

February 29, 2012

To: Roger Berliner, Council President

From: Isiah Leggett, County Executive



Subject: 2011 Annual Report

In this annual report, I am pleased to report that we continue to make important strides in making our good County even better, notwithstanding difficult challenges caused by the continuing world economic downturn.

Despite a difficult recession that resulted in financial hardships for many of our residents and fiscal constraints for County programs and services, we are moving forward in building a better government that is more responsive and accountable; offers affordable housing in an inclusive community; provides an effective and efficient transportation network; maintains a strong and vibrant economy; ensures that children are prepared to live and learn; supports healthy and sustainable communities; ensures safe streets and secure neighborhoods and provides vital living for all residents.

Though we have made great strides over these past five years in bringing under control unsustainable budgetary trends, we must continue our work to put our financial house in order, protect essential services, and lay the groundwork for Montgomery County to come out of this downturn a stronger and more efficient County.

I very much appreciate the partnership between myself and the Council toward this end.

I have worked to:

- Ensure that County government is discharging its primary responsibilities more efficiently, effectively, and with greater accountability through programs such as CountyStat, 311, and performance-based management;
- Mitigate the damage to the County from State budget cuts and federal budget decisions;
- Protect critical County services in education, public safety, and assistance to the most vulnerable in our midst;
- Seek additional revenue when needed; and
- Work to make sure that the County emerges from the current downturn in a stronger fiscal condition through prudent stewardship and investment in critical areas to boost our future tax base.

Roger Berliner, Council President

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When I was first elected County Executive five years ago, County spending was unsustainable – averaging nearly 10 percent annual increases over each of the four years before I was sworn in. The combination of a growing workforce, expanding services, and sharply receding local revenues created a long-term structural deficit in the County budget.

In the past five years, we have closed \$2.5 billion in budget shortfalls. This hasn't been easy. It has meant hard choices. And it has meant sacrifices, both from residents who have had to make do with reduced services and pay increased taxes -- and from employees.

For my five years in office, the total increase in County government tax-supported spending has been – in real terms – zero.

By reducing unsustainable increases in County spending, while investing in making government more effective and creating opportunities for the growth of good jobs in the future, we have maintained our coveted Triple-A bond rating. This rating saves County taxpayers millions of dollars in borrowing costs every year.

None of this could have been achieved without sacrifices by our County employees, who have received no cost-of-living increases the last three years and, with the abolishment of many positions are, for the most part, being asked to do more with less. They deserve our thanks for their service during this difficult time.

There have been layoffs and furloughs. There has been the elimination of steps and increments for the past two years. County employees have not received negotiated wage increases. I and my department directors – as well as Councilmembers -- have shared these sacrifices – no wage increases or COLAs and, this past year, up to eight days of furloughs.

On taxes, I have kept my promise in the FY12 budget not to increase property taxes beyond the Charter limit, which allows the amount the County can take in from one year to the next to be only at the rate of inflation. The amount of increase in this past budget was 0.8 percent – about \$20 a year more for a \$225,000 house and \$100 more for a million-dollar house.

In fact, County taxes as a percentage of personal income is at its lowest rate since 2004. Only about \$11 million of our \$300 million gap for this current year is being closed by increased property tax revenue.

I wish I could tell you now that these trying times are behind us. I cannot do that. The coming year's budget will continue my efforts to position this County to make County government more efficient and effective, and to weather what remains of this economic downturn while laying the groundwork to meet the challenges of the future.

Among the highlights for 2011 are the following:

A responsive and accountable county government

Making Montgomery County government more accountable and responsive to County residents continues to be a major priority.

The deployment of the County's 311 non-emergency phone and online system represented a significant leap in responsiveness to our residents. Just days before its one-year anniversary on June 17, the call center recorded its 500,000th service request. The system offers residents a single point of contact for telephone and online inquiries and complaints and is an important tool to assist the County in making resource allocation decisions and tracking department responsiveness.

Over the first year, call volume averaged 40,000 calls per month. The MC311 web portal (www.MC311.com), allowed residents to find answers and check on the status of service requests, and has averaged 25,000 views per month. In March 2011, the MC311 online and telephone information system received a Technology Solutions Award for Telecommunications & Information Technology from the Public Technology Institute. And in April 2011, MC311 was named the silver winner in the category of Customer Analytics in the 2011 Gartner & 1to1 Media CRM Excellence Awards.

I have continued to reach out to County residents through a variety of means, including Town Hall meetings (18 held since I was elected – more than all previous County Executives combined, and attended by over 3,000 residents), regular On-Line Chats, our award-winning County webpage and our “Montgomery On-Demand” program (which includes outreach via “YouTube,” “Facebook,” and “Twitter”).

