



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 15, 2018

MEMORANDUM

TO: Montgomery County Planning Board

FROM: John Kroll, Corporate Budget Manager

DATE: November 8, 2018

SUBJECT: FY 2020 CAS Budget Requests

Please find attached FY20 budget requests from the Department of Human Resources and Management (DHRM), the Finance Department, the Merit System Board, the Office of Inspector General, the 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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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

October 31, 2018

AAB 18-20

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

From: Anju Bennett, Acting Executive Director
Katie Knaupe, Budget & Management Services Manager

Subject: FY20 Proposed Budget – Administration Fund

- Department of Human Resources and Management
- Merit System Board
- Central Administrative Services Support Services

Requested Action

We request approval to submit the FY20 proposed budgets for the Administration Fund as presented below. These budgets include the Department of Human Resources and Management (DHRM), Merit System Board, and Central Administrative Services (CAS) Support Services.

Background Summary

The FY20 proposed budgets for the DHRM and the Merit System Board are included here, but no changes have been made since they were initially presented to and supported by the Montgomery County Planning Board and the Prince George's County Planning Board in October.

The CAS Support Services budget is presented for the first time and reflects a minor adjustment of 1.5%.

Combined Administration Fund

Unit	FY19 Adopted	FY20 Proposed	Variance	% Change
CAS Support Services	1,416,484	1,438,161	21,677	1.5%
DHRM	5,193,126	5,396,305	203,179	3.9%
Merit System Board	163,706	165,757	2,051	1.3%
Total	\$6,773,316	\$7,000,223	\$226,907	3.4%

Montgomery County Administration Fund

Unit	FY19 Adopted	FY20 Proposed	Variance	% Change
CAS Support Services	626,964	642,320	15,356	2.4%
DHRM	2,313,987	2,380,194	66,207	2.9%
Merit System Board	81,853	82,879	1,026	1.3%

Prince George's County Administration Fund

Unit	FY19 Adopted	FY20 Proposed	Variance	% Change
CAS Support Services	789,520	795,842	6,322	0.8%
DHRM	2,879,139	3,016,111	136,972	4.8%
Merit System Board	81,853	82,879	1,026	1.3%

Summary of Proposed Budgets:

CAS Support Services: This budget accounts for non-discretionary shared operating expenses attributable to bi-county operations. This budget does not include any assigned positions and includes no new initiatives for FY20. The total FY20 proposed budget is \$1,438,161, reflecting a small increase of 1.5% (or \$21,677) over the FY19 levels. The FY20 proposed funding is split \$642,320 for Montgomery County and \$795,842 for Prince George's County. The FY20 budget is funded 44.7% Montgomery County and 55.3% Prince George's County, based on the updated cost allocation analysis.

Department of Human Resources and Management (DHRM): The proposed FY20 total budget is \$5,396,305. This funding is split \$2,380,194 for Montgomery County and \$3,016,111 for Prince George's County, which reflects a total increase of 3.9% from FY19 levels. The FY20 budget is funded 42.7% Montgomery and 57.3% Prince George's based on the updated cost allocation analysis approved by the Commission. (No change since last presentation to Planning Boards)

Merit System Board: The proposed FY20 total budget level is \$165,757, which reflects a small increase of 1.3% from FY19 levels. The FY20 increase is primarily from the projected benefits costs provided by the Corporate Budget Office. The Merit System Board is funded 50% Montgomery County (\$82,879) and 50% Prince George's County (\$82,879). (No change since last presentation to Planning Boards)

Budget Detail and Work Program Priorities

Proposed budgets for the Administration funds are presented on the following pages. Details on the CAS Support Services budget are presented first, followed by a brief recap of the DHRM and Merit System Board budgets, as there are no changes to what was initially presented in October.

I. CAS Support Services

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 the Inspector General
- Office of the Chief Information Officer
- Merit System Board

The CAS Support Services budget 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 (70.7% or \$ 1,017,352). This budget does not include any assigned positions and includes no new initiatives for FY20.

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, which covers small office fixtures, communication equipment and other office supplies shared by departments/units in the building.

- Other Services and Charges (OS&C) category, which includes expenses for housing CAS operations, technology, utilities, postage, document production, lease of copiers, and equipment repair/maintenance. The OS&C category provides funds for the CAS share of risk management, and partial funds for the contract of equipment/services for the Document Production Services Center.

Discussion of FY20 Proposed CAS Budget

The total FY20 budget is \$1,438,161, which reflects a small adjustment of 1.5%. The FY20 budget is funded at 44.7% Montgomery County and 55.3% Prince George's County, based on the labor cost allocation provided by the Corporate Budget Office. This represents a slight shift from the FY19 allocation of 44.3% Montgomery and 55.7% Prince George's. The FY20 total budget of \$1,438,161 is allocated as follows:

- \$642,320 for Montgomery (adjusted from \$626,964 in FY19).
- \$795,842 for Prince George's (adjusted from \$789,520 in FY19).

The FY20 Proposed Budget reflects a small increase of 1.5% (or \$21,677) and is based on the following known commitments:

- Increase of \$5,000 for Personnel Services costs to cover reimbursements to the State of Maryland for anticipated unemployment insurance payments.
- Increase of \$16,677 to other operating charges, which includes the Supplies and Material category and the OS&C category, to incorporate adjustments in lease costs to house the Office of the Inspector General, and records retention compliance work, as mandated by the State.

Additional Essential Needs/Requests

We are not requesting funding of any new initiatives.

Positions/Workyears

There are no positions assigned to the CAS Support Services Budget.

CENTRAL ADMINISTRATIVE SERVICES SUPPORT SERVICES (CAS SS)				
FY20 OPERATING BUDGET REQUEST				
	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change
FY19 Adopted Budget	\$ 626,964	\$ 789,520	\$ 1,416,484	
FY20 BASE BUDGET INCREASES				
Salaries	2,255	2,745	5,000	
Benefits	-	-	-	
Other Operating Changes	13,101	3,577	16,677	
Chargebacks	-	-	-	
FY19 One-time Expenses	-	-	-	
Subtotal Increase - Base Budget Request	\$ 15,356	\$ 6,322	\$ 21,677	1.5%
PROPOSED CHANGES				
No new initiatives being proposed				
Subtotal Proposed Changes	\$ -	\$ -	\$ -	0.0%
Total Increase FY20 Proposed Budget Request	\$ 642,320	\$ 795,842	\$ 1,438,161	1.5%

II. Department of Human Resources and Management

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

- Office of the Executive Director
- Corporate Budget
- Corporate Policy and Management Operations
- Corporate Human Resources

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. Work program priorities were presented to the Planning Boards in October.

Discussion of FY20 Proposed DHRM Budget

As presented to Planning Boards this October, the proposed FY20 base budget adjustment reflects a 3% increase of \$157,980. The adjustment is detailed in the chart on the following page. The Department has not proposed any new initiatives or changes in positions for FY20. Additionally, the Corporate Budget Office has advised that several new initiatives are being proposed for the CIO and CWIT programs. DHRM's share of those new initiatives, which totals \$45,199, is also reflected in the chart on the following page.

The adjustments to the FY20 base budget combined with DHRM's share of the CIO/CWIT initiatives, bring the total FY20 budget request to \$5,396,305, which reflects a total increase of 3.9% over FY19 levels. This request is allocated as follows:

- Montgomery: \$2,380,194 (adjusted from \$2,313,987 in FY19).
- Prince George's: \$3,016,111 (adjusted from \$2,879,139 in FY19).

Additional Essential Needs/Requests:

The Department has not proposed any new initiatives or changes in positions for FY20.

Authorized Positions and Funded Workyears for DHRM

DHRM is not requesting any change in positions.

DEPARTMENT OF HUMAN RESOURCES & MANAGEMENT

FY20 OPERATING BUDGET REQUEST

	MC Admin Fund	PGC Admin Fund	DHRM Total	% Change
FY19 Adopted Budget (43.1% MC & 56.9% PGC)	\$ 2,313,987	\$ 2,879,139	\$ 5,193,126	
FY20 BASE BUDGET INCREASES				
Salaries	27,683	73,318	101,001	
Benefits	4,724	18,876	23,600	
Other Operating Charges/Supplies	23,966	55,566	79,532	
Chargebacks	(9,466)	(36,687)	(46,153)	
Subtotal Increase - Base Budget Request for DHRM	\$ 46,907	\$ 111,073	\$ 157,980	3.0%
PROPOSED CHANGES/NEW INITIATIVES				
No new initiatives being proposed by DHRM	0	0	0	
Initiatives proposed by CIO/CWIT:				
Share of CWIT Initiatives	18,207	24,433	42,640	
Share of CIO Initiatives	1,093	1,466	2,559	
Subtotal Proposed Changes	\$ 19,300	\$ 25,899	\$ 45,199	0.9%
Total FY20 Proposed Budget Request with new CIO/CWIT Initiatives	\$ 2,380,194	\$ 3,016,111	\$ 5,396,305	3.9%

*DHRM Proposed Base Budget is based on the FY20 allocation of 42.7% MC and 57.3 PGC, which reflects a .4% shift to PGC from FY19 allocation.

