



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 16, 2017

MEMORANDUM

TO: Montgomery County Planning Board

FROM: John Kroll, Corporate Budget Manager

DATE: November 9, 2017

SUBJECT: FY 2019 CAS Budget Requests

Please find attached FY19 budget requests from the Department of Human Resources and Management (DHRM), the Finance Department, the Merit System Board, the Office of Inspector General, Legal Department and the CIO, as well as the proposed budgets for CAS Support Services, and the Internal Service Funds – Risk Management, Group Insurance, Executive Office Building, and Capital Equipment.

Attachments:

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CAS Support Services	pages 7-8
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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 9, 2017

PCB 17-15

(updated)

To: Montgomery County Planning Board

From: Patricia C. Barney, Executive Director

Subject: Updated FY19 Proposed Budget – Administration Fund
(DHRM, CAS Support Services, and Merit System Board)

Requested Action

We request approval to submit the FY19 proposed budgets as presented below for the Administration Fund for the Department of Human Resources and Management (DHRM), Merit System Board, and Central Administrative Services (CAS) Support Services.

It should be noted that the DHRM and Merit System Board Budgets were initially presented on October 19. The CAS Support Services budget is being presented for the first time.

- DHRM Budget adjustments: Based on updated expenses for CIO/CWIT charges, a review of chargebacks, and updated personnel projections, the proposed budget now reflects a 4.8% adjustment, reduced slightly from the first budget presentation.
- Merit System Board: Based primarily on personnel projections, the budget now reflects a 1.4% decrease, adjusted slightly from the first budget presentation.
- CAS Support Services: This budget maintains level funding from FY18 levels.

Background Summary

The FY19 budgets incorporate projections by the Corporate Budget Office and reflect the presentation made to the Planning Board in October, as well as revisions to critical needs requests. Below is a summary of the proposals by county.

Combined Administration Fund

Unit	FY18 Adopted	FY19 Proposed	Variance	% Change
DHRM Operating	5,081,746	5,327,794	246,048	4.84%
CAS Support Services	1,468,177	1,468,177	-	0.00%
Merit System Board	170,614	168,231	(2,383)	-1.40%
Total	\$ 6,720,537	\$ 6,964,202	\$ 243,665	3.63%

Administrative Fund Proposed Budget Summary by County

Montgomery County Administration Fund

Unit	FY18 Adopted	FY19 Proposed	Variance	% Change
DHRM Operating	2,252,021	2,374,330	122,309	5.43%
CAS Support Services	653,181	650,403	(2,778)	-0.43%
Merit System Board	85,307	84,116	(1,191)	-1.40%

Prince George's County Administration Fund

Unit	FY18 Adopted	FY19 Proposed	Variance	% Change
DHRM Operating	2,829,725	2,953,464	123,739	4.37%
CAS Support Services	814,996	817,774	2,778	0.34%
Merit System Board	85,307	84,116	(1,191)	-1.40%

Summary of Proposed Budgets:

Department of Human Resources and Management (DHRM): The updated proposed FY19 total budget is \$2,374,330 for Montgomery County and \$2,953,464 for Prince George's County, which reflects an increase of 4.8% from FY18 levels. The FY19 budget is funded 43.1% Montgomery and 56.9% Prince George's based on the updated cost allocation analysis approved by the Commission.

CAS Support Services: This budget accounts for non-discretionary shared operating expenses attributable to bi-county operations. This budget does not include assigned positions and includes no new initiatives for FY19. The total FY19 budget remains flat at \$1,468,177. The FY19 budget is funded 44.3% Montgomery County and 55.7% Prince George's County, based on the updated cost allocation analysis.

Merit System Board: The proposed FY19 budget at \$168,231 reflects a small decrease of 1.4% from FY18 levels. The FY19 decrease is due primarily due to personnel projections provided by the Corporate Budget Office. The Merit System Board is funded 50% Montgomery County and 50% Prince George's County.

Budget Detail and Work Program Priorities

These are presented on the following pages under the respective department/operating unit.

Administration Fund

I. Department of Human Resources and Management

Under the leadership of the Executive Director, the DHRM includes four divisions:

1. Office of the Executive Director
2. Corporate Budget
3. Corporate Human Resources
4. Corporate Policy and Management Operations

These areas collectively provide corporate governance and administer agency-wide initiatives to ensure fair and equitable practices/programs, competitive and cost-effective employment compensation and benefits, prudent fiscal planning, and sound workplace and liability protections.

Discussion of DHRM Proposed Budget

The proposed Base Budget incorporates direction from the Corporate Budget Office, including compensation projections and the updated county budget allocations for FY19 of 43.1% Montgomery and 56.9% Prince George's. This represents a slight shift from the FY18 allocation of 42.6% Montgomery and 57.4% Prince George's.

The FY19 total budget, including requests to meet the identified critical work program demands, is \$5,327,794 and is allocated as follows:

- Montgomery: \$2,374,330 (adjusted from \$2,252,021 in FY18).
- Prince George's: \$2,953,464 (adjusted from \$2,829,725 in FY18).

FY19 Base Budget and Major Known Operating Commitments

The preliminary base budget reflects a slight increase of 0.5% (\$24,675) which is apportioned \$23,654 Montgomery and \$1,021 for Prince George's based on the FY19 allocation of 43.1% Montgomery and 56.9% Prince George's. The total combined base budget includes the following:

- Salaries: Increased 3% (or \$109,719).
- Benefits: Increased 2.18% (or \$26,988), primarily due to adjustments in pension costs.
- Other Operating Charges and Supplies: Decreased 4.3% (or \$33,666) due to cost containment measures.
- Chargebacks are adjusted for wage and benefit allocations.

The FY19 total budget proposal also includes requests to fund critical needs in DHRM, and the allocated portion of new initiatives for the Chief Information Officer and Commission-wide IT (CWIT) projects. These critical needs are \$221,373, split \$98,655 to Montgomery and \$122,718 for Prince George's. These represent approximately a 4% adjustment to base budget. These critical needs help us to meet the growing and extensive work program assigned to DHRM. These essential needs are explained on the next page.

FY19 Work Program Priorities

- Implement Version 10 upgrade for ERP to effectively enable timely and accurate processing of personnel actions related to employee compensation, recruitment, benefits, and self-service modules. In addition, the upgrade will deliver better on-line information to operating departments for management and decision-making purposes.
- Manage the intake, tracking and response of Public Information Act program. The Executive Director is the designated Public Information Representative for the agency. With changes in State law, the requirements for tracking, monitoring and compliance have grown extensively.

- Continue analysis and critical updates of agency standards/policies, encompassing nearly 200 areas covering organizational functions, employment, procurement, financial systems, and risk/liability and safety regulations. Many operational standards are more than 20-30 years old due to lack of staff resources. The current team has been diligent in its review; however, significant and ongoing work is needed to ensure policies remain current in the future. The need to maintain these policies is critical to ensure regulatory compliance, fair practices, and accountability. This is a high priority supported by operating departments, internal audit, and the findings of the external accreditation process of the Commission for Accreditation of Park and Recreation Agencies (CAPRA).
- Work with State on public records compliance for agency wide archives program. Move records to digital platform for corporate records/archives program to ensure continued compliance with changes in public records laws and revised State of Maryland protocols.
- Continue implementing agency-wide employee development program to address critical succession planning, mentoring, and other critical needs identified by operating departments.
- Develop a central platform for agency-wide training with subject matter experts for core areas such as: legal issues, financial systems, employment, organizational policy/regulatory compliance, and workplace safety, delivered by CAS, that provides consistent access and content to employees across the agency.
- Continue implementing management-supported recommendations from Classification and Compensation study, including job class series reviews prioritized by operating departments and allocation of staff to the new classification specifications.
- Provide dedicated and regular briefings on adopted organizational standards/procedures as requested by operating departments.

FY19 Proposed Essential Needs/Restorations to Address Critical Needs

Four critical needs have been identified. The overall cost impact of essential needs to the Administrative Fund is \$221,373, split \$98,655 to Montgomery and \$122,718 for Prince George's. Critical needs are planned with a delay as indicated.

1. **Add one Merit Management Analyst** (Grade 26/I) for FY19: (\$54,308 for salary and benefits. 6-month delay)
The work program assigned to the Policy and Management Operations Division has grown extensively over the past 5 years. The Division administers Commission-wide programs through three functional units of Risk Management/Workplace Safety, Policy/Corporate Records, and Management Services. The Management Services function is critically understaffed, requiring the lead of the Unit and the Division Chief to regularly work extended hours and weekends to maintain the work program. The Management Services Unit is presently staffed by one technical lead, who is responsible for administering 5 budgets, handling all departmental procurement, managing the EOB facility and offsite CAS offices, conducting specialized feasibility studies, and administrating a number of Commission wide programs such as the Literacy program and monitoring/tracking the Public Information Act inquiries. The Executive Director is the designated Public Information Representative for the agency, and with changes in State law, the requirements for tracking, monitoring and compliance have grown extensively and are managed by this unit. This is a critical need for which we are requesting a skilled analyst. Hiring will be deferred for 6 months.
2. **Add one Merit HRIS Specialist** (Grade 22/H) for FY19: (\$49,119 for salary and benefits. 6-month delay)
The HRIS unit is responsible for ensuring that every personnel action for Merit and Contract employees is reviewed and validated in a timely manner. The team is also responsible for operating and ensuring the data integrity of the HRIS system, implementing and administrating all support to operating departments which includes day to day guidance on various employment actions that apply to different employee groups

(represented, non-represented Merit, contract and appointed positions). The team is currently staffed by a manager, one specialist, and administrative staff.

Administrative staff is primarily responsible for input of data and review of basic information. A critical need exists to review and validate the more complicated personnel transactions and deliver technical and complex analysis/reports needed by operating departments, collective bargaining, and agency leadership. The position would also be responsible for leading in-person, and continual training efforts on HRIS which is desperately needed by departments and cannot be delivered due to staff shortages. This effort will reduce the number of employment action errors that are encountered in data submitted by operating departments and result in retroactive pay adjustments. This position will also help address the deficiencies noted in a recent internal audit.

3. **Add one Merit HRIS Specialist** (Grade 18/G) for FY19: (\$41,091 for salary and benefits. 6-month delay)
The HRIS unit needs an HRIS technical specialist who can document and validate critical system processes and instruction.

Within the former HRIS system, more than 200 departmental representatives assisted with entering and validating electronic personnel actions. The validation process must now be accomplished by three administrative staff in HRIS team to ensure integrity, accuracy and consistency. Internal Audit has identified a need to better track the accuracy and timeliness of data validation. The team requires this additional position to support the organization's needs.

4. **Add one Administrative Specialist position** (Grade 18/G) for FY19: (\$41,091 for salary and benefits. 6-month delay)

The CPMO division requires an Administrative Assistant to assist with division projects assigned by the Division Chief who oversees Risk Management and Safety, Corporate Policy and Records Management, DHRM Budget and Executive Office Building. The new hire will assist the Division Chief in handling day to day administrative items including project schedules, calendars and leave requests, developing and maintaining an efficient filing system, document tracking, and preparation of material for meetings. The position will also assist with research on special projects for the division, prepare correspondence, and assist division units with administrative support. The CPMO division does not have its own dedicated administrative person, resulting in time being taken away from the team. The work program is very intensive and staff regularly works extended hours to manage programs. Administrative support is needed for project management across 5 units, and to shift some of the administrative tasks being performed by the Division Chief.