Our CountyStat initiative continues to track the County's performance in addressing challenges using real-time data and holding departments and agencies accountable for the results in such areas as public safety overtime, youth initiatives, affordable housing, pedestrian safety, emergency preparedness, and more. CountyStat has added value by enforcing “results-based accountability” and empowering the departments to make “data-driven” decisions and saved the County millions of dollars. We have begun to explore an “Open Government” initiative which will make County data even more transparent to the public.

Under the leadership of the Department of General Services, the County broke ground for six major facilities during 2011 (White Oak Recreation Center, The Fillmore, the Silver Spring Library, EMOC, the Judicial Center Annex, and Gaithersburg Library). DGS implemented a new “Neighborhood Projects” website to keep residents posted on project timelines and also reduced the project design cycle from 18 months to 12 months. Montgomery County's paper reduction initiative reduced sheets of paper by nearly 40 percent from two years ago, saving over \$3 million.

My Pepco Work Group presented its final report in April 2011, garnering significant praise for its findings. Included in the 192-page document are 30 recommendations for Pepco, six to local governments and 20 for the Maryland Public Service Commission (PSC) that regulates public utilities in the state. Using the report as a tool, Montgomery County engaged Pepco to improve its emergency planning and storm operations and also intervened with the Maryland Public Service Commission to require greater accountability from Pepco. Our recommendations contributed to the PSC's decision to fine Pepco for its lack of reliable service. They are markers to help us as we continue to keep the pressure on Pepco and the PSC to assure the services our residents and businesses deserve and pay for.

Safe streets and secure neighborhoods

Maintaining safe streets and secure neighborhoods is vital to the well-being of and quality of life for Montgomery County residents.

The County has enjoyed a downward trend in crime. Year-end figures covering 2010 showed a 7.5 percent decrease in overall crime from the previous year and a 13.5 percent decrease in violent crimes over that same period. Over the past four years, overall crime has fallen by 12 percent and violent crimes by 15 percent. The County's crime statistics for the first and second quarters of 2011 showed a decrease of first 6.6 percent and then 12.3 percent in the Part I violent crimes. While crime statistics do fluctuate, seeing this downward trend continuing over a longer period is very gratifying.

HHS, the Police, and the Recreation Department, working closely with community groups, continued to pursue my Positive Youth Development initiative which seeks to provide positive opportunities for at-risk youth, as well as intervention to keep kids out of gangs and suppress gang activity.

The failure of the County Council to even vote "yea or nay" on my proposed Youth Curfew means that our young people will be less protected from becoming victims of late-night crime or from becoming involved in late-night trouble. Our police need this tool to complement our ongoing Positive Youth Development program and I will continue to advocate for its passage.

While the number of incidents of homicide decreased in the County, I would like to credit the Major Crimes Division, which conducted and quickly closed two very disturbing and high-profile murder investigations during this time period. The first occurred on New Year's Day 2011 and shut down Suburban Hospital after an employee was found stabbed to death in the boiler room. Within a week, detectives were able to determine that his co-worker was responsible and take him into custody. The second case rocked the sense of security to those who work and live in downtown Bethesda. That case was the murder of a "Lululemon Athletica" store employee by her female co-worker who initially fabricated a story putting the blame on two unknown men. The quick resolution of this case allowed the thousands of people who enjoy that vibrant area to be reassured that it had not been a random act of violence.

Design work was completed for a much needed, new state-of-the-art Animal Services and Adoption Center. The new 47,193-square foot facility will be located at 7315 Muncaster Mill Road in Gaithersburg. Construction groundbreaking was held last month and the center will be operational in the summer of 2013.

The Montgomery Fire & Rescue Service deploys more than 2,000 career and volunteer personnel at 36 fire stations throughout the County. The Service processes an average of 110,000 emergency calls annually, more than 75% of them EMS-related.

Fire & Rescue has made substantial improvements in protecting the lives and property of County residents, notwithstanding resource limitations.

According to an analysis this year by CountyStat, the percentage of residential fires confined to room of origin went up from 63 percent in FY08 to 82 percent in FY11. So far as response time in critical fire calls within 6 minutes is concerned, it increased in urban areas of the County from 25 percent within 6 minutes in FY08 to 55 percent in FY11, in suburban areas up from 11 percent in FY08 to 33 percent in FY11, and in rural areas up from zero percent in FY08 to 29 percent in FY11.