III. Merit System Board

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. The Board is responsible for making recommendations and decisions regarding the Commission's Merit System, conducting, fair and impartial investigations as they relate to administrative appeals, recommending changes to the classification system, and recommending policy affecting non-represented Merit System employees.

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 also supported by one part-time Merit System position. For FY20, the part-time hours of the Merit System position are not expected to change.

Proposed Budget: The proposed FY20 budget level is \$165,757, and remains relatively flat, with a small increase of 1.3% (or \$2,051). This increase is primarily from the projected benefits costs provided by the Corporate Budget Office. The FY20 proposed budget increase of 1.3% is reflected in the table below.

The FY20 total budget of \$165,757 is allocated as follows:

- \$82,879 for Montgomery (adjusted from \$ 81,853 in FY19).
- \$82,879 for Prince George's (adjusted from \$81,853 in FY19).

MERIT SYSTEM BOARD					
FY20 OPERATING BUDGET REQUEST					
	MC Admin Fund	PGC Admin Fund	Total	% Change	
FY19 Adopted Budget	\$ 81,853	\$ 81,853	\$ 163,706		
FY20 BASE BUDGET INCREASES					
Salaries	86	86	172		
Benefits	1,028.50	1,028.50	2,057		
Other Operating Charges	(89)	(89)	(178)		
Chargebacks	-	-	-		
FY19 One-time Expenses	-	-	-		
Subtotal Increase - Base Budget Request	\$ 1,025.50	\$ 1,025.50	\$ 2,051	1.3%	
PROPOSED CHANGES (No proposed changes)					
No new initiatives being proposed by Merit System Board	0	0	0		
Subtotal Proposed Changes	\$ -	\$ -	\$ -	0.0%	
Total Increase FY20 Proposed Budget Request	\$ 82,879	\$ 82,879	\$ 165,757	1.3%	



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue Riverdale, Maryland 20730

TO: Prince George's County Planning Board

Montgomery County Planning Board

FROM: Joseph C Zimmerman, Secretary-Treasurer

SUBJECT: FY20 budget request

DATE: November 1, 2018

In preparation for your consideration of the Finance Department's FY 20 budget request on November 8, I have reviewed my memo of October 9.

At this time, no information has been received that would cause me to change that request. Accordingly, it is submitted for your further consideration.



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue Riverdale, Maryland 20730

MEMORANDUM

DATE: October 9, 2018

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

FROM: Joseph C. Zimmerman, Secretary-Treasurer

SUBJECT: Finance Department FY20 budget submission

In developing this preliminary estimate of the FY 20 budget request, the Finance Department has carefully considered how to meet the service needs of the operating departments.

There are several factors driving what would appear at first glance to be a very large request for funding.

The most impactful item, generating a 12.2% increase in funding from the Administration Funds, is a realignment of chargebacks from Finance to Corporate Information Technology (CIT).

As you know, chargebacks are used to allocate various costs to self-supporting funds and other costs driven by demands from non-Administration funds. These allocations are calculated with standard formulas, approved by the Commission, and use prior year actual results. For FY 18, the Finance and CIT function actual results have been reported separately per the decision of the Commission Chairs to realign CIT under the Office of the Chief Information Officer.

The FY 20 budget effect of the separation of CIT from Finance is to increase charge backs for CIT and reduce them in Finance. While there is some overall change in chargeback amounts, the increase/decrease has no effect on the combined request for

Administration Funds. This is the final budgetary step in implementing the Chairs direction in January 2017.

In addition to the changes in chargebacks, increases in benefits and the annualization of personnel decisions made in the FY 19 budget will cause an increase in costs of \$154,495 for FY 20. This amount is partially offset by a reduction in Commission Wide IT projects of \$25,384.

It is important to note that the increase in major known commitments, net of the change in chargebacks, is \$129,111 or 3.2 % of the FY 19 budget.

After careful consideration and input from the operating departments, there are two proposed funding requests for fiscal 2020:

- The addition of a new position in the Accounting Division at the Accountant III level is requested. Additional staff is necessary to maintain a high level of quality service to the operating departments.

This position would handle the general and special revenue funds for both counties. This will allow the two CIP accountants to focus on CIP which has become very complicated and requires additional time to manage and provide the information needed by the operating departments. This position would also be responsible for reconciling general ledger accounts which includes coordinating with the payroll accountant, as well recurring journal entries and year-end allocations.

If approved, this will be the second position added to the Accounting Division since fiscal 2009.

- Finance also requests a new position for payroll processing to strengthen the current staff of three (a 4th tax accountant position is dedicated to regulatory compliance and reconciliations and does not process payroll) that are responsible for processing the two alternating pay cycles each week.

Payroll processed 130,000 paychecks in FY18, for 8,044 employees. It has been necessary to hire and retain 4 part-time (30hr/wk) seasonal staff for five months each year to keep up with the volume of the summer programs. The current staff struggles keep up with the normal volume of work during the rest of the year.

Additional support for the payroll process is provided by a contractor. The contractor, originally brought on to assist in resolving various issues in Finance, has become a key to ongoing payroll operations. Increased payroll effort will be

required to support employee self service and the automation of seasonal payrolls. Given this, it is time to transition contractor support to full time staff.

There have been no additions to payroll processing staff in many years.

In addition to the above requests, I have included cost allocations from the OCIO and Commission Wide IT Initiatives funds in their entirety. Some of these costs are already included in the Corporate IT budget managed by the CIO. Further refinement of the request will allow more accurate assignment of these costs. For the moment, they are included here to ensure they are addressed.

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

FINANCE

PRELIMINARY FY20 OPERATING BUDGET REQUEST

	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change	Positions
FY19 Adopted Budget	\$ 1,946,530	\$ 2,142,253	\$ 4,088,783		

FY20 BASE BUDGET INCREASES

Salaries	76,007	17,734	93,741		
Benefits	37,587	23,167	60,754		
Other Operating Changes	(15,704)	(9,680)	(25,384)		
Chargebacks	190,121	308,083	498,204	12.2%	
FY19 One-time Expenses					
Subtotal Increase - Base Budget Request	\$ 288,011	\$ 339,304	\$ 627,315	15.4%	
				3.2%	

Change to Base Between Counties from Labor Cost Allocation Change

PROPOSED CHANGES

Payroll Specialist Position	25,401	76,204	101,605	1.0	
Accounting III Position	55,646	69,401	125,047	1.0	
OCIO New Initiatives	1,335	1,077	2,412		
OCIO CWIT New Initiatives	24,920	24,920	49,840		
Subtotal Proposed Changes	\$ 107,302	\$ 171,602	\$ 278,904	6.8%	
Total Increase FY20 Proposed Budget Request	\$ 2,341,843	\$ 2,653,159	\$ 4,995,002	22.2%	
				10.0%	



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

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

November 15, 2018

To: Montgomery County Planning Board

From: Renee Kenney, Inspector General

Renee M Kenney

Re: FY20 Budget Request/Justification

The Office of Inspector General (OIG) submits the following FY20 budget proposal for your consideration and approval. No updates or changes have been made to the proposal since the presentation on October 18, 2018.

Office of the Inspector General						
PRELIMINARY FY20 OPERATING BUDGET REQUEST						
			MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change
		FY19 Adopted Budget	\$ 271,736	\$ 381,910	\$ 653,646	
FY20 BASE BUDGET INCREASES						
		Salaries	13,849	21,023	34,872	
		Benefits	1,519	1,457	2,976	
		Other Operating Charges	(2,525)	694	(1,831)	
		Chargebacks		(11,183)	(11,183)	
		FY20 One-time Expenses				
		Subtotal Increase - Base Budget Request	\$ 12,843	\$ 11,991	\$ 24,834	3.8%
		Change to Base Between Counties from Labor Cost Allocation Change				
NO PROPOSED CHANGES						
		Total Increase FY20 Proposed Budget Request	\$ 284,579	\$ 393,901	\$ 678,480	3.8%

The OIG is not requesting any special/additional funding in FY20.

The OIG proposed FY20 budget reflects an overall increase of \$24,834 or 3.8% over FY19, resulting in a total FY20 budget of \$678,480. If approved, Montgomery County's budget will increase \$12,843 (4.7%).

The increases in salary and benefit charges can be attributed to approved salary and benefit costs. The totals do not include FY20 compensation markers.

