

**DEMOCRAT for COUNTY EXECUTIVE**

## First 90 Days Financial To-Do List

- **Initiate a Ten-Year Financial Plan** with the goals of funding our priorities, responsibly balancing budgets, and strengthening the county’s balance sheet. This plan should help us prepare for and manage any fiscal or economic shocks that might arise. Part of the plan will be to move from one-year budgets to two-year budgets to give county agencies, nonprofits, and businesses more time for the analysis and planning that can improve results for residents.

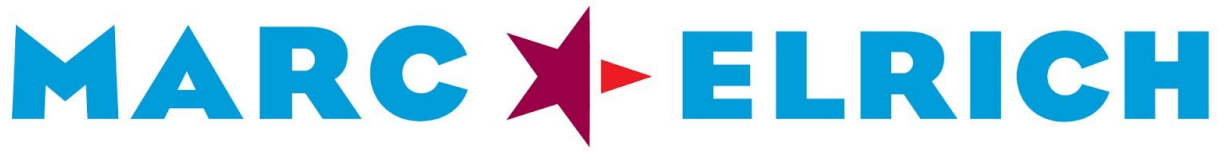
A long-term financial plan is an opportunity to educate residents about the county’s resource realities and get their input on the choices we face. To see an example of how this kind of long-term planning could assist us, we don’t have to look far. Baltimore’s nationally recognized ten-year financial plan helped the city make progress toward structurally balanced budgets, reduce the property tax rate, boost infrastructure investment, and shrink pension and retiree health liabilities, all during difficult economic times. The result was a bond rating upgrade. Thinking ahead in this way will allow Montgomery County to lay down a roadmap to take the tough steps and great leaps that put us at the top of the list as one of the best places to live in America.

- **Begin a structural review of all departments in partnership with the county’s unions**, who have invaluable information about government operations and a strong stake in the sustainability of county government. For example, when someone leaves a county position and we have a vacancy, we currently just plug the hole their departure created. Rather than viewing vacancies as missing pieces of a predetermined puzzle, I will view them as an opportunity to work with affected staff to modernize our processes and structures and really rethink how the government works.

I believe that gainsharing, a labor-management partnership in which both parties agree on targets for improving performance and reducing cost and everyone receives a share of the savings generated, can help. Let’s take fleet maintenance as an example. If our technicians can find ways to fix more vehicles on each shift and turn jobs around faster with fewer errors, they should get a share of the savings. This type of partnership will promote innovation, boost productivity, and reduce absenteeism, overtime, and grievances.

- Launch a business process improvement system called [Lean](#), which other cities and counties are using to make their services more efficient. The idea is to **get rid of the waste that slows down paperwork, gums up the supply chain, causes mistakes, and drives customers (and employees) crazy.**

Front-line employees – the ones who interact directly with customers every day – know best how to deliver better service, but they are rarely asked for their opinion. I will train



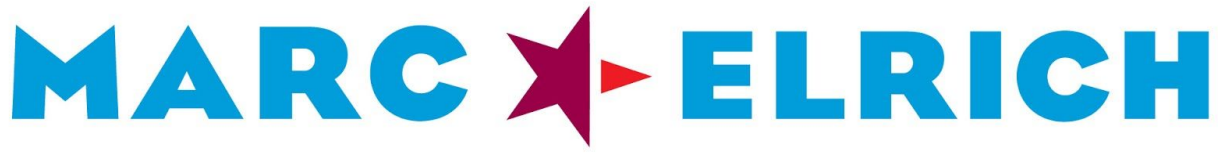
## DEMOCRAT for COUNTY EXECUTIVE

every county employee to look at the work they do in a new way and empower them to make changes. Cities and counties across the country are seeing impressive results from Lean Government and I think we can get those results in Montgomery County.

- Implement a plan to **increase the net profit contribution from the Department of Liquor Control (DLC)** by 50%. The DLC has become a flashpoint for debate about the role of county government, mainly because it was allowed to perform so poorly for so many years. It gained a reputation for inefficiency, unreliable service, and an inability to deliver the products needed to meet the changing demands of the county's bar and restaurant owners. Many people, including state and local elected officials, have called for the county to privatize the DLC's functions.

