


GO COMMITTEE #1
April 22, 2015

MEMORANDUM

TO: Government Operations and Fiscal Policy Committee
FROM: Justina J. Ferber,  Legislative Analyst
SUBJECT: Worksession - Executive's Recommended FY16 Operating Budget -
County Executive Office

Those who may attend this worksession:

Timothy Firestine, Chief Administrative Officer
Fariba Kassiri, Assistant Chief Administrative Officer
Dan Hoffman, Chief Innovation Officer
Sonetta Neufville, Manager III, County Executive Office
Jane Mukira, Management and Budget Specialist, OMB

Relevant pages from the FY16 Recommended Operating Budget are attached on ©1.

Budget Summary:

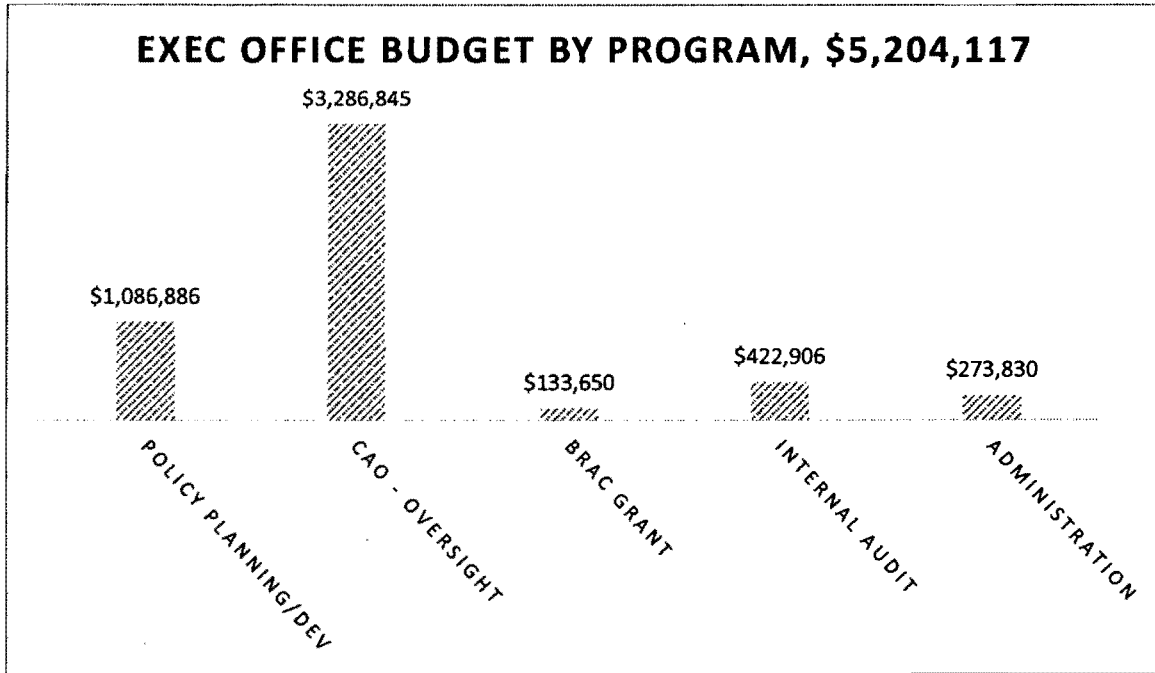
- Same services budget.

Council Staff Recommendation:

- **Consider placing \$25,000 on the reconciliation list to fund additional innovation projects.**
- **Approve the County Executive Office budget as recommended for \$5,204,117.**

Overview

For FY16, the Executive recommends total expenditures of \$5,204,117 for the County Executive's Office (CE), an increase of \$145,905 or 2.9% from the FY15 budget of \$5,058,212.