Thank you for your consideration.



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 1, 2018

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

FROM: Adrian R. Gardner *Adrian Gardner*
General Counsel *MyB*

RE: Legal Department – Preliminary Budget Estimate – FY 2020

This memorandum presents an estimate to guide development of a final FY 2020 budget proposal for the Office of the General Counsel ("OGC" or "Legal Department"). We submit the following budget framework for discussion:

LEGAL DEPARTMENT				
PRELIMINARY FY20 OPERATING BUDGET REQUEST				
	MC Admin Fund	PGC Admin Fund	Department Total	% Change
FY19 Adopted Budget	\$1,425,142	\$1,269,475	\$ 2,694,617	
FY20 BASE BUDGET INCREASE				
Salaries	40,493	-30,222	10,271	
Benefits	41,753	19,843	61,596	
Other Services and Charges	49,628	47,491	97,119	
Chargebacks	(17,758)	(22,695)	(40,453)	
Subtotal Increase	\$ 114,116	\$ 14,417	\$ 128,533	
Changes Above Base Budget	\$ 1,539,258	\$1,283,892	\$ 2,823,150	4.8%
CHANGES TO ABOVE BASE BUDGET				
Allocation of CIO Initiative	971	816	1787	
Allocation of CWIT Initiatives	480	480	960	
Subtotal proposed Changes	1,451	1,296	2,747	0.1%
Total Increase FY20 Proposed Budget Request	\$ 1,540,709	\$1,285,188	\$ 2,825,897	4.9%

Base Budget Overview

I am proposing a maintenance level budget – that is, no enhancements to our current staffing model or service levels. Therefore, as you can see, after accounting for the combined fiscal impact of personnel changes, including expected changes in fringe benefit costs, the fiscal impact of our personnel budget would be a net increase of \$71,867, which results in a budget for personnel services allocable to the respective administrative funds as follows:

- Montgomery County Administration Fund: \$1,975,128 (4.3% increase)
- Prince George's County Administration Fund: \$1,890,089 (0.5% decrease)

These figures reflect the updated labor allocation formula ("split") for Montgomery/Prince George's County at 48.9%/51.1% respectively, as well as any changes in non-departmental charges passed through for capital equipment, the CIO allocation, etc. Please refer to those non-departmental CAS budget estimates for specific details.

In addition, our proposed estimate is based on a modest pass-through of interdepartmental chargebacks that remain under discussion with our client departments. In addition, the General Counsel is also in discussions with the Montgomery County Parks Department about its request for a service-level enhancement and a potential additional chargeback required to fund that enhancement.

Restoration of FY 18 Non-Personnel Spending Levels

As you may recall, last year, the Legal Department was able to attain the reduced spending targets imposed during the budget cycle by reducing non-personnel items – i.e., cutting funding for online legal research, outside counsel and similar ongoing operating costs. We are accordingly proposing to restore the capacity to cover those expenses at their approved FY 18 levels. For this reason, the total departmental budget proposal that includes non-personnel items reflects a combined net increase of \$97,119, allocable as follows:

- Montgomery County Administration Fund: \$49,628
- Prince George's County Administration Fund: \$47,491

Conclusion

We trust the approach discussed above reflects an appropriate level of prudence and look forward to our further discussions.

cc: Melva Brown, Department Business Manager



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 5, 2018

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

FROM: Mazen Chilet, Chief Information Officer *Chilet*

SUBJECT: FY20 Proposed Budget for the Office of the Chief Information Officer (CIO)

Staff Recommendation

The Office of the Chief Information Officer requests approval of the CIO's budget as updated from the initial presentations of October 25th (PGC) and November 1st (MC).

Background

The CIO's budget consists of three parts:

1. **Corporate IT** - funded by the two Administration Funds and chargebacks. Before FY19, this was part of the Finance Department.
2. **Office of the CIO** - an internal service fund (ISF), funded by direct charges to user departments
3. **Commission-wide IT Initiatives (CWIT)** - also an ISF, funded by direct charges to user departments.

At the most recent presentation to the Montgomery County Planning Board, the request was made for a composite comparison of all three parts of the CIO's budget, together as one.

	FY19 Budget	FY20 Proposed	% Change
Base Budget			
Corporate IT	3,292,088	2,826,712	-14.1%
OCIO ISF	1,188,051	1,351,101	13.7%
CWIT ISF	1,605,025	2,053,257	27.9%
Total	6,085,164	6,231,070	2.4%
Base + New Initiatives			
Corporate IT	3,292,088	2,901,741	-11.9%
OCIO ISF	1,188,051	1,497,777	26.1%
CWIT ISF	1,605,025	2,978,257	85.6%
Total	6,085,164	7,377,775	21.2%

CORPORATE IT - FY20 Budget Request

Corporate IT was transferred from the Finance Department, operationally in FY18, and budget-wise in FY19. This division performs two functions: Enterprise IT and EOB IT. Enterprise IT (14 staff) provides core business systems, such as: ERP, Time and Labor Management, Utility management systems, to all Commission departments and is partially funded by chargebacks to the two Park Funds. EOB IT (4 staff) provides computer, telephony and network services to the CAS departments in the Executive Office Building and Office of the Inspector General (IG). EOB IT provides help-desk support to EOB users, Employee Retirement System (ERS) staff, and IG Office staff at the Walker Drive Office. After chargebacks, Corporate IT is funded by the Montgomery County and Prince George's County Administration Funds.

The net proposed budget for Corporate IT is \$2,901,741, a decrease of 11.9%.

Corporate IT					
PRELIMINARY FY20 OPERATING BUDGET REQUEST					
	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change	Positions
FY19 Adopted Budget	\$ 1,551,290	1,740,798	\$ 3,292,088		

FY20 BASE BUDGET INCREASES

Salaries	23,438	(4,542)	18,896	
Benefits	19,466	12,890	32,356	
Other Operating Changes	108,205.08	172,201.93	280,407	
Chargebacks	(302,326)	(494,709)	(797,035)	
Subtotal Increase - Base Budget Request	\$ (151,217)	\$ (314,159)	\$ (465,376)	-14.1%

PROPOSED CHANGES

Increase PC/Peripheral Refresh to \$100k	19,401	24,196	43,597	
Share of CIO Initiatives	1,213	979	2,192	
Share of CWIT Initiatives	14,620	14,620	29,240	
Subtotal Proposed Changes	\$ 35,234	\$ 39,795	\$ 75,029	2.3%
Total Increase FY20 Proposed Budget Request	\$ 1,435,307	\$ 1,466,434	\$ 2,901,741	-11.9%

Table 1

Corporate IT Base Budget

The Base Budget increases consist primarily of increased health insurance, and the increased cost of the Infor ERP maintenance after moving to the cloud (\$174,904), and debt service for capital equipment purchases through the Capital Equipment ISF (\$62,700) (proposed purchases include servers and server component capacity for the virtual environment, wireless controller upgrade, and additional network devices).

Before chargebacks, the base budget for Corporate IT is proposed to increase 7.7%. After chargebacks, the base budget will decrease by 14.3%.

Chargebacks have increased for two reasons:

1. \$103,000 - due to the increase in Infor annual cost resulting from migrating from On-Premise to Cloud Software as a Service subscription (SaaS); and
2. \$694,000 – due to shifting additional chargebacks from Finance to Corporate IT (we are continuing to refine the calculation methodology begun in FY19). The Finance Department’s budget presentation shows a commensurate decrease in chargebacks, netting an increase in that proposed budget.

Corporate IT New Initiatives

New initiative requests in Corporate IT consist of:

- Increasing the funding of the Computer Refresh Program to ensure a timely and structured computer and peripheral replacement schedule, ensuring computer equipment availability when needed and reducing maintenance cost and downtimes through complete asset management. Last year \$100,000 was requested; subsequent budget reductions reduced that amount to \$56,403. The request for \$43,597 would bring the funding amount to the desired level.
- The division’s share of proposed CIO and CWIT new initiative requests (\$29,240)

OFFICE OF THE CIO ISF - FY20 Budget Request

The Office of the CIO ISF is an internal service fund (ISF) funded by direct charges to the user departments. With a staff of six, the CIO's office provides management of the Commission-wide IT function, and provides project management of the numerous Commission-wide IT (CWIT) projects that are funded separately in the CWIT ISF.