Response time to Advanced Life Support calls within 8 minutes increased in urban areas from 38 percent in FY08 to 57 percent in FY11, in suburban areas from 31 percent in FY08 to 33 percent in FY11, and in rural areas from 11 percent in FY08 to 21 percent in FY11.

Montgomery went from 11 civilian fire deaths in 2007 to 1 in 2010. That 1 in 2010 compared to (in same year) 7 in Prince George's, 3 in Howard, 10 in Baltimore County, 6 in Anne Arundel, 7 in Fairfax.

The causes for progress include four-person staffing, opening more fire stations upcounty, and an improved phone-to-dispatch process.

These improvements would undoubtedly have been even greater if the County had an Emergency Medical Transport fee, charged to insurance companies, Medicare & Medicaid to provide more life-saving resources dedicated to Fire & Rescue. The lack of such a fee has cost County Fire & Rescue more than \$40 million over the past three years in monies from premiums from County residents already collected from Medicare, Medicaid, and private insurance companies – and will cost us millions more well into the future.

Our Department of Corrections and Rehabilitation continues to be a national leader, one of less than 130 agencies out of 3,320 to hold a 100 percent compliance with American Correctional Association standards. As a result of meeting the highest level of correctional standards, litigation is virtually nonexistent in our adult correctional system. Our model Pre-Release and Reentry program not only continues to win national attention but, through its efforts, saves County taxpayers millions of dollars a year.

Montgomery County's Office of Consumer Protection (OCP) celebrated its 40th anniversary as a law enforcement agency dedicated to ensuring integrity in our marketplace.

In October, results of a joint investigation with other regulatory agencies were released that identified critical financial and safety issues regarding the installation and inspection of gas appliances in Montgomery County. OCP assisted in the prosecution of unlicensed home improvement contractors and collaborated with the Police to address predatory impound towing practices. OCP coordinated the efforts of Montgomery County's Special Counsel to intervene in several cases before the Maryland Public Service Commission regarding the performance of Montgomery County's primary electric utility company. OCP's staff resolved hundreds of individual complaints.

The Office of Emergency Management and Homeland Security (OEMHS) has developed Continuity of Operations Plans for every County department and expanded the Alert Montgomery system which now has over 200,000 devices registered to receive alerts.

On January 26, 2011, a significant ice and snow event dumped nearly two inches of ice covered by up to eight inches of snow during the afternoon rush hour, resulting in major impacts to traffic throughout the region. Power outages were widespread, also affecting nearly 300 traffic signals. The County mobilized 400 pieces of snow removal equipment. Tree damage resulting from the storm was extensive. More than 200 trees were completely lost and required removal; an additional 200 trees experienced extensive damage, which will require future removal. During the height of the debris clean-up, OEMHS employed 45 private tree contractors to supplement its resources.

On July 25, the County was struck by a sudden and violent summer storm that knocked out power to almost 220,000 Pepco customers (out of a total of 302,000). The power loss impacted about 330 traffic signals (out of a total of 750). More than 250 roads were closed due to downed trees. The Potomac Water Treatment Plant, which provides about 70 percent of Montgomery County's water, lost power, requiring an immediate ban on outdoor water use. Rockville City's water system was impacted and Shady Grove Hospital lost power. Many County facilities also lost power. The Aspen Hill, Kensington, Silver Spring and Bethesda areas were hardest hit.

In both cases, the County sprang into action, activating the Emergency Operations Center, opening the 311 Call Center to work around the clock, opening shelters for those without power, and responding to critical needs and damage.

An effective and efficient transportation network

The road resurfacing efforts of the Division of Highway Services (DHS) paved 344 lane miles of road using 215,000 tons of hot mix asphalt and other materials during 2011. An expanded road restoration program used about \$6.7 million in federal stimulus funds from the American Recovery and Reinvestment Act to improve seven roadways, including Barnesville Road and Old Columbia Pike and begin resurfacing Shady Grove Road and Randolph Road.

DHS also launched a new, online map that is making it easier for residents to decide when to safely venture out following a snowstorm and new GPS-driven routing information for snow plow crews to bolster efficiency and effectiveness.

