budget, funding was approved for the first time to provide support to Adult Medical Daycare Providers. The representatives for these organizations argue that they are also financially stressed because the higher County minimum wage is not reflected in Medicaid and other reimbursements that they receive for serving Montgomery County clients. The Council included the following language in its budget resolution:

This resolution appropriates \$651,012 to the Department of Health and Human Services to provide a payment to organizations providing adult medical daycare services that accept Medicaid funding. In order to receive this payment, an organization must demonstrate to the Department it is licensed and in good standing with the Maryland Department of Health, Office of Healthcare Quality. The organization must provide any documentation requested by the Department to determine the use of the program by Medicaid funded County residents. The provider must be in compliance with the Montgomery County Minimum Wage law.

At this time of the approval, not all the criteria and data requirements had been finalized. DHHS has been working to finalize the requirements and the contracts that must be in place in order to actually pay the providers. Contracts have not been executed. The Executive is recommending, that because it has taken longer than expected, payment would only be made for the last quarter of FY19 which results in a savings of \$488,259.

Last spring, Council staff recommended that this new support payment not be implemented. Many service providers are impacted by the County's minimum wage, and some of those providers, beyond Adult Medical Daycare, are also tied to revenues from reimbursement schedules that do not account for the higher cost of business. Council staff was also extremely concerned about the future fiscal impact of this new support payment, which will increase as the minimum wage increases and will likely increase as the County population ages and more people require these services.

Council staff recommendation: Do NOT start this support payment in FY19. The Savings Plan would reflect the full savings of \$651,012. This will give the Executive and Council the latitude to see how best to address this need in FY20 without locking the County into the assumptions that were agreed to for FY19. Council staff notes that a County priority is to leverage Medicaid funding to support DD service providers and this same approach should be taken for Medical Adult Daycare providers.

#32 Savings from Working Parents Assistance Program (WPA) due to increases in the State Child Care Subsidy Program (\$1,972,211) (Yao)

The Executive is recommending a reduction of \$1,972,211 from WPA subsidies from anticipated unused funds resulting from changes to the State Child Care Subsidy Program (SCCSP). The following table shows the approved FY19 budget for child care subsidies for WPA and the State Subsidy Supplement:

Program	FY18	FY19
WPA	\$5,189,780	\$4,856,348
State Supplement	\$1,020,240	\$1,020,240

Council staff understands that significant changes to SCCSP's reimbursement rates and income eligibility guidelines will dramatically reduce the use of WPA subsidies. It has been anticipated that the doubling of the maximum qualifying household income for a family of four would allow most WPA participants to be eligible for the State program. DHHS reported its efforts to transition WPA clients to the State program by December 31.

Council staff has requested the following information from the Department as a follow up to this item; however, because of the quick turnaround in scheduling the Committee meeting, the information was not available at the time packet publication:

- The amounts spent out in WPA and State Supplement to date;
- The number of number of children who have transitioned from WPA to the State program;
- The number of children who should have applied/transferred to the State program, but have not, and how is the Department working with them;
- The number of children who are remaining on WPA; and
- The amount of supplement funding that would needed to bring County residents participating in SCCSP up to the level of the updated WPA subsidy tables and whether this funding has been accounted for in the remaining subsidy budgets.

In addition, Council President Navarro also asked the following questions regarding the saving item:

While the state's subsidy program saw a small increase in funding, the need is always great for the County's WPA program. Is there a waitlist for WPA? What is the percentage of families who are eligible for WPA and are not taking advantage of this program? Could some of these cuts be used to strengthen this outreach and provide this supplement to more families?

Before making a recommendation for this item, the Committee should understand how the Executive calculated the level of the proposed savings item, and whether sufficient funding has been accounted to support County residents participating in WPA and SCCSP.

Council staff believes that shifting the burden of funding local subsidy recipients to the State provides an opportunity to repurpose unused subsidy funding to further additional early

care and education priorities. However, additional time is needed to identify priorities and their fiscal implications moving forward. **Thus, unspent funding that is not needed to support WPA or State subsidy clients could be taken as a savings now, but the Committee should request that the Executive repurpose, rather than reduce, the funds in FY20 to support expansion of early care and education services.**

Council staff recommendation: Defer a recommendation until additional information is considered.

**#33 Increase Departmental Lapse (\$1,100,000)
(McMillan)**

Each year, because of the size of the DHHS workforce, the budget assumes several million dollars in personnel lapse. Because of the length of time it is taking to update information for the new human resources systems and demands on human resources staff, DHHS now estimates that it will accrue an additional \$1,100,000 in personnel lapse. This is not from holding positions open.

Council staff recommendation: Concur with Executive.

Office of Human Rights (Office of Human Right is only appropriated in the General Fund)

Expenditures:	
Salaries and Wages	\$ 849,218
Employee Benefits	\$ 237,192
TOTAL PERSONNEL COSTS	\$1,086,410
Operating Expenses	\$ 160,637
TOTAL EXPENDITURES	\$1,247,047
Personnel:	
Full-Time Positions	8
Part-Time Positions	0
Full-Time-Equivalents (FTEs)	8.6

The total Recommended Savings Plan for Human Rights \$18,706, or, 1.5% of the Approved General Fund appropriation.

**#36 Lapse Public Service Intern Position (\$18,706)
(Arthur)**

Council staff recommendation: Concur with Executive. Reduction will have minimal impact.

MEMORANDUM

January 22, 2019

TO: Health and Human Services Committee

FROM: Linda McMillan, Senior Legislative Analyst

SUBJECT: **Worksession: FY19 Savings Plan – Follow-up**
Department of Health and Human Services
Adult Medical Daycare Supplement

PURPOSE: Continue discussion of Executive recommendation to reduce Adult Medical Daycare Supplement as part of FY19 Savings Plan. Vote on recommendation.

Expected to attend:

Victoria Buckland, Acting Director, Department of Health and Human Services (DHHS)
Odile Brunetto, Acting Chief, DHHS Aging and Disability Services
Afshin Abedi, Ph.D., Chief Financial Officer, Loving Care Adult Medical Day Care; Maryland Association of Adult Day Services
Josh Watters, Office of Management and Budget

On January 7, 2019 the County Executive forwarded his FY19 Recommended Savings Plan¹ which identifies reductions of \$46.547 million across five agencies (Montgomery County Government, Montgomery County Public Schools, Montgomery College, Maryland-National Capital Park and Planning Commission, and the Housing Opportunities Commission.)

At its January 17, 2019 worksession, the Committee approved the Executive's recommendations for savings in DHHS, with the exception that it asked to return for additional discussion on the reduction to the Adult Medical Daycare Worker Supplement. The Committee asked a representative be invited and Dr. Abedi will be present to provide information on Adult Medical Daycare Services and the need for the supplement.

The following is the information from the January 17, 2019 staff memo.

¹ Key Word: #MoCoSavingsPlan2019

#31 Delay implementation of the Adult Day Care Worker supplement until 4th Quarter of FY19 (\$488,259)

The County has had a long-standing policy of providing County funds to support organizations that provide direct services to the developmentally disabled. In FY19, total funding for this support to DD service providers is \$17.56 million. Most recently, the policy for distribution of funding is based on support needed for DD service providers to pay its direct service workers, on average, a wage equal to at least 125% of the Montgomery County minimum wage.

