BUDGET CONSENT

AGENDA ITEM #7
May 9, 2019

BUDGETS: **Office of Legislative Oversight & Independent Audit Non-Departmental Account**

Reviewed By: GO Committee

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1. Office of Legislative Oversight		
FY20 CE REC:	$1,886,783	11.67 FTE
Increase/Decrease from FY19	+$142,696 (8.2%)	0.0 FTE

COMMITTEE RECOMMENDED CHANGES*:

NONE

KEY CE CHANGES FROM FY19:
NONE

OTHER ISSUES:
The Office of Legislative Oversight will assist with the Council's review of the County Executive's plan to transition from a one-year to a two-year operating budget cycle.

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2. Independent Audit Non-Departmental Account		
FY20 CE REC:	$425,810	0.33 FTE
Increase/Decrease from FY19	+$4,990 (1.2%)	0.0 FTE

COMMITTEE RECOMMENDED CHANGES*:
NONE

KEY CE CHANGE FROM FY19:
NONE

*unanimous unless noted

AGENDA ITEM #7
May 9, 2019
Worksession

MEMORANDUM

May 7, 2019

TO: County Council

FROM: Chris Cihlar, Director
Office of Legislative Oversight

SUBJECT: **FY20 Operating Budget**
Office of Legislative Oversight
Independent Audit Non-Departmental Account

GO Committee recommendations:

- Approve the Executive's recommended FY20 budget for the Office of Legislative Oversight.
- Approve the Executive's recommend FY20 budget for the Independent Audit NDA.

The County Executive's FY20 recommendations for the Office of Legislative Oversight and the Independent Audit NDA are attached beginning at ©1.

OFFICE OF LEGISLATIVE OVERSIGHT

The Executive Recommended FY20 budget for the Office of Legislative Oversight is $1,886,783. The table below summarizes the changes from the FY19 Approved Budget of $1,744,087. The recommended budget represents a same services request from FY19 to FY20. Personnel costs account for 97.6% of OLO's budget.

Category	FY19 Approved	FY20 CE Recommended	%Change FY19-FY20
Expenditures			
Total Personnel	$1,599,453	$1,842,149	15.2%
Total Operating	$144,634	$44,634	-69.1%
Total Budget	**$1,744,087**	**$1,886,783**	**8.2%**
Personnel			
FTEs	11.67	11.67	--

GO Committee Recommendation: Approve the Office of Legislative Oversight budget as included in the Executive's Recommended FY20 Operating Budget.

INDEPENDENT AUDIT NON-DEPARTMENTAL ACCOUNT

This NDA funds the independent audit of the FY19 financial statements issued by the County Government and other related audit work. The Executive Recommended FY20 budget includes $425,810 and 0.33 FTEs for the Independent Financial Audit NDA, which is an increase of $4,990 or 1.2% over the FY19 Approved Budget of $420,820. The increase is due to compensation and retirement adjustments.

On March 12, 2019, the Council introduced a resolution to authorize the Council President to renew the contract with CliftonLarsonAllen, LLP to conduct work related to the audit of the County Government's FY19 financial statements. This amendment will cover the final year of a four-year contract. The Council voted to approve the resolution on March 19, 2019.

GO Committee Recommendation: Approve the Independent Audit Non-Departmental Account as included in the Executive's Recommended FY20 Operating Budget.

Attachments: County Executive's Recommended Budget ©1
Summary of FY19 Projects ©5

Legislative Oversight

RECOMMENDED FY20 BUDGET
$1,886,783

FULL TIME EQUIVALENTS
11.67

CHRIS CIHLAR, DIRECTOR

MISSION STATEMENT

The mission of the Office of Legislative Oversight (OLO) is to determine the effectiveness of legislation enacted by the County Council and to make findings and recommendations concerning the performance, management, and operation of programs and functions for which funds are appropriated or approved by the Council.

BUDGET OVERVIEW

The total recommended FY20 Operating Budget for the Office of Legislative Oversight is $1,886,783, an increase of $142,696 or 8.18 percent from the FY19 Approved Budget of $1,744,087. Personnel Costs comprise 97.63 percent of the budget for 12 full-time position(s) and no part-time position(s), and a total of 11.67 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 2.37 percent of the FY20 budget.

COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following is emphasized:

- **Effective, Sustainable Government**

ACCOMPLISHMENTS

- ☑ Completed a report that summarized the Maryland State Department of Assessments and Taxation practices for out-of-cycle residential property assessments.
- ☑ Completed a report that reviewed the use of reverse auction purchasing for Montgomery County procurements and other jurisdictions.
- ☑ Completed a report that provided information on the use of social impact bonds across the country, with a focus on early childhood education.
- ☑ Completed a report that summarized the County Executive and Council community grants programs, including legislative history, data trends, and feedback from stakeholders. The report also included summaries of the practices of other jurisdictions.
- ☑ Completed a report on the retiree health benefits, including a description of revised reporting rules, identification of major cost drivers, and an assessment of opportunities to control future year costs.

☑ Completed a report that examined dollars awarded for County Government service contracts, the size of the service contractor workforce, and contractor wages. OLO found that the County does not collect or require vendors to report data on contractor wages nor does it count the number of contractors on service contracts. Additionally, OLO found that the Police department does not currently have established procedures to monitor active contractors or to deactivate ID cards when contractors leave County service.

☑ Continued to assist the Council, MCPS, and the County Office of Intergovernmental Relations by analyzing alternative State aid funding models to determine how different provisions would impact funding to MCPS.

PROGRAM CONTACTS

Contact Chris Cihlar of the Office of Legislative Oversight at 240.777.7987 or Naeem M. Mia of the Office of Management and Budget at 240.777.2786 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

✳ Legislative Oversight

The Office of Legislative Oversight (OLO) conducts program evaluations, base budget reviews, and other special studies in accordance with a Council-approved work program, as well as overseeing audits. OLO studies the effectiveness of legislation enacted by the Council and makes findings and recommendations concerning the performance, management, and operation of programs and functions for which funds are approved or appropriated by the Council. OLO is also the designated administrator for the Council's audit contracts, as required under Section 315 of the County Charter.

BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	1,258,928	1,234,226	1,392,663	1,417,856	14.9 %
Employee Benefits	384,938	365,227	381,454	424,293	16.2 %
County General Fund Personnel Costs	**1,643,866**	**1,599,453**	**1,774,117**	**1,842,149**	**15.2 %**
Operating Expenses	29,088	144,634	144,634	44,634	-69.1 %
County General Fund Expenditures	**1,672,954**	**1,744,087**	**1,918,751**	**1,886,783**	**8.2 %**
PERSONNEL					
Full-Time	11	12	12	12	—
Part-Time	0	0	0	0	—
FTEs	11.00	11.67	11.67	11.67	—

FY20 RECOMMENDED CHANGES

	Expenditures	FTEs

FY20 RECOMMENDED CHANGES

		Expenditures	FTEs
COUNTY GENERAL FUND			
	FY19 ORIGINAL APPROPRIATION	**1,744,087**	**11.67**
Other Adjustments (with no service impacts)			
Increase Cost: Annualization of FY19 Personnel Costs		119,491	0.00
Increase Cost: Restore One-Time Lapse Increase		66,707	0.00
Increase Cost: FY20 Compensation Adjustment		50,886	0.00
Increase Cost: Retirement Adjustment		5,612	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY19		(100,000)	0.00
	FY20 RECOMMENDED	**1,886,783**	**11.67**

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY19 Total$	FY19 FTES	FY20 Total$	FY20 FTES
COUNTY GENERAL FUND					
NDA - Independent Audit	General Fund	53,424	0.33	57,482	0.33

FUTURE FISCAL IMPACTS

CE RECOMMENDED ($000S)

Title	FY20	FY21	FY22	FY23	FY24	FY25
COUNTY GENERAL FUND						
EXPENDITURES						
FY20 Recommended	**1,887**	**1,887**	**1,887**	**1,887**	**1,887**	**1,887**
No inflation or compensation change is included in outyear projections.						
Labor Contracts	**0**	**10**	**10**	**10**	**10**	**10**
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	**1,887**	**1,897**	**1,897**	**1,897**	**1,897**	**1,897**