During FY11, the Division of Transportation Engineering (DTE) completed the following major improvements to the county's transportation infrastructure:

- Citadel Avenue Extension (650 feet; \$5.4 Million)
- East Deer Park Bridge over CSX – Emergency Bent Repair (\$500,000)
- Father Hurley Boulevard Extension (5,800 feet; \$21.5 Million)
- Nicholson Lane Bridge (\$3.7 Million)
- Travilah Road Improvements (14,400 feet; \$11.0 Million)
- White Oak Transit Center (\$1.5 Million)
- Woodfield Road Extension (3,000 feet; \$14.5 Million)

Division of Parking Management accomplishments during FY11 were:

- Tested credit card payment options in six garages. Nearly 75 percent of transactions were made with credit cards.
- Nearly 11,000 on-street, lot and garage parking spaces in Silver Spring, Wheaton, Bethesda and Montgomery Hills were transitioned to pay-by-cell technology, which allowed customers to use their cell phones to pay for parking at metered spaces. Another 1,000 spaces in North Bethesda were completed in July 2011.

In June 2011, about 200 traffic signals in Rockville, Gaithersburg, Germantown, Damascus and the Derwood areas were affected by a powerful summer storm and lost synchronization. The signals were restored by the evening rush hour, but the problem once again highlighted the critical nature of the County's traffic management system, which is more than 30 years old.

Thanks to the work of the Division of Traffic Engineering and Operations, the County accelerated the six-year plan I put in the Capital Improvement Program for a \$35 million replacement for upgrading and modernization. By the end of 2011, nearly 80 percent of the hundreds of traffic signals were transitioned to the new traffic management system that will help prevent future wide-scale traffic signal outages. The project will be completed in the next several months.

The County expanded traffic engineering efforts using nearly \$1.75 million in federal stimulus funds from the American Recovery and Reinvestment Act for four projects to improve traffic flow and traffic and pedestrian safety. The Department of Transportation, the Fire & Rescue Service, and the Police Department provided support to the U.S. Open golf tournament to develop an effective transportation plan that included the coordination of spectator parking, coordination of shuttle buses, construction of two pedestrian bridges, and management of traffic issues around Congressional Country Club, as well as provide needed security and emergency services.

My Pedestrian Safety Initiative is successfully reducing pedestrian collisions and improving safety. The results are very encouraging:

- There was a 15 percent decline in pedestrian collisions in the first six months of 2011, as compared to the five-year average (174 in 2011 compared to 204 for the five-year average).
- The severity of pedestrian injuries is declining. Prior to 2007, severe injuries - - where pedestrians were either killed or incapacitated from their collisions - - exceeded 30 percent of all pedestrian collisions. This percentage has been declining since 2007 to the current low of 24 percent for the first six months of 2011. Similarly, pedestrian fatalities for the first six months of 2011 were at an historic low.
- There was a 56 percent decline in pedestrian collisions in 2010, as compared to the preceding five-year average of collisions in the County's eight high incidence areas (18 in 2010 compared to 42 for the preceding five-year average).
- Under the Safe Routes to Schools program, there was a 70 percent decline in pedestrian collisions from the three years preceding engineering, education and enforcement actions at the first schools addressed.
- There was an 18 percent decline in pedestrian collisions from the three years preceding engineering improvements at locations where traffic calming and enhanced pedestrian facilities were constructed. Nine of the 11 locations saw a reduction in speeding of five miles per hour or more, dropping vehicle speeds close to posted speed limits.
- The Pedestrian Safety Initiative targeted resources in high incident areas, locations with the highest numbers of pedestrian collisions. Engineering improvements began on Piney Branch Road, Wisconsin Avenue, Rockville Pike, Reddie Drive and Randolph Road. Assessments have been completed on Georgia Avenue, from Sligo Avenue to Spring Street.
- To further enhance pedestrian safety, the County Police Department launched its Operation Safe Streets enforcement campaign. This enforcement strategy deployed officers on long stretches of roadways (corridors), in pedestrian collision high incident areas, and in designated Safe Routes to School areas, targeting a variety of offenses. Citations were issued to both drivers and pedestrians.

The Division of Transit Services (DTS) promotes alternative transportation in the County and operates the Ride On bus system. Ride On carries about 28 million riders a year. More than 40 percent of the Ride On fleet is fueled by alternative fuels (compressed natural gas and diesel/electric hybrid). DTS received \$6.55 million in federal stimulus funds to replace existing buses with 12 energy efficient, diesel-electric hybrids and one clean diesel bus.

We continue to work closely with the State of Maryland to advance critically-needed priority transit projects such as the Purple Line and the Corridor Cities Transitway. My Transit Task Force released a blueprint for a Countywide rapid transit system and is at work on an implementation strategy. The County received a \$1.3 million Job Access Reverse Commute grant from the Federal Transit Administration to support a pilot test of bikesharing in the Rockville/Shady Grove area – one that I hope to extend to Bethesda and Silver Spring as resources allow.