Office of the CIO ISF

PRELIMINARY FY20 OPERATING BUDGET REQUEST

		% Change	Positions
FY19 Adopted Budget	\$ 1,188,051		
FY20 BASE BUDGET INCREASES			
	Salaries	116,008	
	Benefits	46,690	
	Other Operating Changes	352	
Subtotal Increase - Base Budget Request	\$ 163,050	13.7%	
PROPOSED CHANGES			
	Project Manager/Systems Analyst	146,636	1.0
	Share of CWIT Initiatives	40	
Subtotal Proposed Changes	\$ 146,676		
Total Increase FY20 Proposed Budget Request	\$ 309,726	26.1%	

Table 2

A chart showing the impact, by user department, of the CIO ISF budget request is included in Attachment A.

CIO ISF Base Budget

The CIO base budget reflects an increase of \$163,050 or 13.7% due to:

1. FY19 new IT Security position was budgeted for only 9 months; FY20 is for full year.
2. Pension is not budgeted for any new positions in the requesting year, as we do not know if they will eventually be approved. If positions are not approved, we still need the full pension budget, as determined by the actuarial valuation.
3. Health insurance increases, OPEB increases, and compensation markers.

CIO ISF New Initiatives

Project Manager/Systems Analyst - \$146,636

The numerous CWIT projects that are managed have required the hiring of consultants for extended periods. The Project Manager/Systems Analyst will be integral part of the PMO in gathering and performing in developing in depth requirement analysis to ensure systems implementation achieve goals and objectives. This new position will reduce that consulting need, as well as allow us to retain the expertise and institutional knowledge gained in implementing these projects.

The IT Council supported this new initiative request.

COMMISSION-WIDE IT (CWIT) ISF - FY20 Budget Request

The CWIT ISF provides multi-year funding for Commission-wide IT software licenses and IT infrastructure projects.

The proposed budget for the CWIT ISF is presented in two sections: 1) base budget, consisting of on-going software licenses and continuing projects; and 2) new project initiatives.

A chart showing the impact, by user department, of the CWIT ISF budget request is included in Attachment B.

The CIO prepared and presented the annual Enterprise Project Plan (EPP) and presented full details of all ongoing and new Commission-wide IT Projects and initiatives. The CIO also developed business cases with detailed information to assist each IT Council member to form an opinion and be able to develop a position on every current and newly developed initiative. IT Council members reviewed the requests, requested additional information, discussed in several meetings, often revised the requested funding level, with the result that a majority recommended moving forward with the following projects. IT Council members arrived at a consensus to support all initiatives. Although the IT Council does not have approval authority, in light of budget uncertainties, and in acknowledgement of the IT Council's efforts during the budget review process, the CIO chose to bring forward only those initiatives that were supported unanimously. Attachment C contains an extract from the Enterprise Project Plan (EPP).

Proposed Budget for CWIT Licenses and Projects

	FY20		
	FY19	Proposed	FY20
	Budget	Increase /	Proposed
		Decrease	Budget
<u>Base Budget</u>			
Microsoft Licenses	900,000	500,000	1,400,000
Kronos Cloud Services	120,000	-	120,000
Adobe Cloud	140,000	7,525	147,525
Website License	60,000	3,000	63,000
Website Upgrade	60,000	(40,000)	20,000
ERP Enhancements	129,525	20,475	150,000
Security Mentoring	-	55,000	55,000
	1,409,525	546,000	1,955,525
<u>New Project Initiatives:</u>			
Microsoft Licenses Upgrade	-	400,000	400,000
Active Directory Phase V	-	100,000	100,000
Remediation of Security Assessment Findings	-	150,000	150,000
Budget Software replacement	-	75,000	75,000
ECM Feasibility & Requirements Study	-	100,000	100,000
Intranet Upgrade	-	100,000	100,000
	-	925,000	925,000

Table 3

CWIT ISF Base Budget Requests

Microsoft Licenses - \$500,000

Microsoft sought to have the Commission shift all license purchases away from Microsoft “MS Select” to “Enterprise” and billing it all through the annual Enterprise Agreement “EA”. This approach is acceptable by the Commission as it ensures best prices from Microsoft. In FY18 CWIT funded \$900,000 for O365 licenses while the Commission departments spent \$400,000 using “MS Select”, thus putting the total expenditure at \$1.3 million. If departments budgeted the \$400,000 for this purpose, there should be an offsetting reduction in departmental IT budgets. The additional \$100,000 is driven by the license type change and the increase in license quantities.

Kronos Cloud Services - no change from FY19

Adobe Cloud - \$7,525 reflecting a 5% increase over FY19.

Website License - \$3,000 reflecting a 5% increase over FY19.

Website Upgrade – (\$40,000) reflecting IT Council’s position to only support ADA compliance

ERP Enhancements - \$20,475 reflecting the IT Council’s agreement to increase the total funding to \$150,000.

Security Mentoring - \$55,000. This is a three-year subscription for security training that was funded as a trial by budget savings in the past. The desire is to continue this training and properly budget for it.

CWIT ISF New Initiatives

Microsoft Licenses Upgrade - \$400,000

As the CIO and Department representatives review subscriptions ahead of another 3-year EA renewal, license type upgrades and enhanced security features requested by Departments will increase the cost by \$400,000.

IT Council Recommendations: Unanimous

Active Directory Phase V - \$100,000

The Active Directory Project has uncovered many complexities and challenging problems primarily due to the initial implementation at the department level with no defined path to interconnect with the Enterprise directory.

- This phase will address legacy systems and applications;
- assist in resolving technical problems that may require systems customizations and
- ensure the legacy environment retirement by the end of 2020.

IT Council Recommendations: Unanimous

Remediation of Security Assessment Findings - \$150,000

The CWIT Security Assessment findings need to be addressed through a combination of in-house technical staff and consultants. Typical findings will have short term, midterm, and long-term recommendations with associated costs that vary depending on the level of effort and hardware/software modifications driven by the findings.

Funding the identified risks is critical in mitigating the Commission's cyber security risk. We all are responsible for the security of MNCPPC IT systems.

IT Council recommended approaching the Security assessment findings remediation by placing funds in CWIT and allocate funds at the department level. Remediation administration must be administered within CWIT Initiatives.

IT Council Recommendations: Unanimous

Budget Software Replacement - \$75,000

The existing Lawson Budget Planning Software has reached end of life and will lose all support mid-2019. IT Council recommended to begin requirement gathering to replace the existing system in FY19.

Strategic goals and objectives of the Commission:

- Integration with Infor ERP EFM to achieve unification for easy access and work flow.
- Improved efficiency/connectivity for Budget System users.
- Elimination/reduction of manual data input.
- Minimal custom development needed to meet the Commission business needs.
- Easy access to data for tracking, reporting and forecasting.

IT Council Recommendations: Unanimous

Enterprise Content Management (ECM) - Feasibility & Requirements Study - \$100,000

An 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.

We currently own multiple variations of ECM yet several Department representatives at multiple levels have stated the need for a comprehensive Enterprise Content Management. If not funded, the technology gap among such variations will not be resolved. Our ability to achieve end-to-end digital transformation will be reduced and with it goes the ability to create effective workflows and automations around it.

IT Council Recommendations: Unanimous with some continuing reservations from Montgomery County Parks.

Commission Intranet Upgrade - \$100,000

- The Intranet platform is at end of life and must move to a supported platform
- Upgrade of existing Intranet (InSite) to a new supported platform and procure additional resources to automate and improve access to the platform. The project was requested but not funded in FY19. The Platform must be upgraded as soon as possible.
- The upgrade will allow access to content outside of our network in a secure manner.

IT Council recommended to fund the platform upgrade in FY19 to ensure availability and reliability while a full solution is identified and deployed utilizing FY20 funds.

IT Council Recommendations: Unanimous with some continuing reservations from Montgomery County Parks.