Wheaton and Down County area). The BIN consists of three physical locations: the Silver Spring Innovation Center (SSIC) on Georgia Avenue, the Rockville Innovation Center (RIC) in Rockville Town Square, (both owned by the County), and the Germantown Innovation Center (GIC) on the campus of Montgomery College)under lease from the College Foundation until 2036). This NDA also supports The National Cybersecurity Center of Excellence (NCCoE), located at 9700 Great Seneca Highway, Rockville, as a partnership between the National Institute of Standards and Technology (NIST), the State of Maryland, and Montgomery County. The NDA also provides support for non-profit incubator organizations for operations, equipment, and training.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	**3,584,971**	**0.00**
Re-align: Actual Operating Expenses for County Incubator Programs	716,658	0.00
Increase Cost: Provide Staff Support for Oversight and Management of County Incubator Contracts	111,288	1.00
Shift: Provide Seed Funding to Support Creation of a County-based Kitchen Incubator/Food Hall Shifted to the Office of County Executive (CEX)	(40,740)	0.00
Shift: Provide County Funds to Create a Biomanufacturing Industry Center in the County Supported by the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIMBL) Shifted to the CEX	(50,000)	0.00
Decrease Cost: Continue FY19 Savings Plan to Reflect Reduction in the Bioheatth Innovation Inc. Contract and Use Funds to Support Other County Programs	(229,677)	0.00
Shift: Funding to Support a Full-Scale Regional Business Services Hub Program Shifted to the Community Engagement Cluster	(429,583)	0.00
Shift: Debt Service for Rockville Incubator and NCCoE Shifted to the Debt Service Fund.	(1,070,000)	0.00
FY20 Recommended	**2,592,917**	**1.00**

✳ Independent Audit

Section 315 of the County Charter requires the County Council to contract with a Certified Public Accountant for an independent post audit of all financial records and actions of the County government, its officials, and employees. By County Resolution, the Office of Legislative Oversight is the designated administrator for this contract, which also includes an independent audit of the basic financial statement of the Employee Retirement Plans; an independent audit of the basic financial statements of the Montgomery County Union Employees Deferred Compensation Plan; and additional services related to reviews, tests, and certifications.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	**420,820**	**0.33**
Increase Cost: Annualization of FY19 Personnel Costs	3,208	0.00
Increase Cost: FY20 Compensation Adjustment	1,394	0.00
Increase Cost: Retirement Adjustment	388	0.00
FY20 Recommended	**425,810**	**0.33**

✳ Innovation Fund

The Innovation Fund is a new revolving loan fund internal to Montgomery County Government. The fund will make loans on a rolling basis for internal departmental initiatives with strong potential to improve customer service and performance results while at the same time reducing budgetary costs and/or increasing County revenue within three to five years. The fund will be

OLO FY19 Work Program

1) 3-1-1
2) Common Ownership Communities
3) Economic Impact Analysis
4) Local Small Business Reserve Program
5) Minimum Wage Impact
6) Police Data
7) Racial Equity 1
8) Racial Equity 2
9) Student Loan Refinancing Market Demand
10) Cloud Migration
11) Restaurants
12) Receiverships
13) Solid Waste Collection Services
14) Linking Nonprofits with Business and For-Profit Entities
15) Assist with Review of the FY20 Operating Budget
16) Government Contracting Risk Management
17) Afterschool Care
18) Staff Support for the Council's Audit Function
19) Management of the Council's Independent Audit Contracts
20) Maintain and Update Interactive Fiscal Plan
21) Assignments as Needed

Project Descriptions

Project #1

3-1-1

Principal Agencies: County Executive, PIO

Launched in 2008, MC311 is intended to be the County's source for non-emergency government information and services. In 2017, MC311 fielded 490,076 calls from the general public, including 350,822 requests for information (72%) and 139,254 service requests (28%). Additionally, MC311's website provides information to County residents and takes requests for service. 72,055 service requests were submitted through the web portal in 2017.

As MC311 approaches its 10th anniversary, County Council members are interested in better understanding how well the system is performing. MC311 does track several variables intended to measure performance such as call wait time, dropped calls and the length of each call; many of these variables show decreased levels of performance over the past two years.