For the FY19 budget, funding was approved for the first time to provide support to Adult Medical Daycare Providers. The representatives for these organizations argue that they are also financially stressed because the higher County minimum wage is not reflected in Medicaid and other reimbursements that they receive for serving Montgomery County clients. The Council included the following language in its budget resolution:

This resolution appropriates \$651,012 to the Department of Health and Human Services to provide a payment to organizations providing adult medical daycare services that accept Medicaid funding. In order to receive this payment, an organization must demonstrate to the Department it is licensed and in good standing with the Maryland Department of Health, Office of Healthcare Quality. The organization must provide any documentation requested by the Department to determine the use of the program by Medicaid funded County residents. The provider must be in compliance with the Montgomery County Minimum Wage law.

At this time of the approval, not all the criteria and data requirements had been finalized. DHHS has been working to finalize the requirements and the contracts that must be in place in order to actually pay the providers. Contracts have not been executed. The Executive is recommending, that because it has taken longer than expected, payment would only be made for the last quarter of FY19 which results in a savings of \$488,259.

Last spring, Council staff recommended that this new support payment not be implemented. Many service providers are impacted by the County's minimum wage, and some of those providers, beyond Adult Medical Daycare, are also tied to revenues from reimbursement schedules that do not account for the higher cost of business. Council staff was also extremely concerned about the future fiscal impact of this new support payment, which will increase as the minimum wage increases and will likely increase as the County population ages and more people require these services.

Council staff recommendation: Do NOT start this support payment in FY19. The Savings Plan would reflect the full savings of \$651,012. This will give the Executive and Council the latitude to see how best to address this need in FY20 without locking the County into the assumptions that were agreed to for FY19. Council staff notes that a County priority is to leverage Medicaid funding to support DD service providers and this same approach should be taken for Medical Adult Daycare providers.

Information from Maryland Association of Adult Day Services

Attached at ©1-4 is the testimony provided by the Maryland Association of Adult Day Services for the Council's consideration during its worksessions on *Bill 35-17, Finance – Payment to Service Providers*, (©7-10) which became effective March 19, 2018. Also attached is testimony from Easter Seals (©5-6).

Bill 35-17 requires that each year, to the extent that funds are appropriated, a payment must be made to eligible providers of services to people with developmental disabilities. It requires DHHS must recommend an amount to the Executive and Council based on certain criteria. The recommendation is not binding on the Executive or Council.

As argued in the testimony, Adult Medical Daycare providers are faced with the same challenges as service providers to the developmentally disabled in terms of the vulnerability of the population they serve, the limits to Medicaid reimbursements, the higher cost of doing business in Montgomery County (including the County minimum wage), and the need to keep quality employees. They further note that, "because a developmental disability is a form of a medical disability, many people living with developmental disabilities use and depend on AMCD services for their daily life. All applicable Medicaid Waiver programs enable an individual with development disability to use services by an AMDC for their needs."

Dr. Abedi has provided the following two links to provide additional information on Adult Medical Daycare Services.

<https://www.fairfaxcounty.gov/health/adult-day-health-care>

<https://www.theseniorlist.com/adult-day-centers/>

Fiscal Impact to Organizations

DHHS has been working with providers to obtain the information needed to allocate the funding for this payment. As with the DD funding, the allocation is based on service hours provided in the previous year for staff that meet the definition and criteria for direct service workers. As previously noted, the DD funding requires an organization to demonstrate it pays direct service workers, on average, 125% of the County minimum wage. This is not a requirement for the Adult Medical Daycare funding. It is to assist organizations with the cost of complying with the minimum wage.

DHHS has preliminarily identified 14 agencies that are eligible for funding. Some serve Medicaid eligible clients almost exclusively. Under the Executive's recommendation of \$162,753 in total funding, payments to organizations would range from just under \$1,000 to over \$54,000 based on number of clients and eligible work hours. If the full funding were distributed, the range would be from just over \$4,000 to about \$217,000.

MEMORANDUM

January 22, 2019

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

FROM: Gene Smith, Legislative Analyst

SUBJECT: FY19 Savings Plan¹

PURPOSE: Review and make recommendations to the Council

The PHED Committee will consider the items listed below. Following each item are the names of the Executive or agency staff available should the committee have questions.

Office of Agriculture (OAG) (Analyst: Smith)

Jeremy Criss, Director, OAG

Incubator Programs – Non-Departmental Account (NDA) (Analyst: Smith)

Alex Espinosa, Director, Department of Finance

Montgomery County Economic Development Corporation (MCEDC) – NDA (Analyst: Smith)

David Petr, CEO, MCEDC

Urban Districts (Analyst: Smith)

Lindsay Lucas, Fiscal and Policy Analyst, Office of Management and Budget

Department of Housing and Community Affairs (Analyst: McMillian)

Tim Goetzinger, Acting Director, Department of Housing and Community Affairs

Housing Opportunities Commission (HOC) – NDA (Analyst: McMillian)

Terri Fowler, Budget Officer, Housing Opportunities Commission

Department of Recreation (Analyst: Yao)

Robin Riley, Director, Department of Recreation

Maryland-National Capital Park and Planning Commission (M-NCPPC) (Analyst: Dunn/Zyontz)

Gwen Wright, Director, M-NCPPC

Board of Appeals (Analyst: Arthur)

Barbra Jay, Executive Director, Board of Appeals

Office of Zoning and Administrative Hearings (Analyst: Arthur)

Martin Grossman, Director, Office of Zoning and Administrative Hearings

¹ Key words: #MoCoSavingsPlan2019, economic development, housing, recreation

Office of Agriculture

The Executive's recommended reduction for the OAG is \$14,583 or 1.5% of the FY19 tax-supported appropriation of \$972,187. The table below details the expenditure items that the OAG will reduce and the original amount appropriated in FY19 for those expenditures.

Expenditure Item	FY19 Appropriation	Recommended Reduction
Software Licenses	\$3,000	\$3,000
Office Supplies	\$6,000	\$4,000
Marketing	\$30,084	\$7,583

The reduction to software licenses and office supplies, per the OAG, should not negatively impact their operations in FY19. For the software licenses, the savings have already been realized because actual expenditures are lower than anticipated.

The proposed reduction to the marketing budget will negatively impact the OAG's ability to assist new farmers. Specifically, the OAG uses this expenditure item to provide financial assistance to farmers that qualify for assistance from the Maryland Agricultural and Resource-Based Industry Development Corporation. The proposed reduction will require the OAG to defer some payments until FY20. **The PHED Committee should evaluate the number of projects in the pipe-line during the FY20 budget discussions to ensure that the OAG has sufficient funding to respond to all projects in FY20.**

Council staff supports the Executive's recommended reduction.

Incubator Programs – NDA

The Executive's recommended reduction for the Incubator Programs is \$750,000 or 20.9% of the FY19 tax-supported appropriation of \$3,584,971. The proposed reduction will eliminate the proposed funding for BioHealth Innovation, Inc. (BHI) in FY19.

The Executive is recommending this reduction because the County provided seed funding to BHI beginning in FY12, and subsequently, for five additional years. After six years of funding, the recommended reduction reflects the progress of the organization to raise funds outside of the County to sustain its operations. The Executive is examining how best to position these dollars to continue to develop and grow bioscience entrepreneurship in the County. Council staff notes that no contract has been executed with BHI for FY19.

Council staff supports the Executive's recommended reduction.

MCEDC – NDA

The Executive's recommended reduction for MCEDC is \$75,116 or 1.5% of the FY19 tax-supported appropriation of \$5,007,750. The County must amend its current contract with MCEDC to realize these savings. MCEDC has indicated it is open to amending the FY19 contract to achieve these savings.

MCEDC states it will realize these savings by reducing its tradeshows and conferences expenditures in FY19. The proposed reduction of \$75,116 is 60% of MCEDC's approved budget for that item. MCEDC states that it will "refine its schedule of planned conferences and tradeshows by eliminating events, limiting staff participants and/or delaying business recruitment trips outside of the County."

