



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 14, 2019

**MEMORANDUM**

**TO:** Montgomery County Planning Board

**FROM:** John Kroll, Corporate Budget Director *JKK*

**DATE:** November 7, 2019

**SUBJECT:** FY 2021 CAS Budget Requests

Please find attached FY21 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 Office of the CIO, as well as the proposed budgets for CAS Support Services, and the Internal Service Funds – Risk Management, Group Insurance, Executive Office Building, Capital Equipment, and Wheaton Headquarters.

Attachments:

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# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

October 31, 2019

AAB 19-62

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

From: Anju Bennett, Acting Executive Director  
Tracey Harvin, Acting Policy and Management Operations Director  
Katie Knaupe, Budget and Management Operations Chief

Subject: FY21 Proposed Budget – Administration Fund

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

*Handwritten initials: AB, TH, KKK*

## **Requested Action**

We are requesting approval to submit the FY21 proposed budgets for the Administration Fund for the Department of Human Resources and Management (DHRM), Central Administrative Services (CAS) Support Services and the Merit System Board.

These FY21 proposed budgets were presented to and supported by the Montgomery County Planning Board and the Prince George's County Planning Board in October. The budgets proposals remain essentially the same as the earlier presentation, with a minor adjustment in the DHRM budget due to an updated allocation adjustment of the Chief Information Officer (CIO)/CWIT Initiatives provided by the Corporate Budget Office. There are no changes to the CAS Support Services or Merit System Board proposed budgets. The proposed budgets do not include the finalized agency-wide pension figures.

## **Budget Detail**

### **Combined Administration Fund**

Unit	FY20 Adopted	FY21 Proposed	Variance	% Change
DHRM	5,410,640	5,645,193	234,553	4.3%
CAS Support Services	1,438,164	1,469,112	30,948	2.2%
Merit System Board	168,560	173,634	5,074	3.0%

### **Montgomery County Administration Fund**

Unit	FY20 Adopted	FY21 Proposed	Variance	% Change
DHRM	2,393,177	2,439,224	46,047	1.9%
CAS Support Services	643,676	653,092	9,416	1.5%
Merit System Board	84,280	86,817	2,537	3.0%

### **Prince George's County Administration Fund**

Unit	FY20 Adopted	FY21 Proposed	Variance	% Change
DHRM	3,017,463	3,205,969	188,506	6.2%
CAS Support Services	794,488	816,020	21,532	2.7%
Merit System Board	84,280	86,817	2,537	3.0%

**I. Department of Human Resources and Management (DHRM)**

The total proposed budget is \$5,645,193, which reflects a 4.3% increase mainly due to Commission adjustments in healthcare funding and personnel costs.

The Corporate Budget Office has advised that several new initiatives are being proposed for the CIO and CWIT programs, as supported by the Commission. DHRM's share of these new initiatives is \$41,860, which includes a 0.2% (or \$11,000) allocation adjustment, since this budget was last presented to the Planning Boards in October. This budget is funded at 41.6% Montgomery County and 58.4% Prince George's County, and is allocated as follows:

- Montgomery: \$2,439,224 (adjusted from \$2,393,177 in FY20).
- Prince George's: \$3,205,969 (adjusted from \$3,017,463 in FY20).

The proposed budget total will be adjusted slightly when the agency-wide pension numbers are finalized by the Corporate Budget Office.

**Additional Essential Needs/Requests**

The Department will continue to implement program enhancements to maintain our national workplace excellence standing for innovative policies and programs and to meet the needs of the agency. No additional funding is being requested to support these new initiatives, as the costs have been absorbed into the existing base budget through cost containment measures.

**Staffing Changes**

No staffing changes are proposed.

Department of Human Resources and Management				
PRELIMINARY FY21 OPERATING BUDGET REQUEST				
	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change
FY20 Adopted Budget	\$ 2,393,177	\$ 3,017,463	\$ 5,410,640	
FY21 BASE BUDGET INCREASES				
Salaries	(787)	80,258	79,471	
Benefits	42,976	80,082	123,057	
Other Operating Changes	(6,401)	18,540	12,139	
Chargebacks	(10,670)	(11,304)	(21,974)	
FY21 One-time Expenses	-	-	-	
Subtotal Increase - Base Budget Request	\$ 25,117	\$ 167,576	\$ 192,693	3.6%
PROPOSED CHANGES				
Initiatives proposed by CIO/CWIT:				
Department share of CIO/CWIT Initiatives	20,930	20,930	41,860	
Subtotal Proposed Changes	\$ 20,930	\$ 20,930	\$ 41,860	0.8%
Total Increase FY21 Proposed Budget Request	\$ 2,439,224	\$ 3,205,969	\$ 5,645,193	4.3%

## II. CAS Support Services (no changes from earlier presentation)

As presented to Planning Boards in October, the total proposed budget is \$1,469,112 and includes a 2.2% increase of \$30,948. This budget accounts for non-discretionary shared operating expenses attributable to bi-county operations. There are no assigned positions or new initiatives for this budget in FY21. The budget is funded at 4.44% Montgomery County and 55.6% Prince George's County and is allocated as follows:

- Montgomery: \$653,092 (adjusted from \$643,676 in FY20).
- Prince George's: \$816,020 (adjusted from \$794,488 in FY20).

### Additional Essential Needs/Requests

No additional funding is proposed for this budget in FY21.

### Staffing Changes

There are no positions assigned to this budget.

CAS Support Services				
PRELIMINARY FY21 OPERATING BUDGET REQUEST				
	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change
FY20 Adopted Budget	\$ 643,676	\$ 794,488	\$ 1,438,164	
FY21 BASE BUDGET INCREASES				
Salaries	(20)	20	-	
Benefits	-	-	-	
Other Operating Changes	9,436	21,512	30,948	
Chargebacks	-	-	-	
FY21 One-time Expenses	-	-	-	
Subtotal Increase - Base Budget Request	\$ 9,416	\$ 21,532	\$ 30,948	2.2%
PROPOSED CHANGES No new initiatives proposed				
Total Increase FY21 Proposed Budget Request	\$ 653,092	\$ 816,020	\$ 1,469,112	2.2%

### III. Merit System Board (no changes from earlier presentation)

As presented to Planning Boards in October, the total proposed budget is \$173,634 and includes a 3.0% increase of \$5,074. This budget supports the Merit System Board in making recommendations and decisions regarding the agency's Merit System through 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. This budget is funded at 50% Montgomery County and 50% Prince George's County, and is allocated as follows:

- Montgomery: \$86,817 (adjusted from \$84,280 in FY20).
- Prince George's: \$86,817 (adjusted from \$84,280 in FY20).

#### Additional Essential Needs/Requests:

No additional funding is being requested to support new initiatives, as the costs have been absorbed into the existing base budget through cost containment measures.

#### Staffing Changes

No staffing changes are proposed.

MERIT SYSTEM BOARD				
PRELIMINARY FY21 OPERATING BUDGET REQUEST				
	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change
FY20 Adopted Budget	\$ 84,280	\$ 84,280	\$ 168,560	
FY21 BASE BUDGET INCREASES				
Salaries	361	361	721	
Benefits	2,102	2,102	4,203	
Other Operating Changes	75	75	150	
Chargebacks	-	-	-	
FY21 One-time Expenses	-	-	-	
<b>Subtotal Increase - Base Budget Request</b>	<b>\$ 2,537</b>	<b>\$ 2,537</b>	<b>\$ 5,074</b>	<b>3.0%</b>
Change to Base Between Counties from Labor Cost Allocation Change				
PROPOSED CHANGES                      No new initiatives proposed				
<b>Total Increase FY21 Proposed Budget Request</b>	<b>\$ 86,817</b>	<b>\$ 86,817</b>	<b>\$ 173,634</b>	<b>3.0%</b>



MEMORANDUM

DATE: October 30, 2019

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

FROM: Joseph C. Zimmerman, Secretary-Treasurer

SUBJECT: Finance Department FY21 budget submission

In developing this preliminary estimate of the FY 21 budget request, the Finance Department has carefully considered the service needs of the operating departments. We have also given careful thought to the Legislative Mandate to revamp our MFD program to ensure appropriate supplier diversity.