Breakout of the CIO ISF Budget Request by Department

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

CIO Base Budget and New Initiative Impact				
	FY19	Base Change from FY19	New Initiative Change	Total Proposed Change
Prince George's:				
Planning	99,153	(23,952)	8,161	(15,791)
Parks	313,679	(155,456)	17,171	(138,285)
Recreation	209,120	265,849	51,545	317,394
DHRM	14,887	(4,359)	1,143	(3,216)
Finance	16,986	(7,060)	1,077	(5,983)
Corporate IT	7,815	1,209	979	2,188
Legal	10,191	(2,670)	816	(1,854)
Inspector General	680	72	82	154
	672,511	73,633	80,974	154,607
Montgomery:				
Planning	151,785	(58,612)	10,111	(48,501)
Parks	260,930	204,561	50,516	255,077
DHRM	22,843	(9,799)	1,416	(8,383)
Finance	25,382	(13,084)	1,335	(11,749)
Corporate IT	11,676	(495)	1,213	718
Legal	15,229	(6,284)	971	(5,313)
Inspector General	1,014	(82)	101	19
	488,859	116,205	65,663	181,868
	1,161,370	189,838	146,637	336,475

Table 4

Breakout of the CWIT ISF Budget Request by Department

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

CWIT Base Budget Change and New Initiatives Allocation									
	Base Budget Change from FY19	Microsoft Licenses	Budget Software	Intranet Upgrade	Active Directory	Security Remediation	ECM	Total New Initiatives	Total Base and New Initiatives Increase
Prince George's:									
Planning	(8,850)	26,000	5,840	5,000	3,000	7,500	8,000	55,340	46,490
Parks	(48,790)	52,000	17,800	15,000	20,000	26,250	12,000	143,050	94,260
Recreation	342,910	160,000	17,800	20,000	30,000	26,250	25,000	279,050	621,960
DHRM	(2,450)	-	1,040	5,000	-	7,500	5,000	18,540	16,090
Finance	(2,370)	-	920	7,500	-	7,500	5,000	20,920	18,550
Corporate IT	(3,270)	12,800	320	-	1,500	-	-	14,620	11,350
Legal	(1,950)	-	380	-	-	-	-	380	(1,570)
Inspector General	(1,020)	-	100	-	-	-	-	100	(920)
CIO	(870)	-	20	-	-	-	-	20	(850)
	273,340	250,800	44,220	52,500	54,500	75,000	55,000	532,020	805,360
Montgomery:									
Planning	(3,640)	25,600	4,460	10,000	9,000	30,000	10,000	89,060	85,420
Parks	286,835	110,800	23,570	25,000	35,000	30,000	25,000	249,370	536,205
DHRM	(2,450)	-	1,040	5,000	-	7,500	5,000	18,540	16,090
Finance	(2,370)	-	920	7,500	-	7,500	5,000	20,920	18,550
Corporate IT	(3,270)	12,800	320	-	1,500	-	-	14,620	11,350
Legal	(1,950)	-	380	-	-	-	-	380	(1,570)
Inspector General	(1,020)	-	100	-	-	-	-	100	(920)
CIO	(870)	-	20	-	-	-	-	20	(850)
	271,265	149,200	30,810	47,500	45,500	75,000	45,000	393,010	664,275
Total	544,605	400,000	75,030	100,000	100,000	150,000	100,000	925,030	1,469,635

Table 5

Note of explanation on the base budget changes: The majority of the change is due to reallocation of Microsoft licenses cost, which in turn is based on an updated count of departmental licenses. The previous count was three years old. Montgomery Parks is also higher by \$19,600 because the department pre-paid the FY19 CWIT debt service in FY18, as part of their final FY19 budget balancing.

Enterprise Project Plan (EPP)

The CIO prepares and presents to the IT Council an annual Enterprise Project Plan (EPP) and presents full details of all ongoing and new Commission-wide IT projects and initiatives. The EPP includes all available information pertaining to the business case, resource needs, each project's name, project manager, project team, total budget, date of initiation, project milestones and estimated completion date. While business cases are included as supplemental material, the following is an extract from the submitted EPP.

ERP Enhancements

The Project Management Office (PMO) developed a strategy to deliver current ERP functions along with prioritized process improvement and automation by the Nov 13, 2018 Go-Live. The PMO has also planned to deliver a set of post Go-Live priorities as part of the ERP roadmap of standardization, automation, process re-engineering, and systems integration. Such as:

- Strategic Sourcing, Contracts Management,
- NEO-Gov integrations, and
- additional Personnel Action automations based on business needs communicated directly from ERP stakeholders.

Return on Investment (ROI)

The Returns on Investment from implementing additional enhancements will address several aspects of our business environment: Evolving business needs, desired service levels, and cost associated to business processes. Building on the ERP upgrade project we need to realize the Return on Ideas from ERP implementation in a direct manner:

1. Addressing the current needs and plan to address unmet needs as enhancements
2. Improving service levels
3. Reducing business cost

Lack of Automation Efficiencies

- New business needs will not be met, and makeshift work arounds will become normal business practice
- New business initiatives will be harder to achieve due to a lack of ERP system and organization agility
- Lack of system enhancements contributes to stagnate user skills and creative thinking

Active Directory Phase V

The Active Directory Project has uncovered many complexities and challenging problems, this is mostly due to the initial implementation at the department level with no defined path to interconnect with the Enterprise directory.

- This phase will address legacy systems and applications.
- Assist in resolving technical problems that may require systems customizations.
- Ensure the legacy environment retirement by the end of 2020.

If not funded, remaining legacy systems will remain in the old AD environment. The old environment has structural issues and increased security risks; and therefore, cannot stay online open-endedly.

Budget Software Replacement

To replace Lawson Budget Planning (LBP), end of support for this version is June 2019. Strategic goals and objectives of the Commission:

- Replace the existing version of Lawson Budget Planning (LBP) with the new D/EPM from Infor or Select a different application.
- Integration with Infor ERP EFM to achieve unification for easy access and work flow.
- Improved efficiency/connectivity for Budget System users.
- Elimination/reduction of manual data input.
- Minimal custom development needed to meet the Commission business needs.
- Easy access to data for tracking, reporting and forecasting.
- Transfer of knowledge from the Consultant to the Commission Project Team.
- Members to ensure long-term in-house application support.

Enterprise Content Management (ECM)

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 automate 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.

We currently own multiple variations of ECM yet several Department representatives at multiple levels have stated the need for a comprehensive Enterprise Content Management. If not funded, the technology gap among such variations will not be resolved. Our ability to achieve end-to-end digital transformation will be reduced and with it goes the ability to create effective workflows and automations around it.

Commission Intranet Upgrade

- Upgrade of existing Intranet (InSite) to a new supported platform and procure additional resources to automate and improve access to the platform. The project was requested but not funded in FY19. The Platform must be upgraded soon as possible.
- The Intranet platform is at end of life and must move to a supported platform
- The upgrade will allow access to content outside of our network in a secure manner.

Funding is needed to upgrade platform and CMS tool to mitigate the risk posed by the existing platform, as time goes by the risk increases significantly.



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 6, 2018

AAB 18-21

To: Montgomery County Planning Board

From: Anju Bennett, Acting Executive Director
Katie Knaupe, Budget & Management Services Manager

Subject: FY20 Budget – Internal Service Funds (ISF)

Requested Action

We are requesting approval of the FY20 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 FY20 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.

Internal Service Funds

Unit	FY19 Adopted	FY20 Proposed	Variance	% Change
EOB	1,355,394	1,445,808	90,414	6.7%
Risk Management	7,233,240	7,341,973	108,733	1.5%
Group Insurance	59,508,521	63,129,057	3,620,536	6.1%

- **EOB/CAS Facility:** FY20 proposed budget of \$1,445,808 reflects an increase of 6.7% (or \$ 90,414). While a relocation study of feasible relocation sites to house CAS operations is underway, it is likely that the current configurations will need to be maintained for the near future.

We continue to defer larger renovation of the EOB, while the relocation study is completed. However, an adjustment in the budget has been made to address needed maintenance and a few critical repairs to ensure safe and uninterrupted operation of the EOB until a feasible relocation option is approved.

- **Risk Management:** The overall FY20 proposed budget of \$7,341,973 reflects a 1.5% (or \$108,733) increase from FY19 levels, and a 12.2% decrease from FY18 levels.
- **Group Insurance:** The FY20 proposed budget of \$71,983,439 reflects an increase of 6.1% (or \$3,620,536) from FY19 levels. This increase is due to higher claims experience, thereby increasing our premiums for such coverage.

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

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, except for 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 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 FY20 Proposed Budget

For FY20, the EOB budget is \$1,445,808. The operating budget reflects an increase of 6.7% (or \$90,414). This adjustment will address expected life cycle maintenance and critical repairs for the continued safe and reliable operation of the facility.

A feasibility study examining potential relocation options is underway per the direction of the Commission. In the interim, we continue to defer larger projects, and have only included in the budget, maintenance and repairs that must be made in the short term. Additional details are highlighted below.

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 several structural, operational, and space design challenges. A facility condition assessment was completed by facility management consultants which identified several structural and mechanical updates needed to maintain the integrity of the building.

Under the direction of the Commission, a consultant specializing in commercial office space was contracted to perform a cost-benefits feasibility study to determine if it is prudent to remain in the present facility configuration or relocate to alternate facility. This analysis, which was based on average market costs for purchase and lease options, revealed that it will be more financially prudent to relocate CAS operations to an alternate location. Consultants are presently researching feasible relocation options.

Discussion of FY20 Proposed EOB Budget

The FY20 budget was developed with an understanding that relocation may not occur immediately. Thus, the proposed budget reflects 12 months of continued operations in the present EOB configuration. Once a feasible alternative is approved by the Commission, we will have a more accurate understanding of funding needs for relocation. If a suitable option for relocation is identified earlier, a budget amendment will be submitted for the relocation project. Additionally, we have estimated debt financing for relocation, which could be addressed in part, from fund balance.