Council staff notes that MCEDC's board has flexibility with its budget, and should an opportunity present itself, MCEDC could choose to allocate resources to a tradeshow from another expenditure item. For example, MCEDC could reduce its expenditures through position lapse instead of the proposed reduction. Also, based on the November 2018 statement, MCEDC has sufficient resources to cover the proposed reduction while the contract is amended.

Council staff supports the Executive's recommended reduction.

Urban Districts

See the Executive's recommended reductions for each urban district in the table below.

	FY19 Appropriation	Recommended Reduction	Percent
Bethesda	\$3,313,905	\$12,005	0.4%
Silver Spring	\$3,853,430	\$8,095	0.2%
Wheaton	\$1,989,070	\$30,334	1.5%

The proposed reductions for Bethesda (turnover savings) and Silver Spring (lapse savings) are already realized for FY19. These reductions will not impact delivery of services in FY19. The proposed reduction for Wheaton is mostly realized; however, the position must be lapsed longer to fully realize the savings. This will result in a minimal impact to Wheaton, given that the position has been lapsed most of FY19 already.

Council staff supports the Executive's recommended reduction.

Department of Housing and Community Affairs

The Executive's recommended reduction for the Department of Housing and Community Affairs of \$112,791 or 1.5% of the FY19 General Fund tax-supported appropriation of \$7,519,410.

The proposed reduction is an increase in lapse for the Department. This is projected additional lapse based on experience so far in the fiscal year. The Department is not holding any specific position to accrue the additional lapse.

Council staff supports the Executive's recommended reduction.

Housing Opportunities Commission – NDA

	FY19 Appropriation	Recommended Reduction	Percent
NDA Funding	\$6,680,270	\$100,204	1.5%

Each year, the County provides funding to HOC, appropriated in a non-departmental account, to support resident services. This is separate from the support that HOC receives through the Housing Initiative Fund and payment in lieu of taxes. The following table was provided by HOC last spring to show the expected use of these funds in FY19. The table is not binding but it provides information on how these funds will be used. HOC has always agreed to participate in County Savings Plan and has asked that they be allowed to make adjustments as they find appropriate over the remainder of the fiscal year.

	FY19 Approved
Resident Services	\$4,688,115
Customer Services Centers – Client Services	781,321
Customer Service Centers - Rent	100,000
Homeowners Association Fees	157,640
Holy Cross Center at Elizabeth House	10,000
Rental License Fees	413,194
Public/Affordable Housing Electricity	530,000
Total	\$6,680,270

Council staff supports the Executive's recommended reduction.

Department of Recreation

The total FY19 approved appropriation for the Department of Recreation is \$38,785,052. Most of this funding, \$38,705,979, is appropriated in the Recreation Fund, which is the subject of the FY19 Recommended Savings Plan. The total recommended reduction for the Department of Recreation is \$581,064 or 1.5% of the total tax-supported appropriation.

Expenditures	
Salaries and Wages	\$ 20,463,744
Employee Benefits	\$ 4,755,680
TOTAL PERSONNEL COSTS	\$ 25,219,424
Operating Expenses	\$ 13,486,555
TOTAL EXPENDITURES	\$ 38,705,979
Personnel:	
Full-Time Positions	141
Part-Time Positions	11
Full-Time-Equivalents (FTEs)	464.23

Discussion of Recreation Saving Plan Items

The three Savings Plan items for the Department come from personnel savings due to staff turnover and vacancies. **Some of the savings results from holding Recreation positions open.**

Item #	Description	Amount
66	Lapse and Turnover Savings From Employee Vacancies	\$ 380,937
67	Lapse and Turnover Savings From Employee Retirement	\$ 135,091
68	Lapse of Administrative Specialist II Position	\$ 65,036

The following table shows the existing vacancies for the Department and the recruitment status of the positions. The bolded entries are ones being held open through FY19.

Position Job	Position Category	Position Class	Grade	Description of Position Status
MLS Manager	Fulltime	Permanent	M2	Recruitment should begin shortly - facilities/seniors
MLS Manager	Fulltime	Permanent	M2	lapse for fiscal year - admin.budget/hr/ etc
Recreation Specialist	Fulltime	Permanent	21	recruitment under way - Aquatics
Recreation Specialist	Fulltime	Permanent	21	recruitment under way - Aquatics
MLS Manager	Fulltime	Permanent	M3	recruitment under way - youth development
Recreation Coordinator	Parttime	Permanent	18	lapse for fiscal year - countywide/events
Senior Pool Manager	Fulltime	Permanent	18	recruitment under way - Aquatics
Recreation Coordinator	Fulltime	Permanent	18	recruitment in process - N Potomac
Recreation Coordinator	Parttime	Permanent	18	recruitment in process- Plum Gar
Recreation Coordinator	Fulltime	Permanent	18	lapse for fiscal year - MD Senior Olympics
Administrative Specialist	Fulltime	Permanent	21	lapse for fiscal year - youth development - data

Executive staff explains that the Department will recruit and not hold positions “that are life safety positions, such as in Aquatics, are critical for operations, or are operations leadership positions.” In addition to these vacancies, Council staff notes that additional retirements are anticipated – the manager of countywide programs will retire on January 31, and several other managers could retire before the end of FY19.

MLS Manager for Administration, Budget, and Human Resources

Council staff is concerned about the impact of holding the Manager II position through the end of the fiscal year. The Council added funding for the Manager II position for FY18 recognizing the inadequacy of the Department’s management and administrative support structure. The Department lost two-third of its senior level management during the Great Recession, and Recreation Department managers were providing oversight for up to five times the number of programs as their pre-recession counterparts.² This increased workload and span of control was compounded by the increase in new and renovated facilities and an increasing number of human service-type programs for a needier, more diverse population.

² For example, the Department has one manager overseeing all 21 community centers, when in FY08, 17 centers were split among 5 regional managers.

Timely recruitment of the Department's management positions is needed now, more than ever before, because of the recent and anticipated retirement of key management staff and the corresponding loss of institutional knowledge, the lack of redundancy of management functions, and overextended workload of existing staff who would need to cover for vacant positions. In addition, new CIP projects being developed or coming on line soon, including the Wheaton Library and Community Recreation Center and South County Regional Recreation and Aquatic Center, and the new facility that will house the Department, will further strain the capacity of existing managerial staff.

Administrative Specialist for Youth Development

The vacant Administrative Specialist position in Youth Development reduces the Department ability to collect program data, support contracting, and adequately support the expansion of priority youth programs. The position was added to provide needed support to two new Excel Beyond the Bell Elementary programs at Gaithersburg and Oakview Elementary Schools. Council staff understands that the program implementation for the two schools is moving forward. Thus, it is unreasonable to expect existing staff to absorb the additional workload for new programs or leave out critical supports that would allow programs to function optimally. The Council should not approve funding for programs or facilities that do not have sufficient staffing and infrastructure to ensure quality service delivery.

Recreation Coordinators for Countywide Events and Senior Olympics

The impact of lapsing the two Recreation Coordinator positions is not known. The Committee should seek additional information from Executive staff about whether holding the positions will result in reductions to events and services that the County has previously offered.

Council staff recommendation:

- **Do not take the savings attributable to lapsing the Manager II and Administrative Specialist II positions, and request that the Executive begin recruitment of these positions immediately.** Request information about how soon the positions can be filled and the amount of unused personnel costs that would accrue until the positions can be filled (which amounts can be taken as savings). **The Committee should also request that the Executive expediently work to fill newly vacated manager positions as retirements occur to ensure adequate oversight and administrative functioning of programs, facilities, and services.**
- **Defer a recommendation on the Recreation Coordinator positions until additional information regarding the impact of leaving the positions vacant is considered.**

Maryland National Capital Park and Planning Commission

The Executive recommends that the M-NCPPC reduce expenditures by \$1.8 million from its operating budget. This represents 1.5% of the M-NCPPC Adopted Annual Budget for FY19, excluding debt service and retiree health insurance.