I am pleased to report that the base budget request, including major known commitments is essentially flat to the current year. There is, however, a shift in funding away from the Montgomery Admin Fund to the Prince George's Admin Fund. This is reflective of the cost allocations the Commission has adopted for FY 21.

After careful consideration and input from the operating departments, there are two proposed funding requests for fiscal 2021:

- A new position is requested in the Secretary-Treasurer's Office to Monitor and administer the Supplier Diversity Program currently under development, as mandated by the legislature. To be effective, such a program requires a champion separate from those who actually perform procurement tasks in the finance department as well as the operating departments.

It is anticipated that the details of the new work program will be fleshed out over the winter with the assistance of consultants. This request may be revised going

forward but must be included at this point to ensure adequate resources will be on board when the new program goes into effect.

In addition to the above request, I have included cost allocations from the OCIO and Commission Wide IT Initiatives funds which I support. Much progress has been made, but much work remains.

Should the request be funded in its current form, an additional \$184,488 or 3.7% of additional funds will be required in FY 21 vs FY 20, per the attached schedule.

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

**FINANCE DEPARTMENT**  
**PRELIMINARY FY21 OPERATING BUDGET REQUEST**

	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change
FY20 Adopted Budget	\$ 2,353,443	\$ 2,623,117	\$ 4,976,560	

**FY21 BASE BUDGET INCREASES(DECREASE)**

Salaries	(100,906)	96,491	(4,415)	
Benefits	3,855	73,540	77,395	
OCIO/CWIT Initiatives	(20,920)	(20,920)	(41,840)	
Chargebacks	(2,351)	(24,951)	(27,302)	
FY20 One-time Expenses				
<b>Subtotal Increase - Base Budget Request</b>	<b>\$ (120,322)</b>	<b>\$ 124,160</b>	<b>\$ 3,838</b>	<b>0.1%</b>

Change to Base Between Counties from Labor Cost Allocation Change

**PROPOSED CHANGES**

Supplier Diversity Program Manager	59,284	80,866	140,150	
Dept Share of CIO/CWIT Initiatives	20,250	20,250	40,500	
<b>Subtotal Proposed Changes</b>	<b>\$ 79,534</b>	<b>\$ 101,116</b>	<b>\$ 180,650</b>	<b>3.6%</b>
<b>Total Increase FY21 Proposed Budget Request</b>	<b>\$ (40,788)</b>	<b>\$ 225,276</b>	<b>\$ 184,488</b>	<b>3.7%</b>





**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: October 9, 2019

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

FROM: Adrian R. Gardner *Adrian Gardner*  
General Counsel *(HAB)*

RE: Legal Department – Preliminary Budget Estimate – FY 2021

This memorandum presents a preliminary estimate to guide development of a final FY 2021 budget proposal for the Office of the General Counsel ("OGC" or "Legal Department"). We submit the following budget framework for discussion:

LEGAL DEPARTMENT				
PRELIMINARY FY21 OPERATING BUDGET REQUEST				
	MC Admin Fund	PGC Admin Fund	Department Total	% Change
FY20 Adopted Budget	\$ 1,487,160	\$ 1,282,781	\$ 2,769,941	
FY21 BASE BUDGET INCREASE				
Salaries	45,860	43,894	89,754	
Benefits	(6,089)	42,924	36,835	
Other Services and Charges	6,009	(9,752)	(3,743)	
Chargebacks	(18,293)	(23,375)	(41,668)	
Subtotal Increase - Base Budget Request	\$ 27,487	\$ 53,691	\$ 81,178	2.9%
Base FY21 Proposed Budget Request	\$ 1,514,647	\$ 1,336,472	\$ 2,851,119	
PROPOSED CHANGES				
Restoration of FY19 MC reduction	50,942		50,942	
Dept Share of CIO/CWIT Initiatives	10,220	10,220	20,440	
Subtotal proposed Changes	\$ 61,162	\$ 10,220	\$ 71,382	2.6%
Total Increase FY21 Proposed Budget Request	\$ 1,575,809	\$ 1,346,692	\$ 2,922,501	5.5%



### **Base Budget Overview**

I am proposing a maintenance level budget – that takes into account the reduced service level at MRO that was required to meet the FY19 and FY20 funding cuts in Montgomery County Administrative Fund. 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 \$81,178, which results in a budget for personnel services allocable to the respective administrative funds as follows:

- Montgomery County Administration Fund: \$1,514,647 (1.8% increase)
- Prince George's County Administration Fund: \$1,336,472 (4.2% increase)

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 proposed numbers presented for approval will be subject to change to reflect final pension and/or OPEB numbers.

### **Restoration of FY 19 Montgomery County Reduction**

As you may recall, last year, the Legal Department was able to attain the reduced spending targets imposed during the budget cycle for Montgomery County 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 19 levels.

### **Conclusion**

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

cc: Melva Brown, Department Program Manager



# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

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

November 14, 2019

To: Montgomery County Planning Board

From: Renee Kenney, CIG, CPA, CIA, CISA  
Inspector General

*Renee M Kenney*

Re: FY21 Budget Request/Justification

The Office of Inspector General (OIG) submits the following FY21 budget proposal for your consideration and approval:

Office of the Inspector General						
PRELIMINARY FY21 OPERATING BUDGET REQUEST						
			MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change
		<b>FY20 Adopted Budget</b>	<b>\$ 285,643</b>	<b>\$ 399,082</b>	<b>\$ 684,725</b>	
		<b>FY21 BASE BUDGET INCREASES</b>				
		Salaries	16,414	(24,910)	(8,496)	
		Benefits	22,296	24,101	46,397	
		Other Operating Changes	1,059	(164)	895	
		Chargebacks	-	(7,266)	(7,266)	
		<b>Subtotal Increase - Base Budget Request</b>	<b>\$ 39,769</b>	<b>\$ (8,239)</b>	<b>\$ 31,530</b>	<b>4.6%</b>
		Change to Base Between Counties from Labor Cost Allocation Change	\$ 30,518	\$ (30,518)		
		<b>PROPOSED CHANGES</b>				
		Inspector III Position	56,840	93,528	150,368	
		Additional Training Budget	3,326	5,474	8,800	
		Peer Review Contract	1,134	1,866	3,000	
		Dept Share of CIO/CWIT Initiatives	6,660	6,660	13,320	
		<b>Subtotal Proposed Changes</b>	<b>\$ 67,960</b>	<b>\$ 107,528</b>	<b>\$ 175,488</b>	<b>25.6%</b>
		<b>Total Increase FY21 Proposed Budget Request</b>	<b>\$ 393,372</b>	<b>\$ 498,371</b>	<b>\$ 891,743</b>	<b>30.2%</b>

The OIG's budget has not materially changed since it was presented on October 17, 2019. The proposed budget does not reflect final pension and/or OPED numbers.

The OIG's proposed FY21 budget of \$891,743 reflects an overall increase of \$207,018 or 30.2% over FY20. If approved, Prince George's County's will increase \$99,289 (24.9%) and Montgomery County's budget will increase \$107,729 (37.7%).

The OIG's proposed base budget reflects an increase of \$31,530 (4.6%). Most of the increases can be attributed to employee selected benefit costs. The totals do not include FY21 compensation markers. Although the base budget reflects a total increase of \$31,530, Montgomery County's share increases by \$39,769, while Prince George's County share decreases by (\$8,239). This is primarily due to a 3.1%<sup>1</sup> change to base due to updated labor cost allocations. Labor cost allocations are based on a three-year running average of OIG personnel's actual labor charges as reported in the Commission's time keeping application (Kronos).

