


Worksession

**MEMORANDUM**

May 8, 2018

TO: County Council

FROM: Marlene Michaelson, Executive Director 

SUBJECT: **Executive Adjustments to FY19 Operating Budget**

PURPOSE: Review and Make Decisions on Executive Proposed Adjustments

On May 2, the County Executive sent new adjustments to the FY19 Operating Budget attached on © 1-4. Since they arrived after most Committees had concluded their work on the budget, they are being considered by the Council on May 10.

**Council Adjustments**

The adjustments include 4 reductions already recommended by the Committees during their review and therefore Staff does not believe they need to be considered separately by the Council. These include the following reductions:

- Correction to the Risk Management NDA resulting in a \$600,824 reduction.
- Reduction of \$120,238 in the Economic Development Fund for ByteGrid due to unneeded appropriation.
- Reduction of \$150,000 in the Economic Development Fund for Microlending due to unneeded appropriation.
- Correction to calculation of minimum wage adjustments for adult day care providers resulting in a \$162,747 reduction.

**FY18 Public Election Fund**

The Executive recommends reducing the balance in the Public Election Fund by \$1,325,000 in FY18, but has not submitted a Savings Plan to allow an adjustment to the FY18 budget. Disbursements from the Public Election Fund have been slower than originally anticipated, and the full balance is not likely to be needed.

The Government Operations and Fiscal Policy Committee reviewed the FY19 budget for the Public Election Fund NDA on May 7 and concurred with the Executive's initial budget transmission that no further appropriations are necessary for the Fund for FY19. In total, 4 Executive candidates, 23 At Large Council candidates, and 10 District Council candidates have filed an intent to use the program. As of the printing of this packet, 3 Executive candidates, 11 At Large Council candidates, and 5 District Council candidates have qualified to receive funds from the Public Election Fund. As of the date of this memorandum, approximately \$3 million has been disbursed to candidates.

The end of the qualifying period (the time by which candidates must file their initial certification) is May 12. **Council staff generally concurs that some funds can be transferred in FY19, but believes that the final amount should be determined after this deadline has elapsed.**

### **FY18 Snow Removal**

On May 3 the Council received a memo from the Executive (dated May 2) with certain Operating Budget adjustments. One adjustment notes that snow removal and storm cleanup costs were \$5,725,453 higher than anticipated in his March 15 budget. His supplemental appropriation request is for \$12,725,453, but his March 15 budget assumed \$7 million less of a General Fund reserves carryover from FY18 to FY19. **This item is part of the supplemental and will not require separate action.**

### **FY19 Transfer from the Cable Fund**

The Executive indicates that \$92,000 was erroneously omitted from the funding for MCPS from the Cable Fund. This amount will need to be reduced from the recommended Cable Fund transfer to the General Fund. **Staff agrees with this correction but notes it will reduce the FY19 Cable Fund transfer to the General Fund.**

### **Increase in State Aid**

The Executive believes there will be a net increase in state aid because state aid for transportation will be \$4,043,312 higher than expected, while state aid for police protection will be \$562,985 lower than expected.

### **Technical Adjustments**

The Executive proposes two technical adjustment to the FY19 budget that will not impact the tax-supported budget:

- An increase in federal grants of \$1,033,569 (for Community Development Block Grants, a HOME Investment Partnership Grant, and the Emergency Solutions Grant).
- A shift in the \$750,000 in the funding source for transfer from the Community Use of Public Facilities (CUPF) to the M-NCPPC Ballfield Initiatives Capital Improvement Program (CIP) project from the operating budget to Current Revenue in the CIP. This will enable the funds to be carried over to a subsequent year if they are not used.

**Staff supports the technical adjustments.**

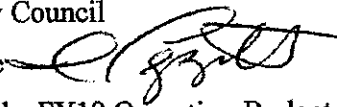


OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Isiah Leggett  
County Executive

MEMORANDUM

May 2, 2018

TO: Hans Riemer, President, County Council  
FROM: Isiah Leggett, County Executive   
SUBJECT: Recommended Adjustments to the FY19 Operating Budget

Attached for your consideration are recommended adjustments to the FY19 Recommended Operating Budget. These adjustments recognize recent developments, such as additional winter weather and new information on State aid.