	<i>FY14 Actual</i>	<i>FY15 Approved</i>	<i>FY16 Recommended</i>	<i>% Change FY15 - FY16</i>
Expenditures by fund				
General Fund	\$4,710,329	\$4,927,854	\$5,070,467	2.9%
Grant Fund	\$139,558	\$130,358	\$133,650	2.5%
Expenditures by type				
Personnel Cost	\$4,179,500	\$4,320,728	\$4,536,233	5.0%
Operating Expenses	\$530,829	\$607,126	\$534,234	-12.0%
Total Expenditures	\$4,849,887	\$5,058,212	\$5,204,117	2.9%
Positions				
	34	36	37	2.7%
Full-Time	29	31	32	3.2%
Part-Time	5	5	5	0%
FTEs	30.60	31.60	32.60	3.2%

FY16 Expenditure Issues

There are no major changes in this budget. Changes in funding in the Executive Office budget for FY16 relate to increased costs for compensation and benefits and annualization of personnel costs. There are decreases in the budget for motorpool, professional service contracts and printing/mailing costs. Accomplishments and initiatives for the office are outlined on ©1-2.

Adjustments with no service impact	FTE	Cost \$
Annualization of Personnel Costs	1	125,795
Increase for Compensation Adjustment		115,232
Increase for Group Insurance Adjustment		9,603
Increase for Retirement Adjustment		14,230
Decrease for Motor Pool Rate Adjustment		-8,415
Decrease for Printing and Mail Adjustment		-2,977
Decrease Professional Services Contract		-34,500
Increase Lapse		-76,355
TOTAL General Fund Adjustments	1	142,613

Cost changes are discussed below by division.

CE - Policy Planning and Development	
FY15 \$1,024,836; 7.0 FTEs	FY16 \$1,086,886; 7.0 FTEs
-\$8,415	Decrease cost: Motor Pool
\$70,465	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

CAO - Oversight of Executive Branch Departments	
FY15 \$3,238,347; 20.60 FTEs	FY16 \$3,286,845; 21.60 FTEs
\$115,232	FY16 Compensation Adjustment
-\$76,355	Increase Lapse
-\$34,500	Decrease Cost: Professional Services Contracts
-\$2,977	Decrease Cost: Printing and Mailing
\$47,098 1.0 FTE	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

Additional Position: There was an addition of a mid-year Program Manager II. This is a term position functioning as an Economic Analyst reporting to Lily Qi, Special Projects Director. Also a lapsed Senior Executive Administrative Aide position was filled.

Chief Innovation Officer: Total operating expenses and personnel costs of \$220,000 are recommended for the budget for the Chief Innovation Officer (CInO). Costs of \$207,500 were budgeted in FY15 of which \$131,600 have been spent thus far in FY15 on personnel and operating costs. Funds for operating expenses including contract services for the CInO have not been increased for FY16. Contract services for the CInO for FY14 and FY15 were budgeted at \$50,000. Attached at ©6 is a summary of CInO activities.

The Committee should discuss with the CAO additional funding for operating expenses for the CInO to provide funding for innovation projects. Also, the GO Committee should encourage additional meetings with the CInO throughout the year to allow Councilmembers to be active participants in the process of creating and developing innovation projects and programs. The Committee may want to consider placing \$25,000 on the reconciliation list to provide additional funding for innovation projects.

Base Realignment and Closure Grant	
FY15 \$130,358; 1.0 FTE	FY16 \$133,650; 1.0 FTE
\$3,292	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

BRAC: Council staff inquired if it was time to phase out the BRAC position? If not, why not?

Response: “No, not yet. The County submitted an application for renewal of the grant through March 31, 2016. This grant funds the existing position of Montgomery County Military Installations/BRAC Coordinator, which is a Grade 25 Senior Planning Specialist. Dramatic growth at the Walter Reed National Military Medical Center (WRNMMC) in Bethesda due to Base Realignment and Closure (BRAC), as well as non-BRAC related activities at Naval Support Activity-Bethesda (NSAB), the Intelligence Community Campus Bethesda (ICCB) currently under construction, and the Fort Detrick/Forest Glen Annex in Silver Spring, require continued coordination of transportation mitigation projects focusing on mobility and transit enhancement and pedestrian and bicycle safety, as well as environmental mitigations. In particular, the Military Installations/BRAC Coordinator will continue to help manage a complicated grant providing \$68,174,000 to the Montgomery County Department of Transportation from two Department of Defense agencies: the Office of Economic Adjustment (OEA) and the Defense Access Road (DAR) program. The position has been detailed to DOT.”