### Proposed Changes

The OIG is requesting three (3) proposed changes to support current operations. Per State statute, "The Commission shall include in the Commission's annual operating budget proposal the amounts recommended by the Audit Committee for the Office." The proposed changes, (excluding CIO/CWIT) have been reviewed and approved by the Commission's Audit Committee.

1. Additional Inspector Position (\$150,368) – The OIG currently has four (4) full-time Merit positions: three (3) Inspectors and one (1) IT Audit Manager; (the Inspector General is appointed.) The three Inspectors are responsible for completing all audits, investigations, advisories, and follow-ups for both Counties, as well as Corporate Operations. One of OIG's primary responsibilities is to ensure public accountability. To meet this requirement, the OIG is actively educating Commission employees on the importance of fiduciary responsibilities. As a result, the amount of time dedicated to fraud, waste, and abuse investigations<sup>2</sup> and other advisories<sup>3</sup> is steadily increasing. A fourth Inspector is required to ensure all allegations can be thoroughly investigated and corresponding recommendations can be put forth to strengthen internal controls. \$150,368 will cover the annual salary and benefits of one Inspector.
2. Increase to Training Budget (\$8,800) – The OIG is required by State statute to comply with Government Auditing Standards. These standards require each

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<sup>1</sup> Montgomery County's labor allocation rate increased from 34.7% in FY20 to 37.8% in FY21. Prince George's County's labor allocation rate decreased from 65.3% in FY20 to 62.2% in FY21.

<sup>2</sup> FY19 the OIG completed 13 FWA Investigations with 22 internal control recommendations as compared to FY18, which had 11 FWA investigations with 24 internal control recommendations.

<sup>3</sup> FY19 the OIG completed 9 advisories and 16 miscellaneous reviews, as compared to FY18, which had 8 advisories and 11 miscellaneous reviews.

auditor to obtain 80 hours of continuing professional education (CPE) every two (2) years. In addition, most OIG personnel maintain professional certifications (e.g. CPA, CIA, CISA, CFE) which also carry CPE requirements. The additional \$8,800 in training funds will bring the OIG's total annual training budget to \$15,000, or \$2,500 per year per employee. The increase is necessary to ensure OIG personnel receive pertinent training to successfully complete the Commission's Audit Program.

3. Peer Review Contract (\$3,000) – Prior OIG operating budgets did not contain a budget line item for peer reviews. Per Government Auditing Standards, the OIG must obtain an independent peer review every three years. Through the OIG's membership with the Association of Local Government Auditors, and reciprocity agreement, peer review costs are very reasonable (limited to the travel and meal expenditures of external auditors). In previous years, costs were covered by salary savings and unspent funds for professional auditing services<sup>4</sup>. As the peer review is a mandated requirement, the OIG is requesting dedicated funding to cover applicable costs.

The fourth proposed change includes a \$13,320 increase in funding for IT projects proposed by the Office of the Chief Information Officer.

Thank you for your consideration.

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<sup>4</sup> Total professional auditing services only receives \$1,015 in annual funding. The purpose of the funding is to hire external services (e.g. IT forensics) as needed outside of the competencies of OIG personnel.



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 7, 2019

TO: Montgomery County Planning Board  
Prince Georges County Planning Board

FROM: Mazen Chilet, Chief Information Officer

SUBJECT: FY21 Proposed Budget for the Office of the Chief Information Officer (CIO)

**Requested Action**

The Budget below was presented to the Planning Boards on October 17 and was preliminarily approved. Please approve the FY21 Proposed Budget for the Office of the Chief Information Officer (CIO), both the Corporate IT Division funded within the two Administration Funds, and the CIO and Commission-wide IT Initiatives (CWIT) Internal Service Funds.

- Corporate IT – Increased costs of software maintenance contracts, and a new Help Desk system are requested in the Corporate IT budget, are offset by increased departmental chargebacks, resulting in a proposed budget increase of 1.9%.
- CIO Internal Service Fund (ISF) – No new initiatives are proposed for FY21, other than the share of new initiatives proposed in the CWIT. The base budget would increase by 3.0% for the CIO ISF. The total budget would increase by 3.9% with the shared portion of the CWIT initiatives.
- CWIT ISF – Growth in software licenses, and new and/or expanded IT projects would increase the CWIT budget by 24.5%.

This table represents a composite comparison of all three parts of the CIO's budget.

	FY20 Budget	FY21 Proposed	% Change
<b>Base Budget</b>			
Corporate IT	2,946,695	2,899,094	-1.6%
OCIO ISF	1,466,799	1,523,473	3.9%
CWIT ISF	<u>2,075,402</u>	<u>2,319,964</u>	<u>11.8%</u>
Total	6,488,896	6,742,531	3.9%
<b>Base + New Initiatives</b>			
Corporate IT	2,946,695	3,002,474	1.9%
OCIO ISF	1,466,799	1,523,473	3.9%
CWIT ISF	<u>2,770,402</u>	<u>3,449,964</u>	<u>24.5%</u>
Total	7,183,896	7,975,911	11.0%

## Corporate IT

This division consists of two Sections: 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 primarily to the two Park Funds. EOB IT (4 staff) provides computer, telephony, network services, and help-desk support to the bi-county departments in the Executive Office Building, the Office of the Inspector General, and the Employee Retirement System (ERS) staff. After chargebacks, Corporate IT is funded by the two counties' Administration Funds.

**The net proposed budget for Corporate IT is \$3,002,474, an increase of 1.9%.** This consists of a base budget request decrease of 1.6%, and the following new initiatives: a new help desk system and the departmental share of the CIO/CWIT initiatives. The following chart summarizes these requests.

### **CIO - Corporate IT PRELIMINARY FY21 OPERATING BUDGET REQUEST**

	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change
<b>FY20 Adopted Budget</b>	<b>\$ 1,488,157</b>	<b>\$ 1,458,538</b>	<b>\$ 2,946,695</b>	
<b>FY21 BASE BUDGET INCREASES</b>				
Salaries	120,620	(56,495)	64,125	
Benefits	73,290	18,620	91,910	
Other Operating Changes	73,626	(67,335)	6,291	
Chargebacks	(75,434)	(134,493)	(209,927)	
<b>Subtotal Increase - Base Budget Request</b>	<b>\$ 192,102</b>	<b>\$ (239,703)</b>	<b>\$ (47,601)</b>	<b>-1.6%</b>
<b>PROPOSED CHANGES</b>				
New Help Desk Initiative	43,265	41,735	85,000	
Dept share of CIO/CWIT Initiatives	9,190	9,190	18,380	
<b>Subtotal Proposed Changes</b>	<b>\$ 52,455</b>	<b>\$ 50,925</b>	<b>\$ 103,380</b>	<b>3.5%</b>
<b>Total Increase FY21 Proposed Budget Request</b>	<b>\$ 1,732,714</b>	<b>\$ 1,269,760</b>	<b>\$ 3,002,474</b>	<b>1.9%</b>

**Note: Keep in mind that in ALL departments funded by the Administration Funds, the salary budget DOES NOT include the salary marker or reclass marker. Likewise, the benefit budget DOES NOT include OPEB. These are found in the Non-Departmental part of these Funds' budgets.**

## Corporate IT Base Budget

The Base Budget changes primarily reflect the updated CAS allocation between the two counties. Otherwise, pension and health insurance costs increased, software maintenance costs increased, and departmental chargebacks increased signifying the higher software maintenance costs.