The current County Executive has already started turning the DLC around by hiring industry professionals to manage the operation. Instead of giving up the \$30 million of annual net income from the DLC that pays for debt service on county capital investments, I would build on his efforts, make the DLC more efficient, and have it generate even more revenue for the county budget. If we use cutting-edge business processes, technology, and incentive programs, I am confident the DLC can boost customer satisfaction and its bottom line.

- Complete a risk-based reserve study and adjust the General Fund reserve target based on the results to **ensure that we can sustain basic services during emergencies and recessions**. County policy calls for a reserve fund of 10% of General Fund revenue, which can be used to mitigate the impacts of unexpected budget shocks, including natural disasters and recessions. Ten percent is an arbitrary number. The emerging best practice is to base our reserve target on the county's unique risks. I will review the likelihood and costs of various potential events to come up with a more informed reserve policy, understanding that the result may be an increase or reduction from the current level.
- Start to **forge research partnerships with universities** in Maryland and elsewhere to study the impacts of programs and initiatives designed to reduce crime, improve public health, boost employment, and achieve other desirable outcomes. Data is being used effectively to target smoke alarm distribution in New Orleans, predict health violations and structure fires in Chicago, strategically deploy rat control measures in New York City, and prevent domestic violence in Boston - especially since Montgomery County is already a leader in open data, we should be able to use it, in conjunction with data we get from research partnerships, to improve service delivery for residents.
- **Review non-competitive county contracts**, which have nearly doubled since Fiscal Year 2011. We need an overarching plan for how we spend our money and I would require intentionality in how and where we target spending, as well as more accountability for results. These dollars are distributed to dozens of well-meaning



## DEMOCRAT for COUNTY EXECUTIVE

non-profit organizations that help the county's most vulnerable residents. That said, the county has difficulty holding these organizations accountable for their performance. I want to make sure that the programming funded under these contracts is well-coordinated and aligned with the county's priorities. I also want to eliminate any duplication and excess administrative overhead that takes money away from direct services. My preference is for long-term funding agreements with organizations that have demonstrated the ability to get the results we need.

- **Establish an Innovation Fund** to provide seed money for initiatives that improve customer service and either reduce cost or generate new revenue for the county. Baltimore has such a fund and its projects include turning a tree waste site into a revenue generator, installing cameras in fire trucks to reduce accidents and injuries, automating the development plans review process, and revitalizing surface parking lots.

After an initial investment, the fund will become self-sustaining, recycling savings and revenue into new projects. I will form a panel, including representatives from the county's business community, labor, and academia, to review loan applications and monitor projects. I will encourage risk-taking to find transformative ideas. I am interested in looking, for example, at pilot programs that leverage private and philanthropic dollars instead of county resources up front and only require repayment to investors if the pilot turns out to be successful. While more expensive than direct investment in the long run, this approach, which is often called "Pay For Success," may be used to show that direct investment in a larger-scale program is needed. It would be essential for any pilot in Montgomery County to be more carefully designed than such programs (also known as "Social Impact Bonds") [have been in the past](#), and I will only initiate such a pilot if I can guarantee that the financing model makes sense for the county and the evaluation criteria are immune from gaming.

- Introduce or strengthen mechanisms that **hold county leaders accountable to both other employees and to the public**. The Chief Administrative Officer (CAO) and each agency head should have performance agreements that spell out the agency head's role in the Ten-Year Financial Plan in addition to the agency head's financial management responsibilities, integrity standards, and specific performance goals. Senior executives should do rounds every week to get updates from agency staff and talk through knotty issues (meeting agencies on their turf reverses the old model of hauling agency staff up in front of a panel to be interrogated). And CountyStat should continue to maintain a dashboard of performance metrics that are visible to agency heads, the CAO, the County Executive, and the public.