- **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. We have maintained level occupancy rates as the increase to the budget can be readily addressed through fund balance.

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
- \$5,000 in interest income, and
- \$88,808 from use of fund balance

- **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, with minor increases 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 have been adjusted to accommodate the increasing need for routine and preventative maintenance performed by EOB staff.
- **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 and professional services. This category has been adjusted to life cycle maintenance and repairs through the completed facility conditions study. Repairs to electrical, plumbing and HVAC units will be needed.
- **Capital Projects:** This category includes capital expenses for structural building improvements, machinery, and equipment (boilers, generators, etc.). The additional funding for FY20 is committed to addressing critical building repairs/renovations that are needed to address immediate operational needs, snow removal equipment, required generator upgrades, and minor space realignments to address critical space shortages.

- **Chargebacks:** There are two positions that are charged directly to DHRM, although a significant portion of their daily duties are related to EOB management. This chargeback reflects the appropriate portion of wage and benefits for these two positions that should be charged to EOB.

New Major Known Commitments

No significant renovations are proposed in the FY20 budget in light of the ongoing relocation study.

Staffing Changes

This fund includes 2.0 positions and 2.0 work years. No changes are proposed.

EXECUTIVE OFFICE BUILDING INTERNAL SERVICE FUND KENILWORTH OFFICE BUILDING			
	ADOPTED FY18	ADOPTED FY19	PROPOSED FY20
REVENUES			
Rental Income - Office Space			
Retirement System	108,680	108,680	108,680
CAS Support Services	937,352	937,352	937,352
Risk Management	54,808	54,808	54,808
Group Insurance Fund	65,338	65,338	65,338
Chief Information Office	59,644	59,644	59,644
Prince George's Parks and Rec.	126,178	126,178	126,178
Interest Income (non-operating)	5,000	5,000	5,000
Use of Fund Balance	220,000	0	88,808
Total Revenues	\$1,577,000	\$1,357,000	\$1,445,808
EXPENDITURES			
Personnel Services	240,805	238,790	246,070
Supplies and Materials	35,500	35,500	42,500
Other Services and Charges	637,815	955,146	977,530
Capital Projects/Reserve	662,880	45,000	85,000
Chargebacks	0	80,958	94,708
Total Expenditures	\$1,577,000	\$1,355,394	\$1,445,808
Revenues Over/(Under)	\$0	\$1,606	\$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
<i>The Executive Offices Property Management Internal Service Fund was created to provide an accounting for all costs directly associated with the Executive Office Building at Kenilworth Avenue, the headquarters building for the Central Administrative Services Departments.</i>			

Risk Management (Internal Service Fund)

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.

FY20 Program Priorities

- Continue to implement and monitor 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.
- 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.
- Enhance monthly position-specific safety trainings for maintenance and trades personnel.

Highlights and Major Changes in the FY20 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 FY20 agency-wide expenses are \$7,341,973. After the application of unrestricted fund balance and interest income (explained further below in greater detail), the total funding needs are adjusted to \$5,651,700. See Table 3.

As illustrated in Table 1 (below), the FY20 proposed expenses of \$7,341,973 reflect a 1.5% increase from the FY19 adopted budget levels of \$7,233,240. It should be noted that the agency's claims experience was significantly lower than industry averages which helped keep adjustments relatively low. Proposed budget expenses are comprised of three components, as reflected in Table 2. The largest component (57.7%) 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 FY20 expenses 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 FY20 Expenses (Before Application of Interest Income and Use of Fund Balance)

County	FY19 Adopted Expenses	FY20 Proposed Expenses	% Change
Montgomery County	2,933,215	3,012,303	2.7%
Prince George's County	4,300,025	4,329,670	0.7%
Total	\$ 7,233,240	\$ 7,341,973	1.5%

Table 2: Components of Proposed Expenses

Category	FY20 Proposed Expenses	% of Total Expenses
Workers' Compensation and Liability Claims	4,236,100	57.7%
Internal Administrative Expenses	1,878,073	25.6%
External Administrative Fees	1,227,800	16.7%
Total Operating Expenses	\$7,431,973	100%

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

The proposed FY20 expenses are reduced through the application of unrestricted fund balance of \$1,300,273 and higher interest income of \$390,000. The adjusted agency-wide **funding of \$5,651,700** reflects a **1.7% decrease from FY19 adopted funding levels** (Table 3). Table 4 presents the change in funding levels for each county. The FY20 proposed county funding is further allocated by department as presented in the Summary Budget Schedules.

Table 3: Change in Agency-Wide Funding Levels (FY20 vs. FY19)

Commission-wide	FY19 Adopted Budget	Proposed FY20 Budget	% Change
Total Expenses	7,233,240	7,341,973	1.5%
Use of Fund Balance	(1,277,240)	(1,300,273)	1.8%
Interest Income	(204,000)	(390,000)	91.2%
Total Funding Needs	\$5,752,000	\$5,651,700	-1.7%

Table 4: Change in County Funding Levels (FY20 vs. FY19)

County	FY19 Adopted Funding	Proposed FY20 Funding	Change %
Montgomery	2,389,800	2,509,900	5%
Prince George's County	3,362,200	3,141,800	-6.6%
Total Funding	\$5,752,000	\$5,651,700	-1.7%

Montgomery County

The FY20 proposed expense for Montgomery County funded operations is \$3,012,303. After the application of \$362,403 in available fund balance and \$140,000 of interest income, the proposed funding level is adjusted down to **\$2,509,900**. The FY20 funding level represents a 5% increase from the FY19 adopted funding level.

- Proposed funding is allocated as follows: 97.3% (or \$1,556,500) to the Park Fund; 2.1% (or \$33,100) is attributed to the Planning Department; and nominal amounts for Enterprise Fund (\$6,600) and CAS Operations (\$4,300).

Prince George's County

The FY20 proposed expense for Prince George's County funded operations is \$4,329,670. After the application of \$937,870 in available fund balance and \$250,000 of interest income, the proposed funding level is adjusted down to **\$3,141,800**. The FY20 funding level represents a 6.6% decrease from the FY19 adopted funding level.

- Proposed funding is allocated as follows: 73.8% (or \$1,944,600) to the Parks Fund; 18.3% (or \$481,500) to the Recreation Fund; 7.1% (or \$186,600) to the Enterprise Fund; and less than 1% to the Planning Department (or \$16,300). A nominal amount is attributed to CAS (or \$6,600).

**CONSOLIDATED RISK MANAGEMENT INTERNAL SERVICE FUND
SUMMARY OF ANNUAL COMPARISONS**

	ADOPTED FY18	ADOPTED FY19	PROPOSED FY20	% CHANGE FY18 TO FY20	% CHANGE FY19 TO FY20
REVENUES					
Charges for Services					
CAS	11,800	3,700	15,600	32.2%	321.6%
Parks	5,181,100	4,786,400	4,681,600	-9.6%	-2.2%
Planning	186,800	103,200	49,700	-73.4%	-51.8%
Recreation	900,600	673,000	530,100	-41.1%	-21.2%
Enterprise	113,400	185,700	374,700	230.4%	101.8%
Interest Income (non-operating)	120,000	204,000	390,000	225.0%	91.2%
Use of Fund Balance	1,844,784	1,277,240	1,300,273	-29.5%	1.8%
Total Revenues	8,358,484	7,233,240	7,341,973	-12.2%	1.5%
EXPENDITURES					
Personnel Services	968,918	946,934	1,028,002	6.1%	8.6%
Supplies and Materials	60,000	67,440	69,500	15.8%	3.1%
Insurance Claims					
CAS	14,600	12,700	10,900	-25.3%	-14.2%
Parks	4,378,600	3,504,093	3,501,100	-20.0%	-0.1%
Planning	162,700	106,100	49,400	-69.6%	-53.4%
Recreation	739,100	499,700	481,500	-34.9%	-3.6%
Enterprise	166,700	128,200	193,200	15.9%	50.7%
Administrative Expenses*	1,153,797	1,220,800	1,227,800	6.4%	0.6%
Other Services & Charges	193,142	218,258	233,148	20.7%	6.8%
Chargebacks	520,927	529,015	547,423	5.1%	3.5%
Total Expenditures	8,358,484	7,233,240	7,341,973	-12.2%	1.5%
 Operating Income (Loss)	 0	 0	 0	 0.0%	 0.0%

*Self Insurance Program expenses for claims adjudication, commercial insurance and actuarial fees.