## Corporate IT New Initiatives

New initiative requests in Corporate IT consist of:

- Under the direction of the CIO Corporate IT will migrate Corporate IT help Desk operations to A new help desk system, ServiceNow. The help desk System supports Agency core business systems users, Executive Office Building users, the Commission-wide IT Change Management, and the Employee Document Self Service portal. Currently M-NCPPC relies on emails to carry out the service and support segments of IT operations on all Core Business systems. Core Business Systems services include HR related matters, Benefits, Payroll, Accounts Payable, Recruitment and Systems' status and operational communications. Additionally, IT Change Management will be moved to ServiceNow to establish a commission-wide change management platform to ensure changes are approved in an effective and timely manner. The system will ensure that all changes are captured, properly vetted, and communicated across all user groups, so no system change will go undocumented. Also, the system will have a knowledgebase to enable timely problem resolution, improved allocation of resources, and change processes. (\$85,000)
- The division's share of proposed CWIT new initiative requests (\$18,830)

#### **OFFICE OF THE CIO ISF**

The Office of the CIO ISF is an internal service fund (ISF) funded by direct charges to the user departments. With a staff of seven, 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.

### **CIO Internal Service Fund**

#### **PRELIMINARY FY21 OPERATING BUDGET REQUEST**

			% Change
	<b>FY20 Adopted Budget</b>	<b>\$ 1,466,799</b>	
<b>FY21 BASE BUDGET INCREASES</b>			
	Salaries	2,013	
	Benefits	39,981	
	Other Operating Changes	1,600	
	<b>Subtotal Increase - Base Budget Request</b>	<b>\$ 43,594</b>	3.0%
<b>PROPOSED CHANGES</b>			
	Dept share of CWIT Initiatives	13,080	
	<b>Subtotal Proposed Changes</b>	<b>\$ 13,080</b>	0.9%
	<b>Total Increase - FY21 Proposed Budget Request</b>	<b>\$ 56,674</b>	3.9%



### **CIO ISF Base Budget**

The CIO base budget reflects an increase of \$43,594, or 3.0%, due primarily to increases in pension and health insurance costs, including OPEB. (Please keep in mind that pension and OPEB may change with the receipt of this year's actuarial valuations in November.)

### **CIO ISF New Initiatives**

Department share of CWIT Initiatives - \$13,080.

### **COMMISSION-WIDE IT (CWIT) ISF**

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

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, and in acknowledgement of the IT Council's efforts during the budget review process, an initial look at the CWIT proposal was presented to the Commission on September 18<sup>th</sup> and received direction to present the following.

The CWIT budget is composed of three parts:

Software licenses/subscriptions; Debt Service (internal) for a FY18 project; and IT Infrastructure projects.

<b>CWIT ISF</b>				
	<b>FY20 Budget</b>	<b>FY21 Change</b>	<b>FY21 Proposed</b>	<b>% Change</b>
<b>Licenses/Subscriptions</b>				
Microsoft	1,592,000	137,964	1,729,964	
Kronos	120,000	-	120,000	
Adobe	147,670	162,330	310,000	
Website	63,000	72,000	135,000	
Online Training	55,000	(30,000)	25,000	
<b>SubTotal</b>	<b>1,977,670</b>	<b>342,294</b>	<b>2,319,964</b>	17.3%
<b>Debt Service</b>				
Alliance	97,732	(97,732)	-	
<b>SubTotal</b>	<b>97,732</b>	<b>(97,732)</b>	<b>-</b>	-100.0%
<b>IT Projects</b>				
All FY20 Projects	695,000			
ERP			200,000	
ERP Next Gen			100,000	
Kronos			75,000	
Risk Mgmt Framework			50,000	
ECM Phase 1			100,000	
Alliance			300,000	
Website			225,000	
Website ADA	-	-	80,000	
<b>SubTotal</b>	<b>695,000</b>	<b>435,000</b>	<b>1,130,000</b>	62.6%
<b>Total CWIT</b>	<b>2,770,402</b>	<b>679,562</b>	<b>3,449,964</b>	24.5%

#### Licenses/Subscriptions

- Microsoft Licenses – increase of \$137,964. Year 2 renewal of the 3-year Enterprise Agreement, new licenses and additional calling plans requested by Departments.
- Kronos Cloud Services - no change from FY20.
- Adobe Cloud – increase of \$162,330. New 3-year License Agreement after Adobe changed their license model. (Increased cost in FY20 has been addressed through a budget transfer from the impacted departments.) FY22 will remain at the same level
- Website License – increase of \$72,000. Increase is due to the several factors: 1) The licensing structure change by the hosting firm. 2) Growth of website sites and subsites and 3) Enhanced hosting services.
- Security Mentoring training - decrease of \$30,000. A new contract was negotiated with a new online training provider.

### **Debt Service**

No outside debt was issued for this project, so debt service expense is eliminated. Multi-year payments from departments decreased to reflect lack of interest expense.

### **IT Infrastructure Projects**

The budget for FY20 projects totaled \$695,000. The request for FY21 is for \$1,130,000, an increase of \$435,000.

- ERP - \$200,000 - To address evolving needs and regulatory mandates, critical operational needs and other mid-year identified requirements.
- ERP Next Generation - \$100,000 - ERP Systems must be revaluated every 5-7 years to ensure that our business needs are being met. The evaluation of our current system is needed to determine the most effective solution for the next ten years. The next release of our current platform will require a full implementation, the agency needs to evaluate whether it will remain with the current platform or select a different solution provider.
- Kronos - \$75,000 - Ongoing improvements to the Time Keeping System which allows supervisors to manage workforce schedules, authorize work hours, review and approve overtime and leave requests.
- Risk Management Framework - \$50,000 - To begin an independent review of our systems to ensure compliance with state and federal Data Protection guidelines such as the National Institute of Standards and Technology (NIST) Special Publications (SP) 800 Series.
- ECM Phase I - \$100,000 - Enterprise Content Management implementation. The solution is needed to help the Agency meet state mandates for public records. Currently, the Commission has 5 ECM solutions, the Commission needs to consolidate solutions and provide a true solution for Prince George's Parks and the Bi-County operations at Central Administration. It is anticipated that the new solutions will be rolled out in several phases over multiple to ease the transition for department users.
- Alliance - \$300,000 – Since this project was originally funded in 2016, building configurations, control panel and reader counts have changed, necessitating additional resources to complete.
- Website - \$225,000 - M-NCPPC websites are the Commission's window to the community, our current platform is not user friendly and does not convey that we are a premier agency; it is very difficult to navigate and locate appropriate information. The project has two distinctive components:
  - Evaluate and redesign with our public affairs teams.
  - Select and migrate to a reliable, flexible, easier to navigate, ADA compliant and up-to-date platform.
- Website ADA - \$80,000 - ADA Compliance consists of 2 parts:
  - Training staff to develop skills in creating ADA compliant documents
  - Evaluate and select a scanning tool that automatically scans website content, finds noncompliant documents and generates notifications.

- Engage a service provider to identify noncompliant website content and make the necessary corrections. This is a one-time effort.

A chart showing the fiscal impact, by user department, of the CIO ISF budget request is included in this Attachment. These amounts represent the change from the FY20 Budget.