**Operating Budget Amendments**

Since my recommended operating budget was transmitted on March 15, 2018, I have received new information about \$5,817,453 in unanticipated costs. These include:

- **Increased FY18 snow removal and storm cleanup costs: \$5,725,453**  
This increase in FY18 spending represents costs associated with the unexpected weather events in March.
- **Reduced FY19 transfer from Cable Fund to General Fund: \$92,000**  
This amount was erroneously omitted from the funding for MCPS from the Cable Fund. Without additional available resources in the fund, this amount will need to be reduced from the recommended Cable Fund transfer to the General Fund.

I am proposing the following amendments to the FY19 operating budget to cover these unexpected costs:

- **FY19 net additional State aid: \$3,480,327**  
This amount is the net increase resulting from state aid for transportation being higher than expected by \$4,043,312 and State aid for police protection being lower than expected by \$562,985.
- **FY19 correction to Risk Management NDA budget: \$600,824**  
The necessary increase to the Risk Management NDA for FY19 was erroneously included twice. This adjustment reduces the recommended appropriation accordingly.

- **FY19 Economic Development Fund reduction for unneeded appropriation: \$270,238**  
This adjustment includes reductions in the Economic Development Fund due to unneeded appropriations for the ByteGrid Program (\$120,238) and the Microlending Program (\$150,000).
- **FY19 correction to HHS budget for adult day care providers: \$162,747**  
The increase to fund minimum wage adjustments for adult day care providers was overestimated. This adjustment reduces the recommended Health and Human Services appropriation accordingly.
- **FY18 Public Election Fund balance unlikely to be needed: \$1,325,000**  
Disbursements from the Public Election Fund have been slower than originally anticipated, and the full balance is not likely to be needed.
- **Total: \$5,839,136**

I am also proposing the following technical adjustments to my recommended FY19 operating budget. These adjustments have no net impact on the total tax-supported budget.

- **FY19 federal grant increase: \$1,033,569**  
This increase reflects additional grant funds received for FY19. This change is reflected in the Grants Fund and does not have an impact on the tax-supported operating budget.
- **FY19 shift CUPF appropriation for ballfield renovation to CIP current revenue: \$750,000**  
This adjustment will shift the appropriation for ballfields renovations from the Community Use of Public Facilities operating budget to an appropriation of CIP current revenue. A corresponding adjustment is recommended for the Ballfield Initiatives Project (P008720).

Thank you for your consideration of these amendments. Office of Management and Budget staff will be available to answer any questions you may have about these proposed changes.

IL:jn

c: Timothy L. Firestine, Chief Administrative Officer  
Jennifer A. Hughes, Director, Office of Management and Budget  
Alexandre A. Espinosa, Director, Department of Finance

## Detail on Recommended FY19 CE Amendments

### Non-Tax Supported

#### EXPENDITURE AMENDMENTS

##### Community Use of Public Facilities

Shift: CUPF Operating Budget to CUPF Current Revenue Transfer to M-NCPPC for Parks Bailfields CIP Project	-750,000
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##### Housing and Community Affairs

Enhance: Federal Funds for Community Development Block Grants, HOME Investment Partnership Grant, and the Emergency Solutions Grant	1,033,569
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<b>Total Non-Tax Supported Expenditures</b>	<b>283,569</b>
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#### RESOURCE AMENDMENTS

##### Housing and Community Affairs

Federal Funds for Community Development Block Grants, HOME Investment Partnership Grant, and the Emergency Solutions Grant	1,033,569
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<b>Total Non-Tax Supported Resources</b>	<b>1,033,569</b>
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## Detail on Recommended FY19 CE Amendments

### Tax Supported

#### EXPENDITURE AMENDMENTS

##### Health and Human Services

Decrease Cost: Adult Medical Daycare Minimum Wage	-162,747
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##### NDA - Risk Management (General Fund)

Decrease Cost: Risk Management Adjustment	-600,824
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##### Economic Development Fund

Decrease Cost: Funding for ByteGrid	-120,238
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Decrease Cost: Microlending Program	-150,000
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<b>Total Tax Supported Expenditures</b>	<b>-1,033,809</b>
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#### RESOURCE AMENDMENTS

##### Police

Adjustment to State Aid for Police Protection Grant	-562,985
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##### Transportation

Additional Transportation State Aid	4,043,312
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<b>Total Tax Supported Resources</b>	<b>3,480,327</b>
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