HRIS Actions by Year	2015	2016	2017 (Annualized)
New Hires	964	1,189	1,775
All Other Employee Actions	14,465	14,942	15,665
Total Transactions	15,429	16,131	17,440
Transactional Increase Year to Year		4.5%	7.5%

Positions/Workyears

The following positions are presently assigned to DHRM:

Merit positions: 39 positions/37.5 workyears

Term Contract positions: 2 positions/2 workyears

Based on identified critical needs, we are requesting 4 positions/workyears. These will be split based on the approved allocation of 43.1% Montgomery and 56.9% Prince George's, as follows:

Montgomery: 1.72 Positions/workyears

Prince George's: 2.28 Positions/workyears

**DEPARTMENT OF HUMAN RESOURCES AND MANAGEMENT
PROPOSED FY19 OPERATING BUDGET REQUEST**

	MC Admin Fund	PGC Admin Fund	Department Total	% Change
FY18 Adopted Budget	\$ 2,252,021	\$ 2,829,725	\$ 5,081,746	
FY18 BASE BUDGET INCREASES (with Major Known Commitments)				
Salaries	67,967	41,752	109,719	
Benefits	11,818	15,170	26,988	
Other Operating Charges and Supplies	(14,641)	(19,025)	(33,666)	
Chargebacks	(41,490)	(36,876)	(78,366)	
Subtotal Increase - Base Budget Request	\$ 23,654	\$ 1,021	\$ 24,675	0.5%
<u>FY19 Proposed Critical Needs</u>				
1. Add Mgmt. Analyst III to address critical work load: (I) \$40,334 in salary & \$13,974 in benefits. (6 Month Delay)	23,407	30,901	54,308	
2. Add Sr. HR Specialist to support HRIS: (H) \$35,569 in salary & \$13,550 in benefits. (6 Month Delay)	21,170	27,949	49,119	
Adjusted to include needs 1 and 2.	2,320,252	2,889,596	5,209,848	2.5%
3. Add HR Specialist to support HRIS: (G) \$31,376 in salary & \$9,,714 in benefits. (6 Month Delay)	17,710	23,381	41,091	
Adjusted to include need 3.	2,337,962	2,912,977	5,250,939	3.3%
4. Add Admin. Specialist to support CPMO Div: (G) \$31,376 in salary & \$9,714 in benefits. (6 Month Delay)	17,710	23,381	41,091	
Adjusted to include need 4.	2,355,672	2,936,358	5,292,030	4.1%
CIO/CWIT Increases to Base Budget	18,658	17,106	35,764	
	2,374,330	2,953,464	5,327,794	4.8%
Total of New Initiatives	98,655	122,718	221,373	
Total Increase to Base Budget	\$ 122,309	\$ 123,739	\$ 246,048	
FY19 Total Proposed Budget	\$ 2,374,330	\$ 2,953,464	\$ 5,327,794	4.8%

II. **FY19 CAS Support Services Budget**

The Central Administrative Services (CAS) consists of the following departments and units that provide corporate administrative governance and support to the Commission as a whole:

- Department of Human Resources and Management
- Finance Department
- Legal Department
- Office of Internal Audit
- Office of the Chief Information Officer
- Merit System Board

CAS Support Services accounts for non-discretionary, shared operating expenses attributable to these bi-county operations. Operating costs for housing CAS operations (office space and building operations) represent the largest portion of the CAS Support Services budget (68.5% or \$ 1,012,902).

Expenses covered by the CAS Support Services budget include:

- Personnel Services costs for reimbursement of unemployment insurance for the State of Maryland. There are no staff positions/workyears assigned to this budget.
- Supplies and Materials category covers small office fixtures, communication equipment and other office supplies shared by departments/units in the building.
- Other Services and Charges (OS&C) category includes expenses for housing CAS operations, technology, utilities, postage, document production, lease of copiers, and equipment repair/maintenance. OS&C provides funds for CAS share of risk management and partial funds for the contract of equipment and services for the Document Production Services Center.

Discussion of Proposed CAS Budget

The total CAS Support Service budget for FY19 remains flat at \$1,468,177. No changes to base budget or critical needs are recommended at this time. The CAS Support Services budget is presented using the FY19 allocation of 44.3% Montgomery and 55.7% for Prince George's. The FY19 total budget of \$1,468,177 is allocated as follows:

- \$650,403 for Montgomery (adjusted from \$653,181 in FY18).
- \$817,774 for Prince George's (adjusted from \$814,996 in FY18).

The FY19 Proposed Budget adjustments are based on the following known commitments:

- Personnel Services costs to cover unemployment insurance.
- Supplies and Materials
- Operating Costs for housing CAS operations at EOB.

Additional Essential Needs/Requests

There are no requests for additional funding.

Positions/Workyears

There are no positions assigned to the CAS Support Services Budget

CAS SUPPORT SERVICES
PRELIMINARY FY19 OPERATING BUDGET REQUEST

	MC Admin Fund	PGC Admin Fund	Total	% Change
FY18 Adopted Budget	\$ 653,181	\$ 814,996	\$ 1,468,177	

FY18 BASE BUDGET INCREASES/DECREASES

Personnel Costs	(15)	15	0	
Benefits	0	0	0	
Supplies and Operating Charges	(2,763)	2,763	0	
Chargebacks	0	0	0	
Subtotal Increase - Base Budget Request	\$ (2,778)	\$ 2,778	\$ -	0.0%

New Initiatives	0	0	0
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Total Increase for FY19 (Changes in Base plus new initiatives)	\$ (2,778)	\$ 2,778	\$ -	
			\$ -	
Total FY19 Proposed Budget Request	\$ 650,403	\$ 817,774	\$ 1,468,177	0.0%

III. **FY19 Merit System Board Administration Budget**

The Merit System Board (MSB) is authorized by the Commission's enabling legislation (Division II of the Land Use Article of the Code of Maryland, Title 16, Subtitle 1, "Merit System", Sections 16-101—108). It is an impartial Board composed of three members: the Chair, appointed to a four-year term; the Vice Chair, appointed to a three-year term; and a Board Member, appointed to a two-year term. They are responsible for making recommendations and decisions regarding the Commission's Merit System. Board members are experienced in personnel and employment issues and committed to fair and impartial investigations and decisions on the application of Commission policy to non-represented Merit System employees.

The duties of the Merit System Board are to:

- Review, hear, and make decisions on appeals of adverse actions (e.g., termination, demotion, loss of pay).
- Review, hear, and make decisions on appeals of concerns that have not been resolved through the M-NCPPC administrative grievance process.
- Consider input from employees and management on issues pertaining to the Merit System.
- With support of the agency's Corporate Policy Office, and with input from employees and management, recommend changes to the Merit System Rules and Regulations Manual (which addresses employment rights and responsibilities, compensation and benefit policies). Recommendations are submitted to the Commission for adoption.
- With support of the Classification/Compensation Office, review proposed changes to compensation and classification plans and submit recommendations to the Commission.
- Report periodically, or as requested, to the Commission on matters relating to the Merit System.

Discussion of Proposed Merit System Board Budget

Both counties fund the Merit System Board's budget equally. The Board is comprised of three members whose salaries are set by contract. The Commission has discretionary powers to set the rate of pay for each of the Merit System Board members. At the present time, no salary increase has been approved for the Board members.

The Board is supported by one part-time Merit System position. For FY19, the part-time hours of the Merit System position are not expected to change.

FY19 Budget Priorities and Strategies

Continue to provide:

- Timely review of cases.
- Objective review of matters and policy recommendations before the Board.
- Quality services to the agency and employees.

Adjustment to Base Budget and Known Operating Commitments

The proposed FY19 budget level is \$168,231, and remains relatively flat, with a small decrease of 1.4% (or \$2,383) from the FY18 level of \$170,614. This decrease is primarily due to the personnel projection cost provided by the Corporate Budget Office.

The FY19 total budget of \$168,231 is allocated as follows:

- \$84,116 for Montgomery (adjusted from \$85,307 in FY18).
- \$84,116 for Prince George's (adjusted from \$85,307 in FY18).

Additional Essential Needs/Requests: The Board has not proposed any new initiatives for FY19.

Positions/Workyears

There is .5 Merit position/workyear assigned to the Merit Board. This position is split equally between Montgomery and Prince George's. No changes are requested.

**MERIT SYSTEM BOARD
FY19 OPERATING BUDGET REQUEST**

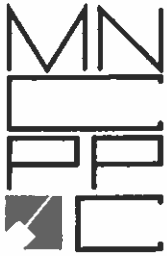
	MC	PGC	Department Total	% Change
FY18 Adopted Budget	<u>\$ 85,307</u>	<u>\$ 85,307</u>	<u>\$ 170,614</u>	

FY18 BASE BUDGET INCREASES

Salaries	(730)	(730)	(1,460)	
Benefits	(442)	(442)	(883)	
Chargebacks	-	-	-	
Other Operating Charges	(20)	(20)	(40)	
Subtotal Base Budget FY18	<u>\$ 84,116</u>	<u>\$ 84,116</u>	<u>\$ 168,231</u>	-1.4%

FY19 PROPOSED CHANGES/ESSENTIAL NEEDS

Specific Request	<u>-</u>	<u>-</u>	<u>-</u>	
Subtotal Proposed Changes	<u>-</u>	<u>-</u>	<u>-</u>	
Total FY19 Proposed Budget Request	<u><u>\$ 84,116</u></u>	<u><u>\$ 84,116</u></u>	<u><u>\$ 168,231</u></u>	-1.4%



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

MEMORANDUM

DATE: November 13, 2017

TO: Montgomery County Planning Board
Prince George's County Planning Board

FROM: Joseph C. Zimmerman, Secretary-Treasurer

SUBJECT: Finance Department FY19 budget submission

In developing this preliminary estimate of the FY 19 budget request, the Finance Department has carefully considered how to meet the service needs of the operating departments.

You will note that the budget request excludes the former Finance IT Division, which is now managed by the Office of the CIO. I support this change as it will allow greater focus on Commission wide IT priorities, and have every confidence in the CIO.

Comments on specific items are as follows:

- Minor changes in the base budget are reflective of the current complement of personnel and their assignments. The base budget does not include any request for merit or COLA, as those are requested separately by the Budget Office.
- Recalculation of chargebacks for FY 19 results in minor reduction, which will need to be made up from the Administration Fund to maintain service levels.

After careful consideration and input from the operating departments, there are two proposed funding requests for fiscal 2019:

- Addition of a skilled purchasing professional to focus on Information Technology matters. The number and complexity of these procurements is increasing,

making it difficult to provide the level of support necessary. While we have expertise on staff, there are simply not enough staff hours available. The vision is to form a group within the division to provide these services, similar to the construction group which has proven successful.

- The second request is to reduce projected salary lapse to 0%. You will recall that lapse was reduced to 1% in the FY 18 budget in anticipation of full staffing. At this point, all positions are filled. Anticipated retirement of key individuals in FY 19 will likely produce negative lapse due to vacation payouts and the need to quickly fill those positions to maintain service levels.

In addition to the above requests, I have included cost allocations from the OCIO and Commission Wide IT Initiatives funds reflecting new initiatives. Those items, if approved in the OCIO budget request, will impact the Finance Department.

Thank you for your consideration and review of this request. I look forward to discussing it with you.