<b>Departmental Budget Impact of CIO/CWIT Proposed Budget</b>					
	<b>CIO ISF Operating</b>	<b>CWIT Licenses / Subscriptions</b>	<b>CWIT Debt Service</b>	<b>CWIT IT Projects</b>	<b>Total</b>
<b>Montgomery:</b>					
Planning	3,569	41,120	(2,610)	(27,270)	14,809
Parks	17,830	39,040	(4,720)	(1,680)	50,470
DHRM	499	2,920	(1,510)	(180)	1,729
Finance	471	4,300	(1,510)	(2,500)	761
Legal	342	1,870	(930)	8,570	9,852
Corporate IT	429	10,010	(390)	6,240	16,289
Inspector General	35	1,280	-	5,860	7,175
CIO ISF	-	1,300	-	5,970	7,270
	<u>23,175</u>	<u>101,840</u>	<u>(11,670)</u>	<u>(4,990)</u>	<u>108,355</u>
<b>Prince George's:</b>					
Planning	2,881	49,160	(1,080)	61,210	112,171
Park	6,061	69,740	(19,530)	161,440	217,711
Recreation	18,192	100,030	(3,500)	193,440	308,162
DHRM	404	2,920	(1,510)	(180)	1,634
Finance	381	4,300	(1,510)	(2,500)	671
Legal	288	1,870	(930)	8,570	9,798
Corporate IT	346	10,010	(390)	6,240	16,206
Inspector General	28	1,280	-	5,860	7,168
CIO ISF	-	1,300	-	5,970	7,270
	<u>28,581</u>	<u>240,610</u>	<u>(28,450)</u>	<u>440,050</u>	<u>680,791</u>
<b>Total</b>	<u><u>51,756</u></u>	<u><u>342,450</u></u>	<u><u>(40,120)</u></u>	<u><u>435,060</u></u>	<u><u>789,146</u></u>



# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

October 31, 2019

AAB 19-63

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

From: Anju Bennett, Acting Executive Director  
Tracey Harvin, Acting Policy and Management Operations Director  
Katie Knaupe, Budget and Management Operations Chief

Subject: FY21 Proposed Budget – Internal Service Funds (ISF)  
- Executive Office Building (EOB)  
- Risk Management  
- Group Health Insurance

## **Requested Action**

We request approval of the FY21 proposed budgets for the Executive Office Building (EOB), Risk Management, and agency-wide Group Health Insurance Internal Service Funds (ISF).

## **Background Summary**

This memo provides the budget proposals for each of the above-referenced units. The FY21 budgets incorporate the Commission's direction on compensation and benefits and utilize projections provided by the Corporate Budget Office. These budget projections do not include the agency-wide finalized pension numbers.

### **Internal Service Funds**

Unit	FY20 Adopted	FY21 Proposed	Variance	% Change
EOB	1,437,703	1,477,473	39,770	2.8%
Risk Management	7,318,037	8,687,887	1,369,850	18.7%
Group Insurance	62,012,345	71,295,753	9,283,408	15.0%

## **I. Executive Office Building (EOB)/Central Administrative Services (CAS) Facility Operations Internal Service Fund (ISF)**

The EOB Internal Service Fund accounts for expenses related to housing the bi-county operations of the Departments of Finance, Legal, and Human Resources and Management, as well as the Office of the Inspector General, the Office of the Chief Information Officer, and the Merit System Board. Additionally, the EOB houses the Employees' Retirement System and the Prince George's County Parks and Recreation Department's Information Technology & Communication Division.

### **Highlights and Major Changes in the FY21 Proposed Budget**

For FY21, the EOB budget is \$1,477,473 and includes an increase of 2.8% (or \$39,770). This increase 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 have only included in the proposed budget maintenance and repairs which must be made in the short term.

### **Relocation Feasibility Analysis**

The EOB was built in 1968 and still maintains the original systems and design elements which pose several structural, operational, and space design challenges. A facility condition assessment was completed by facility management consultants, who 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 or relocate to an alternate facility. This analysis, which was based on average market costs for purchase and lease options, revealed that it is more financially prudent to relocate CAS operations to an alternate location. Consultants are presently researching feasible relocation options.

### **Discussion of FY21 Proposed EOB Budget**

The FY21 budget was developed with an understanding that relocation may not occur immediately, as a feasible relocation site has not been identified. Thus, the proposed budget reflects 12 months of continued operations at the present facility. 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 is provided annually through operational occupancy charges to the tenants, based on allocated space. The occupancy rate is based on the per square foot cost from anticipated costs to maintain full operation of the building and ensure a clean, safe and secure site for occupants and visitors. 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 the occupancy rate at \$26.00/sq. ft. as the increase to the budget can be readily addressed through fund balance.

The proposed budget revenue is funded as follows:

- \$1,352,000 from occupancy revenue,
- \$50,000 in interest income, and
- \$75,473 from use of fund balance to maintain occupancy rates at the same level.

### **Expenditures in the Fund:**

- Personnel Services: Operations are maintained by two positions, a facility superintendent and a maintenance worker, who are responsible for managing day to day operations of the building's mechanical systems, performing needed repairs, and addressing occupant concerns. Extensive and daily maintenance is required to operate a multi-story building and its grounds, thus requiring the facility's staff to focus primarily on technical repairs, testing and maintenance. Wages and benefits have small adjustments based on figures provided by the Corporate Budget Office.
- Supplies and Materials: This category covers building supplies and parts, minor equipment, and security software and supplies (badges, key cards, etc.). These expenses have been adjusted to accommodate the increasing need for routine and preventative maintenance performed by facility staff.

- Other Services and Charges: This component includes expenses for utilities, mechanical maintenance, janitorial services, operating services (elevator, HVAC, electrical, roofing, etc.), building repairs/improvements, and professional services.
- Capital Projects: This category includes capital expenses for structural building improvements, machinery, and equipment (boilers, generators, etc.). FY21 funding will be used to address critical building repairs and renovations needed to maintain full operations of the building, snow removal equipment, required generator maintenance, and minor space realignments to address space shortages.
- Chargebacks: A small percentage of the management services supervisor and administrative staff in DHRM are charged to EOB facility operations, as they provide budget, procurement, and contract administration for facility management. This chargeback reflects the appropriate portion of wage and benefits for these two positions that should be charged to the EOB fund.

**Additional Essential Needs/Requests**

No significant renovations are proposed in the FY21 budget considering the ongoing relocation study.

**Staffing Changes**

No changes are proposed.



**EXECUTIVE OFFICE BUILDING INTERNAL SERVICE FUND  
KENILWORTH OFFICE BUILDING**

	<b>ADOPTED FY19</b>	<b>ADOPTED FY20</b>	<b>PROPOSED FY21</b>	<b>% CHANGE</b>
<b>REVENUES</b>				
Rental Income - Office Space				
PGC Parks and Recreation	126,178	126,178	126,178	0.0%
Retirement System	108,680	108,680	108,680	0.0%
Chief Information Office	59,644	59,644	59,644	0.0%
Risk Management	54,808	54,808	54,808	0.0%
Group Insurance	65,338	65,338	65,338	0.0%
CAS Departments	937,352	937,352	937,352	0.0%
Interest Income (Non-operating)	5,000	25,000	50,000	100.0%
Total Revenues	1,357,000	1,377,000	1,402,000	1.8%
<b>EXPENDITURES</b>				
Personnel Services	238,790	237,965	246,811	3.7%
Supplies and Materials	35,500	42,500	43,400	2.1%
Other Services and Charges	955,146	977,530	1,003,490	2.7%
Capital Outlay	45,000	85,000	85,000	0.0%
Chargebacks	80,958	94,708	98,772	4.3%
Total Expenditures	1,355,394	1,437,703	1,477,473	2.8%
Operating Income (Loss) to be covered by fund balance	1,606	(60,703)	(75,473)	

## **II. Risk Management Internal Service Fund**

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 agency assets, avoiding or minimizing injury to users of M-NCPPC services and facilities, and managing costs and risk efficiently. DHRM is responsible for the management of the Program and 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, employee training, compliance reviews for adherence to workplace safety regulations issued by Maryland Occupational Safety and Health (MOSH), the Occupational Safety and Health Administration (OSHA), the 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 and defensive driving programs, emergency response programs, and 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 Corporate Policy Management Operations Director's time is directly charged to the fund, and fiscal oversight by the Executive Director, Corporate Budget team and the Finance Department is charged back to the program.