**MONTGOMERY COUNTY RISK MANAGEMENT INTERNAL SERVICE FUND
SUMMARY OF ANNUAL COMPARISONS**

	ADOPTED FY18	ADOPTED FY19	PROPOSED FY20	% CHANGE FY18 TO FY20	% CHANGE FY19 TO FY20
REVENUES					
Charges for Services					
CAS	5,900	2,600	7,800	32.2%	200.0%
Parks	2,550,500	2,332,100	2,465,900	-3.3%	5.7%
Planning	83,900	45,600	24,400	-70.9%	-46.5%
Recreation	-	-	-	0.0%	0.0%
Enterprise	1,200	9,500	11,800	883.3%	24.2%
Interest Income (non-operating)	45,000	73,000	140,000	211.1%	91.8%
Use of Fund Balance	673,440	470,415	362,403	-46.2%	-23.0%
Total Revenues	3,359,940	2,933,215	3,012,303	-10.3%	2.7%
EXPENDITURES					
Personnel Services	484,459	473,467	514,001	6.1%	8.6%
Supplies and Materials	30,000	33,720	34,750	15.8%	3.1%
Insurance Claims					
CAS	7,100	4,700	4,300	-39.4%	-8.5%
Parks	1,942,800	1,524,257	1,556,500	-19.9%	2.1%
Planning	65,500	36,200	33,100	-49.5%	-8.6%
Recreation	-	-	-	0.0%	0.0%
Enterprise	24,700	9,100	6,600	-73.3%	-27.5%
Administrative Expenses*	468,903	488,100	491,100	4.7%	0.6%
Other Services & Charges	89,442	108,901	116,574	30.3%	7.0%
Chargebacks	247,036	254,770	255,378	3.4%	0.2%
Total Expenditures	3,359,940	2,933,215	3,012,303	-10.3%	2.7%
 Operating Income (Loss)	 0	 0	 0	 0.0%	 0.0%

*Self Insurance Program expenses for claims adjudication, commercial insurance and actuarial fees.

**PRINCE GEORGE'S COUNTY RISK MANAGEMENT INTERNAL SERVICE FUND
SUMMARY OF ANNUAL COMPARISONS**

	ADOPTED FY18	ADOPTED FY19	PROPOSED FY20	% CHANGE FY18 TO FY20	% CHANGE FY19 TO FY20
REVENUES					
Charges for Services					
CAS	5,900	1,100	7,800	32.2%	609.1%
Parks	2,630,600	2,454,300	2,215,700	-15.8%	-9.7%
Planning	102,900	57,600	25,300	-75.4%	-56.1%
Recreation	900,600	673,000	530,100	-41.1%	-21.2%
Enterprise	112,200	176,200	362,900	223.4%	106.0%
Interest Income (non-operating)	75,000	131,000	250,000	233.3%	90.8%
Use of Fund Balance	1,171,344	806,825	937,870	-19.9%	16.2%
Total Revenues	4,998,544	4,300,025	4,329,670	-13.4%	0.7%
EXPENDITURES					
Personnel Services	484,459	473,467	514,001	6.1%	8.6%
Supplies and Materials	30,000	33,720	34,750	15.8%	3.1%
Insurance Claims					
CAS	7,500	8,000	6,600	-12.0%	-17.5%
Parks	2,435,800	1,979,836	1,944,600	-20.2%	-1.8%
Planning	97,200	69,900	16,300	-83.2%	-76.7%
Recreation	739,100	499,700	481,500	-34.9%	-3.6%
Enterprise	142,000	119,100	186,600	31.4%	56.7%
Administrative Expenses*	684,894	732,700	736,700	7.6%	0.5%
Other Services & Charges	103,700	109,357	116,574	12.4%	6.6%
Chargebacks	273,891	274,245	292,045	6.6%	6.5%
Total Expenditures	4,998,544	4,300,025	4,329,670	-13.4%	0.7%
 Operating Income (Loss)	 0	 0	 0	 0.0%	 0.0%

*Self Insurance Program expenses for claims adjudication, commercial insurance and actuarial fees.

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, 80%. 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 Pay-go 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 FY20 Proposed Budget

The Proposed FY20 expenditure budget is \$63.13 million, which reflects a 6.1% increase from the FY19 Adopted Budget. This increase results from higher claims experience which resulted in a higher rates forecast for FY20.

The FY20 Proposed Budget reflects the effect of previously negotiated changes in the employee 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 FY20 Proposed Budget contains a designated reserve of \$6.31 million, which is sufficient to meet the 10.0% of total operating expenses reserve policy. A summary of the Proposed Budget follows.

Essential Need

No essential needs are proposed for FY20.

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 2020

	FY 18 Actual	FY 19 Budget	FY 20 Proposed	% Change
Operating Revenues:				
Intergovernmental	\$	\$	\$	
Grant-Medicare Part D Subsidy	-	-	-	-
EGWP Subsidy	2,004,422	1,681,000	1,600,000	-4.8%
Charges for Services:				
Employer Contributions, Other	13,900	13,490	14,180	5.1%
Employee/Retiree Contributions	10,467,060	11,782,010	12,602,291	7.0%
Employer Contributions/Premiums	36,325,350	43,486,196	48,611,162	11.8%
Miscellaneous (Claim Recoveries, etc.)	-	-	-	-
Total Operating Revenues	<u>48,810,732</u>	<u>56,962,696</u>	<u>62,827,633</u>	<u>10.3%</u>
Operating Expenses:				
Personnel Services	668,644	778,214	808,642	3.9%
Supplies and Materials	28,225	50,000	50,000	0.0%
Other Services and Charges:				
Professional Services	621,746	437,088	484,088	10.8%
Insurance Claims and Fees	39,755,905	49,334,171	53,105,092	7.6%
Insurance Premiums	7,935,338	8,555,408	8,369,825	-2.2%
Change in BNR	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	360,386	353,640	311,410	-11.9%
Total Operating Expenses	<u>49,370,244</u>	<u>59,508,521</u>	<u>63,129,057</u>	<u>6.1%</u>
Operating Income (Loss)	<u>(559,512)</u>	<u>(2,545,825)</u>	<u>(301,424)</u>	<u>-88.2%</u>
Non-operating Revenue (Expenses):				
Interest Income	229,962	150,000	200,000	33.3%
Total Non-operating Revenue (Expenses)	<u>229,962</u>	<u>150,000</u>	<u>200,000</u>	<u>33.3%</u>
Income (Loss) Before Operating Transfers	<u>(329,550)</u>	<u>(2,395,825)</u>	<u>(101,424)</u>	<u>-95.8%</u>
Operating Transfers In (Out):				
Transfer In	-	-	-	-
Transfer (Out)	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(329,550)</u>	<u>(2,395,825)</u>	<u>(101,424)</u>	<u>-95.8%</u>
Total Net Position, Beginning	<u>16,174,135</u>	<u>15,844,585</u>	<u>13,448,760</u>	<u>-15.1%</u>
Total Net Position, Ending	<u>15,844,585</u>	<u>13,448,760</u>	<u>13,347,336</u>	<u>-0.8%</u>
Designated Position	4,443,322	5,355,767	6,312,906	17.9%
Unrestricted Position	11,401,263	8,092,993	7,034,430	-13.1%
Total Net Position, June 30	<u>\$ 15,844,585</u>	<u>\$ 13,448,760</u>	<u>\$ 13,347,336</u>	<u>-0.8%</u>

Policy requires a reserve equal to 10% 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 FY20 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 FY20, the Commission proposes the purchase and financing of \$3,710,000 in capital outlay expenses in the CEISF. This consists of:

- Planning Department - \$760,000
 - \$400,000 (Total cost \$800,000, split 50/50 with Parks) – for the Wheaton headquarters auditorium audio/visual fit out.
 - \$360,000 (Total cost \$450,000, split 80/20 with Parks) – for upgrade to Project Docx.
- Department of Parks - \$2,700,000
 - \$400,000 (Total cost \$800,000, split 50/50 with Planning – for the Wheaton headquarters auditorium audio/visual fit out.
 - \$90,000 (Total cost \$450,000, split 20/80 with Planning) – for upgrade to Project Docx.
 - \$35,000 for vehicle for new Lead Mechanic position.
 - \$239,000 for vehicles/equipment for Ballfield Consistency Initiative.
 - \$1,936,000 for replacement of older vehicles and equipment that have exceeded their useful life cycle.
- OCIO – Corporate IT – bi-county amount of \$500,000 (split 50/50 with Prince George's)
 - \$300,000 for servers and server component capacity for the virtual environment.
 - \$100,000 for wireless controller upgrade.
 - \$100,000 for additional network devices.