Our work with the State of Maryland and the federal government continues as we prepare for the full move of Walter Reed to the Bethesda Naval Medical Center, which started this fall. The County launched a new website to help inform residents and businesses. We also received confirmation of \$90 million in funding to assure critically needed road and transit infrastructure. This will enable us to build a pedestrian tunnel under MD 355/Wisconsin Avenue from the Medical Center Metro Station to the Navy Medical Center, as well as high speed elevators connecting the Navy Center directly to the Metrorail station.

A strong and vibrant economy

Montgomery County jobs increased by 44,000 – or 8 percent – between 2001 and 2010, 60 percent higher than the national job growth average over that same period.

Montgomery County continues to have one of the lowest unemployment rates in the nation. The County remains one of the most important centers of biotechnology and life sciences in the world – with MedImmune, Human Genome Sciences and an expanded Johns Hopkins University.

The County is laying the groundwork to move forward once the downturn passes by making visionary investments in the Greater Seneca Science Corridor, in transforming the White Flint and Shady Grove areas with transit-oriented development, and in a future East County life sciences center.

During FY11, the Department of Economic Development (DED) provided services, assistance and resource referrals to some 170 businesses and public sector entities.

Montgomery County saw numerous business expansions, relocations, and attractions during FY11 that resulted in the retention and projected creation of thousands of jobs in Montgomery County.

The diverse cross-section of businesses and federal entities supporting local job growth during FY11 included:

- Choice Hotels International – announced lease for new 130K square foot corporate headquarters in Rockville Town Center, retaining 375 jobs with plans to add 75 new County jobs;

- Digital Receiver Technology, Inc. (DRT) - broke ground on new 162K square- foot office and manufacturing facility at Milestone Business Park in Germantown; retention of 400 cybersecurity/advanced technology jobs;
- Advanced Bioscience Laboratories, Inc. (ABL) – expanded into a new 72K square-foot corporate headquarters facility in the Shady Grove Life Sciences Center; retention of 100 employees with plans to add 30 new biotech jobs in 12-18 months;
- Noble Life Sciences – opened new 6,000-square-foot office and lab facility in Gaithersburg, adding to its existing office/lab space in the County's Shady Grove Innovation Center; five current, full-time employees with plans to add 25 new biotech jobs in three years;
- Brown Advisory – moved its regional headquarters to Chevy Chase, bringing 30 existing financial services jobs to the County with plans to grow to 60 employees in the next two to four years;
- Fillmore (Silver Spring) – opened in September 2011;
- QIAGEN, Inc. – broke ground on \$52 million, 117K square-foot, headquarters facility expansion in Germantown; will add 90 new biotech jobs in three years;
- EDF, Inc. – attraction of 25 energy sector jobs with move to 16K square-foot North American headquarters in Chevy Chase; and
- International Baccalaureate – opened a new 36K square-foot Americas Global Center in Bethesda, bringing 60 new international education jobs to the County with plans to grow to more than 200 employees in next two to three years.

The expansion and retention of key federal government agencies in Montgomery County included:

- U.S. Dept. of Health and Human Services (HHS) – signed 15-year lease renewal for 935K square-foot in the Parklawn complex building it currently occupies in Twinbrook;
- National Cancer Institute (NCI) – broke ground on \$200 million, 575K square-foot satellite campus on Johns Hopkins University's Montgomery County Campus in the Shady Grove Life Sciences Center; will house 2,100 NCI employees;
- Nuclear Regulatory Commission (NRC) – commenced construction on new 14-story, 362K square-foot building to deliver in August 2012; will complete NRC's headquarters complex which houses some 1,500 employees; and
- National Oceanic and Atmospheric Administration – signed a 15-year lease in December for more than one million square-feet of office space in downtown Silver Spring, retaining 4,200 jobs in the County.

Other key economic development initiatives included:

- Supported and promoted County's Local Small Business Reserve Program (LSBRP) requiring all Montgomery County departments and selected agencies to allocate 20% of their goods and services purchases for small businesses registered with our LSBRP. In 2011, that figure rose to 36 percent of eligible contracts;
- Supported a Montgomery County Biotech Investment Tax Credit Supplement program;

- Supported the adoption of the Great Seneca Science Corridor Master Plan that will transform the Shady Grove Life Sciences Center. At build-out, the Plan calls for a total of 17.5M square feet of commercial office space, 9,000 dwelling units and the projected creation of over 50,000 jobs;
- Supported the adoption of the White Flint Sector Plan. At build-out, the plan calls for 12.98M square feet of non-residential development, 14,300 dwelling units and 48,600 jobs.
- Supported passage by the County Council of *ZTA 10-09* allowing optional method development hotel projects in CBD-1, CBD-2 and CBD-3 zones to realize the maximum allowable FAR density, which will result in a new hotel in the Bethesda CBD.