For specialized services related to third party reviews of workers' compensation/liability claims and participation in group insurance, the agency participates in the Montgomery County Self Insurance Program (MCSIP), which 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 agency also purchases insurance for various surety bonds, police horses, catastrophes, and blanket coverage for other specialized programs. The agency handles its own litigation and representation on liability and workers' compensation claims to better control the outcome of these efforts. The Legal Department charges the program for these services.

### **FY21 Program Priorities**

- Continue to implement and monitor loss mitigation through risk assessments and protocols, safety programs, insurance, and loss transfer.
- Conduct regular analysis and briefings on the Risk Management Program and recommend strategies for containing costs, improving safety, and reducing liability to the agency.
- Implement specialized training to prevent accidents and injuries to employees and patrons.
- 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.
- Continue comprehensive facility inspections to ensure safety and compliance with federal and state regulations.
- Conduct regular audits of losses and accidents to identify areas of focus, coordinated return to work strategies, and proper case reserves.

### **Highlights and Major Changes in the FY21 Proposed Budget**

The main cost driver for the Risk Management budget are the workers' compensation and liability claims that occur in the Departments. This includes paid claims, incurred but not reported claims estimates, and claim reserves. The budget is developed to establish necessary funding levels for projected future claims, insurance costs, personnel costs, and external administration fees. While the Commission subrogates its claims to offset losses and applies for reimbursements from the Federal Emergency Management Administration (FEMA), these recoveries are returned directly to the affected departments and therefore not budgeted as a revenue source to this fund.

The total FY21 Proposed Budget of \$8,687,887 includes an 18.8% increase from the FY20 adopted budget levels of \$7,312,771. This increase is due to unexpected workers' compensation expenses triggered by state mandated benefits. The amount allocated to each county is listed below.

#### **Total Proposed FY21 Budget (Before Application of Interest Income and Fund Balance)**

County	FY20 Adopted Budget	FY21 Proposed Budget	Variance	% Change
Montgomery County	2,997,702	3,609,444	611,642	20.4%
Prince George's County	4,315,069	5,078,444	763,375	17.7%
<b>Total</b>	<b>7,312,771</b>	<b>8,687,887</b>	<b>1,375,116</b>	<b>18.8%</b>

To offset expenses, we have worked diligently to reduce the proposed FY21 expenses by using unrestricted fund balance of \$819,887 and interest income of \$600,000. Thus, the adjusted agency-wide funding is reduced from \$8,687,887 to \$7,268,000.

### **Background**

The FY21 proposed expense for Montgomery County funded operations is \$3,609,444. After the application of \$197,544 in available fund balance and \$200,000 of interest income, the proposed funding level is adjusted down to **\$3,211,900**.

The FY21 proposed expense for Prince George's County funded operations is \$5,078,444. After the application of \$622,344 in available fund balance and \$400,000 of interest income, the proposed funding level is adjusted down to **\$4,056,100**.

Prior to the application of unrestricted fund balance and interest, the Risk Management budget is broken out into three separate components. Each component is identified in the chart below and explained in the following section.

#### **Components of Proposed Expenses**

Category	FY21 Proposed Expenses	% of Total Expenses
Workers' Compensation and Liability Claims	5,477,500	63%
Internal Administrative Expenses	1,908,887	22%
External Administrative Fees	1,301,500	15%
<b>Total Operating Expenses</b>	<b>8,687,887</b>	<b>100%</b>

### ***Worker's Compensation and Liability Claims Expenses***

The largest component of projected FY21 expenses are related to claims filed by operating departments in both counties and their compensability under Maryland State law. Claim costs comprise 63% (or \$5,477,500) of the total FY21 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.

FY21 projected claims expenses utilize actuarial projections based on analysis of the last full cycle of claims (FY19 data, described below), historical claims, expected future losses, and other variables such as expected industry adjustments for medical costs and replacement values to help determine necessary funding levels to protect the agency against expected and unforeseen losses in future years.

By nature, this expense can vary significantly year-to-year, based on the number, severity, and complexity of claims filed. As the agency participates in the MCSIP for claim management services, we employ an actuarial consultant to review historical losses and determine our projected costs. The FY21 expenses are attributed to the actual claims experience described below and an actuarial approach that utilizes historical average of claims data to project future costs, or smoothing, to minimize volatility in projected claims costs.

Workers' compensation claims comprise 82% of projected claim expenses. These costs cover medical and wage reimbursements for employees with work related injuries and illnesses. The remaining 18% of projected claim expenses are related to general liability (third party claims), property damage, and auto claims.

#### **FY19 Worker's Compensation & Liability Claims Data**

Total worker's compensation and liability claims filed in FY19 increased by 7.0%. There were 365 newly filed workers' compensation claims in FY19 compared to 341 in FY18:

**Total New Worker's Compensation & Liability Claims Filed**

<b>County</b>	<b>FY18 Claims Filed</b>	<b>FY19 Claims Filed</b>	<b>Variance</b>	<b>% Increase</b>
Montgomery County	135	151	16	11.9%
Prince George's County	206	214	8	3.9%
<b>Total</b>	<b>341</b>	<b>365</b>	<b>24</b>	<b>7.0%</b>

The most typical type of claims include motor vehicle accidents with multiple body injuries, strains and sprains, falls while on horseback, tick bites (including Lyme disease), trip and fall incidents, and presumption for hypertension.

#### **Internal Administrative Expenses**

Internal administrative expenses support the agency's internal Risk Management Unit in 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.).

The total internal administrative expense for FY21 is \$1,908,887, which is 22% of the total FY21 Proposed Budget. These expenses have increased 3.2% (or 60,016) mainly due to personnel and benefit adjustments provided by the Corporate Budget Office.

***External Administrative Expenses***

External administrative expenses are 15% (or \$1,301,500) of the total FY21 Proposed Budget. These expenses represent fees to the MCSIP for claims adjudication, commercial insurance, and actuarial services. These expenses have increased 6% (or \$73,700) from FY20 levels.

**Additional Essential Needs/Requests**

No additional funding is proposed for FY21.

**Staffing Changes**

No changes are proposed.

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

	<b>ADOPTED FY19</b>	<b>ADOPTED FY20</b>	<b>PROPOSED FY21</b>	<b>% CHANGE</b>
<b>REVENUES</b>				
Charges for Services				
Parks	4,786,400	4,681,600	6,178,400	32.0%
Recreation	673,000	530,100	614,400	15.9%
Planning	103,200	49,700	44,000	-11.5%
CAS	3,700	15,600	14,400	-7.7%
Enterprise	185,700	374,700	416,800	11.2%
Interest Income (Non-operating)	204,000	390,000	600,000	53.8%
Total Revenues	5,956,000	6,041,700	7,868,000	30.2%
<b>EXPENDITURES</b>				
Personnel Services	946,934	998,800	1,043,523	4.5%
Supplies and Materials	67,440	69,500	69,500	0.0%
Insurance Claims				
Parks	3,504,093	3,501,100	4,634,300	32.4%
Recreation	499,700	481,500	593,400	23.2%
Planning	106,100	49,400	28,400	-42.5%
CAS	12,700	10,900	11,500	5.5%
Enterprise	128,200	193,200	209,900	8.6%
Administrative Expenses*	1,220,800	1,227,800	1,301,500	6.0%
Other Services & Charges	218,258	233,148	233,388	0.1%
Chargebacks	529,015	547,423	562,476	2.7%
Total Expenditures	7,233,240	7,312,771	8,687,887	18.8%
Operating Income (Loss) to be covered by fund balance	(1,277,240)	(1,271,071)	(819,887)	
Total Funding Needs	5,752,000	5,651,700	7,268,000	