PGC Admin Fund DEPARTMENT TOTAL

% Change Positions

FY18 Adopted Budget	\$ 3,375,656	\$ 3,859,482	\$ 7,235,138
Less Corp IT	\$ (1,421,561)	\$ (1,853,925)	\$ (3,275,486)
FY18 Finance Only Adopted	\$ 1,954,095	\$ 2,005,557	\$ 3,959,652
Salaries	(27,909)	(9,672)	(37,581)
Benefits	(9,292)	(2,831)	(12,123)
Other Operating Changes	-	-	-
Chargebacks	(7,496)	11,721	4,225

Subtotal Increase - Base Budget Request \$ (44,697) \$ (782) \$ (45,479) -1.1%

Change to Base Between Counties from Labor Cost Allocation Change

PROPOSED CHANGES

Purchasing IT Buyer (Sal & Ben)	63,328	81,588	144,916
Reduction in Lapse	22,429	28,895	51,324
OCIO New Initiatives	4,229	5,953	10,182
OCIO CWIT New Initiatives	7,200	7,200	14,400
Subtotal Proposed Changes	\$ 97,186	\$ 123,636	\$ 220,822

5.6%

Total Increase FY19 Proposed Budget Request \$ 52,489 \$ 122,854 \$ 175,343 4.4%



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Office of the Inspector General • 7833 Walker Drive, Suite 425 • Greenbelt, Maryland 20770

November 16, 2017

To: Montgomery County Planning Board

From: Renee Kenney, Acting Inspector General

Renee M Kenney

Re: FY19 Budget Request/Justification

The Office of Inspector General (OIG) submits the following FY19 budget proposal for your consideration and approval:

Office of the Inspector General						
PRELIMINARY FY19 OPERATING BUDGET REQUEST						
			MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change
		FY18 Adopted Budget	\$ 261,337	\$ 365,535	\$ 626,872	
FY19 BASE BUDGET INCREASES						
		Salaries	5,169	15,959	21,128	
		Benefits	941	2,943	3,884	
		Other Operating Changes			-	
		Chargebacks		(4,983)	(4,983)	
		FY18 One-time Expenses				
		Subtotal Increase - Base Budget Request	\$ 6,110	\$ 13,919	\$ 20,029	3.2%
		Change to Base Between Counties from Labor Cost Allocation Change				
PROPOSED CHANGES						
		CIO/CWIT	5,969	4,261	10,230	
		Subtotal Proposed Changes	\$ 5,969	\$ 4,261	\$ 10,230	1.6%
		Total Increase FY19 Proposed Budget Request	\$ 273,416	\$ 383,715	\$ 657,131	4.8%
			4.6%	5.0%	4.8%	

The OIG proposed FY19 budget reflects an overall increase of \$30,259 or 4.8% over FY18, resulting in a total FY19 budget of \$657,131. If approved, Montgomery County's budget will increase \$12,079 (4.6%). The increase in salaries and benefits can be primarily attributed to FY18 approved compensation coupled with an anticipated increase in the Information Technology Auditor's base salary¹. The FY19 salary estimates are not reflective of FY19 compensation markers.

Special requests include an additional \$10,230 of allocations to the Office of the Chief Information Officer for Commission wide IT initiatives.

The Office of the Inspector General is not requesting any additional positions or funding for FY19.

Thank you for your consideration.

¹ IT Auditor position is vacant. FY19 Budget includes an estimated salary of \$95,000, which is in the upper range of grade (\$59,434 - \$101,900).



Office of the General Counsel


Maryland-National Capital Park and Planning Commission

Reply To

Office of the General Counsel
6611 Kenilworth Avenue, Suite 200
Riverdale, Maryland 20737
(301) 454-1670 • (301) 454-1674 fax

DATE: November 9, 2017

TO: Montgomery County Planning Board
Prince George's County Planning Board

FROM: Adrian R. Gardner
General Counsel 

RE: Legal Department – Preliminary Budget Estimate – FY 2019

This memorandum presents the final FY 2019 budget proposal for the Commission's Office of the General Counsel ("OGC" or "Legal Department") as follows:

LEGAL DEPARTMENT							
FINAL FY19 OPERATING BUDGET REQUEST							
			MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change	Positions
	FY18 Adopted Budget		\$ 1,400,844	\$ 1,204,136	\$ 2,604,980		
FY19 BASE BUDGET INCREASE							
	Salaries		9,326	38,078	47,404		
	Benefits		23,017	31,402	54,419		
	Other Operating Changes		(983)	(1,055)	(2,038)		
	Chargebacks		(8,930)	(13,563)	(22,493)		
	FY18 One-time Expenses						
	Subtotal Increase - Base Budget Request		\$ 22,430	\$ 54,862	\$ 77,292	3.0%	
	Base FY19 Proposed Budget Request		\$ 1,423,274	\$ 1,258,998	\$ 2,682,272		
	Change to Base from Labor Cost Allocation Change		\$ (16,309)	\$ 16,309			
PROPOSED CHANGES							
	Additional Admin/Clerical Support (Hire Lagged)		26,057	26,161	52,217	2.0%	1.0
	Allocation of CIO/CWIT		11,672	11,719	23,391	0.9%	
	Subtotal Proposed Changes		\$ 37,729	\$ 37,880	\$ 75,608	2.9%	1.0
	Total Increase FY19 Proposed Budget Request		\$ 1,461,003	\$ 1,296,878	\$ 2,757,880	5.9%	1.0

Base Budget Overview

Before adding any cost of living adjustments, merit increases or increments for new initiatives, the Legal Department's base budget request is \$2,682,272, which reflects a net increase of \$77,292 (3%) above our FY 2018 approval that is allocable as follows:

- Montgomery County Administration Fund: \$1,423,274 (+1.6% increase)
- Prince George's County Administration Fund: \$1,258,988 (+4.5% increase)

These figures reflect the updated labor allocation formula ("split") for Montgomery/Prince George's County at 49.9%/50.1% respectively

Supplies and other non-personnel items in the base budget are retained at flat levels, except for increases in non-departmental charges passed through for capital equipment and the CIO allocation. Please refer to the CIO budget estimate for specific details.

Proposal to Improve Legal Service Efficiencies:

In addition to the base budget, I am proposing to partially fund one additional administrative work year that is needed to free-up lawyer and paraprofessional time currently diverted to filing duties and other routine office tasks.

At our current staffing levels, two paraprofessional/administrative support people support the nine attorneys who are responsible for our most document and process-intensive work programs – litigation and transactions. As a result, inefficiencies occur because higher-cost professionals must handle routine office functions on a daily basis. Meanwhile, more important work frequently often is disrupted when lawyers and other staff must attend to work that may be less critical, but nevertheless is more urgent. Dedicating additional clerical or administrative resources to mitigate this structural deficiency will enable lawyers and paraprofessionals to delegate routine matters, thereby increasing productivity for their core operational functions.

Depending on FY 18 turnover and hiring experience, as well as the employment grade ultimately targeted for recruitment, the partial funding level requested may require a delayed hire for up to six months. The net impact above the base level budget for this position would be \$52,217, allocable as follows:

- Montgomery County Administration Fund: \$26,057
- Prince George's County Administration Fund: \$26,161

cc: John Kroll, Corporate Budget Manager
Shawna Fachet, Departmental Administrator



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 1, 2017

TO: Montgomery County Planning Board
Prince George's County Planning Board

FROM: Mazen Chilet, Chief Information Officer

SUBJECT: FY19 Proposed Budget

MISSION

The Chief Information Officer (CIO) reports to the Executive Committee to ensure Commission-wide focus on technology systems. The CIO is responsible for strategic planning for the enterprise-wide IT systems in collaboration with departments to meet business needs. The CIO also functions as the Commission's Chief Technology Security Officer. The Office of the CIO (OCIO) has its own office space in the Executive Office Building in the suite of the Office of the Executive Director.

Executive Overview

Working in collaboration with the Chief Technology Officers of each department and the Information Technology Council the Office of the Chief Information Officer (OCIO) has submitted the FY 19 budget with the following highlights.

Fiscal year 2018 (FY18) has seen continued success in identifying required policy enhancements in the face of increased information technology security threats and breaches. The OCIO launched Security Awareness Training for the all Commission staff. This initiative will help reduce IT security risks. The OCIO and the IT Council worked diligently to develop a comprehensive IT Governance and Vision policy statements. The OCIO worked closely with the Office of Internal Audit to review of our information technology environment and the policies that govern it, identified gaps and made recommendations. Our focus is to ensure that the integrity and confidentiality of Commission's data is protected under all circumstances. A comprehensive security assessment has been carried out and recommendations will be promptly implemented to ensure that the Commission's environment is able to face and mitigate all types of threats in the increasingly changing technology environment. Additionally, the OCIO will continue to work with the Information Technology Council to set project priorities and to ensure that projects are aligned with Commissions goals and objectives.

At the initial budget presentation that took place on Thursday, October 19, 2017, Chair Casey Anderson directed the CIO to further discuss the proposed budget with members of the IT Council to arrive at more unified recommendations. The Planning Board also directed the CIO to document individual members' position and rationale for all requested line items and include them in the OCIO budget request.

The Office of the Chief Information Officer submits the following FY19 budget proposal for your consideration. The CIO's budget is presented in three sections:

- CIO ISF (internal service fund)
- CIO – Corporate IT
- CWIT ISF – Commission-wide IT initiatives

CIO ISF

The base CIO budget reflects an increase of 3.9%, primarily reflecting the full cost of recently filled positions. New Initiatives bring that total increase up to 30.8%.

		% Change	Positions
FY18 Adopted Budget	\$ 1,017,199		
FY19 BASE BUDGET INCREASES			
Salaries & Benefits	64,139		
Other Operating Changes	(24,584)		
Subtotal Increase - Base Budget Request	\$ 39,555	3.9%	
NEW INITIATIVES			
Security Officer	108,235		1.0
Consulting Services	60,000		
Commission-wide Training	90,000		
Office Supplies	15,000		
Subtotal Proposed Changes	\$ 273,235	26.9%	
Total Increase FY19 Proposed Budget Request	\$ 312,790	30.8%	1.0

CIO Initiatives

IT Security Officer (ITSO)		Budget: \$108,235
<ul style="list-style-type: none"> The IT Security Officer is responsible for developing and implementing an information security program, which includes procedures and policies designed to protect enterprise communications, systems and assets from both internal and external threats. The ITSO will assist in developing specification for the procurement of cybersecurity products and services and to manage disaster recovery and business continuity plans. This position was approved last year for ½ year but we gave up the in support of Montgomery County Parks budget cuts with the intentions to request it for FY19. It is critical to the security of the Commission's networks that this position to be supported. 		
CIO's Recommendation: typically, it takes three months to recruit so we'll reduce the request to nine months, with a reduced budget from \$144,313 to \$108,235		
IT Council Member	Vote	Comment
Rose Krasnow	No	<ul style="list-style-type: none"> Simply lowering the amount needed by 25% does not really address the bigger issue – do we need a security officer at all? I am comfortable that we have taken the necessary steps to make sure that the Montgomery Parks and Planning Departments networks are secure. Putting everything under one umbrella may actually make us more vulnerable. However, if the security assessment shows that a security officer for the whole commission is warranted I would be amenable, although I agree that we may be able to redeploy an existing staff member. In other words, I think the request is premature.
Mitra Pedoeem	No	<ul style="list-style-type: none"> Support for FY20 forward if needed Waiting to see recommendations from security assessment Implementing an enterprise security policy may not require a position since CTO's and the CIO are the right resources to do this. In Montgomery County, we are prepared to participate in policy development and can comply with a policy once developed, with existing staffing. The Montgomery County network infrastructure relies heavily upon FiberNet, which is shared by other Montgomery County agencies and requires security standards which are evaluated quarterly by the County's security team.
Jim Cannistra	No	<ul style="list-style-type: none"> FY18 security assessment should be completed first Hire security engineer instead of security officer
Darin Conforti	Yes	<ul style="list-style-type: none"> Pending result of IT staffing review Commission wide. Consider re-deploying existing staff to meet the need Centralizing IT security is the goal Recommend including it in the proposed budget; if staff can be redeployed then the budget will be amended to remove the request prior to the final budget review.
Bill Spencer	Yes	<ul style="list-style-type: none"> Need policy vision; redeploy if possible.
Joe Zimmerman	Yes	<ul style="list-style-type: none"> Fills a critical need Consider re-deploying existing staff if possible
Mazen Chilet	Yes	IT Staffing evaluation as part of the IT Hybrid Model will help us determine if we can repurpose an internal resource or create a new position.
IT Council Majority Support: Yes		