The Montgomery County Business Innovation Network, managed by DED, enjoyed continued success in FY11, with 22 companies entering the Network and six graduates.

Since the inception of our incubator program in 2000, more than 100 companies have graduated. These companies currently occupy well over 600K s.f. of commercial space in the County and have added more than 1,200 jobs to our local economy.

The Department's Division of Agricultural Services implemented and promoted the County's latest farmland preservation initiative – the Building Lot Termination Easement Program. The Program resulted in the purchase of 7 BLTs, totaling \$1.7 million dollars and covering over 308 acres.

The Department's Division of Workforce Services, in conjunction with the Maryland Multi-Cultural Youth Center, managed the Summer Youth Employment Program, with over 20 public sector entities and local businesses participating. Nearly 70 youth worked for six weeks. In addition, 842 youth and 47 employers participated in the 5th Annual Job Fair last spring – with 50 youth being hired by employers and many more taking advantage of apprenticeships and volunteer opportunities.

Montgomery County's Workforce Investment Board (WIB) completed its strategic plan and is working on implementation, supported by a grant from the Maryland Department of Labor, Licensing and Regulation. The plan takes an industry sector approach in its selection of target industries for which to tailor specific workforce services.

Work continues, under a development team led by B.F. Saul, to develop mixed-use projects in downtown Wheaton and the Wheaton Metrorail station area.

Healthy and sustainable communities

I believe that protecting the most vulnerable in our midst during this economic downturn is a practical and moral necessity. It is a bitter irony that the demand for our help is at its greatest at a time in which our available resources are stretched to the breaking point.

The number of County residents on food stamps has increased 126 percent over the past five years while the number of families receiving temporary cash assistance has risen 53 percent. The number of households receiving home energy assistance increased by 37 percent in the last four years.

During Fiscal Year 2011, the Department of Health and Human Services established three Neighborhood Opportunity Network service centers in response to the increased needs brought on by the economic downturn. Working with key community partners such as Family Services, Catholic Charities, Mary's Center, Impact Silver Spring and the Community Foundation, the centers provided improved access to services and increased community investment in those in need. Community work increased the linkages and support among residents.

A new one-stop online source for population-based data and information about community health and the social and environmental determinants of health was launched by County officials. The website - www.healthymontgomery.org - provided data and information on more than 90 topics related to the health and well being of the community and its residents. Data on the website will assist County policy makers and partners in identifying key priority areas and will help guide decisions about strategies to meet various needs. The website is a key part of the County's community health improvement project.

Through our "Montgomery Cares" program, the County provided primary care, medications, specialty care, limited dental care, and mental health services to more than 26,268 uninsured adults, 18 or older, who have income under 250 percent of the federal poverty level. Our Maternity Partnership Program provides prenatal and postpartum services for 1,950 uninsured, low-income women to ensure healthy birth outcomes. Clinical services are provided through Holy Cross, Washington Adventist, and Shady Grove Adventist Hospitals. The program includes prenatal care, nurse case management, prenatal classes, and dental services for pregnant women, and delivery payment to participating physicians. More than 94 percent of newborns born to mothers enrolled in this program have a healthy birth weight, a level similar to that for non-high risk deliveries in the County and State.

Our "Care for Kids" program last year linked 2,931 children to primary health care services, prescriptions and limited specialty care. Children up to age 19 who are uninsured and whose families have incomes below 250 percent of the federal poverty level are eligible. The County Dental program provided dental care to 1,425 children.

We also served 2,273 women in the Women's Cancer Control Program, which provides mammograms, breast exams, pelvic exams and pap smears through contracts with medical providers. Women with abnormal results are case managed for further diagnosis and linked with the state's program for treatment if necessary.

Our Adult Protective Services, providing help to seniors and vulnerable adults, saw a five percent increase in investigations. Of the cases investigated: 63 percent involved self-neglect, 16 percent neglect by caregivers/others, 10 percent financial exploitation, and 10 percent physical abuse. Of the cases investigated, 69 percent involved persons age 65 or older. The County also

provided supported employment, vocational training, day programs, individual and family support services, and residential placements services through our Developmental Disability Supplement.

To address homelessness, our Housing First Initiative reduces dependence on temporary shelter with strong focus on rapid rehousing into permanent supportive housing. Through collaboration between HHS and DHCA, we have been able to increase the number of permanent supportive housing units to place homeless individuals and families in permanent housing and provide deep subsidies and case management. We have also expanded homeless prevention efforts to help households prevent eviction and avoid homelessness.

