



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 18, 2021

**MEMORANDUM**

**TO:** Montgomery County Planning Board

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

**DATE:** November 15, 2021

**SUBJECT:** FY 2023 CAS Budget Requests

Please find attached FY23 budget requests from the Department of Human Resources and Management (DHRM), the Merit System Board, the Finance Department, the Legal Department, the Office of Inspector General, 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:

DHRM and CAS Support	pages 1-3
Merit System Board	page 4
Finance	pages 5-6
Legal	pages 7-8
Inspector General	pages 9-11
CIO	pages 12-17
Internal Service Fund Summary	page 18
Executive Office Building	pages 18-19
Risk Management	pages 20-24
Group Insurance	pages 25-26
Capital Equipment	pages 27-28
Wheaton Headquarters	pages 29-30



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 10, 2021

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

From: Asuntha Chiang-Smith, Executive Director *AC-S*  
Katie Knaue, Deputy Corporate Budget Director *KLK*  
Michael Beckham, Acting Corporate Policy & Management Operations Director  
Brian Coburn, Acting Budget and Management Operations Chief

Subject: FY23 Proposed Budget – Administration Fund

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

**Requested Action**

We are requesting approval of the FY23 proposed Department of Human Resources and Management (DHRM), Central Administrative Services (CAS) Support Services and Merit System Board Administration Fund budgets.

**I. DEPARTMENT OF HUMAN RESOURCES AND MANAGEMENT**

**Base Budget Request**

The DHRM Proposed Base Budget request is \$6,364,077, which is an increase of 6.7%, or \$400,270.

**New Initiatives Request**

The Department is requesting two new positions totaling **\$86,303 to Montgomery and \$128,916 to Prince George's**:

**Technical Specialist (\$49,694 to Montgomery and \$74,230 to Prince George's)** – This position is requested to bring IT technical expertise to our HR Information Systems team in order to keep in pace with the level of service required by departmental needs. The current process for maintaining employee records is mostly a time-consuming manual process, requiring a significant amount of staff time to complete regular tasks (ex. processing employee pay adjustments) and special tasks (ex. processing employee vaccine certifications) and thus delays the administration of pay and other vital HR actions. This position is needed to automate processes and ensure these critical functions are supported when the ERP system reaches end of life, both of which will enable DHRM to better serve the departments.

**Records Specialist (\$36,609 to Montgomery and \$54,686 to Prince George's)** – This position is requested to ensure we continue to meet the Archives program requirements mandated by state law. This program only has one full time career position assigned to it, which opens the agency up for risk of not meeting state recordkeeping and public information mandates and timeframes. A second full time position will facilitate

the creation of a skills succession plan for this crucial program, ensure the required qualitative aspects of the program are met, prepare for the increased need in services from the departments and enable the Archives program to fully meet the needs of the Departments.

The Department is also requesting to **Support two new CWIT Initiatives (\$20,430 to each county)**. The Department's portion of the Continuation of Operations Plan and Learning Management System CWIT initiatives have been reduced since the presentation in October.

#### Total Budget Request

The total proposed budget request is \$6,620,156, which is an 11.0% increase of \$656,349. The FY23 funding allocation is 40.1% Montgomery, and 59.9% Prince George's, which is a shift of 0.8% from Montgomery to Prince George's.

#### DEPARTMENT OF HUMAN RESOURCES & MANAGEMENT PRELIMINARY FY23 OPERATING BUDGET REQUEST

	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change	Positions
FY22 Adopted Budget	\$ 2,578,932	\$ 3,384,875	\$ 5,963,807		

#### FY23 BASE BUDGET INCREASES

Salaries	58,191	177,312	235,503		
Benefits	(8,173)	18,616	10,443		
Other Operating Changes	12,247	25,419	37,666		
Chargebacks	(13,039)	(7,585)	(20,624)		
Position transfer from Finance	55,050	82,232	137,282		
<b>Subtotal Increase - Base Budget Request</b>	<b>\$ 104,276</b>	<b>\$ 295,994</b>	<b>\$ 400,270</b>	<b>6.7%</b>	

Change to Base Between Counties from Labor Cost Allocation Change

#### PROPOSED CHANGES

CWIT - COOP	18,000	18,000	36,000		
CWIT - Learning Management System	2,430	2,430	4,860		
HR ERS Automation Position	49,694	74,230	123,924		
Records Specialist Position	36,609	54,686	91,295		
<b>Subtotal Proposed Changes</b>	<b>\$ 106,733</b>	<b>\$ 149,346</b>	<b>\$ 256,079</b>	<b>4.3%</b>	<b>2.0</b>
<b>Total Increase FY23 Proposed Budget Request</b>	<b>\$ 2,789,940</b>	<b>\$ 3,830,216</b>	<b>\$ 6,620,156</b>	<b>11.0%</b>	<b>2.0</b>

## **II. CENTRAL ADMINISTRATIVE SUPPORT SERVICES**

The FY22 proposed budget is \$1,565,026 which is a 9.7% increase of \$138,176.

The main cost driver for this budget is occupancy for the bi-county departments. This has increased by 18% due to anticipation of CAS's absorption of Prince George's Parks and Recreation Information Technology and Communications Division's space in the Executive Office Building (EOB) and a 4% increase in EOB rent for FY23.

The FY23 funding allocation is 44.0% to Montgomery and 56.0% to Prince George's, which is a 0.4% shift from Montgomery to Prince George's.

### **Proposed New Initiatives**

There are no new requests for FY23.

#### **CAS SUPPORT SERVICES PRELIMINARY FY23 OPERATING BUDGET REQUEST**

	<b>MC Admin Fund</b>	<b>PGC Admin Fund</b>	<b>DEPARTMENT TOTAL</b>	<b>% Change</b>
<b>FY22 Adopted Budget</b>	<b>\$ 634,336</b>	<b>\$ 792,514</b>	<b>\$ 1,426,850</b>	

#### **FY23 BASE BUDGET INCREASES**

Salaries	-	-	-	
Benefits	(40)	40	0	
Other Operating Changes	55,923	82,253	138,176	
Chargebacks	-	-	-	
FY22 One-time Expenses	-	-	-	
<b>Subtotal Increase - Base Budget Request</b>	<b>\$ 55,883</b>	<b>\$ 82,293</b>	<b>\$ 138,176</b>	<b>9.7%</b>

Change to Base Between Counties from Labor Cost Allocation Change

#### **PROPOSED CHANGES**

No new initiatives proposed	-	-	-	
<b>Subtotal Proposed Changes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Total Increase FY23 Proposed Budget Request</b>	<b>\$ 690,219</b>	<b>\$ 874,807</b>	<b>\$ 1,565,026</b>	<b>9.7%</b>

### III. MERIT SYSTEM BOARD

The FY23 proposed budget is \$167,775, which is a 2.0% increase of \$3,227. Both counties fund the Merit System Board's budget equally. The total expense to each county is \$83,888.