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

	<b>ADOPTED FY19</b>	<b>ADOPTED FY20</b>	<b>PROPOSED FY21</b>	<b>% CHANGE</b>
<b>REVENUES</b>				
Charges for Services				
Parks	2,332,100	2,465,900	3,156,300	28.0%
Recreation	-	-	-	0.0%
Planning	45,600	24,400	35,100	43.9%
CAS	2,600	7,800	7,200	-7.7%
Enterprise	9,500	11,800	13,300	12.7%
Interest Income (Non-operating)	73,000	140,000	200,000	42.9%
Total Revenues	2,462,800	2,649,900	3,411,900	28.8%
<b>EXPENDITURES</b>				
Personnel Services	473,467	499,400	521,762	4.5%
Supplies and Materials	33,720	34,750	34,750	0.0%
Insurance Claims				
Parks	1,524,257	1,556,500	2,099,600	34.9%
Recreation	-	-	-	0.0%
Planning	36,200	33,100	22,000	-33.5%
CAS	4,700	4,300	4,500	4.7%
Enterprise	9,100	6,600	8,300	25.8%
Administrative Expenses*	488,100	491,100	520,600	6.0%
Other Services & Charges	108,901	116,574	116,694	0.1%
Chargebacks	254,770	255,378	281,238	10.1%
Total Expenditures	2,933,215	2,997,702	3,609,444	20.4%
Operating Income (Loss) to be covered by fund balance	(470,415)	(347,802)	(197,544)	
Total Funding Needs	2,389,800	2,509,900	3,211,900	

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

	<b>ADOPTED FY19</b>	<b>ADOPTED FY20</b>	<b>PROPOSED FY21</b>	<b>% CHANGE</b>
<b>REVENUES</b>				
Charges for Services				
Parks	2,454,300	2,215,700	3,022,100	36.4%
Recreation	673,000	530,100	614,400	15.9%
Planning	57,600	25,300	8,900	-64.8%
CAS	1,100	7,800	7,200	-7.7%
Enterprise	176,200	362,900	403,500	11.2%
Interest Income (Non-operating)	131,000	250,000	400,000	60.0%
Total Revenues	3,493,200	3,391,800	4,456,100	31.4%
<b>EXPENDITURES</b>				
Personnel Services	473,467	499,400	521,762	4.5%
Supplies and Materials	33,720	34,750	34,750	0.0%
Insurance Claims				
Parks	1,979,836	1,944,600	2,534,700	30.3%
Recreation	499,700	481,500	593,400	23.2%
Planning	69,900	16,300	6,400	-60.7%
CAS	8,000	6,600	7,000	6.1%
Enterprise	119,100	186,600	201,600	8.0%
Administrative Expenses*	732,700	736,700	780,900	6.0%
Other Services & Charges	109,357	116,574	116,694	0.1%
Chargebacks	274,245	292,045	281,238	-3.7%
Total Expenditures	4,300,025	4,315,069	5,078,444	17.7%
Operating Income (Loss) to be covered by fund balance	(806,825)	(923,269)	(622,344)	0.0%
Total Funding Needs	3,362,200	3,141,800	4,056,100	



### **III. Commission-Wide Group Insurance Internal Service Fund**

The Commission-wide Group Insurance Fund accounts for the costs associated with providing health insurance benefits to active and retired employees. Revenues include the employer, employee and retiree share of insurance premiums.

The fund covers all employees with health and other insurance coverage and retirees eligible for health benefits. The operating department's contribution toward employee insurance costs makes up 76% of the revenue. Revenue from employee and retiree share of the premiums makes up 21% of the revenue, with the Employer Group Waiver Plan (EGWP) subsidy and interest income making up the remaining 3%. The fund is treated as an agency-wide fund because its costs are not specifically generated by either county and represent the total health insurance pool cost. In addition, OPEB Pay-go costs are paid through the fund.

The Group Insurance program is part of DHRM and is staffed by 6 full-time positions.

#### **Highlights and Major Changes in the FY21 Proposed Budget**

The proposed FY21 expenditure budget is \$71.30 million, which includes a 15% increase from FY20 budget levels. This increase results from higher claims experience which resulted in a higher rate forecast for FY21.

The FY21 Proposed budget reflects the Commission-adopted employee health insurance cost share. The administrative expenses are factored into the health insurance rates and paid through the employer and employee contributions for health care premiums. The Flexible Spending Program, which is fully employee funded, is also accounted for in this fund.

The proposed budget identifies \$25,000 to support agency-wide health and wellness initiatives and \$30,000 to incentivize annual checkups and wellness assessments, which reduce overall future healthcare costs.

The FY21 Proposed Budget contains a designated reserve of \$7.13 million, which is enough to meet the 10.0% of total operating expenses reserve policy. A summary of the proposed budget follows.

#### **Additional Essential Needs/Requests**

Although the team will be working on enhancing communication strategies, cost containment and workforce wellness, no additional funding for these initiatives is proposed for FY21.

#### **Staffing Changes**

No changes are proposed.

**COMMISSION-WIDE GROUP HEALTH INSURANCE INTERNAL SERVICE FUND**  
**Summary of Revenues, Expenses, and Changes in Fund Net Position**  
**PROPOSED BUDGET FISCAL YEAR 2021**

	FY 19 Actual	FY 20 Adopted	FY 21 Proposed	% Change
Operating Revenues:				
Intergovernmental:	\$	\$	\$	
EGWP Subsidy	1,567,782	2,000,000	2,000,000	0.0%
Charges for Services:				
Employer Contributions, Other	-	14,180	-	-100.0%
Employee/Retiree Contributions	10,625,075	12,737,218	14,618,370	14.8%
Employer Contributions/Premiums	35,569,801	45,913,873	54,271,479	18.2%
Miscellaneous (Claim Recoveries, etc.)	-	-	-	-
Total Operating Revenues	<u>47,762,658</u>	<u>60,665,271</u>	<u>70,889,849</u>	<u>16.9%</u>
Operating Expenses:				
Personnel Services	753,261	781,425	825,082	5.6%
Supplies and Materials	13,899	50,000	50,000	0.0%
Other Services and Charges:				
Professional Services	536,344	483,928	504,018	4.2%
Insurance Claims and Fees	41,718,643	52,215,757	60,507,264	15.9%
Insurance Premiums	8,423,606	8,169,825	9,066,340	11.0%
Change in IBNR	-	-	-	-
Capital Outlay	6,477	-	-	-
Chargebacks	<u>353,640</u>	<u>311,410</u>	<u>343,049</u>	<u>10.2%</u>
Total Operating Expenses	<u>51,805,870</u>	<u>62,012,345</u>	<u>71,295,753</u>	<u>15.0%</u>
Operating Income (Loss)	<u>(4,043,212)</u>	<u>(1,347,074)</u>	<u>(405,904)</u>	<u>-69.9%</u>
Non-operating Revenue (Expenses):				
Interest Income	439,241	200,000	300,000	50.0%
Total Non-operating Revenue (Expenses)	<u>439,241</u>	<u>200,000</u>	<u>300,000</u>	<u>50.0%</u>
Income (Loss) Before Operating Transfers	<u>(3,603,971)</u>	<u>(1,147,074)</u>	<u>(105,904)</u>	<u>-90.8%</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>(3,603,971)</u>	<u>(1,147,074)</u>	<u>(105,904)</u>	<u>-90.8%</u>
Total Net Position, Beginning	<u>15,852,905</u>	<u>12,248,934</u>	<u>11,101,860</u>	<u>-9.4%</u>
Total Net Position, Ending	<u>12,248,934</u>	<u>11,101,860</u>	<u>10,995,956</u>	<u>-1.0%</u>
Designated Position	5,180,587	6,201,235	7,129,575	15.0%
Unrestricted Position	7,068,347	4,900,625	3,866,380	-21.1%
Total Net Position, June 30	<u>\$ 12,248,934</u>	<u>\$ 11,101,860</u>	<u>\$ 10,995,956</u>	<u>-1.0%</u>

# Montgomery County Capital Equipment Internal Service Fund

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## 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 FY21 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 FY21, the Commission is not proposing any new purchases for either the Montgomery Department of Planning, or the Corporate IT division of the Office of the CIO.