Consulting Services		Budget: \$60,000
<p>This is intended to increase the funding for the consulting services to be able to conduct specific studies and assessment. It will also allow the flexibility for the CIO to facilitate presentations from independent consultants before IT Council and Department Heads. Additionally, the Implementation of the IT Governance that is currently underway and is at the point where expert validation and compliance to industry standards will require the capability of external consulting IT firms</p>		
CIO's Recommendation: Yes, with a reduced budget from \$120,000 to \$60,000		
IT Council Member	Vote	Comments
Rose Krasnow	No	<ul style="list-style-type: none"> The CIO is fortunate to have four CTO's who together have a tremendous amount of knowledge about our systems, their capabilities, and what may be needed. This request is far too vague, and seems unnecessary. Given that we already have consultant fees in the budget, this seems redundant. If a need arises for a specific study that can only be done by an outside consultant, present it to the IT Council to see if we are willing to fund it. With a good business case, I suspect that the answer would be yes.
Mitra Pedoeem	No	<ul style="list-style-type: none"> Contingency with no scope Use reserve and base budget to fill this need Consultant fees are already included in the base budget
Jim Cannistra	No	<ul style="list-style-type: none"> Prefer projects to be rolled up and funded through IT Council Funds can be taken from departmental budgets for defined projects
Darin Conforti	No	<ul style="list-style-type: none"> Prefer projects to be rolled up and funded through IT Council Funds can be taken from departmental budgets for defined projects
Bill Spencer	Yes	<ul style="list-style-type: none"> See a need to be able to respond to un-known challenges
Joe Zimmerman	No	<ul style="list-style-type: none"> See other items as higher priorities
Mazen Chilet	Yes	The reduced amount is to reduce the request but the need is persistent
IT Council Majority Support: No		

Training Budget		Budget: \$90,000
This fund will provide training to MNCPPC IT professional in Enterprise IT technology discipline that is normally not recognized or performed at the department level. New training in networking and security disciplines will arise as requirements to realize Enterprise Infrastructure strengthening.		
CIO's Recommendation: Yes		
IT Council Member	Vote	Comments
Rose Krasnow	No	<ul style="list-style-type: none"> Although training is essential, this cost seems very high. When we have purchased new systems, we have worked to ensure that training would be provided as part of the contract. <p>We have stepped up training in the planning department, but were presented with a very specific scope of the type of training to be provided before we agreed to put it in our budget.</p>
Mitra Pedoeem	No	<ul style="list-style-type: none"> Want to consider a lower budget number Montgomery County has allocated \$21,000 for both Departments, which includes IT, GIS, and IS training. Montgomery County believes that training should be at the Departmental level, where it will be cost effective and most relevant.
Jim Cannistra	No	<ul style="list-style-type: none"> Want to consider a lower budget number
Darin Conforti	Yes	<ul style="list-style-type: none"> It would offset costs within the departments where department don't need to budget for enterprise IT. An example is the security awareness training that is being conducted under Enterprise IT.
Bill Spencer	Yes	<ul style="list-style-type: none"> See the need to maintain staff knowledge
Joe Zimmerman	Yes	<ul style="list-style-type: none"> See the critical need
Mazen Chilet	Yes	<ul style="list-style-type: none"> Additional training in networking and security disciplines will arise as requirements to realize Enterprise Infrastructure strengthening.
IT Council Majority Support: Yes		

Office Supplies		Budget: \$15,000
The OCIO Staff grew to 5 full time employees which requires additional operations related supplies		
CIO's Recommendation: Yes		
IT Council Member	Vote	Comments
Rose Krasnow	Yes	It is not clear to me what this covers. \$3000.00 in supplies per person seems high, but I assume you will put the money to good use.
Mitra Pedoeem	Yes	
Jim Cannistra	Yes	
Darin Conforti	Yes	
Bill Spencer	Yes	
Joe Zimmerman	Yes	
Mazen Chilet	Yes	
IT Council Majority Support: Yes		

As the CIO ISF is funded by charges back to the supported departments, if the proposed requests are approved, the budgetary impact on each department is as follows:

Impact on Departmental Budgets of Proposed Requests

MC Planning	35,602
MC Parks	61,204
PGC Planning	23,258
PGC Parks	73,576
PGC Recreation	49,051
DHRM	9,164
Finance	10,182
Corporate IT	4,684
Legal	6,109
Inspector General	406
	273,236

CIO – Corporate IT

As part of the reorganization of the Commission’s IT function, the IT division of the Finance Department has been split off from Finance and will remain in the Administration Funds of both counties, but under the management and control of the CIO.

The Computer refresh program replaces the old approach of using unused budget balance to address computer equipment needs at the end of the budget year. The new program pools the funds from CAS departments to provide an orderly approach to computer replacement that will be structured to provide timely replacement of old computers and peripherals, ensuring computer equipment is available when needed and reduces cost through complete asset management.

This budget is proposed to increase by 1.5%.

FY18 Adopted Budget	\$ 3,275,486	% Change
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FY19 BASE BUDGET INCREASES

Salaries & Benefits	(11,938)	
Other Operating Changes	64,691	
Chargebacks	(102,995)	
Subtotal Increase - Base Budget Request	\$ (50,242)	-1.5%

NEW INITIATIVES

Computer Refresh Cycle	100,000	
Subtotal Proposed Changes	\$ 100,000	3.1%

Total Increase FY19 Proposed Budget Request	\$ 49,758	1.5%
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Funding for this portion of the CIO's budget is through each of the Administration Funds.

CWIT ISF

The request for Commission-wide IT Initiatives is presented in two sections: ongoing software license fees, and new initiatives.

Ongoing projects are proposed at \$1,220,000, which is \$40,000 less than FY18.

Ongoing:

Microsoft Licenses	900,000
Kronos Cloud Services	120,000
Adobe Cloud	140,000
Website	60,000
	<hr/>
	1,220,000

New Initiatives:

Website Upgrade	60,000
Security Assessment	135,000
ERP Enhancements	150,000
Intranet Upgrade	150,000
ECM Feasibility	150,000
Enterprise Service Bus (ESB) Architecture Study	150,000
	<hr/>
	795,000

Commission Wide IT (CWIT) Initiatives

ERP Enhancements		Budget: \$150,000
<p>Transformative automation, business Value Dashboards, and integrations with other systems. The CIO is preauthorized to use towards incremental enhancements and additional features. Additional Modules, upgrades or major enhancements will need to get approved and funded by IT Council.</p> <p>CIO's Recommendation: Yes</p> <p>The Version 10 upgrade will conclude by Dec 2018, leaving the OCIO six months without ERP funds. New and improved business processes will be part of the V10 upgrade; however, it doesn't mean much if our employees aren't executing the new processes. Even the best designed software in the world won't matter if users are still reverting back to their Excel spreadsheets and manual workarounds. For this reason, organizational change management, communications and training is critical to ensuring that we realize more efficient business processes</p> <p>Business process reengineering shouldn't be a one-time activity. Instead, it is an activity that should continue beyond go-live. This helps ensure that operations stay aligned with ERP system (and vice versa), which will ultimately lead to MNCPPC getting more mileage out of our ERP investment.</p> <p>The ERP Infor V10 upgrade project has a contingency, if the contingency is not spent then it can be used to cover the remainder of FY19. ERP improvements as an ongoing effort is a recognized best practice in the industry.</p>		
With that, I recommend reducing the budget request from \$300,000 to \$150,000		
IT Council Member	Vote	Comments
Rose Krasnow	No	<ul style="list-style-type: none"> This sounds like an FY '20 need. The upgrade will be a significant enhancement that should last us for at least a while. I still find this to be a vague request. Not at all sure what my money would be going toward. I know we will soon have to upgrade to Version 11, so I don't want to sink any more money than necessary into Version 10.
Mitra Pedoeem	No	<ul style="list-style-type: none"> Do not see a need following the upgrade project Best practices in software implementation is not to make any enhancement during an upgrade. Do not recommend Improvements during an upgrade; it could work against the upgrade.
Jim Cannistra	No	<ul style="list-style-type: none"> Generally, agree, but the \$2,000,000 project has a contingency
Darin Conforti	Yes	<ul style="list-style-type: none"> IT Council will approve any money used Steady investment best practice for ERP
Bill Spencer	Yes	<ul style="list-style-type: none"> Not funding this item could be risky for HR's ability to properly function
Joe Zimmerman	Yes	<ul style="list-style-type: none"> IT Council will approve any money used <p>Steady investment best practice for ERP</p>
Mazen Chilet	Yes	

IT Council Majority Support: Yes		

Enterprise Asset Management (EAM) Enhancements		Budget: \$0.0
<p>Transformative automation, business Value Dashboards, and integrations with other systems. The CIO is preauthorized to use towards incremental enhancements and additional features. Additional Modules, upgrades or major enhancements will need to get approved and funded by IT Council.</p> <p>CIO's Recommendation: No</p> <p>The ERP ongoing effort to improve business processes and the ESB Service bus architecture (ESB study is proposed for FY19) would pave the way for a well-structured forthcoming EAM enhancements. Budget requested is reduced from \$200,000 to \$0.0</p>		
IT Council Member	Vote	Comments
Rose Krasnow	No	
Mitra Pedoeem	No	Funds are available at the department level
Jim Cannistra	No	
Darin Conforti	No	Funds are available at the department level
Bill Spencer	No	
Joe Zimmerman	No	
Mazen Chilet	No	Pending the ESB Project needs assessment
IT Council Majority Support: No		

Commission website upgrade		Budget: \$60,000
<p>enhancements to Commission's external websites. Includes:</p> <ul style="list-style-type: none"> • Content Management System (CMS) maintenance • Development, Design and Marketing • Integration with additional systems (I.E Active Directory) • Advanced analytics to monitor advertising and conversion rates 		
CIO's Recommendation: Yes		
IT Council Members	Vote	Comments
Rose Krasnow	Yes	Does anyone know how many people actually look at the Commission's website? I know we are always directly people to our own Parks and Planning websites. Nevertheless, since the Commission's website may be everyone's first look at what we do, it is important to keep it looking good and up to date.
Mitra Pedoeem	Yes	
Jim Cannistra	Yes	
Darin Conforti	Yes	
Bill Spencer	Yes	
Joe Zimmerman	Yes	
Mazen Chilet	Yes	
IT Council Majority Support: Yes		

Commission Intranet upgrade		Budget: \$150,000
<ul style="list-style-type: none"> Upgrade of existing Intranet (InSite) to a new supported platform. Plans to move to a supported platform. Additionally, the upgrade will allow access to content outside of our network in a secure manner. The addition of features such as Tutorials and step by step guides, Commission News, and employee profiles; and extend it all out to through external access as an Extranet. 		
CIO's Recommendation: Yes		
IT Council Member	Vote	Comments
Rose Krasnow	Yes	<ul style="list-style-type: none"> I actually use our Intranet from time to time, particularly to look up employee phone numbers and to find Commission policies. Tutorials are also a good idea.
Mitra Pedoeem	Yes	<ul style="list-style-type: none"> There are new technologies to replace InSite, including SharePoint, which is already commonly in use in many agencies; we already own SharePoint and should use it to replace InSite in future. I recommend this as a future project to be assigned to PMO office.
Jim Cannistra	Yes	
Darin Conforti	Yes	
Bill Spencer	Yes	
Joe Zimmerman	Yes	
Mazen Chilet	Yes	
IT Council Majority Support: Yes		