#### Proposed New Initiatives

There are no new requests for FY23.

#### MERIT SYSTEM BOARD PRELIMINARY FY23 OPERATING BUDGET REQUEST

	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change	Positions
FY22 Adopted Budget	\$ 82,274	\$ 82,274	\$ 164,548		

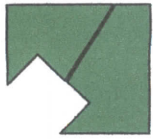
#### FY23 BASE BUDGET INCREASES

Salaries	151	151	302		
Benefits	(883)	(883)	(1,765)		
Other Operating Changes	2,345	2,345	4,690		
Chargebacks	-	-	-		
FY22 One-time Expenses	-	-	-		
Subtotal Increase - Base Budget Request	\$ 1,614	\$ 1,614	\$ 3,227	2.0%	

Change to Base Between Counties from Labor Cost Allocation Change

#### PROPOSED CHANGES

Total Increase FY23 Proposed Budget Request	\$ 83,888	\$ 83,888	\$ 167,775	2.0%	
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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION  
Officer of the Secretary-Treasurer  
6611 Kenilworth Avenue, Suite 204 • Riverdale, Maryland 20737

MEMORANDUM

DATE: November 12, 2021

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

FROM: Joseph C. Zimmerman, Secretary-Treasurer

SUBJECT: Finance Department FY23 budget submission

In developing this updated estimate of the FY 23 budget request, the Finance Department has carefully considered the service needs of the operating departments. The request is still considered preliminary

The base budget request, including major known commitments, will increase by 3.0%. This increase is due to increased benefit costs, the conclusion of the long-running reclassification project, and the annualization of multiple Merit increases approved in FY22.

After careful consideration and input from the operating departments, there are three proposed funding requests for fiscal 2023:

- Funding is requested for a new Payroll Accountant position to decrease the high risk associated with a single position ensuring we stay in tax compliance and assist with the extensive work program
- The transfer of the Diversity Business Program Manager to the Department of Human Resources and Management (DHRM).
- Funding for Finance's share of Commission Wide IT initiatives which are presented as part of the office of the IO's budget request, and I support them.

Should the request be funded in its current form, an additional \$161,119 or 3.0% of additional funds will be required in FY 23 vs FY 22, per the attached schedule.

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

**FINANCE DEPARTMENT  
PRELIMINARY FY23 OPERATING BUDGET REQUEST**

	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change	Positions
<b>FY22 Adopted Budget</b>	<b>\$ 2,393,314</b>	<b>\$ 2,948,743</b>	<b>\$ 5,342,057</b>		<b>47.00</b>
Salaries	79,439	122,009	201,448		
Benefits	(24,906)	(29,427)	(54,333)		
Other Operating Changes	-	-	-		
Chargebacks	(5,767)	(21,338)	(27,105)		
CIO/CWIT	4,261	1,447	5,708		
<b>Base Budget Request</b>	<b>\$ 53,027</b>	<b>\$ 72,691</b>	<b>\$ 125,718</b>	<b>2.4%</b>	
Labor Cost Allocation Change					
Transfer Diversity Manager to DHRM	(54,038)	(72,513)	(126,551)		(1.00)
Payroll Accountant II	48,231	64,721	112,952		1.00
Department Share of CIO/CWIT Initiatives	24,500	24,500	49,000		
<b>Subtotal Proposed Changes</b>	<b>\$ 18,693</b>	<b>\$ 16,708</b>	<b>\$ 35,401</b>	<b>0.7%</b>	
<b>Total Increase FY23 Proposed Budget Request</b>	<b>\$ 2,465,034</b>	<b>\$ 3,038,142</b>	<b>\$ 5,503,176</b>	<b>3.0%</b>	<b>47.00</b>




**Office of the General Counsel**  
**Maryland-National Capital Park and Planning Commission**

*Reply To*

**Adrian R. Gardner**  
General Counsel  
6611 Kenilworth Avenue, Suite 200  
Riverdale, Maryland 20737  
(301) 454-1670 • (301) 454-1674 fax

**MEMORANDUM**

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

FROM: Debra S Borden Deputy General Counsel   
Adrian R. Gardner General Counsel

DATE: November 10, 2021

SUBJECT: **Legal Department Preliminary Budget Estimate – FY2023**

This memorandum presents a preliminary estimate to guide development of a FY23 budget proposal for the Office of General Counsel (“OGC” or “Legal Department”). We submit the following budget framework for discussion:

LEGAL DEPARTMENT						
PRELIMINARY FY23 OPERATING BUDGET REQUEST						
		MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL		% Change
	FY22 Adopted Budget	\$ 1,611,525	\$ 1,385,985	\$ 2,997,510		
FY23 BASE BUDGET INCREASES						
	Salaries	231,139	125,103	356,242		
	Benefits	87,419	57,604	145,023		
	Other Operating Changes	4,995	4,896	9,891		
	Chargebacks	(295,468)	(66,132)	(361,600)		
	FY22 One-time Expenses					
	Subtotal Increase - Base Budget Request	\$ 28,085	\$ 121,471	\$ 149,556		5.0%
	Change to Base Between Counties from Labor Cost Allocation Change	\$ 1,639,610	\$ 1,507,456	\$ 3,147,066		
PROPOSED CHANGES						
	Department Share of CWIT LMS System	765	765	1,530		
	Department Share of CIO/CWIT Initiatives	2,000	2,000	4,000		
	Subtotal Proposed Changes	\$ 2,765	\$ 2,765	\$ 5,530		0.2%
	Total Increase FY23 Proposed Budget Request	\$ 1,642,375	\$ 1,510,221	\$ 3,152,596		5.2%



### Base Budget Overview

The Office of General Counsel has, in coordination with the Montgomery County Planning Board Chair, incorporated into the OGC a work unit made up of two (2) Senior Technical Hearing Writers for the Montgomery County Commissioners' Office. The OGC's FY23 will reflect the addition of these positions, as well as a corresponding chargeback from the Montgomery County Commissioners' Office. The FY23 Proposed Budget also accounts for the reduced service level at MRO that was required to meet the FY19, FY20, FY21 and FY 22 funding cuts in the Montgomery County Administrative Fund. After providing for the combined fiscal impact of approved merit and make-up merit increases, including expected increases in fringe benefit costs, the fiscal impact of our personnel budget is a net increase of \$149,556 resulting in personnel services allocated to the respective administrative funds as follows:

- Montgomery County Administration Fund: \$1,639,610 (1.7% increase)
- Prince George's County Administration Fund: \$1,507,456 (8.1% increase)

These figures reflect the updated labor allocation formula between Montgomery and Prince George's Counties respectively, 50.5% to 49.5%, as well as any changes in non-departmental charges passed through for capital equipment, the CIO allocation, CWIT charges, etc. Please refer to those non-departmental CAS budget estimates for specific details and amounts.