For FY21, the Commission is proposing new purchases of \$1,800,000 for the Montgomery Department of Parks, consisting of:

- \$30,000 for a Ventrac mower needed for the Stormwater Management program
- \$115,000 for equipment for the Athletic Field team for the Nutrient Management and Pesticide Reduction Initiative included in the Program Enhancements.
- \$1,655,000 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 2021

	FY 19 Actual	FY 20 Adopted	FY 21 Proposed	% Change
Operating Revenues:				
Charges to Departments	\$	\$	\$	
Planning	273,600	144,400	144,400	0.0%
Parks	1,961,417	795,000	1,018,000	28.1%
Corporate IT	149,150	180,500	161,500	-10.5%
Miscellaneous (Sale of Equipment, etc.)	104,697	-	-	-
Total Operating Revenues	<u>2,488,864</u>	<u>1,119,900</u>	<u>1,323,900</u>	<u>18.2%</u>
Operating Expenses:				
Personnel Services	-	-	-	-
Supplies and Materials	71,704	-	-	-
Other Services and Charges:	5,930	-	-	-
Debt Service:				
Debt Service Principal	-	690,300	600,000	-13.1%
Debt Service Interest	105,417	158,300	105,000	-33.7%
Debt Service Fees	17,355	-	-	-
Depreciation & Amortization Expense	2,786,957	-	-	-
Capital Outlay	-	3,710,000	1,800,000	-51.5%
Other Classifications	-	-	-	-
Chargebacks	42,000	51,755	54,472	5.2%
Total Operating Expenses	<u>3,029,363</u>	<u>4,610,355</u>	<u>2,559,472</u>	<u>-44.5%</u>
Operating Income (Loss)	<u>(540,499)</u>	<u>(3,490,455)</u>	<u>(1,235,572)</u>	<u>-64.6%</u>
Nonoperating Revenue (Expenses):				
Debt Proceeds	32,200	3,710,000	1,800,000	-51.5%
Interest Income	75,649	10,000	10,000	0.0%
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	48,760	-	-	-
Total Nonoperating Revenue (Expenses):	<u>156,609</u>	<u>3,720,000</u>	<u>1,810,000</u>	<u>-51.3%</u>
Income (Loss) Before Operating Transfers	<u>(383,890)</u>	<u>229,545</u>	<u>574,428</u>	<u>150.2%</u>
Operating Transfers In (Out):				
Transfer in	-	-	-	-
Transfer (Out)	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(383,890)	229,545	574,428	150.2%
Total Net Position - Beginning	11,561,683	11,177,793	11,407,338	2.1%
Total Net Position - Ending	<u>\$ 11,177,793</u>	<u>\$ 11,407,338</u>	<u>\$ 11,981,766</u>	<u>5.0%</u>
Note: Future Financing Plans				
Capital equipment financed for Planning	\$	\$ 760,000	\$ -	
Capital equipment financed for Parks		2,700,000	1,800,000	
Capital equipment financed for Corporate IT		250,000	-	

# Prince George's County Capital Equipment Internal Service Fund

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## 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 FY21 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 FY21, the Commission is not proposing any new purchases for either the Prince George's Department of Planning, the Department of Parks and Recreation, or the Corporate IT division of the Office of the CIO.

# 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 2021

	FY 19 Actual	FY 20 Adopted	FY 21 Proposed	% Change
Operating Revenues:				
Charges to Departments	\$	\$	\$	
Parks & Recreation - Park Fund	1,824,627	1,862,427	627,627	-66.3%
Corporate IT	149,150	180,500	161,500	-10.5%
Miscellaneous (Sale of Equipment, etc.)	-	-	-	-
Total Operating Revenues	<u>1,973,777</u>	<u>2,042,927</u>	<u>789,127</u>	<u>-61.4%</u>
Operating Expenses:				
Personnel Services	-	-	-	-
Supplies and Materials	40,928	-	-	-
Other Services and Charges:	4,930	-	-	-
Debt Service:				
Debt Service Principal	-	90,300	-	-100.0%
Debt Service Interest	-	23,300	-	-100.0%
Depreciation & Amortization Expense	1,418,045	-	-	-
Other Financing Uses	-	-	-	-
Capital Outlay	-	250,000	-	-100.0%
Other Classifications	-	-	-	-
Chargebacks	44,000	23,290	-	-100.0%
Total Operating Expenses	<u>1,507,903</u>	<u>386,890</u>	<u>-</u>	<u>-100.0%</u>
Operating Income (Loss)	<u>465,874</u>	<u>1,656,037</u>	<u>789,127</u>	<u>-52.3%</u>
Nonoperating Revenue (Expenses):				
Debt Proceeds	-	250,000	-	-100.0%
Interest Income	21,021	5,000	-	-100.0%
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	(29,594)	-	-	-
Total Nonoperating Revenue (Expenses):	<u>(8,573)</u>	<u>255,000</u>	<u>-</u>	<u>-100.0%</u>
Income (Loss) Before Operating Transfers	<u>457,301</u>	<u>1,911,037</u>	<u>789,127</u>	<u>-58.7%</u>
Operating Transfers In (Out):				
Transfer In	-	-	-	-
Transfer (Out)	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	457,301	1,911,037	789,127	-58.7%
Total Net Position - Beginning	4,923,445	5,380,746	7,291,783	35.5%
Total Net Position - Ending	<u>\$ 5,380,746</u>	<u>\$ 7,291,783</u>	<u>\$ 8,080,910</u>	<u>10.8%</u>
Note: Future Financing Plans				
Capital equipment financed for Planning		\$ -	\$ -	
Capital equipment financed for Parks and Rec		-	-	
Capital equipment financed for Corporate IT		250,000	-	

# Montgomery County

## Wheaton Headquarters Building Internal Service Fund

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### 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 FY21 PROPOSED BUDGET

For FY21, the Wheaton HQ budget is \$2,794,400.

- **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 guest services. In addition, costs for services will include building costs for utilities, telecommunications, and refuse and recycling.
- Capital Outlay: No capital outlay is proposed here.
- Chargebacks: The chargeback cost is for salaries and uniform allowance for two new Park Police positions along with one-time costs for uniforms and equipment.

# Montgomery County

## Wheaton Headquarters Building Internal Service Fund

### SUMMARY OF FY21 PROPOSED BUDGET

#### WHEATON HEADQUARTERS BUILDING INTERNAL SERVICE FUND Summary of Revenues, Expenses, and Changes in Fund Net Position PROPOSED BUDGET FISCAL YEAR 2021

	FY 19 Actual	FY 20 Adopted	FY 20 Estimate	FY 21 Proposed	% Change
Operating Revenues:					
Intergovernmental	\$	\$	\$	\$	
Montgomery County		528,977	75,000	1,592,808	201.1%
Charges for Services (Office Space Rental):					
MC Planning		199,526	92,796	600,796	201.1%
MC Parks		199,526	92,796	600,796	201.1%
Rental Revenues		-	-	-	-
Miscellaneous		-	-	-	-
Total Operating Revenues	-	928,029	260,592	2,794,400	201.1%
Operating Expenses:					
Personnel Services					-
Supplies and Materials					-
Other Services and Charges		434,836	131,592	2,602,400	498.5%
Capital Outlay		300,000	129,000	-	-100.0%
Chargebacks		193,193		192,000	-0.6%
Total Operating Expenses	-	928,029	260,592	2,794,400	201.1%
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	\$ -	\$ -	\$ -	\$ -	-