The two primary components of the M-NCPPC operating budget are the Administration Fund, which covers both the Planning Department and Central Administrative Services, and the Parks Fund.

To meet the Executive's \$1,803,868 savings target, M-NCPPC proposes a \$447,290 reduction in the Administration Fund, and a \$1,356,578 reduction in the Parks Fund.

Administration Fund (Planning Department and Central Administrative Services)

Of the \$447,290 in savings from the Administration Fund, \$158,227 comes from a reduction in operating expenditures for the Planning Department. In FY18 the Planning Department financed the purchase of IT equipment with a debt service payment of \$95,000 for six-years. In FY19 the Planning Department was able to use year-end savings to pay off the balance of this debt resulting in a savings of \$95,000 for FY19 through FY23. A reduction in maintenance contingencies would result in savings of \$51,707. Another \$10,000 in savings would be achieved by reducing funds for training and conferences. Central Administrative Services is proposed to save \$289,063 by reducing training, delaying computer replacement and digitization of records, reducing professional services, and increasing lapse.

Parks Department Operating Budget

The Parks Department would reduce spending by approximately \$1.36 million. For the most part, the savings plan was spread across each division within the Parks Department based on the size of their budget. The largest savings would come from lapsed salaries (\$825,189). One element of this is the lapse proposed for Park Police. For Park Police, the savings plan total is \$203,869 (roughly 1.5% of the Park Police budget). Currently, the Park Police have eight vacant positions. In order to meet their portion of the savings plan they will hold four positions open for the remainder of the fiscal year. The Committee may wish to question the Department on this subject, but the lapse appears to be reasonable to Council staff. The second largest savings (\$202,038) is the result of a delay in the reclassification study such that potential salary for reclassified staff is not yet needed. The third largest savings would come from deferring non-critical maintenance and landscaping projects (\$129,841), and the fourth largest savings (\$84,836) would be achieved by reducing contracts and supplies for the non-native invasive plant program.

Council staff supports the Executive's recommended reduction for M-NCPPC.

Board of Appeals

The Executive's recommended reduction for the Board of Appeals is \$8,688 or 1.5% of the FY19 tax-supported appropriation of \$579,230. Based on year-to-date spending in these two categories, the Board of Appeals believes these cuts are sustainable. **Council staff supports the Executive's recommended reduction**

Office of Zoning and Administrative Hearings

The Executive's recommended reduction for the Office of Zoning and Administrative Hearing is \$10,562 or 1.5% of the FY19 tax-supported appropriation of \$704,059. The office included additional funding for consultant services in anticipation of a high number of applications for small cell communication towers. The number of applications so far in this fiscal year is not as high as anticipated. Transcripts cost this year has been less than anticipated. **Council staff supports the Executive's recommended reduction.**

MEMORANDUM

January 15, 2019

TO: Public Safety Committee

FROM: Susan J. Farag, Legislative Analyst

SUBJECT: FY19 Savings Plan

PURPOSE: To review and make recommendations on the proposed FY19 Savings Plan.

The Committee is to review elements of the Executive's recommended FY19 Savings Plan that are under its jurisdiction. See © 1-12 for the Executive's January 7 transmittal memo and relevant background information. The Council is scheduled to consider the recommendations on the Savings Plan from all six Committees on January 29.

The Committee will focus on the Executive's recommendations for the following budgets:

Budget	©#	Executive's Recommended Reduction	Percentage of Approved Appropriation	Council Analyst
Consumer Protection	6	-\$35,057	1.5%	Susan Farag
Correction and Rehabilitation	6	-\$229,460	0.35%	Susan Farag
Emergency Management and Homeland Security	7	-\$20,151	1.5%	Keith Levchenko
Fire and Rescue	9	-\$1,698,873	0.78%	Susan Farag
Police	8	-\$3,673,921	1.31%	Susan Farag
State's Attorney	9	-\$31,357	-0.18%	Susan Farag
TOTAL PUBLIC SAFETY:		-\$5,688,819		

Manageable Items

In Council staff's view, the following items are manageable and are recommended for approval, and reflect savings of \$5,484,369 instead of the CE's recommended \$5,688,819:

Budget Item	© #	CE Recommended Reduction
Consumer Protection: Lapse Full-Time Executive Admin. Aide	6	-\$35,057
Correction and Rehabilitation: Realign pharmacy budget based on current trends	6	-\$25,000
Emergency Mgt. and Homeland Security: Lapse Volunteer/Donations Management Position	7	-\$20,151
Police: Increase Lapse	8	-\$2,694,266
Police: Liquidate Prior Year Encumbrances	8	-\$180,647
Police: Reduce Current Year Encumbrances	8	-\$435,129
Police: Align Recruit Training Budget to Reflect Enrolled Class Size	8	-\$335,224
Police: Abolish Two Vacant Security Officer Positions	8	-\$28,665
State's Attorney: Lapse Security to the State's Attorney Position	9	-\$31,357
Fire and Rescue: Realized EEO Efficiencies	9	-\$63,333
Fire and Rescue: Outreach Programs	9	-\$255,000
Fire and Rescue: National Fire Academy Officer Program	9	-\$50,000
Fire and Rescue: Reduce Overtime in Support Services and Operations	9	-\$534,000
Fire and Rescue: Car Seat Checks and Installations	9	-\$40,000
Fire and Rescue: Improvements in Disability Retirement Processing	9	-\$756,540
Total Reduction:		-\$5,484,369

Discussion Items

In Council staff's view, the following items require discussion:

Correction and Rehabilitation

The Executive recommends the following reductions:

- 15 Abolish Vacant Security Officer Position at Pre-Trial Services (-\$86,279)**
- 16 Abolish Vacant Maintenance Officer Position (-\$76,279)**
- 17 Realign Pharmacy Budget based on current use trends (-\$25,000)**
- 18 Lapse Administrative Specialist II (-\$41,902)**

Items 15, 16, and 18: Personnel Cuts

DOCR has experienced significant position reductions and over the past 10 years, beginning with the 2008 Recession. During this time, it has also increased operational efficiencies, leaving little room to make additional significant cuts that do not impact operations. Staffing has decreased from a high of 635 Workyears in FY08 to 537.8 FTEs in FY19.¹ FY10 and FY11 experienced the most drastic staffing reductions. In FY10, 24 positions were abolished. In FY11, DOCR significantly modified operations and staffing, collapsing five organizational divisions into three, abolishing several programs, and abolishing an additional 33 positions. Several management positions were lost, including one of two warden positions. Within Pre-Trial Services, the Alternative Community Service (ACS) and Intervention Program for Substance Abusers (IPSA) were merged into one Diversion Unit, and a manager position was abolished. Supervision was also reduced at Pre-Release and Re-entry Services (PRRS). These cuts, while seemingly feasible at the time, led to increased Average Lengths of Stay (ALOS) for inmates, which increased costs. It also led to some safety concerns at the different facilities.

Since then, critical staff shortages and emergent safety concerns have been addressed, often with Council's adding new positions. Notably, Council added two Correctional Officers in FY12 to restart the Job Shop program, and three Correctional Officers in FY13 to reopen a collapsed visiting post.