Overall, 1,141 individuals experienced homelessness in the County in 2011, a 7.2 percent increase. The number of permanent supportive housing beds rose to 1,592, an increase in the inventory from 581 beds over just the past five years. Under Montgomery County's "Housing First" model, designed to develop affordable and accessible housing for special needs and homeless populations, the County served 210 households in 2011. There are 220 year-round and fully utilized emergency shelter beds, with seasonal capacity bringing the total to 395. Home energy assistance grants went to 9,483 households in 2011 and rental assistance to 1,397 households.

The ongoing work of our African American, Latino, and Asian Health Initiatives in providing health education and health services continues. The African American Health Initiative continues its work to lower the high infant mortality rate among the County's African American residents. Our Suburban Maryland Welcome Back Center initiative, designed to serve health professionals from all over the world currently residing in our geographic area in preparing for and obtaining required licenses to join the healthcare workforce, was recognized by the Migration Policy Institute as an exceptional immigrant integration initiative.

Affordable housing in an inclusive community

During the past year, notwithstanding the fiscal challenges, I have maintained a focus on creating and preserving affordable housing in the County.

We have:

- Increased our affordable housing investment by providing \$166 million to the Housing Initiative Fund over the past five years, enabling us to take on more and more projects, partnering with for-profit and non-profit entities;
- Added and preserved more than 1,785 affordable units over the past three years (including FY12,) with an additional 1,093 units in the pipeline;
- Fully implemented or have in progress, 12 of the 15 recommendations from my Affordable Housing Task Force;

- Used the HIF, Housing Code Enforcement, Multifamily Rehabilitation loans and assignment of right-of-first-refusal contracts to nonprofit housing providers to promote extended affordability in housing developments;
- Implemented a concentrated Housing Code Enforcement program to monitor vacant and/or foreclosed homes, including creating an on-line public reporting system. Approximately 750 homes are currently on the “watch” list;
- Used HIF and Neighborhood Stabilization funding to purchase, rehab, and reoccupy 36 vacant, foreclosed homes in target areas, partnering with Habitat for Humanity, the Housing Opportunities Commission, and others;
- Assisted low income County residents by weatherizing 1,100 County homes using Federal Recovery Act funding;
- Began preparing for construction at three publicly-owned sites to produce 300 mixed income housing units, including approximately 200 affordable units;
- Used Federal Recovery Act funds to increase code enforcement, infrastructure maintenance, and other activities in target neighborhoods, including the exterior rehabilitation of 70 homes.

In addition, the first phase of my Code Enforcement Reform package went into effect on April 27, 2011 and the second phase on October 28, 2011.

These reforms further restrict the encroachment and expansion of home occupations into residential neighborhoods, as well as limiting the paving of front yards and limiting heavy commercial vehicles and small tow trucks in residential zones. Prior to the laws going into effect, the Office of Public Information, working with the Police, Permitting Services and Housing and Community Affairs, undertook a public education campaign, “Being Good Neighbors” that involved five public forums, posters and bus ads, outreach to civic associations, and ads on Spanish language radio and in Spanish language newspapers.

Children prepared to live and learn

As County Executive, as a teacher and as a grandparent, I know that a first-class education system is the foundation upon which everything else depends.

Even given our obvious fiscal constraints, the County increased funding for the Montgomery County Public Schools budget by \$31 million – a 1.6 percent increase – nearly 99 percent of the Montgomery County Public Schools request, serving 146,582 students.

We continued our support for the valuable work of Montgomery College, which has seen an 11 percent increase in enrollment over the last three years.

Montgomery County Public Libraries (MCPL) celebrated its 60th anniversary of service to the County in what has grown to 20 full-service branches. More than 680,000 residents with library cards (a 65,000 growth over last year) made 5.7 million visits to our branches and 3.4 million

visits to the library website. Projects under construction include renovations to the Gaithersburg and Olney libraries.

Healthy and sustainable communities

The Department of Environmental Protection, working with the Public Information Office and the Department of Finance, took the lead on the County's Carryout Bag Law, presented by the Executive in March 2011 and passed by the County Council in May 2011. Revenues -- estimated at about \$1.3 million in the first year -- will, after administrative costs, be directed to the Water Quality Protection Fund (WQPF) that pays for things such as stormwater management, watershed restoration and litter clean-up. The measure, similar to one already in effect in the District of Columbia, will protect the environment, reduce the County's \$3 million litter cleanup bill, and bring in less and less revenue as shoppers make the transition to reusable bags.