Additionally, our proposed estimate is based on a modest pass through of interdepartmental chargebacks that remain under discussion with our client departments. The proposed estimates will be subject to change to reflect final pension and/or OPEB numbers.

### Conclusion

We hope the approach discussed above reflects an appropriate level of prudence and we look forward to additional discussion of our budget priorities.

\* \* \*

cc: Melva Brown, Legal 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 18, 2021

To: Montgomery County Planning Board

Prince George's County Planning Board

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

*Renee M Kenney*

Re: FY23 Budget Request/Justification

The following budget proposal includes minor changes from the proposal presented to the Planning Board's on October 14, 2021. Primary changes include finalized pension and benefit costs.

Office of the Inspector General						
PRELIMINARY FY23 OPERATING BUDGET REQUEST						
			MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change
		<b>FY22 Adopted Budget</b>	<b>\$ 371,243</b>	<b>\$ 370,144</b>	<b>\$ 741,387</b>	
<b>FY23 BASE BUDGET INCREASES</b>						
		Salaries	(46,523)	63,132	16,609	
		Benefits	(16,984)	11,283	(5,701)	
		Other Operating Changes	287	860	1,147	
		Chargebacks		(3,836)	(3,836)	
		FY22 One-time Expenses				
		<b>Subtotal Increase - Base Budget Request</b>	<b>\$ (63,220)</b>	<b>\$ 71,439</b>	<b>\$ 8,219</b>	<b>1.1%</b>
<b>PROPOSED CHANGES</b>						
		CWIT LMS	\$ 45	\$ 45	\$ 90	
		CWIT COOP	2,500	2,500	5,000	
		Professional Service Fund	40,900	59,100	100,000	
		Deputy Inspector General	65,199	94,211	159,410	
		Inspector III	47,839	69,128	116,967	
		<b>Subtotal Proposed Changes</b>	<b>\$ 156,483</b>	<b>\$ 224,984</b>	<b>\$ 381,467</b>	<b>51.5%</b>
		<b>Total FY23 Proposed Budget Request</b>	<b>\$ 464,506</b>	<b>\$ 666,567</b>	<b>\$ 1,131,073</b>	<b>52.6%</b>

The Office of the Inspector General (OIG) is requesting a \$389,686 (52.6%) increase to their FY22 budget. The increase per county is \$93,263 for Montgomery County and \$296,423 for Prince George's County.

The proposed increase includes base budget adjustments of \$8,219 and \$381,467 of proposed changes, discussed below. Per a request from the Montgomery County Planning Board, proposed changes have been assigned tiers to assist in decision making.

#### Base Budget Adjustments (1.1%)

The OIG's base budget remains fairly stable, with a slight increase of \$8,219. The increase is primarily due to approved increases in personnel costs. Due to the recalculation of chargebacks, Prince George's County's base budget increased by \$71,439 while Montgomery County's personnel costs decreased by \$63,220.

#### Proposed Changes (51.5%)

The OIG is requesting several adjustments to their budget at total cost of \$381,467. Two of the requests are for new positions to support operations. The OIG currently has five (5) professional positions<sup>1</sup>, including the Inspector General. The OIG's professional staffing level has remained flat since FY2015 when the Counties approved the IT Audit Manager position. In 2017 the Commission was legally mandated to create the Office of the Inspector General. No additional staffing was approved to meet this mandate.

#### Tier 1 Requests (High Priority)

- **Deputy Inspector General (\$159,410)** - The current workforce does not provide opportunity for leadership development and succession planning. Per Government Auditing Standards (§4.04), "The audit organization should have a process for recruitment, hiring, continuous development, assignment, and evaluation of personnel so that the workforce has the essential knowledge, skills, and abilities necessary to conduct the engagement." Approval of the Deputy Inspector General position will help ensure the OIG benefits from strong and continuous leadership. The Inspector General will seek additional guidance from the Audit Committee on position type. This request currently supports a regular Merit Board position. Another option includes a contract position which aligns with the Inspector General's term which will expire in December 2025. Both options require similar funding.
- The OIG is requesting **\$100,000** in professional service funds to complete complex information security assessments resulting from attacks and breaches (internal and external). To protect the integrity of investigations, the professional services

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<sup>1</sup> Inspector General, IT Audit Manager, three (3) Inspectors/Auditors. Note: The OIG has a part-time seasonal position to support operations, budgeted at \$27,989 (base and fringe).

(i.e. assessments and investigations) should be outside of departmental oversight. Currently the OIG has one IT Audit Manager tasked with audits, evaluations, fraud waste and abuse investigations, and review of incidents and breaches within the IT systems. These funds will also be available to assist in the completion of managerial advisories (i.e. requests from Departments). Per Government Auditing Standards (§4.13), "Some engagements may necessitate the use of specialized techniques or methods that call for the skills of specialists."

## Tier 2

- The OIG's budget includes **\$5,090** of funding for two (2) new initiatives to support CWIT projects. The new initiatives include a learning management system (LMS) and a project to complete the Commission's Continuity of Operations Plan (COOP).

## Tier 3

- **Inspector III (\$116,967)** - The current staffing level prohibits the OIG from completing audits of areas and processes identified as high risk by Commission management. Each year the OIG completes risk assessment interviews with Commission management. Management self identifies high risk areas that would benefit from audit. For inclusion in the FY22 Audit Plan, management identified 33 processes (23 business operations and 10 Information Technology processes/applications) that would benefit from audit. Currently staffing only supports the review/audit of 12 identified processes. That represents a fraction (36%) of high risk processes identified by management. The FY22 Audit Plan also includes 9 Commission-wide facility audits (e.g. Community Centers, Maintenance Yards, Golf Courses, Nature Centers, etc.). Again, this is a fraction of facilities that would benefit from audit.

In summary, if the OIG's budget is approved as presented with all proposed changes, the total impact to Montgomery County will be \$93,263. This modest increase will provide the necessary staffing and professional services to ensure the OIG has the resources to meet the mandated objectives of the office.

Thank you for your consideration.



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 10, 2021

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

FROM: Mazen Chilet, Chief Information Officer *Chilet*  
Katie Knaue, Deputy Corporate Budget Director *KUK*

SUBJECT: FY23 Proposed Office of the Chief Information Officer (CIO) Budgets

We are requesting approval of the FY23 Proposed Office of the Chief Information Officer (CIO) operating and project budgets. The three programs are:

1. Corporate Information Technology (CIT) Administration Fund
2. Office of the CIO (OCIO) Internal Service Fund
3. Commission-Wide IT Initiatives (CWIT) Internal Service Fund

**CORPORATE INFORMATION TECHNOLOGY (CIT)**

Base Budget Request

The CIT Proposed Base Budget request is \$2,849,894, which is an increase of 3.7%, or \$101,492.