Over the past 10 years, many operational efficiencies have also been implemented. The FY11 organizational change freed up one office location on Monroe Street, saving over \$200,000 in annual lease costs. DOCR continues to find significant operational savings, such as merging PRRS and Pre-Trial in FY17 into one facility, freeing up leased space (with annual lease cost savings of \$730,000) and reducing the need for manager positions from two to one. While staffing may not need to return to pre-recession levels, most efficiencies have been identified, and Council staff is concerned there is little room to manage additional cuts based on current population and offender acuity.

The FY19 approved operating budget assumes \$2.65 million lapse, which represents about 4% of the total budget, and 4.5% of the personnel budget. At the time the operating budget was reviewed, DOCR had 47 vacancies, of which 37 were in the process of being filled. Currently, 48 positions are vacant, of which 25 are in the process of being filled.

For these reasons, Council staff is not recommending approval of the three personnel cuts:

15 Abolish Vacant Security Officer Position at Pre-Trial Services (-\$86,279)

16 Abolish Vacant Maintenance Officer Position (-\$76,279)

18 Lapse Administrative Specialist II (-\$41,902)

Council staff is especially hesitant to recommend any position abolishments. *The Committee may wish to ask DOCR staff about current staffing issues, including vacancy impact on operational issues, hiring challenges, and the use of overtime. If the Committee does not want to reduce proposed savings by \$204,460, Council staff recommends lapsing the Administrative Specialist Position for an additional \$41,902 in savings. This vacant position is located in Human Resources, and does not directly impact security and safety issues within the Department.*

¹ In FY13, the County changed from Workyear to Full-Time Equivalents when it converted from the BPREP to Hyperion budget system. Although the terms both reflect 2,080 annual work hours, they are close approximation but not equivalent.

Police

44 Increase Lapse (-\$2,694,266)

This reduction would increase total FY19 lapse from \$6,356,678 to \$9,050,944. Proposed total lapse represents about 3.2% of the entire budget and 3.9% of the personnel budget. The Executive advises that operational impact should be minimal. If necessary, MCPD may delay hiring a small number of civilian positions that have a lesser impact on critical functions. ***Council staff recommends approval of this reduction.***

46 Reduce Current Year Encumbrances (-\$435,129)

A list of impacted encumbrances is included on © 8. One item, ATT NextGen911, reflects a savings of \$422,055 resulting from an implementation delay from December to April. The Committee should understand whether this delay has occurred due to operational issues, or has been purposefully delayed for savings. ***Council staff recommends approval of this reduction if it is the result of a natural operational delay.***

47 Align Recruit Training Budget to Reflect Enrolled Class Size (-\$335,224)

This item reflects the reduction of a recruit class from 26 down to 20. Class size was not deliberately reduced to achieve savings. ***Council staff recommends approval.***

Fire and Rescue

63 Reduce Overtime in Support Services and Operations (-\$534,000)

65 Improvements in Disability Retirement Processing (-\$756,540)

Both of these items reflect current practice. When the Executive transmitted the FY19 MCFRS Savings Actions in September, his transmittal memo indicated that he had “authorized Fire and Rescue Service to make personnel decisions to minimize overtime usage and contractual overspending in non-front line and support functions.” Council staff recommends approval of these items.

This packet contains

County Executive Transmittal Memo
FY19 Savings Plan Analysis
FY19 Savings Plan
Police Department Responses to Questions

©
1-3
4-5
6-12
13

MEMORANDUM

January 29, 2019

TO: County Council

FROM: Glenn Orlin, Deputy Director

SUBJECT: Transportation and Environment Committee recommendations for the FY19 Savings Plan

PURPOSE: Approve the FY19 Savings Plan

Summary of T&E recommendations:

- The Committee recommended the Council **not** support the elimination of \$203,211 for emergency tree pruning, \$35,000 for new and replacement traffic signs and pavement markings, and \$166,000 for Ride On service reductions.
- The Committee recommended deferring \$200,000 in FY19 in Current Revenue spending in the Street Tree Preservation CIP project to FY23 (\$100,000) and FY24 (\$100,000).
- The Committee supported all other Executive-recommended reductions.

* * *

The T&E Committee met on January 22 and focused on the Executive's recommendations for the following budgets:

Budget	Executive's Recommended Reduction	Percentage of Approved Appropriation	Council Analyst
Environmental Protection	-\$33,944	-1.23%	Keith Levchenko
Utilities NDA	-\$455,000	-1.73%	Linda Price
Transportation – General Fund	-\$547,711	-1.20%	Glenn Orlin
Transportation – Mass Transit Fund	-\$788,756	-0.60%	Glenn Orlin

Staff anticipated to attend the session include:

Rich Madaleno, Director, Office of Management and Budget (OMB)
Al Roshdieh, Director, Department of Transportation (DOT)
David Dise, Director, Department of General Services (DGS)
Stan Edwards, Department of Environmental Protection (DEP)
Emil Wolanin and Christopher Conklin, Deputy Directors, DOT
Dan Hibbert, Richard Dorsey, Michael Paylor, and Fred Lees, DOT
Mary Beck and Brady Goldsmith, OMB
Angela Dizelos, DGS

Department of Environmental Protection (DEP). The \$33,944 reduction is associated with lapsing the Manager II position in the Water & Wastewater Policy Group (Reduction #24). This position was vacated when the aptly named David Lake retired in December 2017. Environmental Policy & Compliance Division Chief Stan Edwards has handed Mr. Lake's responsibilities since then.

In the FY19 DEP budget, the position was lapsed through September 30, 2018. The position is still vacant; hence the additional budget savings. Once the new Director is installed, DEP expects to review the position and consider whether to fill it or reorganize its responsibilities. **T&E Committee (and Council staff) recommendation (3-0): Concur with the Executive.**

Utilities nondepartmental account (NDA). The proposed savings plan includes a reduction of \$455,000; while the item was grouped into the reductions with the Department of General Services (DGS), the cut is to the Utilities NDA, which falls under the T&E Committee's portfolio. The other Savings Plan items for DGS will be reviewed by the GO Committee on January 24.

Executive Branch staff provided the following explanation for the two items that generate the savings to the Utilities NDA (Reduction #26):

- \$355,000: Savings are based on electricity contract negotiations resulting in a reduced rate for electricity.
- \$100,000: Energy savings will be realized from ESCO projects already completed. The full impact of these initiatives was not known when the original budget was submitted.

T&E Committee (and Council staff) recommendation (3-0): Concur with the Executive.

Department of Transportation (DOT) General Fund. There are five reductions proposed:

- \$203,211 reduction for emergency tree pruning (Reduction #54, part 1). This budget funds the removal of limbs that either block the view of traffic signs or sight distance around corners, or trees that are dead and pose a threat to persons or property. This proposal would represent a 10% reduction of the FY19 budget of \$2,032,110. So far this fiscal year, \$1,462,500 has been spent or encumbered, leaving \$569,610 for the rest of the year. The proposed Savings Plan reduction would bring the balance down to only \$366,399 for the last 5 months of the year. **T&E Committee (and Council staff) recommendation (3-0): Do not take this reduction.**
- \$134,500 reduction for removal of street tree stumps (Reduction #54, part 2). This would represent a reduction of half of the FY19 budget of \$279,000. So far, no funds have been spent in stump removals in FY19. The Council had added these funds over the Executive's recommendation last spring to begin to address the substantial backlog. While stump removals address a nuisance, they should not be as high a priority as other reductions that are related to public safety, providing alternative transportation, and other important objectives that are affected by the Savings Plan. **T&E Committee (and Council staff) recommendation (2-1):**

Councilmembers Glass and Riemer concur with the Executive. Councilmember Hucker opposes the reduction.