Internal Audit	
FY15 \$416,886; 1.0 FTE	FY16 \$422,906; 1.0 FTE
\$6,020	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

Audit Activity: Internal Audit Reports issued to date during FY15: 10 Reports

- Additional Internal Audit Reports to be issued by 6/30/15: 2
- Tracking the implementation of 288 recommendations contained in 49 reports issued since Fiscal 2010 by the Office of Internal Audit and reports issued by the Office of the Inspector General and the Office of Legislative Oversight since FY2012.
- 63% of all 288 recommendations have been implemented by the relevant departments. The remaining 37% are in the process of being implemented.

Bill Broglie is the new Internal Audit Manager.

Administration	
FY15 \$247,785; 2.0 FTEs	FY16 \$273,830; 2.0 FTEs
\$26,045	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

Rapid Transit: In FY15 the budget included \$100,000 for financial advisory services for Rapid Transit. Funding of \$100,000 was also included each year in FY12, FY13, and FY14 for this purpose. No funding is budgeted for FY16.

Council Staff Recommendation:

- **Approve the County Executive Office budget as recommended by the Executive for \$5,204,117.**

Attachment: Budget Pages ©1
 Chief Innovation Officer Activity Summary ©6

County Executive

MISSION STATEMENT

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

BUDGET OVERVIEW

The total recommended FY16 Operating Budget for the Office of the County Executive is \$5,204,117, an increase of \$145,905 or 2.9 percent from the FY15 Approved Budget of \$5,058,212. Personnel Costs comprise 89.6 percent of the budget for 32 full-time positions and five part-time positions, and a total of 32.60 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 10.4 percent of the FY16 budget.

LINKAGE TO COUNTY RESULTS AREAS

The Office of the County Executive supports and also enforces all eight of the County Results Areas.

PERFORMANCE MEASURES

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

1. Departmental performance plans, headline performance measures and program performance measures that are reviewed and monitored on a routine basis;
2. A "Dashboard" reporting system on departments' headline performance measures and program performance measures that monitors and reports to the public, in real time, the County's successes and challenges; and
3. High level indicators of County performance and quality of life, that serve as a barometer of County performance benchmarked against a regional and national grouping of comparable jurisdictions.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ ***Facilitated the creation of the open data prioritization process. This included organizing open data town halls and other outreach events. The result was a precedent-setting, prioritized pipeline of datasets. This process has been recognized by the Sunlight Foundation as "near perfect" and by the National Association of Counties with an achievement award.***
- ❖ ***The Innovation Program was recognized by the White House and the U.S. Chief Technology Officer for achievements in cyber physical systems and remote health sensing technology. The Program established the Safe Community Alert (SCALE) system as part of the Smart America Challenge organized by the White House Presidential Innovation Fellows and the National Institutes of Standards and Technology.***
- ❖ ***Launched a significant entrepreneurship and workforce development initiative involving the food industry. The kitchen incubator project is currently in the site selection phase and expects to move forward in 2015.***
- ❖ ***Hosted Innovation Week in March 2014. Innovation Week was an event packed full of workshops for County managers on topics ranging from open data to 3-D printing. These workshops focused on getting our Management Leadership Service up-to-speed on trends that will change the way we govern for years to come.***
- ❖ ***Productivity Improvements***

- **CountyStat implemented a new web-based data and supporting narrative intake system that streamlines two competing and often time-consuming processes.**
- **CountyStat will retire current online performance dashboard and replace it with the Socrata "Open Performance" system. This new presentation layer brings Montgomery County's performance data display in line with the new dataMontgomery, budgetMontgomery, spendingMontgomery, and contractsMontgomery tools (also utilizing Socrata).**
- **Increasing the use of CountyStat as an in-house resource for analysis and survey administration rather than contracting-out those services.**

PROGRAM CONTACTS

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

PROGRAM DESCRIPTIONS

County Executive - Policy Planning and Development

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

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	1,024,836	7.00
Decrease Cost: Motor Pool Rate Adjustment	-8,415	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	70,465	0.00
FY16 CE Recommended	1,086,886	7.00

Chief Administrative Officer - Oversight of Executive Branch Departments

The Chief Administrative Officer (CAO) oversees the operations and services of all departments and offices of the Executive Branch. The CAO also advises the County Executive on all administrative and government operations/service related matters and coordinates final review and decision-making on policies, programs, service delivery, budgets, legislation, regulations and related matters. The CAO uses the following tools to carry out his responsibilities:

- 1) CountyStat provides a forum for ongoing monitoring and measurement of the effectiveness and efficiency of County government services in order to improve performance, reinforce accountability and focus on results.
- 2) The Constituent Services section coordinates responses to correspondence and electronic mail from our residents and identifies community/residents concerns that require special attention/response.
- 3) The Criminal Justice Coordinating Commission (CJCC) function seeks to enhance cooperation among the agencies involved in the criminal justice system in Montgomery County and to ensure that they address the issues facing the system.
- 4) The Innovation program provides an organized enterprise approach to innovation in Montgomery County. The core function of this program is to engage County employees and residents in order to facilitate innovation and assist with the design, development and implementation of innovative ideas.
- 5) White Flint Sector Plan implementation is managed by the Implementation Coordinator to ensure that the various public and private elements of the Plan are met. The White Flint area has a State designation as a Transit Oriented Development area. That TOD designation requires that specific performance measures be met by development projects.
- 6) Smart Growth Initiative related development projects are coordinated and facilitated by this office. Multiple development projects involving various County agencies, the Maryland-National Capital Park and Planning Commission and Montgomery County Public Schools are involved in this initiative.

<i>FY16 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY15 Approved	3,238,347	20.60
Increase Cost: FY16 Compensation Adjustment	115,232	0.00
Decrease Cost: Printing and Mail	-2,977	0.00
Decrease Cost: Professional Services Contracts	-34,500	0.00
Decrease Cost: Increase lapse	-76,355	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	47,098	1.00
FY16 CE Recommended	3,286,845	21.60

Base Realignment and Closure Grant

This program coordinates the review and analysis of referrals regarding Bethesda Naval Base Realignment related matters and also manages the Base Realignment and Closure grant.

<i>FY16 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY15 Approved	130,358	1.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	3,292	0.00
FY16 CE Recommended	133,650	1.00

Internal Audit

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

<i>FY16 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY15 Approved	416,886	1.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	6,020	0.00
FY16 CE Recommended	422,906	1.00

Administration

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

<i>FY16 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY15 Approved	247,785	2.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	26,045	0.00
FY16 CE Recommended	273,830	2.00

BUDGET SUMMARY

	Actual FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	3,209,903	3,329,595	3,466,454	3,477,535	4.4%
Employee Benefits	969,597	991,133	987,449	1,058,698	6.8%
County General Fund Personnel Costs	4,179,500	4,320,728	4,453,903	4,536,233	5.0%
Operating Expenses	530,829	607,126	485,716	534,234	-12.0%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	4,710,329	4,927,854	4,939,619	5,070,467	2.9%
PERSONNEL					
Full-Time	28	30	30	31	3.3%
Part-Time	5	5	5	5	—
FTEs	29.60	30.60	30.60	31.60	3.3%
REVENUES					
Other Charges/Fees	-45	0	0	0	—
County General Fund Revenues	-45	0	0	0	—
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	97,156	99,558	99,558	102,153	2.6%
Employee Benefits	20,988	26,316	26,316	27,013	2.6%
Grant Fund MCG Personnel Costs	118,144	125,874	125,874	129,166	2.6%
Operating Expenses	21,414	4,484	4,484	4,484	—
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	139,558	130,358	130,358	133,650	2.5%
PERSONNEL					
Full-Time	1	1	1	1	—
Part-Time	0	0	0	0	—
FTEs	1.00	1.00	1.00	1.00	—
REVENUES					
Federal Grants	136,923	130,358	130,358	133,650	2.5%
Miscellaneous Revenues	18,732	0	0	0	—
Grant Fund MCG Revenues	155,655	130,358	130,358	133,650	2.5%
DEPARTMENT TOTALS					
Total Expenditures	4,849,887	5,058,212	5,069,977	5,204,117	2.9%
Total Full-Time Positions	29	31	31	32	3.2%
Total Part-Time Positions	5	5	5	5	—
Total FTEs	30.60	31.60	31.60	32.60	3.2%
Total Revenues	155,610	130,358	130,358	133,650	2.5%