Annual Commission Wide IT Security Assessment		Budget: \$0.0
<p>Annual penetration testing and vulnerability risk assessment by external vendor. This Includes verifying fixes to vulnerabilities resulting from previous assessments and identify any new threats or vulnerabilities.</p> <p>Benefits:</p> <ul style="list-style-type: none"> • Continuous improvement of the Commission's security posture. • Minimize risk of hacking threats and vulnerabilities <p>However, considering the progress of the current assessment, the new recommendation is to delay the request to FY20, the request will be reduced from \$135,000 to \$0</p> <p>CIO's Recommendation: No</p>		
IT Council Member	Vote	Comments
Rose Krasnow	No	Yes, I agree with the new recommendation of delaying this request to FY20, therefore reducing the request to \$0.
Mitra Pedoeem	No	
Jim Cannistra	No	
Darin Conforti	No	
Bill Spencer	No	
Joe Zimmerman	No	
Mazen Chilet	No	
IT Council Majority Support: No		

Enterprise Service Bus (ESB) Architecture		Budget: \$150,000
<p>Enterprise Service Bus infrastructure (ESB) addresses several corresponding needs for robust, cost efficient information management solutions:</p> <ul style="list-style-type: none"> ESB provides a streamlined data integration and transformation solution between Commission applications. Current application total is 264, MC side has 106, PG side has 52, and CAS has 106 applications <p>CIO's Recommendation: Yes</p> <p>The a MNCPPC ESB, we will immensely improve our ability to manage all data exchange between Commission applications. Moving to an ESB, will reduce the number of Commission interfaces by shifting application-specific data parsing to the ESB and associated cost of building single interfaces for each application we integrate. The ability to integrate Commission's systems and applications is a sure way to be able to leverage the data collected by the various systems.</p> <p>Considering the ESB complexity the roll out will be done over multiple years. I recommend that we fund a project to carry out a detailed study of how an Enterprise ESB will be deployed within the Commission.</p> <p>The IT Council agreed that it will task the CTO group to assess and provide recommendations. If ESB found to be of value for the Commission then the study fund request stays; if not of value to the Commission then the Project and its funding will be pulled out prior to the final budget confirmation (April May 2018)</p>		
The budget request will be reduced from \$600,000 to \$150,000 to complete the study		
IT Council Member	Vote	Comments
Rose Krasnow	No	<ul style="list-style-type: none"> Still not sure that our applications need to talk to one another. The Planning data collected in Prince George's is not of any value to those of us in Montgomery County. Would love to better understand this request. The \$ amount is huge, even with the reduced amount being requested.
Mitra Pedoeem	No	<ul style="list-style-type: none"> Need more information on ESB specifics and a business case and need explanation Concerned that current resource levels cannot support this effort Montgomery County recommends that CTOs and CIO do more research, identify the use, strategy, and report back to the IT Council and leadership. We strongly recommend that the study is not warranted now.
Jim Cannistra	No	<ul style="list-style-type: none"> Need more information Consider using existing PMO staff to work with CTO to flush out details
Darin Conforti	Yes	<ul style="list-style-type: none"> Need more information Consider using existing PMO staff to work with CTO to flush out details Possibly pull out pending CTO consideration Possibly use operating budgets to fund for FY19
Bill Spencer	Yes	<ul style="list-style-type: none"> Need ability to exchange information between systems
Joe Zimmerman	Yes	<ul style="list-style-type: none"> Need ability to exchange information between systems
Mazen Chilet	Yes	The CTO group will assess and provide recommendations. If ESB found to be not of value to the Commission then the Project and its funding will be pulled out prior to the final budget confirmation (April May 2018)

IT Council Majority Support: Yes

Enterprise Content Management (ECM) Feasibility & Requirements Study		Budget: \$150,000
<p>An Enterprise Content Management (ECM) solution will help the Commission to organize, manage and distribute documents, images, departmental specific information. The project involves conducting a thorough needs assessment and for the Project team to establish a comprehensive inventory of requirements and identify a solution that will store, track, edit, and collaborate on content creation and other information related projects, while maintaining appropriate security levels. The solution will also streamline the life-cycle of information and automates various business processes using embedded workflows. ECM Key Features: Regulatory Compliance, Access Controls, Document Capture, Archiving & Retention, Document and Content Management, Document Security, Business Process Automation, E-Forms, Electronic Signature, Disaster Recovery.</p>		
CIO's Recommendation: Yes		
IT Council Member	Vote	Comments
Rose Krasnow	No	<ul style="list-style-type: none"> Not clear to me that content management makes sense across the commission. We are already taking care of what we need in Montgomery Planning and have been for a long time. Let's get ERP working well before tackling a huge produce like this.
Mitra Pedoeem	No	<ul style="list-style-type: none"> Too many current projects to pursue now ECM study can be implemented by in-house resources, after completion of the current ongoing projects.
Jim Cannistra	Yes	
Darin Conforti	Yes	
Bill Spencer	Yes	
Joe Zimmerman	Yes	
Mazen Chilet	Yes	
IT Council Majority Support: Yes		

As the CWIT ISF is funded by charges back to the supported departments, if the proposed requests are approved, the budgetary impact on each department is as follows:

Impact on Departmental Budgets of Proposed CWIT Requests	
MC Planning	52,100
MC Parks	231,900
PGC Planning	72,900
PGC Parks	175,900
PGC Recreation	175,900
DHRM	26,600
Finance	14,400
Corporate IT	14,600
Legal	16,200
Inspector General	11,400
CIO	3,000
	<hr/>
	794,900

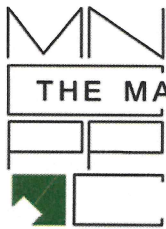
In addition, the CWIT budget includes debt service of \$195,500 for the Alliance access and security system replacement, whose project was budgeted in FY17.

Following are two charts of the departmental impacts by requested CIO initiative and CWIT initiative.

CIO Initiatives				
	IT Security Officer	Training Budget Increase	Consultin g Services Increase	Office Supply Increase
Prince George's:				
Planning	9,213	7,661	5,107	1,277
Parks	29,145	24,235	16,157	4,039
Recreation	19,430	16,157	10,771	2,693
DHRM	1,507	1,254	836	209
Finance	1,675	1,393	929	232
Corporate IT	771	641	427	107
Legal	1,005	836	557	139
Internal Audit	67	56	37	9
	62,813	52,233	34,821	8,705
Montgomery:				
Planning	14,103	11,727	7,818	1,954
Parks	24,244	20,160	13,440	3,360
DHRM	2,122	1,765	1,177	294
Finance	2,358	1,961	1,307	327
Corporate IT	1,085	902	601	150
Legal	1,415	1,177	784	196
Internal Audit	94	78	52	13
	45,421	37,770	25,179	6,294
	108,234	90,003	60,000	14,999

CWIT Initiatives

Activity Description	PGC Planning	PGC Parks	PGC Rec	DHRM - PGC	Finance - PGC	Corporate IT - PGC	Legal - PGC	Audit - PGC	CIO - PGC	MC Planning	MC Parks	DHRM - MC	Finance - MC	Corporate IT - MC	Legal - MC	Audit - MC	CIO - MC	Total
Website	12,600	13,200	13,200	1,500	-	1,500	1,500	1,500	1,500	3,000	3,000	1,500	-	1,500	1,500	1,500	1,500	60,000
Security Assessment	13,500	20,300	20,300	3,400	-	3,400	3,400	3,400	-	13,500	40,500	3,400	-	3,400	3,400	3,400	-	135,300
ERP Enhancements	11,700	35,600	35,600	2,100	1,800	600	800	200	-	8,900	47,100	2,100	1,800	600	800	200	-	149,900
Intranet Upgrade	11,700	35,600	35,600	2,100	1,800	600	800	200	-	8,900	47,100	2,100	1,800	600	800	200	-	149,900
ECM Feasibility	11,700	35,600	35,600	2,100	1,800	600	800	200	-	8,900	47,100	2,100	1,800	600	800	200	-	149,900
Enterprise Service Bus (ESB) Architecture Study	11,700	35,600	35,600	2,100	1,800	600	800	200	-	8,900	47,100	2,100	1,800	600	800	200	-	149,900
Total	72,900	175,900	175,900	13,300	7,200		8,100	5,700	1,500	52,100	231,900	13,300	7,200		8,100	5,700	1,500	794,900



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

October 31, 2017

PCB 17-13

To: Montgomery County Planning Board
Prince George's County Planning Board

From: Patricia C. Barney, Executive Director

Subject: FY19 Budget – Internal Service Funds (ISF)

Requested Action

We are requesting approval of FY19 proposed budgets for the following ISF:

- Executive Office Building (EOB)/CAS Facility Operations
- Risk Management
- Group Insurance

Background Summary

This memo provides the budget proposals for each of the above referenced units. The FY19 budgets incorporate the Commission's direction on compensation and benefits, and utilize projections provided by the Corporate Budget Office. The updated Corporate Budget projections are incorporated into this presentation.

We constantly strive to identify potential savings or funding reductions within each budget. Whenever possible, competitive bidding and shared resources are utilized to contain costs. With regard to the proposed budgets in the ISF, costs decreased by 2.06% (or \$1,443,757).

Internal Service Funds

Unit	FY18 Adopted	FY19 Proposed	Variance	% Change
EOB	1,577,000	1,357,000	(220,000)	-13.95%
Risk Management	8,358,483	7,218,422	(1,140,061)	-13.64%
Group Insurance	60,035,927	59,952,231	(83,696)	-0.14%
Total	\$ 69,971,410	\$ 68,527,653	\$ (1,443,757)	-2.06%

Combined ISF Position/Workyear Summary

Fund Name	FY18		FY19		Change	
	Total Position	Total WYS	Total Position	Total WYS	Total Position	Total WYS
Risk Management (Internal Service Fund)*	6	6.8	6	6.8	0	0
Group Insurance (Internal Service Fund)	6	6.2	6	6.2	0	0
Building (Internal Service Fund)	2	2	2	2	0	0

*DHRM and Risk share an administrative position that is split 50/50.

Changes to each budget are summarized below, with greater details identified within the relevant sections that follow the summary.

Internal Service Funds

- EOB: FY19 proposed budget of \$1,357,000 reflects a decrease of 14% (or \$220,000). Decrease is primarily related to deferment of larger EOB construction/renovation improvements while we conduct the analysis for relocation as directed by the Commission in July 2017. The FY19 budget reflects 12 months of continued operations of the present EOB configuration until a feasible relocation option is approved. The FY19 budget maintains level occupancy rates.
- Risk Management: The overall FY19 proposed budget of \$7,218,401 reflects a 14% (or \$1,140,061) decrease from FY18 levels due actual claims expenses and actuarial projections. With the exception of operating costs, which are funded 50% by Montgomery County and 50% by Prince George's County, this budget is primarily funded through an allocation of claims and insurance costs to the appropriate departments.
- Group Insurance: The FY19 proposed budget of \$59,952,231 reflects a small decrease of .14% (or \$83,696) from FY18 levels. This decrease results from a combination of positive claims experience and the decision to raise our stop/loss limit, thereby decreasing our premiums for such coverage.

(Internal Service Fund)
Executive Office Building/CAS Facility Operations Budget Overview

The Executive Office Building/CAS Facility Operations Internal Service Fund accounts for expenses related to housing CAS operations which include Central Administrative Services (CAS) departments of Finance, Legal, and Human Resources and Management; the Office of the Inspector General; the Office of the Chief Information Officer; and the Merit System Board. All operations, with the exception of the Office of Inspector General and the Commission-wide Archives program, are located within the Executive Office Building (EOB) at 6611 Kenilworth Avenue in Riverdale, Maryland.