For this project, OLO will examine the current variables being used to measure MC311's performance to determine reasons for this decline. Additionally, OLO will explore other variables that may be used to measure the performance of MC311 and offer recommendations about what might be done to further enhance the services provided by MC311.

Project #2

Common Ownership Communities

Principal Agencies: County Executive, DHCA

Common Ownership Communities (COCs) are a vital component of the housing landscape in Montgomery County and include (1) developments subject to a declaration enforced by a homeowners' association; (2) residential condominiums; or (3) cooperative housing projects Increasingly, COCs are faced with growing pressures internally (units in foreclosure, delinquent unit owners, deferred maintenance, etc.) that threaten financial stability and externally with policies that discourage communities from investing in their properties or which make it difficult to buy/sell properties.

Councilmembers are concerned for the continued affordability and sustainability of COCs and have asked OLO to examine the state of COCs in the County. OLO will compare the current laws and government policies affecting this type of housing to homes not located in the COCs.

In particular, this OLO report will, to the extent possible:

- Catalog all common ownership communities in Montgomery County by location, number and type (HOA, condo, co-op), along with the number and age of housing units;
- Detail the various ways in which County departments interact with COCs from a regulatory/statutory perspective (e.g., services, reports, fees, rebates);
- Compare and contrast fees charged by the County to master-metered COCs to fees paid by single-family homeowners that are not in COCs for the same purpose;
- Compare and contrast financial assistance (credits, rebates, discounts) provided by utilities to residents in master-metered COCs with assistance provided to individuals in single family homes not in COCs which have individual utility bills;
- Examine the eligibility of County residents living in COCs for programs/tax credits and compare them to the eligibility of County residents living in single-family homes not in COCs; and
- Assess the impact of the "commercial" categorization of multi-family COC buildings (e.g., building standards, required permits, cost of permits, etc.).

Project #3

Economic Impact Analysis

Principal Agencies: County Executive, OMB, Finance

Currently, the Executive Branch develops estimates of the economic impact of legislation and Executive regulations in Montgomery County. While these documents provide valuable information and serve an important role in the Council's review of proposed legislation, in some instances Councilmembers want additional or more detailed economic impact analysis to supplement the estimates from Executive Branch staff.

Because economic impact analysis is an exceptionally challenging task that oftentimes requires subject matter expertise outside of County government, the Office of Legislative Oversight will identify a group of outside consultants able to perform this type of work.

At the request of Councilmembers, OLO will contract with these outside experts to expand upon or provide additional economic impact analysis reports that address Councilmember questions on specific legislation. The scope and number of these projects will vary and depend upon available OLO resources.

Project #4

Local Small Business Reserve Program

Principal Agencies: County Executive, Finance, Procurement

In April 2005, the County Council adopted Bill 23-04 to establish the Local Small Business Reserve Program (LSBRP). The LSBRP ensures that County departments award 20 percent (with specified exceptions) of their procurements for goods, services and construction to registered and certified local, small businesses. To be certified eligible for the program businesses must be independently owned, have economic operational base in the County, and not exceed specified earnings and employee thresholds.

In FY17, there were 619 fully certified LSBRP vendors and the County spent $93.4 million on local small business contracts, an amount equal to 24.88% of total eligible spending for LSBRP. Certified vendors may not participate in the program indefinitely; rather once a LSBRP business has been awarded $10 million in County contracts and at least 10 separate contracts (either as a prime contractor or a subcontractor), the business is no longer eligible for a LSBRP procurement. Since program adoption, only two LSBRP local small businesses have reached this statutory limit and graduated from the program.

This OLO project will examine local, small businesses participating in the County's LSBRP to help the County better understand how the program serves local small businesses and affects County departments' operations. Recognizing that this program is designed to grow the County's small business base, this study will evaluate participation in the program, focusing on factors that contribute to decisions to participate, benefits, and lessons-learned. The study will also present findings from local, small businesses that have graduated from the program and those nearing graduation.

Project #5

Minimum Wage Impact: Tracking Financial Indicators

Principal Agency: OLO

On November 7, 2017 the County Council passed Bill 28-17, "Human Rights and Civil Liberties - County Minimum Wage" which required that the minimum wage in Montgomery County for all employers reach $15.00 by the year 2024. Additionally, the bill required that the minimum wage increase with inflation. Specifically, the future increases are tied to the Consumer Price Index for Urban Wage Earners and Clerical Workers.