FY16 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY15 ORIGINAL APPROPRIATION	4,927,854	30.60
Other Adjustments (with no service impacts)		
Increase Cost: Annualization of FY15 Personnel Costs	125,795	1.00
Increase Cost: FY16 Compensation Adjustment [Chief Administrative Officer - Oversight of Executive Branch Departments]	115,232	0.00
Increase Cost: Retirement Adjustment	14,230	0.00
Increase Cost: Group Insurance Adjustment	9,603	0.00
Decrease Cost: Printing and Mail [Chief Administrative Officer - Oversight of Executive Branch Departments]	-2,977	0.00
Decrease Cost: Motor Pool Rate Adjustment [County Executive - Policy Planning and Development]	-8,415	0.00
Decrease Cost: Professional Services Contracts [Chief Administrative Officer - Oversight of Executive Branch Departments]	-34,500	0.00
Decrease Cost: Increase lapse [Chief Administrative Officer - Oversight of Executive Branch Departments]	-76,355	0.00
FY16 RECOMMENDED:	5,070,467	31.60

	Expenditures	FTEs
GRANT FUND MCG		
FY15 ORIGINAL APPROPRIATION	130,358	1.00
Other Adjustments (with no service impacts)		
Increase Cost: Grant award for Base Realignment and Closure (BRAC)	3,292	0.00
FY16 RECOMMENDED:	133,650	1.00

PROGRAM SUMMARY

Program Name	FY15 Approved		FY16 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
County Executive - Policy Planning and Development	1,024,836	7.00	1,086,886	7.00
Chief Administrative Officer - Oversight of Executive Branch Departments	3,238,347	20.60	3,286,845	21.60
Base Realignment and Closure Grant	130,358	1.00	133,650	1.00
Internal Audit	416,886	1.00	422,906	1.00
Administration	247,785	2.00	273,830	2.00
Total	5,058,212	31.60	5,204,117	32.60

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY15		FY16	
		Totals	FTEs	Totals	FTEs
COUNTY GENERAL FUND					
CIP	CIP	189,998	2.00	147,907	2.00

FUTURE FISCAL IMPACTS

Title	CE REC.	(\$000's)				
	FY16	FY17	FY18	FY19	FY20	FY21
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY16 Recommended	5,070	5,070	5,070	5,070	5,070	5,070
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	8	8	8	8	8
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
Subtotal Expenditures	5,070	5,079	5,079	5,079	5,079	5,079

Montgomery County Innovation Program

In its second full year of operation the Innovation Program has sought to build a more innovative culture inside and outside County government. In 2014 the Innovation Program launched Innovation Week, a week-long series of workshops and training design to give County staff an opportunity learn about new technologies and approaches across a wide spectrum of topics. The Innovation Program also began to realize its potential to establish the County as not just a regional or national leader, but a global leader in the realm of public sector innovation. This has been accomplished through an open collaborative approach with other County agencies, other local jurisdictions, the federal government, and in some cases international cities.

The Innovation Program in partnership with the Smart America Challenge and now the Global Cities Team Challenge has positioned the County as a leader in smart city and internet of things technology. Recognized by the White House in June of 2014, the County is now a sought after partner and advisor. The impact of this mega-trend surpasses almost every other disruptive technology trend. McKinsey Global Institute recently ranked disruptive technologies based on their percentage of economic impact and IoT was third, surpassing cloud computing, renewable energy, 3D printing and next-generation genomics. To address this trend the County has established the Thingstitute, a living laboratory for the internet of things. This new county asset is a hub for start-ups, large corporations, research institutions and test beds and was established with a minimal county investment. Beyond being a significant economic development opportunity, the Thingstitute will assist the County in understanding the impact the internet of things will have on public sector operations in the coming years.

The Innovation Program has also partnered with Montgomery County Public Schools to improve outcomes for students and provide a catalyst for innovative approaches in the classroom. The autism technology and communication pilot project, now in its second year, has shown incredible results for the students involved in the pilot. The students are spending significant parts of their day working in an academic setting with their non-disabled peers. As one principal put it, "This has been terrifying and exhilarating because these students are in the 5th grade and this potential has been there, locked inside". Efforts are now underway to understand how this pilot program could transition and scale up. The Innovation Lab at Wheaton High School also continues to show value by providing students opportunities to work on real world County projects. Over a dozen students now work in the lab and receive school credit for their involvement.

The Innovation Program also continues to assist, advise, and facilitate other County government initiatives including: the kitchen incubator initiative in the Department of Economic Development, the Open Data Program in the Department of Technology Services, the food recovery program in the Department of Health and Human Services, the Social Media Support Center in the Office of Public Information, maker spaces and fab labs at Montgomery County Public Libraries, and many more.