- The EOB building serves as the headquarters for bi-county support to the agency. Additionally, the EOB houses the Employees' Retirement System and the Prince George's County Parks and Recreation Department's Information Technology & Communication Division.
- The Office of the Inspector General is located at an offsite leased space due to space shortages within the EOB building.
- The Archives operation is located in Wheaton.

Two individuals carry out the daily maintenance, repairs, and security access of the EOB facility, surrounding property, and pool of shared vehicles. A portion of the management services supervisor and administrative staff is charged to CAS facility operations as they provide budget, procurement, and contract administration for facility management.

Highlights and Major Changes in the FY19 Proposed Budget

For FY19, the EOB budget is \$1,357,000. The operating budget reflects a decrease of 14% (or \$220,000). The decrease is primarily related to the deferment of larger EOB construction/renovation improvements while we conduct the analysis for relocation as directed by the Commission in July 2017.

Relocation Feasibility Analysis

The EOB was built in 1968. Because it is nearly 50 years old, with many original systems and design elements, it poses a number of structural, operational, and space design challenges. A feasibility study was launched under the direction of the Commission. Based on preliminary analysis of extensive operating costs to repair and maintain the existing facility, identified space shortages, and inability to continue archive operations at present location, it was determined that CAS operations should relocate to an alternate site. A more detailed analysis is being conducted to identify alternate sites through purchase or lease, which will address concerns and reduce long-term operating costs. The FY19 budget reflects 12 months of continued operations of the present EOB configuration until a feasible relocation option is approved. The FY19 budget maintains level occupancy rates.

Once a feasible alternative is approved through a cost benefit analysis, we will have a more accurate understanding of funding needs. If the feasibility is completed in FY18, a budget amendment will be submitted for a proposed relocation project.

- **Revenue to the Fund:**

Revenue to the fund is provided annually through operational occupancy charges to the tenant departments/operations based on allocated space. The occupancy rate is based on the per square footage cost from anticipated costs to operate the building, ensure a clean/safe and secure worksite for occupants and visitors, and address necessary repairs and maintenance to the building. The cost per square foot covers facility maintenance and repairs, mechanical systems, janitorial services, security and electronic access systems, and grounds maintenance.

The proposed budget maintains the current occupancy rate of \$26.00/sq. ft. which is funded as follows:

- \$1,352,000 is projected from occupancy revenue, and
- \$5,000 in interest income

- **Expenditures in the Fund:**

- **Personnel Services:** The EOB/CAS Facility Operations are maintained by two facilities staff (facility superintendent and maintenance helper) who manage day to day operations of the building on mechanical systems, perform the majority of needed repairs, and address occupant concerns. Extensive and daily maintenance is required to operate a multi-story building and its grounds, thus requiring the facilities staff to focus primarily on technical repairs, testing and maintenance. Costs for wages and benefits essentially remain flat, based on adjustments in medical and pension costs as projected by the Corporate Budget Office.
- **Supplies and Materials:** This category covers building supplies and parts, HVAC refrigerant and lubricants, and technology/security software/supplies (badges, key cards, etc.). These expenses remain flat.
- **Other Services and Charges (OSC):** This component includes expenses for utilities, maintenance of major mechanical, janitorial, and operating services (elevator, HVAC, electrical, roofing), building repairs/improvements, professional services and chargebacks. Expenses in this category were adjusted by \$317,568 through a shift of resources previously budgeted for capital projects. The resources will be used to fund necessary relocation studies/cost benefit analysis and digitization of state mandated archive records to reduce future space needs and minimize operational costs for housing these records.
- **Capital Projects:** This category includes capital expenses for structural building improvements, machinery, and equipment (boilers, generators, etc.). Expenses in this category decreased significantly (\$617,880) as previously planned major capital improvements have been deferred due to the pending relocation of CAS operations. A portion of resources previously budgeted in this category were shifted to Other Services and Charges to fund consulting and other services related to relocation and consolidation of CAS offices.
- **Chargebacks:** The DHRM management services manager oversees the supervision of the facility staff and administrative management of EOB, including budget administration, expenditure monitoring, procurement, and project management. Additionally, there is one administrative specialist position that provides a significant amount of support to building operations including badging of all agency employees, pool vehicle administration, and facility contract management, and mail room services. These two positions were charged directly to DHRM, although a significant portion of their daily duties related to EOB management. The chargeback reflects the appropriate portion of wage and benefits for these two positions that should be charged to EOB.

New Major Known Commitments

No new planned capital improvements have been incorporated in the FY19 budget as a result of pending relocation.

Staffing Changes

This fund includes 2.0 positions and 2.0 workyears. No changes are proposed.

**PRINCE GEORGE'S COUNTY
EXECUTIVE OFFICES PROPERTY MANAGEMENT INTERNAL SERVICE FUND
KENILWORTH OFFICE BUILDING**

SUMMARY OF ANNUAL COMPARISONS			
REVENUES	ADOPTED FY17	ADOPTED FY18	PROPOSED FY19

Rentals - Office Space:			
Pr.Geo. Parks & Rec.	212,450	126,178	126,178
Retirement System	96,015	108,680	108,680
Chief Information Office		59,644	59,644
Risk Management		54,808	54,808
Group Insurance Fund		65,338	65,338
C.A.S. Departments	885,975	937,352	937,352
Interest Income	0	5,000	5,000
Use of Fund Balance	0	0	0
Total Revenues	<u>\$1,194,440</u>	<u>\$1,357,000</u>	<u>\$1,357,000</u>

EXPENDITURES	ADOPTED FY17	ADOPTED FY18	PROPOSED FY19
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Personnel Services	250,295	241,898	240,159
Supplies and Materials	21,500	35,500	35,500
Other Services and Charges	590,645	636,722	955,383
Chargebacks			80,958
Capital Projects/Reserve	<u>332,000</u>	<u>662,880</u>	<u>45,000</u>
Depreciation			
Total Expenses	<u>\$1,194,440</u>	<u>\$1,577,000</u>	<u>\$1,357,000</u>

Revenues Over/(Under)	\$0	(\$220,000)	\$0
Expenses			

Positions/Workyears:			
Full-Time	2/2.0	2/2.0	2/2.0
Part-Time	0	0	0
Total	2/2.0	2/2.0	2/2.0

(Internal Service Fund)

Risk Management Budget Overview

Summary

The Commission's Risk Management/Self Insurance Fund was established on July 1, 1978. Through centralized management, the Risk Management program uses safety protocols, loss control practices and self-insurance administration to reduce liability and mitigate losses to the agency. The program's overall goals include: reducing the risk of personal injury to employees; protecting and securing Commission assets; avoiding or minimizing injury to users of Commission services and facilities; and, managing costs and risk efficiently. The Department of Human Resources and Management (DHRM) is responsible for the program. The Fund is administered jointly with the Finance Department.

The program goals are met through risk assessments; implementation of loss control programs; management of commercial insurance and self-insured coverages; subrogation of liability; establishment of vendor insurance requirements to protect the agency against losses; supervisory/employee training and compliance reviews for adherence with workplace safety regulations issued by Maryland Occupational Safety and Health (MOSH), federal Occupational Safety and Health Administration (OSHA), Environmental Protection Agency (EPA) and the Department of Transportation (DOT); accident and damage investigations; facility inspections; administration of safety programs such as the drug and alcohol education and testing program, Drivers' License Monitoring program and defensive driving programs, risk assessments of new and existing agency programs; emergency response programs, case management of workplace injuries and liability claims. The Risk Management Office is staffed by three safety specialists, a workers' compensation specialist, a liability specialist, and a risk manager. A small amount of the Division Chief's time is directly charged to the Fund, and some fiscal oversight by the Executive Director, Corporate Budget team and the Finance Department is charged back to the Risk Management program.

For specialized services related to third party reviews of workers' compensation/liability claims and participation in group insurance, the Commission participates in a self-insurance program administered by the Montgomery County Government/Montgomery County Self Insurance Fund (MCSIP). This program is open to the Commission as a bi-county organization. Participation in MCSIP offers cost effective, independent claims adjudication services, and group discounts on commercial insurance policies for areas of general liability, real and personal property, police professional liability, automobile liability, and public official liability. Participation in MCSIP is reflected in the budget through external administration fees. Separate from MCSIP, the Commission also purchases insurance for various surety bonds, police horses, catastrophes, and blanket coverage for other specialized programs. The Commission handles its own litigation and representation on liability and workers' compensation claims as the agency has better control of the outcome from these efforts. The Legal Department charges the Fund for these legal services.

FY19 PROGRAM PRIORITIES

- Design and implement loss mitigation through risk assessments/protocols, safety programs, insurance, and loss transfer.
- Conduct regular audits of claims managements to promote cost effectiveness, coordinated return to work strategies, and proper case reserves.
- Develop and implement specialized training to address frequent causes of accidents/injuries.
- Continue to perform comprehensive assessment of site-specific emergency action protocols for all agency facilities.
- Develop and conduct monthly position-specific safety trainings for maintenance and trades personnel.

HIGHLIGHTS AND MAJOR CHANGES IN THE FY19 PROPOSED BUDGET

Each year, the Risk Management budget is developed to establish necessary funding levels for projected future claims, insurance costs, personnel costs, and external administration fees. Claims expenses include paid claims, incurred but not reported claims estimates, and claim reserves. While the Commission subrogates its claims to offset losses and applies for reimbursements from the Federal Emergency Management Administration (FEMA), these recoveries are not budgeted as a revenue source to this Fund, but are returned directly to the affected departments after being received.

Total proposed FY19 agency-wide expenses are \$7,218,422. After the application of unrestricted fund balance and interest income (explained further below in greater detail), the total funding needs are adjusted to \$5,752,022. See Table 3.

As illustrated in Table 1 (below), the FY19 proposed expenses of \$7,218,422 reflect a 13.6% decrease from the FY18 adopted budget levels of \$8,358,483. These expenses are comprised of three components, as reflected in Table 2. The largest component (59%) is related to costs for workers' compensation and liability claims. By nature, this expense can vary significantly year-to-year, based on the number, severity, and complexity of claims filed. As the Commission participates in the Montgomery County Government Self Insurance Program (MCSIP) for claim management services, we employ an actuarial consultant (AON) to review historical losses and determine our projected costs. The FY19 decreases are attributed to actual claims experience and actuarial approach that utilizes a historical average of claims data to project future costs. This approach, which is commonly referred to as "smoothing", is used to minimize volatility in projected claims costs.

Table 1: Total Proposed FY19 Expenses (Before Application of Interest Income and Use of Fund Balance)
Allocation of expenses for each county along with a comparison to the FY18 adopted levels

County	FY18 Adopted Expenses	FY19 Proposed Expenses	% Change
Montgomery County	3,359,939	2,925,806	-12.9%
Prince George's County	4,998,544	4,292,616	-14.1%
Total Operating Expenses	\$8,358,483	\$7,218,422	-13.6%

Table 2: Components of Proposed Expenses

Category	FY19 Proposed Expenses	% of Total Expenses
Workers' Compensation and Liability Claims	4,250,793	59%
Internal Administrative Expenses	1,746,403	24%
External Administrative Fees	1,221,226	17%
Total Operating Expenses	\$7,218,422	100%

Proposed Funding (After Use of Fund Balance and Interest Income)

The proposed FY19 expenses are reduced through the application of unrestricted fund balance of \$1,262,400 and interest income of \$204,000. The adjusted agency-wide funding of \$5,752,022 reflects a 11.4% decrease from FY18 adopted funding levels (Table 3). Table 4 presents the change in funding levels for each county. The FY19 proposed county funding is further allocated by department as presented on the Summary Budget Schedules (Attachments 1 and 2).