To ensure that businesses in Montgomery County and the County economy as a whole are not adversely impacted by the minimum wage increases, Bill 28-17 also required that the Office of Legislative Oversight "provide to the Council, by January 31 of each year, a report containing data related to the implementation of the County minimum wage and the local economy." The Council did not specify the variables to be included in this report.

This OLO project will identify a set of variables to be included in the annual report required by Bill 28-17, explain why these variables are included, and offer guidance about how to interpret what changes in these variables say about the impacts of the County's minimum wage law. This project will also examine the relationship between the proposed variables and other factors affecting the County's economy. This report will benchmark changes in the County's economy against those in other nearby jurisdictions to account for the effects of larger regional and national economic changes on the County's economy. Considering changes in the proposed variables against this larger back drop will help differentiate which of those changes are and are not tied specifically or solely to the minimum wage increases in the County.

Project #6

Police Data

Principal Agencies: County Executive, MCPD

The Montgomery County Police Department (MCPD) has an FY19 operating budget of nearly $280 million and more than 1,950 employees. Given the size of MCPD and scope of its mission, the County Council would like to better understand the variables MCPD uses to measure its impact across the range of departmental activities. In particular, the County Council hopes to better link MCPD spending to program and initiative impact so that it can make more clearly informed budgetary decisions.

This OLO project will examine the data points collected and used by MCPD. Working with MCPD, OLO will develop an inventory of these data points, including concise definitions so that data can be easily accessible to Councilmembers. The Council recognizes the significant number of reporting requirements currently in place for MCPD - this project is not intended to create additional data collection or reporting requirements. Rather, OLO intends to filter and organize currently collected information in such a way that meets the Councilmembers need to link budgetary decisions to program or policy impact.

Project #7

Racial Equity Follow-Up Project 1:
Measures of Racial Equity (to be contracted out)

Principal Agency: OLO

Disparities on measures of well-being and socio-economic status are widespread by race and ethnicity. These disparities reflect historical and current inequities in opportunities and are rooted in institutional and structural racism. As Montgomery County seeks to reduce racial disparities, best practices recommend the review of trend data to monitor and track changes in disparities.

This project will describe trend data across several measures that benchmark current racial and ethnic disparities in outcomes among County residents. Relying on Census and other data sources, this project will describe trend data by race, ethnicity, and, when available, English language learner status, on measures of:

- Health and well-being;
- Median income and wealth;
- Family formation and household size;
- Education attainment;
- Employment and earnings; and
- Homeownership and business ownership.

These data, describing both countywide and Council district statistics, will offer a benchmark for assessing the efficacy of planned efforts to reduce disparities and build on the Urban Institute's 2017 report.[1] These data points on racial disparities can also help inform the development of performance measures among local departments and agencies.

[1] https://www.urban.org/sites/default/files/publication/95386/2017.12.28_montgomery_county_finalized_6.pdf

Project #8

Racial Equity Follow-Up Project 2: Racial Equity Planning in Montgomery County

Principal Agency: County Executive

Based on lessons learned from other jurisdictions, this project will offer advice for how the County can implement a racial equity framework and action plan locally. Action planning components to be described will include the following recommended roles:

- Elected and non-elected leaders and officials;
- Departments and agency managers and staff;
- Service, planning, and infrastructure departments;
- Community-based organizations and the private sector; and
- Data collection and management.

Based on the experiences of other local jurisdictions focused on narrowing racial disparities, this report will also offer direction for how the County can approach:

- Delivering training to elected and non-elected officials and County staff;
- Forming cross-departmental and agency racial equity teams;
- Partnering with community-based organizations to foster community engagement;
- Developing and implementing racial equity tools to inform decision-making;
- Developing a racial equity action plan for the County; and
- Partnering with other local jurisdictions pursuing racial equity.