New Initiatives Request

Corporate IT is requesting a total \$13,500 in new funding to support the following CWIT initiatives:

- \$1,500 for an agency-wide Learning Management System (LMS)
- \$12,000 for the agency-wide Continuity of Operations Plan (COOP) assessment and development

Total Budget Request

The total Proposed Budget Request for FY23 is \$2,863,395, an increase of \$114,992 or 4.2%. The FY23 Corporate IT allocation is 50% to Montgomery and 50% to Prince George's, which is a 0.4% shift from Prince George's to Montgomery.

CORPORATE IT  
PRELIMINARY FY23 OPERATING BUDGET REQUEST

	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change	Positions
FY22 Adopted Budget	\$ 1,556,708	\$ 1,191,694	\$ 2,748,402		

FY23 BASE BUDGET INCREASES

Salaries	35,435	20,015	55,450	2.0%
Benefits	(11,310)	(17,283)	(28,592)	-1.0%
Other Operating Changes	95,183	76,750	171,933	6.3%
Chargebacks	(30,995)	(66,304)	(97,298)	-3.5%
FY22 One-time Expenses				
<b>Subtotal Increase - Base Budget Request</b>	<b>\$ 88,314</b>	<b>\$ 13,179</b>	<b>\$ 101,493</b>	<b>3.7%</b>

Change to Base Between Counties from Labor Cost Allocation Change

PROPOSED CHANGES

Learning Management System	750	750	1,500	
COOP Automation	6,000	6,000	12,000	
			-	
<b>Subtotal Proposed Changes</b>	<b>\$ 6,750</b>	<b>\$ 6,750</b>	<b>\$ 13,500</b>	<b>0.5%</b>
<b>Total Increase FY23 Proposed Budget Request</b>	<b>\$ 1,651,772</b>	<b>\$ 1,211,623</b>	<b>\$ 2,863,395</b>	<b>4.2%</b>

**TRANSFER OF LICENSE AND SUBSCRIPTION FEES FROM CWIT TO CIO**

Beginning in FY23, licenses and subscriptions previously budgeted in CWIT are proposed to be moved the CIO budget. License and subscription costs are ongoing and separate from the project costs, which have finite beginnings and endings. This move will provide more distinction between the two types of expenses. The overall proposed change to both budgets is:

	FY22 Adopted	FY23 Proposed	Change	% Change
CIO	1,525,471	5,860,817	4,335,346	284%
CWIT	4,455,916	1,593,266	(2,862,650)	(64%)
<b>Total</b>	<b>5,981,387</b>	<b>7,454,083</b>	<b>1,472,696</b>	<b>25%</b>

## **OFFICE OF THE CHIEF INFORMATION OFFICER (CIO) INTERNAL SERVICE FUND**

### **Base Operating Budget Request**

The CIO Proposed Base Budget request is \$1,660,808, an increase of 8.9%, or \$135,337.

### **New Initiatives Request**

The proposed CIO budget includes \$90 in new funding to support the agency-wide Learning Management System (LMS) CWIT initiative.

### **Total Budget Request**

The total Proposed Budget Request is \$1,660,898 which is an 8.9% increase of \$135,427. The FY23 CIO budget allocation is 44.2% to Montgomery and 55.8% to Prince George's, which is a 1.2% shift from Prince George's to Montgomery.

#### **OFFICE OF THE CHIEF INFORMATION OFFICER PRELIMINARY FY23 OPERATING BUDGET REQUEST**

	MC Funding	PGC Funding	DEPARTMENT TOTAL	% Change	Positions
FY22 Adopted Budget	\$ 674,188	\$ 851,283	\$ 1,525,471		

#### **FY23 BASE BUDGET INCREASES**

Salaries	26,246	33,140	59,386	
Benefits	15,709	19,835	35,544	
Other Operating Changes	17,853	22,555	40,407	
Chargebacks	-	-	-	
FY22 One-time Expenses	-	-	-	
<b>Subtotal Increase - Base Budget Request</b>	<b>\$ 59,807</b>	<b>\$ 75,530</b>	<b>\$ 135,337</b>	<b>8.9%</b>

Change to Base Between Counties from Labor Cost Allocation Change

#### **PROPOSED CHANGES**

CWIT Request - LMS	45	45	90	
<b>Subtotal Proposed Changes</b>	<b>\$ 45</b>	<b>\$ 45</b>	<b>\$ 90</b>	<b>0.0%</b>
<b>Total Increase FY23 Proposed Budget Request</b>	<b>\$ 734,040</b>	<b>\$ 926,858</b>	<b>\$ 1,660,898</b>	<b>8.9%</b>

### **Base Budget Licenses and Subscriptions**

Ongoing licenses and subscriptions total \$4,199,919.

### **New Requests Licenses and Subscriptions**

The CIO is proposing one new license totaling \$31,460 for Kronos Advanced Scheduler. This license only impacts the Prince George's Recreation Fund.

### **COMMISSION-WIDE IT (CWIT) INTERNAL SERVICE FUND**

The CIO presented the proposed amounts for both ongoing, new, and financed projects in detail at the most recent IT Council meeting. The Council members approved the following projects after considering the merit of the projects, needs, and cost effectiveness.

Software Licenses and Subscriptions are proposed to move from CWIT to the CIO budget in FY23 and are not reflected in this budget.

The FY23 request to fund ongoing, new, and financed projects is \$1,593,266

#### **Base Continuing Projects Budget Request**

The continuing projects proposed total \$360,000 and include:

- **Security Remediation (\$100,000)** – Annual assessments of the agency’s security profile by external security experts are essential in ensuring adequate processes are in place to protect our assets. This funding will be used to conduct the assessment and implement any corrective action recommended by the findings.
- **ERP Enhancements (\$200,000)** – The agency is required to comply with various regulations (PII, HIPPA, COBRA, etc.), which are always evolving. These funds will address any changing mandates, critical operational needs, and other updates needed to meet requirements identified by our Departments.
- **Kronos Management (\$60,000)** – Our timekeeping (Timecard) system is the first step in the process of compensating agency employees for their work. System patching and enhancements are critical to meet evolving business needs and regulatory compliance.

#### **Financed Continuing Project Budget Requests**

The financed projects proposed total \$883,266 and include:

- **Facility Access Control (\$123,266)** – The process of replacing the Alliance facility access system with Lenel is ongoing. The project began in February 2017 and is scheduled to be completed during FY23.
- **ERP Upgrade (\$760,000)** – The ERP system enables the agency to perform several essential operations including payment and procurement processing, accounting and budgeting, HR records and personnel action processing, employee and retiree benefits management, financial and HR reporting, and treasury, investments and debt management.

The current version will reach end of life in April 2026. Once we pass this point, the software will no longer be supported. This will significantly increase operational costs as non-supported software is more expensive to support, the functionality necessary to adapt to new regulatory requirements will not be available, the ability to go to another vendor will be exponentially more difficult, and time and funding will be squandered due to a return to manual processes.