- \$35,000 for new and replacement traffic signs and pavement markings (Reduction #55). This represents 7.8% of the FY19 budget of \$445,330. However, 75% of the budget has already been spent, leaving a balance of \$113,833. If the reduction is taken, there would only be \$78,833 left for the remaining five months of the year. **T&E Committee (and Council staff) recommendation (3-0): Do not take this reduction.** Replacing worn out signs and markings is important to maintaining traffic and pedestrian safety.
- \$25,000 for supplies and equipment for the bikeshare program (Reduction #56). This represents 76.6% of the FY19 budget of \$32,627. Only \$4,049 has been spent or encumbered to date, leaving a balance of \$28,578. With the proposed reduction, the balance would be reduced to \$3,578 for the remaining five months of the fiscal year, which is comparable to the \$4,049 spent in the first seven months. **T&E Committee (and Council staff) recommendation (3-0): Concur with the Executive.**
- \$150,000 in lapse and turnover savings (Reduction #57). The General Fund's budgeted personnel costs for FY19 total \$22,651,361. \$150,000 represents only 0.66% of this amount. While the reduction would have to occur with only five months remaining in the fiscal year, this still represents only 1.58% of personnel costs spent during that period. **T&E Committee (and Council staff) recommendation (3-0): Concur with the Executive.**

DOT Mass Transit Fund. There are four reductions proposed:

- \$166,000 for Ride On service reductions (Reduction #72). The Executive is proposing increasing the headways (i.e., the time between bus arrivals) during the weekday on seven routes and on Sunday on one route, as follows:
 - Route 12 (see route map on ©13): from 15 to 20 minutes during weekday peak periods
 - Route 15 (©14): from 15 to 20 minutes all day on Sundays
 - Route 16 (©15): from 12 to 15 minutes during weekday peak periods, and from 20 to 25 minutes during the midday on weekdays
 - Route 17 (©16): from 20 to 30 minutes during the midday on weekdays
 - Route 49 (©17): from 15 to 20 minutes during weekday mornings
 - Route 55 (©18): from 15 to 20 minutes during the midday on weekdays
 - Route 57 (©19): from 15 to 20 minutes during weekday mornings, and from 20 to 25 minutes during the midday on weekdays
 - Route 59 (©20): from 15 to 20 minutes during weekday peak periods

Ride On service changes are implemented three times each year, in "picks" four months apart. The next pick is in early May, so these service changes would be in effect during only seven weeks during FY19. DOT reports the operating cost savings would be \$172,458, and the foregone revenue from the reduced service is estimated to be \$6,458, resulting in a net savings of \$166,000. These changes would not be made unless it was assumed that they would be sustained

indefinitely, or at least through FY20. Extending them through the following fiscal year would save \$1,233,143.

The problem with these cuts is that they would be taken from among Ride On's most productive and cost-effective routes. The chart on ©21-23 shows the number of riders per hour of service, arranged from most to least productive. The routes proposed for reduction are annotated with an →. *All 8 routes proposed for service reductions are among the top third most productive.* One of these routes, Route 55, is the most productive route in the system.

T&E Committee (and Council staff) recommendation (3-0): Do not take this reduction with this set of routes. If the Executive and DOT are looking to make a comparably sized cut to reduce spending in FY20, they should look at scaling back or eliminating some of the routes towards the bottom of the list on ©23. If planning is begun now, those reductions could be identified for the May 2019 pick.

- \$29,756 in savings from the end of the Lyttonsville Place bridge detour (Reduction #73). Not all the funds set aside to handle traffic operations during the detour—which was implemented while the bridge was replaced to accommodate the Purple Line—were expended. **T&E Committee (and Council staff) recommendation (3-0): Concur with the Executive.**
- \$443,000 to eliminate the free shuttle that currently runs during weekday peak periods between the Grosvenor Metro Station and Rock Spring Park (Reduction #74). This is a contract service that was implemented in the last few years to promote the viability of office uses in Rock Spring Park. The \$443,000 cost is an annual cost; the current contract runs out on June 1, so not re-upping the service would eliminate the full annual cost of the encumbrance.

The free shuttle and Ride On Route 96 both leave the Grosvenor Metro station, and then follow Tuckerman Lane to Old Georgetown Road and onto Rock Spring Drive. Route 96 runs every 15 minutes during peak periods and every 20 minutes during the midday (see the route map on ©24). Route 96 has several stops along the way, while the shuttle has none. However, the presence of the shuttle has resulted in only 35 additional riders (+7.5%), despite that it is free and non-stop:

	Average Daily Riders prior to Initiation of the Shuttle	Average Daily Riders after Initiation of the Shuttle
Route 96	465	204
Free Shuttle	0	296
Total	465	500
Difference		+35 (+7.5%)

T&E Committee (and Council staff) recommendation (3-0): Concur with the Executive.

- \$150,000 reduction in Fare Share program subsidies (Reduction #75). The FY19 budget set aside \$500,000 for programs that help buy down transit fares for employees if there is a further buy-down by their employers. This is one of the primary tools that DOT's Commuter Services

section has in its toolkit to incentivize transit use. However, only \$350,000 of this amount has been claimed this year. **T&E Committee (and Council staff) recommendation (3-0): Concur with the Executive.**

The three items not recommended for reduction in FY19—tree pruning, signing and marking materials, and Ride On service—total \$404,211. Council staff suggests looking to a Current Revenue funded project in the CIP to find offsetting reductions. If the Council concurs, it could approve the Savings Plan on January 29 with the understanding that the CIP would be amended to reflect such cuts. A CIP amendment would be introduced on January 29 and approved on February 26.

- Street Tree Preservation. This is the program that funds block street tree pruning, neighborhood by neighborhood. The funding level has been kept at \$3 million annually for many years. This is an important program, as street trees should be pruned periodically to maintain their health. Nevertheless, Council staff believes that this is not as critical as three items noted above. Of the \$3 million budgeted for FY19, \$1,832,124 has been spent or encumbered to date, so \$1,167,776 has yet to be committed. *Council staff recommendation: Amend the CIP to reduce the Street Tree Preservation project by \$600,000 in FY19, but to add \$200,000 each year in FYs 22-24 (©25-26).* This would still leave \$567,776 more to commit in to block pruning in FY19 and would make up the difference in the level of effort a few years later. It would also “pay for” the \$404,211 in proposed cuts not taken, and nearly \$200,000 to offset some cuts that other committees recommend not taking. **T&E Committee recommendation (3-0): Amend the CIP to reduce the Street Tree Preservation project by \$200,000 in FY19, but to add \$100,000 each year in FYs 23-24 (©27-28).**



Street Tree Preservation (P500700)

Category	Transportation	Date Last Modified	03/10/18
SubCategory	Highway Maintenance	Administering Agency	Transportation
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Planning, Design and Supervision	3,855	59	1,096	2,700	450	450	450	450	450	450	-
Construction	39,516	21,641	2,575	15,300	2,550 2,550	2,550	2,550	2,550	2,550 2,550	2,550 2,550	-
Other	29	29	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	43,400	21,729	3,671	18,000	3,000	3,000	3,000	3,000	3,000	3,000	-
					2800				3100	3100	

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Current Revenue: General	34,405	16,636	1,200	16,569	2,462 1952	2,417	3,000	3,000	3,000 3100	3,000 3100	-
Recordation Tax Premium (MCG)	8,537	4,635	2,471	1,431	848	583	-	-	-	-	-
Land Sale	458	458	-	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	43,400	21,729	3,671	18,000	3,000	3,000	3,000	3,000	3,000	3,000	-
					2800				3100	3100	

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 19 Request	3,000	Year First Appropriation	FY07
Appropriation FY 20 Request	2,800 0,000	Last FY's Cost Estimate	37,400
Cumulative Appropriation	25,400		
Expenditure / Encumbrances	22,896		
Unencumbered Balance	2,504		

PROJECT DESCRIPTION

This project provides for the preservation of street trees through proactive pruning that will reduce hazardous situations to pedestrians and motorists, help reduce power outages in the County, preserve the health and longevity of trees, decrease property damage incurred from tree debris during storms, correct structural imbalances/defects that cause future hazardous situations and that shorten the lifespan of the trees, improve aesthetics and adjacent property values, improve sight distance for increased safety, and provide clearance from street lights for a safer environment. Proactive pruning will prevent premature deterioration, decrease liability, reduce storm damage potential and costs, improve appearance, and enhance the condition of street trees.