Project #9

Student Loan Refinancing Study and Cost Analysis

Principal Agency: County Government

In 2016, the Maryland State legislature passed enabling legislation allowing Montgomery County to establish a Student Loan Financing Authority. To do so, the bill states that the County must conduct a study that meets certain conditions including: performing a feasibility and demand study; assessing the potential benefit of recruitment and retention of County school system employees; and studying the operation and costs of similar programs in other jurisdictions.

In June 2017, the Office of Legislative Oversight (OLO) completed OLO Report 2017-8, Student Loan Refinancing Authority that recommended the County engage a consultant to conduct a market demand study. Through subsequent Council committee meetings, it was also recommended that a cost analysis occur. In the approved FY19 operating budget, Council authorized funding allowing OLO to contract with outside experts to provide the market demand study and the cost analysis.

The market demand study will:

- Describe the market and industry positioning the proposed Montgomery County Student Loan Revenue Authority (SLRA) would compete with;
- Depict market sizing and opportunities (estimation of opportunity for volume within the target population; opportunities and cost details for product marketing);
- Define proposed feasible lending products;
- Provide potential loan product growth (from implementation through five years); and
- Recommend next steps and a rollout plan for a SLRA.

The cost analysis will:

- Develop a sensitivity analysis of the demand/cost of the program that will create a decision model for application criteria;
- Provide insights regarding the extent to which key variables (e.g., credit score mix, completed degree, etc.) will affect market demand and program cost;
- Review sources of initial start-up funding for the refinancing program, including grants or loans from the County's General Fund, and the possible mix of taxable and tax-exempt debt, based on the target market;
- Review reserve fund amounts and other factors that would affect bond ratings for debt issued to fund the program;
- Determine when the program could break-even, based upon assumptions regarding: spread between cost of borrowing and charged interest rates and fees; default reserve fund, start-up costs and ongoing operational support; other cash support reasonably necessary to support the program; and
- Determine when any loans from the County to cover start-up costs could be repaid, based on the same assumptions identified in the previous bullet.

Project #10

Review of Decision-Making Processes in County Government Cloud Migration

Principal Agency: County Government

Recent literature on business' and the government's migration of IT to the cloud explores the drivers of cloud migration – e.g., perceived cost savings, efficiency, better security – and discusses whether the factors that influence organizations' decisions to migrate to the cloud make sense in the long run. IT experts and researchers assert that the decision-making process that organizations use to analyze whether to migrate data or processes to the cloud can significantly impact the success of the move.

In recent years, the County Government has migrated several IT processes to the cloud. The Council is interested in better understanding the factors that have guided departments' decisions to migrate processes (or data) to the cloud, how departments and the Department of Technology Services collaborate on decisions to migrate, and whether departments have identified and achieved specific goals via cloud migration (e.g., cost savings, more innovative platforms, increased efficiency, etc.).

This Office of Legislative Oversight report will summarize recent literature on decision-making processes involved in successful cloud migration and will describe the decision-making process that Executive and Legislative Branch staff have used when deciding to migrate to the cloud. The report will examine whether County Government staff can include additional factors in decisions to migrate to the cloud going forward that will enhance the outcomes for County departments.

Project #11

Promoting Growth of Destination Businesses in Underserved Areas

Principal Agency: County Government

Montgomery County is home to hundreds of restaurants and entertainment destinations including bowling alleys, movie theaters, live music venues and other family friendly sites. However, these restaurants and entertainment destinations are not equally distributed throughout the County and many residents lack easy access to ample dining or entertainment options. In addition, while many retail centers in the County are thriving, some long-established retail locations are struggling to find tenants in today's changing consumer environment.

This OLO report will examine ways in which the County might promote growth in the dining and entertainment sectors in areas of the County currently underserved by these types of businesses. This project will specifically focus on strategies that would encourage revitalization and increased occupancy in retail locations to serve the existing the nearby housing stock.

OLO will explore strategies being implemented in other jurisdictions and may also review current concepts such as the technology incubator program already in place in Montgomery County. Finally, OLO will provide recommendations as to how these programs might be best managed and which department in the County Government could most effectively administer these programs.