Multi-year funding of \$4,000,000 began in FY22. \$1,000,000 was proposed in FY22. CAS and Prince George’s County departments funded their portion in FY22 through the adopted budget. Montgomery County Planning and Parks funded their portion with FY21 year-end savings.



The general project schedule established indicates that to avoid funding the project through one multi-million-dollar contribution in a single fiscal year, it is necessary to continue funding through the internal financing initiated in FY22.

The remaining \$3 million is proposed to be financed over the next 5 years, resulting in a bi-county amount of \$760,000 per year from FY23 to FY27. The annual cost distribution to each county is:

- Montgomery County - \$312,132
- Prince George's County – \$447,868

#### New Project Budget Requests

The new projects proposed total \$350,000 and include:

- **Learning Management System (LMS) (\$150,000)** – An agency-wide LMS platform will provide a single unified place where all types of training can be offered. The system will efficiently allow common training materials to be shared across the Commission, enable employees to be uniformly trained on important subjects like respectful workplace, diversity and inclusion, and fraud, waste, and abuse. The new platform will also improve the internal instructor's and user's training experiences and reduce the high cost for the multiple platforms currently used by different parts of the agency.
- **Continuation of Operations Plan (COOP) (\$200,000)** – COOP is the comprehensive plan to ensure continuation of critical business functions should a disruption occur. It includes contingencies for physical, data/intellectual as well as staffing.

An updated COOP plan is needed not only to provide immediate disaster recovery from an event but ensure operations can continue throughout an unexpected scenario. Research and experience show that backups are not enough to restore operations after an incident, and insurance cannot protect our data.

This project is broken out into several steps, each executed by internal staff, consultants, or both internal staff working with consultants. After hearing suggestions from the departments, this request has been reduced by \$50,000 by dissecting out certain steps that can be completed by internal staff instead of the external consultant.

The proposed budgetary impact of these projects for each department is:

FY23 CWIT New Projects Funding Needs - Montgomery			
	LMS	COOP	Total
Planning	8,925	16,000	24,925
Parks	49,890	22,000	71,890
CAS	5,535	51,000	56,535
<b>Total:</b>	<b>64,350</b>	<b>89,000</b>	<b>153,350</b>

**FY23 CWIT New Projects Funding Needs - Prince George's**

	<b>LMS</b>	<b>COOP</b>	<b>Total</b>
Planning	8,925	16,000	24,925
Parks	28,095	22,000	50,095
Recreation	43,095	22,000	65,095
CAS	5,535	51,000	56,535
<b>Total:</b>	<b>85,650</b>	<b>111,000</b>	<b>196,650</b>



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 10, 2021

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

From: Asuntha Chiang-Smith, Executive Director  
Katie Knaue, Deputy Corporate Budget Director  
Michael Beckham, Acting Corporate Policy and Management Operations Director  
Brian Coburn, Acting Budget & Management Operations Chief

Subject: FY23 Proposed Budget – Internal Service Funds

- Executive Office Building
- Risk Management
- Group Health Insurance

**Requested Action**

We request approval of the FY23 proposed budgets for the Executive Office Building (EOB), Risk Management, and agency-wide Group Health Insurance Internal Service Funds (ISF).

**I. EXECUTIVE OFFICE BUILDING FUND**

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 Chief Information Officer, Merit System Board and Employees' Retirement System. The Prince George's Parks and Recreation Information Technology and Communication Division is currently a tenant but will be vacating their space by the end of this year. This space will be repurposed for bi-county operations so there will be no reduction in rental income.

**FY23 Priorities**

**COVID-19 Response:** Continue to respond to the pandemic by procuring personal protective equipment and cleaning supplies and assessing building systems (including HVAC systems) and conducting necessary updates to those systems.

**Maintain Operations:** Continue to ensure the facility is clean and fully functioning through maintenance and repair of systems and equipment, conducting necessary improvements, and addressing any concerns of tenants and visitors.

**Proposed Budget Overview**

The FY23 proposed EOB budget is \$1,570,259 which includes a 4.6% increase of \$69,054. This increase is due to the following factors:

**Revenue:** EOB operations are funded through rent charges to tenants, interest income and the use of fund balance. A 4.0% increase in occupancy charges is proposed for FY23.

**Personnel Services:** Compensation to support two full-time career positions necessary to manage the daily operations of the building is proposed to remain relatively flat with a small increase of 0.8%.

**Supplies and Materials:** The cost of supplies and materials required to operate the facility have been steadily increasing due to supply chain challenges and COVID-19. The proposed budget for these costs includes an increase of 4.9%.

**Other Services and Charges:** Operational costs including utilities, janitorial services, maintenance, and repairs are paid out of this category, which is proposed to increase by 5.6%.

**Capital Projects:** Budgeted expenses for structural building improvements, machinery, and equipment are proposed to increase by 5.9%.

**Chargebacks:** Salary allocations of DHRM staff time that can be directly attributed to management of the facility are charged back to this budget, which includes a 3.0% increase.

#### **Proposed New Initiatives**

No new initiatives or staffing changes are proposed.

### **EXECUTIVE OFFICE BUILDING INTERNAL SERVICE FUND**

	<b>ADOPTED FY21</b>	<b>ADOPTED FY22</b>	<b>PROPOSED FY23</b>	<b>% CHANGE</b>
<b>REVENUES</b>				
Rental Income - Office Space				
PGC Parks and Recreation	126,178	131,225	0	-100.0%
Retirement System	108,680	113,027	117,548	4.0%
Chief Information Office	59,644	62,030	64,511	4.0%
Risk Management	54,808	57,000	59,280	4.0%
Group Insurance	65,338	67,952	70,670	4.0%
CAS Departments	937,352	974,846	1,150,314	18.0%
Interest Income (Non-operating)	50,000	50,000	4,000	-92.0%
Total Revenues	1,402,000	1,456,080	1,512,323	1%
<b>EXPENDITURES</b>				
Personnel Services	243,910	256,135	258,176	0.8%
Supplies and Materials	43,400	61,000	64,000	4.9%
Other Services and Charges	1,003,490	988,644	1,044,300	5.6%
Capital Outlay	85,000	85,000	90,000	5.9%
Chargebacks	98,772	110,426	113,783	3.0%
Total Expenditures	1,474,572	1,501,205	1,570,259	4.6%
Operating Income (Loss) to be covered by fund balance	(72,572)	(45,125)	(103,936)	

## **II. RISK MANAGEMENT FUND**

This Fund supports a vigorous Commission-wide risk management program that provides safe facilities and programs for employees and patrons, protects agency assets, and ensures compliance with federal and state regulations. Program goals are met through proactive risk assessments, development and delivery of a comprehensive safety training program, coordination of COOP plans and public health concerns, compliance reviews for adherence to federal and state safety regulations, administration of liability and workers' compensation programs, and management of agency wide safety programs such as the drug and alcohol education and testing program, driver safety, and emergency response programs.