Table 3: Change in Agency-Wide Funding Levels (FY19 vs. FY18)

Commission-wide	FY18 Adopted Budget	Proposed FY19 Budget	% Change
Total Expenses	8,358,483	7,218,422	
Use of Fund Balance	(1,744,700)	(1,262,400)	
Interest Income	(120,000)	(204,000)	
Total Funding Needs	\$6,493,783	\$5,752,022	-11.4%

Table 4: Change in County Funding Levels (FY19 vs. FY18)

County	FY18 Adopted Funding	Proposed FY19 Funding	Change %
Montgomery	2,741,539	2,389,806	-12.8%
Prince George's County	3,752,244	3,362,216	-10.4%
Total Funding	\$6,493,783	\$5,752,022	-11.4%

Montgomery County

The FY19 proposed expense for Montgomery County funded operations is \$2,925,806. After the application of \$463,000 in available fund balance and \$73,000 of interest income, the proposed funding level is adjusted down to \$2,389,806. The FY19 funding level represents 12.8% decrease from the FY18 adopted budget, due to projected claims expenses, use of fund balance, and adjustments to the internal administrative cost which includes additional funding for training, adjustments related to position reclassification study, compensation markers, and adjusted chargeback model.

- Proposed funding is allocated as follows: 98% (or \$2,332,100) to the Park Fund; 2% (or \$45,600) is attributed to the Planning Department; nominal amounts for CAS Operations (\$2,600) and Enterprise Fund (\$9,500).

Prince George's County

The FY19 proposed expense for Prince George's County funded operations is \$4,292,616. After the application of \$799,400 in available fund balance and \$131,000 of interest income, the proposed funding level is adjusted down to \$3,362,216. The FY19 funding level represents 10.4% decrease from the FY18 adopted budget, due to projected claims expenses, use of fund balance, and adjustments to the internal administrative cost which includes additional funding for training, adjustments related to position reclassification study, compensation markers, and adjusted chargeback model.

- Proposed funding is allocated as follows: 73% (or \$2,454,300) to the Parks Fund; 20% (or \$673,000) to the Recreation Fund; 5% (or \$176,200) to the Enterprise Fund; and 2% to the Planning Department (or \$57,600). A nominal amount is attributed to CAS (or \$1,100).

Expense Summary

As noted previously, the FY19 Proposed Risk Management Fund expenses (prior to interest income and use of fund balance) fall into three categories: Projected Workers' Compensation and Liability Claims Expenses, Internal Administrative Expenses, and External Administrative Expenses.

- **Projected Workers' Compensation and Liability Claim Expenses:** As illustrated in Table 2, the largest component of projected FY19 expenses are related to filed claims and their compensability under Maryland State law. Claim costs comprise 59% (or \$4,250,793) of the total FY19 proposed expense for the Risk Management budget. Costs for workers' compensation and liability claims include the following three components:
 - **Paid Claims:** Actual payments for compensable open claims, whether they originated in the most recent fiscal year or prior periods.
 - **Claim Reserves:** Total expected expenses (present and future) for all open claims.
 - **Incurred But Not Reported Claims (IBNR):** The actuarial-based estimate of claims that have occurred but may be delayed in getting reported.

FY19 projected claims expenses utilize actuarial projections which help determine necessary funding levels to protect the agency against expected and unforeseen losses in future years. Actuarial projections are developed based on analysis of the last full cycle of claims (FY17 data), historical claims, expected future losses, and other variables such as expected industry adjustments for medical costs (workers' compensation) and replacement values (liability). As illustrated in Table 5, projected claims expenses reflect a 22% decrease from FY18 adopted budget levels.

Table 5: Change in Projected Workers' Compensation and Liability Claims Expenses (FY19 vs. FY18)

County	Adopted Claim Expenses for FY18	Projected Claim Expenses for FY19	Change in Expenses	% Change from FY16
Montgomery County	2,040,120	1,574,257	-465,863	-23%
Prince George's County	3,421,531	2,676,536	-744,955	-22%
Total	\$5,461,651	\$4,250,793	-1,210,858	-22%

Workers compensation claims comprise 83% of projected claim expenses. These costs cover medical and wage reimbursements for employees with work related injuries/illnesses. The remaining 17% of projected claim expenses are related to general liability (third party claims), property damage, and auto claims.

- **Proposed Internal Administrative Expenses:** These expenses comprise 24% (or \$1,746,403) of the total FY19 proposed expenses (see Table 2). These expenses have remained flat with less than a 0.1% adjustment (or \$1685). Expenses cover internal staff and programs for Risk Management and Workplace Safety. Staff is responsible for developing and implementing loss control programs, conducting risk analysis, managing the agency's commercial and self-insurance programs, administering liability and workers' compensation programs, and managing safety programs (including policies/standards for regulatory compliance, facility and program inspections, emergency response plans, investigations, training, etc.). Beginning in FY18, the proposed budget now includes recognition of the portion of building occupancy charges for housing Risk and Safety staff within the Bi-County facility. Prior to FY18, this had not been reflected in prior year budgets. Other adjustments include updated chargebacks to risk management, and compensation adjustments resulting from the agency's classification and compensation study.
- **External Administrative Expenses:** These expenses comprise 17% (or \$1,221,226) of the total FY19 proposed expenses (see Table 2). These expenses represent fees to the Montgomery County Self Insurance Program for claims adjudication, commercial insurance, and actuarial services. These expenses are adjusted 6% (\$69,126) from FY18 levels.

MONTGOMERY COUNTY RISK MANAGEMENT INTERNAL SERVICE FUND
Summary of Revenues, Expenses, and Changes in Fund Net Position
PROPOSED BUDGET FY2019

	<u>FY17</u> <u>Actuals</u>	<u>FY18</u> <u>Adopted</u>	<u>FY19</u> <u>Proposed</u>	<u>%</u> <u>Change</u>
Operating Revenues:				
Charges for Services:				
Parks	2,637,500	2,550,500	2,332,100	-9%
Planning	52,400	83,900	45,600	-46%
CAS	4,800	5,900	2,600	-56%
Enterprise	500	1,200	9,500	692%
Miscellaneous (Claim Recoveries, etc.)	478,630			
Total Operating Revenues	<u>3,173,830</u>	<u>2,641,500</u>	<u>2,389,800</u>	<u>-10%</u>
Operating Expenses:				
Personnel Services	415,116	484,459	475,951	-2%
Supplies and Materials	22,696	30,000	33,720	12%
Other Services and Charges:				
Insurance Claims:				
Parks	1,516,896	1,942,800	1,524,257	-22%
Planning	(1,688)	65,500	36,200	-45%
CAS	5,544	7,100	4,700	-34%
Enterprise	190,284	24,700	9,100	-63%
Misc., Professional services, etc.	680,423	558,345	594,354	6%
Depreciation & Amortization Expense				
Other Financing Uses				
Capital Outlay				
Other Classifications				
Chargebacks	235,289	247,036	247,524	0%
Total Operating Expenses	<u>3,064,560</u>	<u>3,359,940</u>	<u>2,925,806</u>	<u>-13%</u>
Operating Income (Loss)	<u>109,270</u>	<u>(718,440)</u>	<u>(536,006)</u>	<u>-25%</u>
Nonoperating Revenue (Expenses):				
Interest Income	73,084	45,000	73,000	62%
Interest Expense, Net of Amortization				
Loss on Sale/Disposal Assets				
Total Operating Expenses	<u>73,084</u>	<u>45,000</u>	<u>73,000</u>	<u>62%</u>
Income (Loss) Before Operating Transfers	<u>182,354</u>	<u>(673,440)</u>	<u>(463,006)</u>	<u>-31%</u>
Operating Transfers In (Out):				
Transfer In			7,246	100%
Transfer (Out)				
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>7,246</u>	<u>100%</u>
Change in Net Position	<u>182,354</u>	<u>(673,440)</u>	<u>(455,760)</u>	<u>-32%</u>
Total Net Position - Beginning	<u>5,684,312</u>	<u>5,184,357</u>	<u>4,510,917</u>	<u>-13%</u>
Total Net Position - Ending	<u>5,866,666</u>	<u>4,510,917</u>	<u>4,055,158</u>	<u>-10%</u>
Designated Position	3,346,497	3,246,902	3,246,902	0%
Unrestricted Position	2,520,169	1,264,015	808,256	-36%
Total Net Position, June 30	<u>\$ 5,866,666</u>	<u>4,510,917</u>	<u>4,055,158</u>	<u>-10%</u>
Note: Allocation of administrative expense paid to Montgomery County for insurance pool management				
Parks	416,500	438,900	473,000	8%
Planning	11,300	14,800	11,200	-24%
CAS	1,700	1,600	1,500	-6%
Enterprise	5,300	5,600	2,800	-50%
Total	<u>434,800</u>	<u>460,900</u>	<u>488,500</u>	<u>6%</u>

Note: Internal Service Funds' actuals reflect the appropriate accounting treatment of debt principal, capital outlay and depreciation as reported in the CAFR; however, the budget for these funds is prepared on a cash requirements basis.

Commission-Wide Group Insurance (Internal Service Fund)

Summary

The Commission's Group Insurance Fund accounts for the costs associated with providing health insurance benefits to active and retired employees. The Fund revenues include the employer, employee and retiree share of insurance premiums. The Flexible Spending program is also accounted for in this fund.

The Fund covers all active employees with health and other insurance coverage in the operating departments and retirees eligible for health benefits. The premiums paid through the operating department insurance costs constitute most of the revenue, making up 80% of the revenue. Revenue from employee and retiree share of the premiums makes up 17% of revenue, with the EGWP subsidy and interest income making up the balance. The Fund is treated as a Commission-wide fund because its costs are not specifically generated by either county. Rather, the costs represent the total health insurance pool cost. In addition, OPEB Paygo costs are paid through the Group Insurance Fund.

The Group Insurance program is part of the Department of Human Resources and Management. It is staffed by 6 full-time positions.

Highlights and Major Changes in the FY19 Proposed Budget

The Proposed FY19 expenditure budget is \$59.95 million, which reflects a 0.1% decrease (or \$83,696) from the FY18 Adopted Budget. This decrease results from a combination of good claims experience and the decision to raise our stop/loss limit, thereby decreasing our premiums for such coverage.

The FY19 Proposed Budget reflects the effect of previously negotiated changes in employee health insurance cost share and the increase in retiree health insurance cost share. The administrative expenses are factored into the health insurance rates, and are paid through the premiums paid by the employer and employee.

The Commission's decision last year to add the Kaiser Health Insurance Plan means that the UHC EPO plan was no longer the lowest cost plan available to employees. In order to ease the transition for users of the UHC EPO plan, in FY18 we employed an 80% employer and 15% percent employee cost share. Fund balance made up the remaining 5%. The FY19 Proposed Budget reflects an 80% employer and 17.5% employee cost share, with fund balance balancing in the amount of \$301,325.

The FY19 Proposed Budget contains a designated reserve of \$5.26 million, which is sufficient to meet the 9.0% of total operating expense reserve policy. A summary of the Proposed Budget follows.

Essential Need

No essential needs are proposed for FY19.

Staffing Changes

None.