Other DEP highlights include:

- Installed emissions control equipment on over 80 heavy-duty diesel vehicles with funding from the 2009 American Recovery and Reinvestment Act;
- Helped develop and continued to support community-based environmental organizations in the County, including Bethesda Green, Silver Spring Green, Poolesville Green and Green Wheaton;
- Worked with the Nonprofit Energy Alliance, a coalition of non-profit organizations in Montgomery County and neighboring jurisdictions, to provide education about and technical assistance in purchasing clean, renewable energy;
- Offered local tax credits for energy conservation and renewable energy measures to county residents;
- Began implementation of countywide energy efficiency projects funded by the 2009 American Recovery and Reinvestment Act; and
- Certified over thirty businesses under the County's Green Business Certification Program, which was developed in collaboration with the Montgomery County Chamber of Commerce and Montgomery College.

In March, 2011, 1,248 solar panels on the roof of the County's Shady Grove Processing Facility and Transfer Station were activated that will generate approximately 350,000 kilowatt hours (kWh) of electricity in the first year of operation and more than six million kWh over the 20-year life of the project.

The Solid Waste Division of DEP:

- Recycled and recovered additional metals from ash produced by waste incineration that was previously landfilled;
- Increased categories of materials that can be recycled, including electronics and other materials;

- Converted fleet of 125 refuse and recycling collection trucks to compressed natural gas power;
- Conducted model outreach, education, and enforcement programs to increase awareness of recycling benefits and bring about more recycling achievement;
- Remediated groundwater contamination from Gude Landfill and planned future reuse of the property; and
- Distributed 14,958 compost bins to residents. Along with the bins residents also received training and instructions on how to properly backyard compost and grasscycle to manage grass and leaves at the source.

Vital Living for all of our residents

People come to Montgomery County because of its renowned quality of life. Our residents value our urban centers, our agricultural communities, and our suburban neighborhoods. A clean environment along with diverse opportunities for recreation and the arts are essential elements of our quality of life.

Through the County Department of Recreation we:

- Opened the new Mid-County Community Recreation Center in May, 2011. The 32,000 + square foot facility features a three bay gymnasium, three large classrooms, a cooking kitchen, large social hall, and more. Through this facility, the Department will serve approximately 20,000 County residents of all ages and abilities;
- Launched the Excel Beyond the Bell pilot after school program at Loiderman Middle School, Argyle Middle School and Roberto Clemente Middle School in partnership with the MCPS, and the Collaboration Council for Children and Youth. The program extends the after school program from two to four days per week and from 45 minutes to 1 hour and 45 minutes of programming. Students are also given a hot meal and transportation home;
- Secured over \$500,000 in grants through partnerships and contributions by local Foundations that have allowed the Department to serve thousands more youth;
- Kept every one of its Recreation facilities open and operational, despite unprecedented budget reductions;
- Renamed the Montgomery Aquatics Center to the Eunice Kennedy and Sargent Shriver Aquatic Center in honor of the remarkable contributions made by the Shriver family to Montgomery County, the nation, and the world; and
- Broke ground on the renovation of the Plum Gar Community Recreation Center.

Montgomery County is getting older – and we owe it to those who have helped build this County to make sure they continue to have opportunities to live here and contribute. By 2020, 152,000 County residents – one in seven-- will be over age 65, a 65 percent increase from 2000.

We continue the work of our Senior Sub-Cabinet to implement recommendations in the areas of Housing, Transportation, Support Services, Employment, Civic Engagement, Public Safety,

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Health & Wellness and Communication & Outreach. Interagency efforts resulted in increased participation of seniors in senior center activities, health and wellness programs, safety information programs, and other critical areas – even given the very real constraints on resources available.

Our increasingly diverse population is one of Montgomery County's greatest strengths. The fact that 30 percent of our nearly one million people were born in other countries presents our County with great opportunities and significant challenges. Extraordinary people have come to our County from across the globe. I am determined to create a welcoming, nurturing, and empowering County government that allows all of our new residents the chance to realize their full potential.

I was pleased this past summer to travel along with Councilmember George Leventhal, former Congresswoman Connie Morella, Delegate Ana Sol Gutierrez, and several dozen others to formally establish people-to-people links with the Department of Morazan in El Salvador. Also accompanying us were Habitat for Humanity and MoverMoms and, especially important, Salvadoran-Americans from Montgomery County already working to help their native land address significant challenges.

I look forward to working closely with the County Council in the coming year – to survive and meet the significant challenges before us and to move the ball forward on building an even better Montgomery County for our children and their children.

IL:pk