The Fund also covers participation in the Montgomery County Self Insurance Program (MCSIP), which is open to the Commission as a bi-county organization. The MCSIP provides independent claims adjudication services, group coverage for commercial insurance policies for 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.

### **FY23 Program Priorities**

**COVID-19 Response and Other Public Health Concerns:** Monitor and actively manage emerging and ongoing public health issues such as the COVID-19 pandemic response, including implementation of federal, state and local guidance, and developing agency-wide safety protocols and Continuity of Operations Plans. Providing supplies to our Park Police and /ensuring a pipeline of supplies

**Continuity of Operations Plans (COOP):** Oversee the development and implementation of an agency-wide web-based COOP template, coordinate COOP activities with county COOP functions and conduct regular desktop training exercises. Monitor annual reviews for necessary updates.

**Training:** Conduct specialized training ensure compliance with workplace safety regulations, prevent accidents and injuries, and reduce costs to the Departments.

**Compliance Reviews:** Continue comprehensive facility inspections to provide safe spaces for employees and visitors. Conduct regular audits of losses and accidents to identify areas of focus, coordinated return to work strategies, and proper case reserves.

**Emergency Preparedness:** Perform regular review of site-specific emergency action protocols for agency facilities.

**Loss Monitoring:** Conduct regular assessments of worker's compensation and liability claims, property losses, and recommend strategies for containing costs, improving safety, and reducing liability to the agency.

### **Proposed Budget Overview**

By far, workers' compensation claims that occur in the Departments are the main cost diver for the Risk Management budget, followed by liability claims. Therefore, fluctuations in the Risk Management budget are largely driven by changes in these areas. Other components of the budget include insurance costs, personnel costs, and external administration fees.

The total FY23 Proposed Budget is \$6,922,900, which is 7.8% decrease from FY22. This is due to a decrease in workers' compensation claims in the departments. To offset the total expense to each county, unrestricted fund balance and interest income have been applied against the expenses. After

application of fund balance, the decrease from FY22 is 6.4% to Montgomery and 8.8% to Prince George's. The total expense to each county is:

	Montgomery	Prince George's	Total
FY22 Adopted:	3,153,300	4,354,100	7,507,400
<b>FY23 Proposed:</b>	<b>2,951,400</b>	<b>3,971,500</b>	<b>6,922,900</b>
Variance	(201,900)	(382,600)	(584,500)
% Change	(6.4%)	(8.8%)	(7.8%)

**Workers' Compensation and Liability Claims Expenses:** This is the largest component of the Risk Management budget with claim costs being \$4,802,600, or 56.7% of the Proposed Budget.

*Workers' Compensation:* Workers' compensation claims generated from the Departments makes up approximately 57% of all claims. Expenses in this area cover workplace claims which are compensable under state law. These costs cover medical and wage reimbursements for employees with work related injuries and illnesses. By nature, this expense can significantly vary from year-to-year, based on the number, severity, and complexity of claims filed. The agency participates in the MCSIP for claim management services, and we rely on the services of an actuarial consultant to review historical losses and determine our projected costs.

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.

*Liability:* The remaining projected claim expenses are related to property damage, general liability, and auto claims.

The total workers' compensation claims for each county:

Workers' Compensation Claims Filed				
	FY20	FY21	Change	% Decrease
Montgomery	150	93	(57)	-38%
Prince George's	157	118	(39)	-25%
<b>Total</b>	<b>307</b>	<b>211</b>	<b>(96)</b>	<b>-31%</b>

The total general liability claims for each county:

General Liability Claims Filed				
	FY20	FY21	Change	% Decrease
Montgomery	58	70	12	21%
Prince George's	106	94	(12)	-11%
<b>Total</b>	<b>164</b>	<b>164</b>	<b>0</b>	<b>0%</b>

**Internal Administrative Expenses:** This category supports the agency's internal Risk Management Unit in administering the agency's robust Risk and Safety program. These costs are 26.0% (or \$2,197,733) of the Proposed Budget.

**External Administrative Expenses:** These expenses are paid to MCSIP for claims adjudication, commercial insurance, and actuarial services and make up 17.3% (or \$1,462,400) of the Proposed Budget.

#### **Proposed New Initiatives**

**COOP Officer/Risk Management Specialist Position** – We are requesting a new position to centralize Commission-wide COOP, ensure that it is regularly reviewed and updated, conduct desktop training, address emergency responses with each department, and coordinate the practical application between the agency and both county governments in all emergencies. Additionally, this position would provide additional coverage/backup for safety specialists on routine Risk Management work program activities.

At the request of Montgomery Parks, we will be analyzing the costs and logistics of embedding risk personnel (current and/or future) within the departments. It is important to note that there may be additional costs associated with this as well.

**MONTGOMERY RISK MANAGEMENT INTERNAL SERVICE FUND**

	<b>FY21 ADOPTED</b>	<b>FY22 ADOPTED</b>	<b>FY23 PROPOSED</b>	<b>% CHANGE</b>
<b>REVENUES</b>				
Charges for Services				
Planning	35,100	27,300	15,700	-42.5%
Parks	3,156,300	3,104,700	2,919,200	-6.0%
Recreation	-	-	-	0.0%
Enterprise	13,300	9,900	3,100	-68.7%
CAS	7,200	11,400	13,400	17.5%
Interest Income	200,000	200,000	8,000	-96.0%
Total Revenues	3,411,900	3,353,300	2,959,400	-11.7%
<b>EXPENDITURES</b>				
Personnel Services	515,642	480,374	566,324	17.9%
Supplies and Materials	34,750	35,000	35,250	0.7%
Insurance Claims				
Planning	22,000	16,300	28,400	74.2%
Parks	2,099,600	1,938,600	1,711,800	-11.7%
Recreation		-	-	0.0%
Enterprise	8,300	5,900	1,600	-72.9%
CAS	4,500	7,900	8,400	6.3%
Administrative Expenses*	520,600	551,800	584,900	6.0%
Other Services & Charges	116,694	117,240	119,040	1.5%
Chargebacks	281,238	350,398	378,252	7.9%
Total Expenditures	3,603,324	3,503,512	3,433,966	-2.0%
Operating Income (Loss) to be covered by fund balance	(191,424)	(150,212)	(474,566)	
Total Funding Needs	3,211,900	3,153,300	2,951,400	-6.4%