COMMISSION-WIDE GROUP HEALTH INSURANCE INTERNAL SERVICE FUND
Summary of Revenues, Expenses, and Changes in Fund Net Position
PROPOSED BUDGET FISCAL YEAR 2019

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Budget</u>	<u>FY 19</u> <u>Proposed</u>	<u>%</u> <u>Change</u>
Operating Revenues:				
Intergovernmental	\$	\$	\$	
Grant-Medicare Part D Subsidy	-	-	-	-
EGWP Subsidy	1,396,311	1,769,000	1,681,000	-5.0%
Charges for Services:				
Employer Contributions, Other	15,680	13,900	13,490	-2.9%
Employee/Retiree Contributions	10,516,322	10,421,294	11,916,655	14.3%
Employer Contributions/Premiums	38,407,424	47,113,812	45,788,551	-2.8%
Miscellaneous (Claim Recoveries, etc.)	-	-	-	-
Total Operating Revenues	<u>50,335,737</u>	<u>59,318,006</u>	<u>59,399,696</u>	<u>0.1%</u>
Operating Expenses:				
Personnel Services	584,014	700,198	778,609	11.2%
Supplies and Materials	9,690	50,000	50,000	0.0%
Other Services and Charges:				
Professional Services	373,825	662,203	437,088	-34.0%
Insurance Claims and Fees	36,073,284	50,052,368	49,777,486	-0.5%
Insurance Premiums	8,364,118	8,210,772	8,555,408	4.2%
Change in IBNR	(766,781)	-	-	-
Other Classifications	-	-	-	-
Chargebacks	318,518	360,386	353,640	-1.9%
Total Operating Expenses	<u>44,956,668</u>	<u>60,035,927</u>	<u>59,952,231</u>	<u>-0.1%</u>
Operating Income (Loss)	<u>5,379,069</u>	<u>(717,921)</u>	<u>(552,535)</u>	<u>-23.0%</u>
Non-operating Revenue (Expenses):				
Interest Income	122,735	60,000	150,000	150.0%
Total Non-operating Revenue (Expenses)	<u>122,735</u>	<u>60,000</u>	<u>150,000</u>	<u>150.0%</u>
Income (Loss) Before Operating Transfers	<u>5,501,804</u>	<u>(657,921)</u>	<u>(402,535)</u>	<u>-38.8%</u>
Operating Transfers In (Out):				
Transfer In	-	-	-	-
Transfer (Out)	(3,818,800)	-	-	-
Net Operating Transfer	<u>(3,818,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,683,004	(657,921)	(402,535)	-38.8%
Total Net Position, Beginning	<u>14,856,085</u>	<u>14,783,085</u>	<u>15,881,168</u>	<u>7.4%</u>
Total Net Position, Ending	<u>16,539,089</u>	<u>14,125,164</u>	<u>15,478,633</u>	<u>9.6%</u>
Designated Position	3,756,673	5,403,233	5,395,701	-0.1%
Unrestricted Position	12,782,416	8,721,931	10,082,932	15.6%
Total Net Position, June 30	<u>\$ 16,539,089</u>	<u>\$ 14,125,164</u>	<u>\$ 15,478,633</u>	<u>9.6%</u>

Policy requires a reserve equal to 9% of Total Operating Expense

Montgomery County Capital Equipment Internal Service Fund

EXECUTIVE OVERVIEW

The Commission's Capital Equipment Internal Service Fund (CEISF) was set up to establish an economical method of handling large equipment purchases. The fund spreads the cost of an asset over its useful life instead of burdening any one fiscal year with the expense. Considerable savings are realized over the life of the equipment through the use of the CEISF.

Departments use the CEISF to finance the purchase of equipment having a useful life of at least six (6) years. All revenue and costs associated with the financing of such equipment are recorded in the Internal Service Fund. All equipment is financed on a tax exempt basis, resulting in considerable interest savings. The participating departments are charged an annual rental payment based on the life of the equipment.

HIGHLIGHTS AND MAJOR CHANGES IN FY19 PROPOSED BUDGET

The financing authority of the CEISF may be carried over from year to year. This means that if the total authorized amount of financing is not utilized during a particular fiscal year any remaining funding may be carried over to succeeding fiscal years. Approval of the budget gives the Commission's Secretary-Treasurer and other officers authority to carry out financing for this fund at such time and on such terms as is believed to be advantageous to the Commission without additional action by the Commission or a Planning Board.

For FY19, the Commission proposes the purchase and financing of \$2,650,000 in capital outlay expenses in the CEISF. This consists of:

- Planning Department - \$250,000 (Total cost \$500,000, split 50/50 with Parks – to continue to build up data center for the Wheaton Headquarters.)
- Department of Parks - \$2,400,000
 - \$250,000 (total cost is \$500,000 which will be split with the Planning Department) for opening a new data center for the planned Wheaton Headquarters move.
 - \$380,000 to purchase a milling machine for the asphalt program which will significantly reduce costs associated with repair and replacement of asphalt.
 - \$50,000 for a vehicle for the playground repair crew included in the Program Enhancements.
 - \$1,720,000 for replacement of older vehicles and equipment that have exceeded their useful life cycle.

Montgomery County Capital Equipment Internal Service Fund

MONTGOMERY COUNTY CAPITAL EQUIPMENT INTERNAL SERVICE FUND Summary of Revenues, Expenses, and Changes in Fund Net Position PROPOSED BUDGET FISCAL YEAR 2019

	FY17 Actual	FY18 Adopted	FY19 Proposed	% Change
Operating Revenues:				
Charges to Departments				
- Planning	\$ -	\$ 95,000	\$ 140,600	48.0%
- Parks	3,676,500	2,498,500	1,814,500	-27.4%
- Finance/OCIO	80,150	113,000	149,150	32.0%
Miscellaneous (Sale of Equipment, etc.)	-	-	-	-
Total Operating Revenues	<u>3,756,650</u>	<u>2,706,500</u>	<u>2,104,250</u>	<u>-22.3%</u>
Operating Expenses:				
Personnel Services	-	-	-	-
Supplies and Materials	240,938	-	-	-
Other Services and Charges:	-	-	-	-
Debt Service:				
Debt Service Principal	-	1,517,350	1,499,250	-1.2%
Debt Service Interest	-	391,850	387,250	-1.2%
Depreciation Expense	1,976,537	-	-	-
Other Financing Uses	-	-	-	-
Capital Outlay	-	6,150,000	2,650,000	-56.9%
Other Classifications	-	-	-	-
Chargebacks	40,675	40,951	42,000	2.6%
Total Operating Expenses	<u>2,258,150</u>	<u>8,100,151</u>	<u>4,578,500</u>	<u>-43.5%</u>
Operating Income (Loss)	<u>1,498,501</u>	<u>(5,393,651)</u>	<u>(2,474,250)</u>	<u>-54.1%</u>
Nonoperating Revenue (Expenses):				
Debt Proceeds	-	6,150,000	2,650,000	-56.9%
Interest Income	7,712	3,000	4,000	33.3%
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	1,917	-	-	-
Total Operating Expenses	<u>9,629</u>	<u>6,153,000</u>	<u>2,654,000</u>	<u>-56.9%</u>
Income (Loss) Before Operating Transfers	<u>1,508,129</u>	<u>759,349</u>	<u>179,750</u>	<u>-76.3%</u>
Operating Transfers In (Out):				
Transfer in - from CIO/CWIT Fund	-	-	-	-
Transfer (Out) - to Park Fund	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,508,129	759,349	179,750	-76.3%
Total Net Position - Beginning	<u>9,173,151</u>	<u>9,981,676</u>	<u>11,440,629</u>	<u>14.6%</u>
Total Net Position - Ending	<u>\$ 10,681,280</u>	<u>\$ 10,741,025</u>	<u>\$ 11,620,379</u>	<u>8.2%</u>

Note: Future Financing Plans

Capital equipment financed for Planning	\$ 500,000	\$ 250,000
Capital equipment financed for Parks	5,400,000	2,400,000
Capital equipment financed for Finance	250,000	-

Prince George's County Capital Equipment Internal Service Fund

EXECUTIVE OVERVIEW

The Commission's Capital Equipment Internal Service Fund (CEISF) was set up to establish an economical method of handling large equipment purchases. The fund spreads the cost of an asset over its useful life instead of burdening any one fiscal year with the expense. Considerable savings are realized over the life of the equipment through the use of the CEISF.

Departments use the CEISF to finance the purchase of equipment having a useful life of at least six (6) years. All revenue and costs associated with the financing of such equipment are recorded in the Internal Service Fund. All equipment is financed on a tax exempt basis, resulting in considerable interest savings. The participating departments are charged an annual rental payment based on the life of the equipment.

HIGHLIGHTS AND MAJOR CHANGES IN FY19 PROPOSED BUDGET

The financing authority of the CEISF may be carried over from year to year. This means that if the total authorized amount of financing is not utilized during a particular fiscal year any remaining funding may be carried over to succeeding fiscal years. Approval of the budget gives the Commission's Secretary-Treasurer and other officers authority to carry out financing for this fund at such time and on such terms as is believed to be advantageous to the Commission without additional action by the Commission or a Planning Board.

For FY19, the Commission is not proposing any new purchases for the Prince George's departments.

Prince George's County Capital Equipment Internal Service Fund

PRINCE GEORGE'S COUNTY CAPITAL EQUIPMENT INTERNAL SERVICE FUND Summary of Revenues, Expenses, and Changes in Fund Net Position PROPOSED BUDGET FISCAL YEAR 2019

	FY 17 Actual	FY 18 Adopted	FY 19 Proposed	% Change
Operating Revenues:				
Charges to Departments/Funds				
- Parks & Recreation - Park Fund	\$ 1,533,300	\$ 1,824,627	\$ 1,824,627	0.0%
- Finance/OCIO	80,150	113,000	149,150	32.0%
Miscellaneous (Sale of Equipment, etc.)	-	-	-	-
Total Operating Revenues	<u>1,613,450</u>	<u>1,937,627</u>	<u>1,973,777</u>	<u>1.9%</u>
Operating Expenses:				
Personnel Services	-	-	-	-
Supplies and Materials	-	-	-	-
Other Services and Charges:	-	-	-	-
Debt Service:				
Debt Service Principal	-	515,450	45,150	-91.2%
Debt Service Interest	-	133,150	11,650	-91.3%
Depreciation & Amortization Expense	1,082,950	-	-	-
Other Financing Uses	-	-	-	-
Capital Outlay	-	1,783,300	-	-100.0%
Other Classifications	-	-	-	-
Chargebacks	4,881	31,942	44,000	37.7%
Total Operating Expenses	<u>1,087,831</u>	<u>2,463,842</u>	<u>100,800</u>	<u>-95.9%</u>
Operating Income (Loss)	<u>525,620</u>	<u>(526,215)</u>	<u>1,872,977</u>	<u>-455.9%</u>
Nonoperating Revenue (Expenses):				
Debt Proceeds	-	1,783,300	-	-100.0%
Interest Income	5,279	3,000	3,000	0.0%
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	-	-	-	-
Total Nonoperating Revenue (Expenses):	<u>5,279</u>	<u>1,786,300</u>	<u>3,000</u>	<u>-99.8%</u>
Income (Loss) Before Operating Transfers	<u>530,898</u>	<u>1,260,085</u>	<u>1,875,977</u>	<u>48.9%</u>
Operating Transfers In (Out):				
Transfer In	-	-	-	-
Transfer (Out)	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	530,898	1,260,085	1,875,977	48.9%
Total Net Position - Beginning	<u>5,648,102</u>	<u>6,405,121</u>	<u>7,439,085</u>	<u>16.1%</u>
Total Net Position - Ending	<u>\$ 6,179,000</u>	<u>\$ 7,665,206</u>	<u>\$ 9,315,062</u>	<u>21.5%</u>

Note: Future Financing Plans

Capital equipment financed for Parks & Rec	\$ 1,533,300	\$ -
Capital equipment financed for Finance	250,000	-