Project #12

Receiverships

Principal Agencies: All County-Funded Agencies

In law, receivership is "a situation in which an institution or enterprise is held by a receiver—a person placed in the custodial responsibility for the property of others, including tangible and intangible assets and rights—especially in cases where a company or individual cannot meet financial obligations or enters bankruptcy." As it relates to property, when the owner (or borrower in case of a mortgage) of a home, business, or piece of land cannot afford to keep the property in habitable or usable condition or keep mortgage payments current, a receivership takes control of the property's management out of the hands of a borrower and, at the direction of a court, gives control to a neutral third party: the "receiver." The receiver operates all aspects of the property until the property is either sold, made habitable or mortgage delinquency is resolved.

In Maryland, both Baltimore City and Prince George's County have implemented receivership laws. While Montgomery County does not have the same level of properties in a vacant or abandoned state as Baltimore City and Prince George's County, it is estimated that several hundred properties in the County are currently in a foreclosed, vacant or abandoned state. This OLO report will examine how receivership laws are implemented in other jurisdictions (particularly Maryland) and report on the benefit and drawbacks of these initiatives.

Project #13

Solid Waste Collection Services

Principal Agency: County Government

The County is divided into two subdistricts for the collection of solid waste from single-family residences. In Subdistrict A, the County provides refuse and recycling collection services, through contracts with private collectors. In Subdistrict B, the County contracts with private firms for recycling collection services. However, in Subdistrict B, individual homeowners or residents contract directly with private firms for refuse collection services.

This OLO report will: (1) describe the structure, operations, and policies of the County's single-family residential solid waste collection system; (2) present information about the costs and financial management of the system; (3) assess service level differences among County residents; and (4) evaluate possible modifications to the current system.

Project #14

Linking Nonprofits with Business and For-Profit Entities

Principal Agencies: All County-Funded Agencies

Two key aspects of a strong and vibrant Montgomery County are the local businesses and their impact on the local economy and the not-for-profit organizations that work to improve the daily lives of the County residents. Increasingly, local governments are working to link nonprofits with businesses to leverage their combined expertise in order to address government-focused priorities. County Council members are interested in better understanding how they might be able to leverage government funding by integrating the work of local not-for-profit organizations with local businesses.

This OLO report will examine the strategies used by other local jurisdictions to link nonprofit organizations with businesses to promote key government objectives, examine strategies currently employed in Montgomery County, and offer suggestions as to how the County might further promote these links to advance public policy.

Project #15

Assist with Review of the FY20 Operating Budget

Principal Agencies: All County-Funded Agencies

During the spring of 2019, OLO staff will team with Central Council staff to prepare analyses for Committee and Council work sessions on the FY20 operating budget. This project is similar to OLO's operating budget-related assignment in recent years. For this portion of the FY19 Work Program, the OLO Director will work collaboratively with the Council Staff Director to identify specific budget areas for OLO staff assistance. Priority consideration will be given to topics that OLO has studied before.

Additionally, OLO will assist County Council on additional budget-related analysis throughout the year. OLO will be on call to provide support and analysis for a limited number of tasks that may include fiscal impact statements, collective bargaining provisions that result from labor negotiations, non-competitive awards, or unanticipated items that arrive in agencies' budget proposals.

Project #16

Government Contracting Risk Management

Principal Agencies: County Executive, Procurement

Local governments contract out services for a variety of reasons including: cost reduction, improvement of service delivery, lack of in-house staff or expertise, and increased flexibility to meet changing community needs. To ensure that the objectives of a contract are being met and to mitigate risk, local government must implement a contract monitoring system that addresses quality, quantity and timeliness. An effective contract monitoring program must identify issues with non-compliance, performance, reporting, and fiscal accountability and can help determine whether to renew a contract or require corrective action.

Consequences for poor performance written into a contract provide agencies with the ability to take disciplinary action against a vendor that fails to comply with contract terms. If a contractor is not meeting a term or conditions of the contract, immediate action can be taken and may include a spectrum of consequences: dispute resolution, withholding payment until performance requirements are met, revising the contract or delivery schedule, liquidated damages, or contract termination.

This project will review the current policies and procedures implemented in Montgomery County that are intended mitigate risk of contractor noncompliance or under performance. This will include a review of contract terms and conditions regarding noncompliance along with contract monitoring procedures. Recommendations related to best practices in risk mitigation as compared to practices in Montgomery County may be made.