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



**PRINCE GEORGE'S RISK MANAGEMENT INTERNAL SERVICE FUND**

	<b>FY21 ADOPTED</b>	<b>FY22 ADOPTED</b>	<b>FY23 PROPOSED</b>	<b>% CHANGE</b>
<b>REVENUES</b>				
Charges for Services				
Planning	8,900	36,000	38,600	7.2%
Parks	3,022,100	3,318,400	3,063,100	-7.7%
Recreation	614,400	667,300	588,900	-11.7%
Enterprise	403,500	321,000	267,500	-16.7%
CAS	7,200	11,400	13,400	17.5%
Interest Income	400,000	400,000	20,000	-95.0%
Total Revenues	4,456,100	4,754,100	3,991,500	-16.0%
<b>EXPENDITURES</b>				
Personnel Services	515,642	480,374	566,324	17.9%
Supplies and Materials	34,750	35,000	35,250	0.7%
Insurance Claims				
Planning	6,400	25,200	23,500	-6.7%
Parks	2,534,700	2,450,900	2,287,500	-6.7%
Recreation	593,400	574,000	535,700	-6.7%
Enterprise	201,600	207,300	193,500	-6.7%
CAS	7,000	13,100	12,200	-6.9%
Administrative Expenses*	780,900	827,800	877,500	6.0%
Other Services & Charges	116,694	117,240	119,040	1.5%
Chargebacks	281,238	350,399	378,253	7.9%
Total Expenditures	5,072,324	5,081,313	5,028,767	-1.0%
Operating Income (Loss) to be covered by fund balance	(616,224)	(327,213)	(1,037,267)	
Total Funding Needs	4,056,100	4,354,100	3,971,500	-8.8%

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

### **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 are 77% of the revenue, employee and retiree shares of the premiums are 19% of the revenue, and the Employer Group Waiver Plan (EGWP) subsidy and interest income are 4%. 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 FY23 Proposed Budget**

The proposed expenditure budget is \$70.1 million, which is a 1.7% decrease from FY22 budget levels. This decrease results from a lower claims experience which resulted in a lower rate forecast for FY23.

The FY23 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 FY23 Proposed Budget contains a designated reserve of \$7.01 million, which is enough to meet the 10.0% of total operating expenses reserve policy. A summary of the proposed budget follows.

#### **Proposed New Initiatives**

No new initiatives or staffing 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 2023**

	FY 22 Adopted	FY 22 Adjusted Adopted	FY 23 Proposed	% Change
Operating Revenues:				
Intergovernmental:		\$	\$	
EGWP Subsidy	2,000,000	2,000,000	2,500,000	25.0%
Charges for Services:				
Employer Contributions, Other	-	-	-	-
Employee/Retiree Contributions	14,618,370	14,618,370	13,621,900	-6.8%
Employer Contributions/Premiums	54,271,479	54,271,479	54,074,732	-0.4%
Miscellaneous (Claim Recoveries, etc.)	-	-	-	-
Total Operating Revenues	70,889,849	70,889,849	70,196,632	-1.0%
Operating Expenses:				
Personnel Services	791,467	791,467	835,983	5.6%
Supplies and Materials	50,000	50,000	53,000	6.0%
Other Services and Charges:				
Professional Services	504,018	504,018	2,214,870	339.4%
Insurance Claims and Fees	60,507,264	60,507,264	57,500,000	-5.0%
Insurance Premiums	9,066,340	9,066,340	9,000,000	-0.7%
Change in IBNR	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	402,939	402,939	499,938	24.1%
Total Operating Expenses	71,322,028	71,322,028	70,103,791	-1.7%
Operating Income (Loss)	(432,179)	(432,179)	92,841	-121.5%
Non-operating Revenue (Expenses):				
Interest Income	200,000	200,000	10,000	-95.0%
Total Non-operating Revenue (Expenses)	200,000	200,000	10,000	-95.0%
Income (Loss) Before Operating Transfers	(232,179)	(232,179)	102,841	-144.3%
Operating Transfers In (Out):				
Transfer In	-	-	-	-
Transfer (Out)	-	-	-	-
Net Operating Transfer	-	-	-	-
Change in Net Position	(232,179)	(232,179)	102,841	-144.3%
Total Net Position, Beginning	11,292,049	11,292,049	12,877,335	14.0%
Total Net Position, Ending	11,059,870	11,059,870	12,980,176	17.4%
Designated Position	7,132,203	7,132,203	7,010,379	-1.7%
Unrestricted Position	3,927,667	3,927,667	5,969,797	52.0%
Total Net Position, June 30	11,059,870	\$ 11,059,870	\$ 12,980,176	17.4%

Policy requires a reserve equal to 10% of Total Operating Expense

# 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 FY23 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 FY23, the Commission is not proposing any new purchases for the Montgomery Department of Planning.

For FY23, the Commission is proposing new purchases of \$2,100,000 for the Montgomery Department of Parks, consisting of:

- \$95,000 for Information Technology (IT) upgrades including enhancements to several conference rooms to add TEAMS video conferencing capabilities.
- \$80,000 for an IT upgrade for Nimble data storage for disaster recovery at Wheaton HQ, Nimble storage leverages flash drive storage technology and predictive analytics for managing IT.
- \$10,000 for EAM for IT needs for hardware/software upgrades.
- \$219,000 for equipment for new positions requested in the FY23 operating budget.
- \$1,696,000 for replacement of older vehicles and equipment that have exceeded their useful life cycle.

For FY23, the Corporate IT Division of the Office of the CIO is proposing \$250,000 of new capital purchases, split 50/50 between Montgomery and Prince George's, for servers for a middleware solution to streamline application development.