COST CHANGE

Cost increase due to the addition of FY23-24. *\$200,000 deferred from FY19 to FYs 23-24 due to fiscal constraints.*

PROJECT JUSTIFICATION

In FY97, the County eliminated the Suburban District Tax and expanded its street tree maintenance program from the old Suburban District to include the entire County. The street tree population has now increased from an estimated 200,000 to about 500,000 trees. Since that time, only pruning in reaction to emergency/safety concerns has been provided. A street tree has a life expectancy of 60 years and, under current conditions, a majority of street trees will never receive any pruning unless a hazardous situation occurs. Lack of cyclical pruning leads to increased storm damage and cleanup costs, right-of-way obstruction and safety hazards to pedestrians and motorists, premature death and decay from disease, weakening of structural integrity, increased public security risks, and increased liability claims. Healthy street trees that have been pruned on a regular cycle provide a myriad of public benefits including energy savings, a safer environment, aesthetic enhancements that soften the hard edges of buildings and pavements, property value enhancement, mitigation of various airborne pollutants, reduction in the urban heat island effect, and stormwater management enhancement. Failure to prune trees in a timely manner can result in trees becoming diseased or damaged and pose a threat to public safety. Over the long term, it is more cost effective if scheduled maintenance is performed. The Forest Preservation Strategy Task Force Report (October, 2000) recommended the development of a green infrastructure CIP project for street tree maintenance. The Forest Preservation Strategy Update (July, 2004) reinforced the need for a CIP project that addresses street trees (Recommendations in the inter-agency study of tree management practices by the Office of Legislative Oversight (Report #2004-8 - September, 2004) and the Tree Inventory Report and Management Plan by Appraisal, Consulting, Research, and Training Inc. (November, 1995)). Studies have shown that healthy trees provide significant year-round energy savings. Winter windbreaks can lower heating costs by 10 to 20 percent, and summer shade can lower cooling costs by 15 to 35 percent. Every tree that is planted and maintained saves \$20 in energy costs per year. In addition, a healthy street tree canopy captures the first 1/2 inch of rainfall reducing the need for storm water management facilities.

DISCLOSURES

Expenditures will continue indefinitely.

COORDINATION

Maryland-National Capital Park and Planning Commission, Montgomery County Department of Environmental Protection, Maryland Department of Natural Resources, Utility companies.

Resolution No.: _____
Introduced: January 29, 2019
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: County Council

SUBJECT: Approval of the FY2019 Savings Plan for Montgomery County Government, Montgomery County Public Schools, Montgomery College, and the Maryland-National Capital Park and Planning Commission

Background

1. On May 24, 2018 the Council approved the FY2019 operating budget for Montgomery County Government in Resolution No. 18-1144. Action clause 53 stated: "As a condition of spending any funds appropriated in this resolution and not disapproved or reduced under Charter Section 306, the Executive must transmit to the Council any recommended budget savings plan or similar action.... Any budget savings plan or similar action is subject to review and approval by the Council...."
2. The Council and the Executive have frequently collaborated on mid-year savings plans to address revenue shortfalls.
3. In a memorandum to the Council President dated January 7, 2019, the Executive proposed a FY2019 savings plan to address an apparent FY2019 budget gap of \$44.1 million due to lower than expected revenues and higher than expected expenditures in FY2018.
4. The Council's Committees reviewed the proposed savings plan. On January 29, 2019 the Council considered the Committees' recommendations.
5. The Council's savings plan for FY2019 calls for savings of \$45,666,013 to be in the operating budget.
6. The Council recommends a reduction of \$200,000 in the capital budget current revenue to be implemented via a future Council action.

Action

1. The County Council for Montgomery County, Maryland approves a savings plan for FY2019 of \$45,666,013 in the operating budget as set forth in the attached documents.
2. The spending reductions for County Government approved in this resolution are the only reductions from the FY2019 operating budget for County Government, which the Council approved in Resolution No. 18-1144 on May 24, 2018, that the County Executive may implement. All other funds appropriated in Resolution No. 18-1144 must be spent for the purposes for which they were appropriated. If the Executive proposes that any funds will not be spent as approved by the Council, he must submit an additional savings plan as required in paragraph 53 of Resolution No. 18-1144.

This is a correct copy of Council action.

Megan Davey Limarzi, Esq.
Clerk of the Council

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FY19 Savings Plan

Ref. No	Title	CE Recommended	Council Approved
<u>Tax-Supported</u>			
General Fund			
Agriculture			
1	Software Licenses	-3,000	-3,000
2	Reduce Office Supplies	-4,000	-4,000
3	Marketing	-7,583	-7,583
Agriculture Total:		-14,583	-14,583
Board of Appeals			
4	Printing - Central Duplicating Services	-7,566	-7,566
5	Mail - Central Duplicating Services	-1,122	-1,122
Board of Appeals Total:		-8,688	-8,688
Board of Elections			
6	Deferral of Intergovernmental Payments for Voting System	-121,101	0
Board of Elections Total:		-121,101	0
Community Engagement Cluster			
7	Marketing	-20,000	-20,000
8	General Office Supplies	-10,000	-10,000
9	Education/Vocation Supplies	-1,100	-1,100
10	Other Central Duplication Services - Printing	-5,000	-5,000
11	Metropolitan Area Travel	-8,000	-8,000
12	Other Misc. Operating Expenses	-6,626	-6,626
13	Cellular Phone Line Charges	-6,000	-6,000
Community Engagement Cluster Total:		-56,726	-56,726
Consumer Protection			
14	Lapse Full-Time Executive Administrative Aide	-35,057	-35,057
Consumer Protection Total:		-35,057	-35,057
Correction and Rehabilitation			
15	Abolish Vacant Security Officer Position at Pre-Trial Services	-86,279	0
16	Abolish Vacant Maintenance Officer Position	-76,279	0
17	Realign pharmacy budget based on current use trends	-25,000	-25,000
18	Lapse Administrative Specialist II	-41,902	0
Correction and Rehabilitation Total:		-229,460	-25,000
County Council			
19	Cost reduction from staff changes	-155,000	-155,000
20	Decrease operating expenses	-20,000	-20,000
County Council Total:		-175,000	-175,000
County Executive			
21	Increase lapse	-72,070	-72,070
22	Business Solutions Group Professional Services Contracts	-14,900	-14,900
County Executive Total:		-86,970	-86,970