Project #17

Afterschool Care

Principal Agencies: MCPS, County Executive

The availability of enriching afterschool programing in a safe environment is an important component of a wholistic educational environment. While afterschool care is available in some elementary schools in Montgomery County it is not available in many others. Further, the afterschool care that is available is often times too expensive for some families to afford. Council members are interested in understanding how other jurisdictions handle the issue of afterschool care and whether or not universal aftercare or some other system might be possible to implement in Montgomery County. This OLO project will study the best practices being implemented by other jurisdictions in afterschool care and report on what might be viably implemented in Montgomery County.

Project #18

Staff Support for the Council's Audit Function

Principal Agencies: All County-Funded Agencies

Council Resolution 16-826, adopted January 27, 2009, calls upon the Council's Government Operations and Fiscal Policy (GO) Committee "to continue to strengthen the Council's independent review and oversight of the County's financial reporting, management control, and audit activities." When performing these functions, the Government Operations and Fiscal Policy Committee (GO) meets as the Council's Audit Committee, with the Council President and Vice President serving as ex-officio voting members. The resolution requires the GO Committee to meet as the Council's Audit Committee at least four times a year.

Council Resolution 16-826 assigns the Office of Legislative Oversight the responsibility to coordinate staff support for the GO Committee when it meets as the Audit Committee. During FY19, the Committee is scheduled to receive regular updates from the Office of the Inspector General and the Office of Internal Audit, receive a report from the County's external auditor on the results from the audit of the FY18 financial statements, submit an end-of-year report to the Council, and address other issues as needed.

As directed by the Council resolution, OLO will ensure that the Committee receives "assistance from the Council staff, the Office of the Inspector General, Executive Branch and other County agency staff, and contractors with appropriate expertise" in carrying out its "oversight of financial reporting and risk assessment."

Project #19

Management of the Council's Independent Audit Contracts

Principal Agency: County Government

Section 315 of the County Charter requires the Council to contract with a certified public accountant to perform an annual independent audit of the County Government's financial statements. The Council also contracts for the annual audit of the financial statements of the employee retirement plans and the Montgomery County Union Employees Deferred Compensation Plan.

Since 1991, the Council has assigned the Office of Legislative Oversight the responsibility to act as the Council's contract administrator and provide support to the Council during the period of audit engagement. OLO carries out these responsibilities with oversight and guidance from the Council's Audit Committee. The Audit Committee consists of the members of the Government Operations and Fiscal Policy Committee, with the Council President and Vice President serving as *ex officio* voting members.

The FY19 Independent Financial Audit NDA funds the independent audits of the FY18 financial statements issued by the County Government, the employee retirement plans, and the Montgomery County Union Employees Deferred Compensation Plan. FY19 is the third year of the Council's contract with CliftonLarsonAllen LLP to provide audit services.

Project #20

Maintain and Update Interactive Fiscal Plan

Principal Agency: OLO

The Council asked OLO to create a web-based tool to allow policy makers and the public to better understand the long-term fiscal impacts of alternative budget decisions. In response to this directive, OLO developed a budget model known as the "Interactive Fiscal Plan." The Interactive Fiscal Plan is a model that allows users to input alternative revenue and expenditure assumptions in the County's six-year budget projections. The model calculates the cumulative six-year effect of adjusting the assumed average annual rate of change for major fiscal variables including revenue generation, agency spending, and debt service payments.

OLO launched the web-based model in December 2014. During FY19, OLO will maintain the model and periodically update the data to reflect current budget decisions and economic projections. In addition, OLO staff will demonstrate the model at public meetings as directed by the Council.

Project #21

Assignments as Needed

Principal Agencies:

In order to better meet the needs of Councilmembers, OLO will leave space on its work program to conduct research reports. Upon request of Councilmembers and the approval of the Council President, OLO will, on an as needed basis, add assignments to its work plan. These reports will address topics that arise over the course of the year.

One of OLO's FY19 priorities is to provide continued flexibility in its ability to take on and complete research assignments that arise over the course of the year. Projects that are added to the work program under Project #20 will be released to the public in the same manner as other OLO projects but will not necessarily be assigned to a discussion at a committee hearing. They will be research-based and require only minimal interaction with staff of other government agencies.