# 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 2023

	FY 21 Actual	FY22 Adopted	FY 22 Adjusted	FY 22 Estimate	FY 23 Proposed	% Change
Operating Revenues:						
Intergovernmental		\$	\$	\$	\$	
Federal Grants	12,113	-	-	-	-	-
Charges to Departments						
Planning	288,800	-	-	-	-	-
Parks	2,681,100	1,530,100	1,530,100	1,530,100	2,215,400	44.8%
Corporate IT	161,500	166,250	166,250	166,250	142,500	-14.3%
Miscellaneous (Sale of Equipment, etc.)	111,621	-	-	-	-	-
Total Operating Revenues	<u>3,255,134</u>	<u>1,696,350</u>	<u>1,696,350</u>	<u>1,696,350</u>	<u>2,357,900</u>	<u>39.0%</u>
Operating Expenses:						
Personnel Services	-	-	-	-	-	-
Supplies and Materials	126,279	-	-	-	-	-
Other Services and Charges:	181,541	-	-	-	-	-
Debt Service:						
Debt Service Principal	-	925,100	925,100	925,100	1,321,000	42.8%
Debt Service Interest	100,000	159,000	159,000	159,000	210,400	32.3%
Depreciation & Amortization Expense	2,990,564	-	-	-	-	-
Capital Outlay	-	1,925,000	1,925,000	1,925,000	2,225,000	15.6%
Other Classifications	-	-	-	-	-	-
Chargebacks	54,472	50,186	50,186	50,186	56,714	13.0%
Total Operating Expenses	<u>3,452,856</u>	<u>3,059,286</u>	<u>3,059,286</u>	<u>3,059,286</u>	<u>3,813,114</u>	<u>24.6%</u>
Operating Income (Loss)	<u>(197,722)</u>	<u>(1,362,936)</u>	<u>(1,362,936)</u>	<u>(1,362,936)</u>	<u>(1,455,214)</u>	<u>6.8%</u>
Nonoperating Revenue (Expenses):						
Debt Proceeds	48,300	-	-	-	-	-
Interest Income	2,615	20,000	20,000	20,000	-	-100.0%
Interest Expense, Net of Amortization	-	-	-	-	-	-
Loss on Sale/Disposal Assets	(11,841)	-	-	-	-	-
Total Nonoperating Revenue (Expenses):	<u>39,074</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-100.0%</u>
Income (Loss) Before Operating Transfers	<u>(158,648)</u>	<u>(1,342,936)</u>	<u>(1,342,936)</u>	<u>(1,342,936)</u>	<u>(1,455,214)</u>	<u>8.4%</u>
Operating Transfers In (Out):						
Transfer in	1,105,033	-	-	-	-	-
Transfer (Out)	(542,838)	-	-	-	-	-
Net Operating Transfer	<u>562,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	403,547	(1,342,936)	(1,342,936)	(1,342,936)	(1,455,214)	8.4%
Total Net Position - Beginning	<u>9,888,325</u>	<u>11,417,765</u>	<u>10,291,872</u>	<u>8,948,936</u>	<u>7,606,000</u>	<u>-26.1%</u>
Total Net Position - Ending	<u>10,291,872</u>	<u>\$ 10,074,829</u>	<u>\$ 8,948,936</u>	<u>\$ 7,606,000</u>	<u>\$ 6,150,786</u>	<u>-31.3%</u>
Note: Future Financing Plans						
Capital equipment financed for Planning	\$	-	\$	-	\$	-
Capital equipment financed for Parks		1,800,000	1,800,000	1,800,000	2,100,000	
Capital equipment financed for Corporate IT		125,000	125,000	125,000	125,000	

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

# Montgomery County

## Wheaton Headquarters Building Internal Service Fund

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### OVERVIEW

Construction of the Wheaton Headquarters Building (Wheaton HQ) was completed in August 2020. This Commission-owned facility consolidated the headquarters of both the Montgomery Department of Parks and Montgomery Planning Departments from three office facilities into one new joint headquarters. In this fourteen-floor, 308,020 square foot building, the Commission utilizes 133,969 sq. ft. or 42.5% of the building. The remainder of the building houses several Montgomery County departments and agencies plus some planned retail space on the first floor and a proposed childcare facility on the 3<sup>rd</sup> floor. This building accommodates nearly 1,000 staff, including approximately 360 Commission employees.

To account for this Commission-owned facility that is being utilized by both the Commission and the County, an internal service fund was created. The Wheaton Headquarters Building Internal Service Fund accounts for all building related expenses and will be funded by “rental” charges of the building’s shared cost to the Planning Department, the Parks Department, and to Montgomery County.

The “rental” charges for the respective organizations are based on the budgeted or estimated costs at the beginning of each fiscal year. These charges are then reconciled at the end of each fiscal year against the actual incurred expenses. If there is a deficiency, that balance is then paid by the Commission and the County in the next fiscal year or as a one-time payment. If there is a surplus amount, then the excess funds are added to a Capital Reserve Fund for the building. That annual reserve amount is capped at \$50,000 for the County and at \$37,000 per year for the Commission. Surplus funds exceeding this designated reserve amount are then refunded to the respective organizations at year-end or applied to the next fiscal year’s “rental” payment.

### HIGHLIGHTS OF THE FY23 PROPOSED BUDGET

For FY23, the Wheaton HQ budget is \$2,937,103.

- **Expenditures in the Fund:**

- Personnel Services: No personnel services are proposed here. Two Park Police officer positions included in the Park Fund budget are assigned to provide security at Wheaton HQ and are funded by chargebacks (see below).
- Supplies and Materials: The total proposed supplies budget for FY23 is \$100,000. This cost is for miscellaneous supplies needed for maintenance of the building that are not included in the contracted services for building management and custodial support.
- Other Services and Charges: The total proposed supplies budget for FY23 is \$2,637,103. Included in this cost is contractual services for a management services company that handles daily building support including project management, building engineering, custodial, 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.

# Montgomery County

## Wheaton Headquarters Building Internal Service Fund

- Chargebacks: The chargeback cost of \$200,000 is for salaries, uniform allowance, and equipment for two Park Police positions.

### SUMMARY OF FY23 PROPOSED BUDGET

#### WHEATON HEADQUARTERS BUILDING INTERNAL SERVICE FUND Summary of Revenues, Expenses, and Changes in Fund Net Position PROPOSED BUDGET FISCAL YEAR 2023

	FY 21 Actual	FY 22 Adopted	FY 22 Adjusted Adopted	FY 22 Estimate	FY 23 Proposed	% Change
Operating Revenues:						
Intergovernmental	\$	\$	\$	\$	\$	
Montgomery County	744,575	1,654,477	1,654,477	1,653,179	1,688,833	2.1%
Charges for Services (Office Space Rental):						
MC Planning	277,229	624,059	624,059	610,960	624,135	0.0%
MC Parks	277,918	624,059	624,059	610,960	624,135	0.0%
Rental Revenues	-	-	-	-	-	-
Miscellaneous	25,000	-	-	-	-	-
Total Operating Revenues	1,324,722	2,902,595	2,902,595	2,875,099	2,937,103	1.2%
Operating Expenses:						
Personnel Services	7,540	-	-	12,000	-	-
Supplies and Materials	74,386	70,000	70,000	100,000	100,000	42.9%
Other Services and Charges	1,050,282	2,640,595	2,640,595	2,571,099	2,637,103	-0.1%
Depreciation & Amortization Expense	2,227,124	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Chargebacks	192,000	192,000	192,000	192,000	200,000	4.2%
Total Operating Expenses	3,551,332	2,902,595	2,902,595	2,875,099	2,937,103	1.2%
Operating Income (Loss)	(2,226,610)	-	-	-	-	-
Nonoperating Revenue (Expenses):						
Interest Income	143	-	-	-	-	-
Total Nonoperating Revenue (Expenses):	143	-	-	-	-	-
Income (Loss) Before Operating Transfers	(2,226,467)	-	-	-	-	-
Operating Transfers In (Out):						
Transfer In	-	-	-	-	-	-
Transfer (Out)	-	-	-	-	-	-
Net Operating Transfer	-	-	-	-	-	-
Income (Loss) Before Capital Contributions	(2,226,467)	-	-	-	-	-
Capital Contributions	133,597,606	-	-	-	-	-
Change in Net Position	131,371,139	-	-	-	-	-
Total Net Position - Beginning	116,191	116,191	116,191	131,487,330	131,487,330	113064.8%
Total Net Position - Ending	\$ 131,487,330	\$ 116,191	\$ 116,191	\$ 131,487,330	\$ 131,487,330	113064.8%

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