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 2020

	FY18 Actual	FY19 Adopted	FY20 Proposed	% Change
Operating Revenues:				
Charges to Departments				
- Planning	\$ 570,000	\$ 140,600	\$ 190,000	35.1%
- Parks	2,606,362	768,000	1,479,000	92.6%
- Finance	113,000	-	-	-
- Corporate IT	-	149,150	180,500	21.0%
Miscellaneous (Sale of Equipment, etc.)	131,806	-	-	-
Total Operating Revenues	<u>3,421,168</u>	<u>1,057,750</u>	<u>1,849,500</u>	<u>74.9%</u>
Operating Expenses:				
Personnel Services	-	-	-	-
Supplies and Materials	131,838	-	-	-
Other Services and Charges:	(634)	-	-	-
Debt Service:				
Debt Service Principal	-	1,408,250	503,900	-64.2%
Debt Service Interest	-	364,250	130,200	-64.3%
Depreciation Expense	2,400,956	-	-	-
Other Financing Uses	-	-	-	-
Capital Outlay	-	2,050,000	3,710,000	81.0%
Other Classifications	-	-	-	-
Chargebacks	40,951	42,000	51,755	23.2%
Total Operating Expenses	<u>2,573,111</u>	<u>3,864,500</u>	<u>4,395,855</u>	<u>13.7%</u>
Operating Income (Loss)	<u>848,057</u>	<u>(2,806,750)</u>	<u>(2,546,355)</u>	<u>-9.3%</u>
Nonoperating Revenue (Expenses):				
Debt Proceeds	-	2,050,000	3,710,000	81.0%
Interest Income	26,395	4,000	10,000	150.0%
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	5,951	-	-	-
Total Operating Expenses	<u>32,346</u>	<u>2,054,000</u>	<u>3,720,000</u>	<u>81.1%</u>
Income (Loss) Before Operating Transfers	<u>880,403</u>	<u>(752,750)</u>	<u>1,173,645</u>	<u>-255.9%</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	880,403	(752,750)	1,173,645	-255.9%
Total Net Position - Beginning	<u>10,681,280</u>	<u>11,440,630</u>	<u>11,741,433</u>	<u>2.6%</u>
Total Net Position - Ending	<u>\$ 11,561,683</u>	<u>\$ 10,687,880</u>	<u>\$ 12,915,078</u>	<u>20.8%</u>

Note: Future Financing Plans

Capital equipment financed for Planning	\$ 250,000	\$ 760,000
Capital equipment financed for Parks	1,800,000	2,700,000
Capital equipment financed for Finance	-	-
Capital equipment financed for Corporate IT	-	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 FY20 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 FY20, the Commission is not proposing any new purchases for either the Prince George's Department of Planning or the Department of Parks and Recreation.

For FY20, the Commission is proposing new purchases of IT equipment by the Corporate IT division of the CIO in the total bi-county amount of \$500,000, split 50/50 with Montgomery.

- \$300,000 for servers and server component capacity for the virtual environment.
- \$100,000 for wireless controller upgrade.
- \$100,000 for additional network devices.

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 2020

	FY 18 Actual	FY 19 Adopted	FY 20 Proposed	% Change
Operating Revenues:				
Charges to Departments/Funds				
- Parks & Recreation - Park Fund	\$ 532,627	\$ 1,824,627	\$ 1,862,427	2.1%
- Finance	113,000	-	-	-
- Corporate IT	-	149,150	180,500	21.0%
Miscellaneous (Sale of Equipment, etc.)	-	-	-	-
Total Operating Revenues	<u>645,627</u>	<u>1,973,777</u>	<u>2,042,927</u>	<u>3.5%</u>
Operating Expenses:				
Personnel Services	-	-	-	-
Supplies and Materials	589,445	-	-	-
Other Services and Charges:	(634)	-	-	-
Debt Service:				
Debt Service Principal	-	45,150	90,300	100.0%
Debt Service Interest	-	11,650	23,300	100.0%
Depreciation & Amortization Expense	1,291,094	-	-	-
Other Financing Uses	-	-	-	-
Capital Outlay	-	-	250,000	-
Other Classifications	-	-	-	-
Chargebacks	31,942	44,000	23,290	-47.1%
Total Operating Expenses	<u>1,911,847</u>	<u>100,800</u>	<u>386,890</u>	<u>283.8%</u>
Operating Income (Loss)	<u>(1,266,220)</u>	<u>1,872,977</u>	<u>1,656,037</u>	<u>-11.6%</u>
Nonoperating Revenue (Expenses):				
Debt Proceeds	-	-	250,000	-
Interest Income	10,666	3,000	5,000	66.7%
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	-	-	-	-
Total Nonoperating Revenue (Expenses):	<u>10,666</u>	<u>3,000</u>	<u>255,000</u>	<u>8400.0%</u>
Income (Loss) Before Operating Transfers	<u>(1,255,554)</u>	<u>1,875,977</u>	<u>1,911,037</u>	<u>1.9%</u>
Operating Transfers In (Out):				
Transfer In	-	-	-	-
Transfer (Out)	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(1,255,554)</u>	<u>1,875,977</u>	<u>1,911,037</u>	<u>1.9%</u>
Total Net Position - Beginning	<u>6,179,000</u>	<u>7,439,085</u>	<u>6,799,423</u>	<u>-8.6%</u>
Total Net Position - Ending	<u>\$ 4,923,446</u>	<u>\$ 9,315,062</u>	<u>\$ 8,710,460</u>	<u>-6.5%</u>

Note: Future Financing Plans

Capital equipment financed for Parks & Rec
Capital equipment financed for Finance

\$ - \$ -
- -

Montgomery County

Wheaton Headquarters Building Internal Service Fund

OVERVIEW

When completed, the Wheaton Headquarters Building (Wheaton HQ) will consolidate the Montgomery Parks and Planning Departments from three office facilities into one new joint headquarters, as well as house several County departments and agencies. This fourteen-floor, 308,000 square foot building, of which 133,000 sq. ft. will be utilized by the Commission, will be owned by the Commission. It will accommodate nearly 1,000 staff, including approximately 360 Commission employees.

To account for this Commission-owned facility that will be utilized by both the Commission and the County, a new internal service fund will be created. The Wheaton Headquarters Building Internal Service Fund will account for all building related expenses, and will be funded by “rental” charges to the Planning Department, the Parks Department, and to Montgomery County.

HIGHLIGHTS OF THE FY20 PROPOSED BUDGET

For FY20, the Wheaton HQ budget is \$928,029. Although the approximate annual operation and maintenance cost is estimated at \$3.5 million, the building is not anticipated to be available for occupancy until the last two months of the fiscal year.

- **Expenditures in the Fund:**

- Personnel Services: No personnel services are proposed here. Two new Park Police officers will be requested in the Park Fund budget, assigned here, and funded by chargebacks (see below).
- Supplies and Materials: No supplies and materials are proposed here. All necessary building supplies will be provided by the management services company.
- Other Services and Charges: Included in this cost is contractual services for a management services company that will handle daily building support including project management, building engineering, maintenance and repair services, and concierge service. In addition, costs for services will include building costs for utilities, telecommunications, and refuse and recycling.
- Capital Outlay: This one-time proposed cost (\$300,000) is for information technology costs associated with adding the Wi-Fi infrastructure for the building that will be available for both internal and public use.
- Chargebacks: The chargeback cost is for salaries and uniforms for two new Park Police positions along with one-time costs for vehicles and equipment.

Montgomery County

Wheaton Headquarters Building Internal Service Fund

SUMMARY OF FY20 PROPOSED BUDGET

WHEATON HEADQUARTERS BUILDING INTERNAL SERVICE FUND

Summary of Revenues, Expenses, and Changes in Fund Net Position

PROPOSED BUDGET FISCAL YEAR 2020

	FY 18 Actual	FY 19 Adopted	FY 20 Proposed	% Change
Operating Revenues:				
Intergovernmental	\$	\$	\$	
Montgomery County			528,977	-
Charges for Services (Office Space Rental):				
MC Planning			199,526	-
MC Parks			199,526	-
Rental Revenues			-	-
Miscellaneous			-	-
Total Operating Revenues	-	-	928,029	-
Operating Expenses:				
Personnel Services				-
Supplies and Materials				-
Other Services and Charges			434,836	-
Capital Outlay			300,000	-
Chargebacks			193,193	-
Total Operating Expenses	-	-	928,029	-
Operating Income (Loss)	-	-	-	-
Nonoperating Revenue (Expenses):				
Interest Income				-
Total Nonoperating Revenue (Expenses):	-	-	-	-
Income (Loss) Before Operating Transfers	-	-	-	-
Operating Transfers In (Out):				
Transfer In	-	-	-	-
Transfer (Out)	-	-	-	-
Net Operating Transfer	-	-	-	-
Change in Net Position	-	-	-	-
Total Net Position - Beginning	-	-	-	-
Total Net Position - Ending	\$ -	\$ -	\$ -	-