Ref. No	Title	CE Recommended	Council Approved
Emergency Management and Homeland Security			
23	Lapse of Volunteer and Donations Management Position	-20,151	-20,151
Emergency Management and Homeland Security Total:		-20,151	-20,151
Environmental Protection			
24	Additional Lapse of Manager II in WWPG	-33,944	-33,944
Environmental Protection Total:		-33,944	-33,944
Finance			
25	Lapse Savings from Vacant Positions	-217,470	-217,470
Finance Total:		-217,470	-217,470
General Services			
26	Savings from Utilities NDA	-455,000	-455,000
27	Window Washing (Liquidate PO)	-15,000	-15,000
28	Additional Lapse and Turnover Savings	-82,868	-82,868
General Services Total:		-552,868	-552,868
Health and Human Services			
29	Unanticipated Delay in the Implementation of the Youth Drop-in Center	-196,500	-196,500
30	Delay Implementation of the Paint Branch and Springbrook Cluster Project	-134,190	-134,190
31	Delay Implementation of the Adult Day Care Worker Supplemental until Fourth Quarter FY19	-488,259	-488,259
32	Savings from Working Parents Assistance Program (WPA) due to increases in the State Child Care Subsidy program	-1,972,211	-1,972,211
33	Increased Departmental Lapse	-1,100,000	-1,100,000
Health and Human Services Total:		-3,891,160	-3,891,160
Housing and Community Affairs			
34	Lapse Savings	-112,791	-112,791
Housing and Community Affairs Total:		-112,791	-112,791
Human Resources			
35	Lapse Savings	-131,335	-131,335
Human Resources Total:		-131,335	-131,335
Human Rights			
36	Lapse Public Service Intern Position	-18,706	-18,706
Human Rights Total:		-18,706	-18,706
Inspector General			
37	Lapse and turnover savings	-17,109	-17,109
Inspector General Total:		-17,109	-17,109
Intergovernmental Relations			
38	Professional Services	-18,322	-18,322
Intergovernmental Relations Total:		-18,322	-18,322
Management and Budget			
39	Increased lapse and turnover savings	-73,805	-73,805
Management and Budget Total:		-73,805	-73,805

Ref. No	Title	CE Recommended	Council Approved
NDA - Housing Opportunities Commission			
40	FY19 Savings Plan	-100,204	-100,204
NDA - Housing Opportunities Commission Total:		-100,204	-100,204
NDA - Incubator Programs - Economic Development Partnership			
41	Decrease Funding to BioHealth Innovation, Inc. (BHI)	-750,000	-750,000
NDA - Incubator Programs - Economic Development Partnership Total:		-750,000	-750,000
NDA - Montgomery County Economic Development Corporation			
42	FY19 Savings Plan	-75,116	-75,116
NDA - Montgomery County Economic Development Corporation Total:		-75,116	-75,116
NDA - Working Families Income Supplement			
43	Realign budget to match program participation	-500,000	-500,000
NDA - Working Families Income Supplement Total:		-500,000	-500,000
Police			
44	Increase Lapse	-2,694,266	-2,694,266
45	Liquidate Prior Year Encumbrances	-180,647	-180,647
46	Reduce Current Year Encumbrances	-435,129	-435,129
47	Align Recruit Training Budget to Reflect Enrolled Class Size	-335,224	-335,224
48	Abolish 2 Vacant Security Officer Positions	-28,665	-28,665
Police Total:		-3,673,931	-3,673,931
Procurement			
49	Turnover Savings	-66,681	-66,681
Procurement Total:		-66,681	-66,681
Public Information			
50	Departmental lapse	-90,031	-90,031
Public Information Total:		-90,031	-90,031
Public Libraries			
51	Lapse of Various Positions	-1,276,635	-1,276,635
Public Libraries Total:		-1,276,635	-1,276,635
State's Attorney			
52	Lapse Secretary to the State's Attorney Position	-31,357	-31,357
State's Attorney Total:		-31,357	-31,357
Technology Services			
53	Delay filling six IT positions	-632,788	-632,788
Technology Services Total:		-632,788	-632,788
Transportation			
54	Reduce 10 percent of Tree Pruning and 50 percent of Stump Removal budget	-337,711	-134,500
55	Reduce Sign and Marking Materials	-35,000	0
56	Bikeshare: Other Supplies and Equipment	-25,000	-25,000
57	Additional Lapse and Turnover Savings	-150,000	-150,000
Transportation Total:		-547,711	-309,500

Ref. No	Title	CE Recommended	Council Approved
Zoning and Administrative Hearings			
58	Consultant Services	-5,281	-5,281
59	Decrease Transcript Costs	-5,281	-5,281
Zoning and Administrative Hearings Total:		-10,562	-10,562
Fire			
Fire and Rescue Service			
60	Realized Equal Employment Opportunities efficiencies	-63,333	-63,333
61	Outreach Programs	-255,000	-255,000
62	National Fire Academy Officer Program	-50,000	-50,000
63	Reduce Overtime in Support Services and Operations	-534,000	-534,000
64	Car Seat Checks and Installations	-40,000	-40,000
65	Improvements in Disability Retirement Processing	-756,540	-756,540
Fire and Rescue Service Total:		-1,698,873	-1,698,873
Fire Total:		-1,698,873	-1,698,873
Recreation			
Recreation			
66	Lapse and Turnover Savings from Employee Vacancies	-380,937	-337,467
67	Lapse and Turnover Savings from Employee Retirements	-135,091	-135,091
68	Lapse of Administrative Specialist II Position	-65,036	-42,524
Recreation Total:		-581,064	-515,082
Recreation Total:		-581,064	-515,082
Bethesda Urban District			
Urban Districts			
69	Turnover Savings- Program Specialist II	-12,005	-12,005
Urban Districts Total:		-12,005	-12,005
Bethesda Urban District Total:		-12,005	-12,005
Silver Spring Urban District			
Urban Districts			
70	Lapse Savings- Program Specialist II	-8,095	-8,095
Urban Districts Total:		-8,095	-8,095
Silver Spring Urban District Total:		-8,095	-8,095
Wheaton Urban District			
Urban Districts			
71	Lapse Savings- Public Service Worker II	-30,334	-30,334
Urban Districts Total:		-30,334	-30,334
Wheaton Urban District Total:		-30,334	-30,334

Mass Transit**Transit Services**

72	Ride On Route Frequency Reductions	-166,000	0
73	Savings from the End of the Lyttonsville Place Bridge Detour	-29,756	-29,756
74	Rock Spring Shuttle	-443,000	-443,000
75	Realign budget to reflect actual utilization of the Fareshare Program	-150,000	-150,000
Transit Services Total:		-788,756	-622,756
Mass Transit Total:		-788,756	-622,756
Tax-Supported Total:		-16,689,389	-15,893,635

Non-Tax Supported**Cable TV****Cable Television Communications Plan**

76	Delay filling Cable positions	-207,729	-207,729
77	Lower than anticipated Miss Utility costs (DOT-FiberNet Operating)	-35,169	-35,169
Cable Television Communications Plan Total:		-242,898	-242,898
Cable TV Total:		-242,898	-242,898
Non-Tax Supported Total:		-242,898	-242,898
MCG Total:		-16,932,287	-16,136,533

Tax-Supported**Montgomery County Public Schools**

78	Identified Reversion to Fund Balance	-25,000,000	-25,000,000
Montgomery County Public Schools Total:		-25,000,000	-25,000,000
Current Fund MCPS Total:		-25,000,000	-25,000,000

Montgomery College

79	Identified Reversion to Fund Balance	-2,810,448	-2,810,448
Montgomery College Total:		-2,810,448	-2,810,448
Current Fund MC Total:		-2,810,448	-2,810,448

Maryland-National Capital Park and Planning Commission

80	Savings Target after adjusting for OPEB (Admin Fund)	-447,290	-447,290
Maryland-National Capital Park and Planning Commission Total:		-447,290	-447,290
Administration Fund Total:		-447,290	-447,290

Maryland-National Capital Park and Planning Commission

81	Savings Target after adjusting for OPEB (Park Fund)	-1,356,578	-1,271,742
Maryland-National Capital Park and Planning Commission Total:		-1,356,578	-1,271,742
Park Fund Total:		-1,356,578	-1,271,742
GRAND TOTAL:		-46,546,603	-45,666,013