

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

MCPB Agenda Item #7  
November 14, 2013

**MEMORANDUM**

**TO:** Montgomery County Planning Board

**FROM:** John Kroll, Corporate Budget Manager *JK*

**DATE:** November 8, 2013

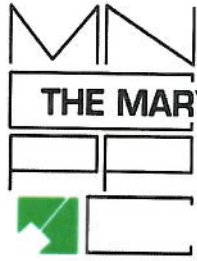
**SUBJECT:** FY 2015 CAS Budget Requests

Please find attached FY15 budget requests from the Department of Human Resources and Management (DHRM), the Finance Department, the Merit System Board, CAS Support Services, Office of Internal Audit, and the Legal Department, as well as the proposed budgets for the Internal Service Funds (Risk Management, Group Insurance, Executive Office Building and CIO).

Each attached memo details the budget requests for each department.

**Attachments:**

DHRM	pages 1-6
CAS Support Services	pages 7-9
Merit System Board	pages 10-12
Executive Office Bldg	pages 13-16
Risk Management	pages 17-22
Group Insurance	pages 23-26
Department Org Chart	page 27
CIO	pages 28-29
Finance	pages 30-33
Internal Audit	pages 34-36
Legal	pages 37-42



## THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue Riverdale, Maryland 20730

PCB13-43

November 8, 2013

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

From: Patricia C. Barney, Executive Director 

Subject: FY15 Proposed Budget Overview – Administration Fund (Department of Human Resources and Management, Merit System Board and Central Administrative Support Services)

Internal Service Funds (Executive Office Building, Risk Management and Group Insurance)

### **Requested Action**

We are requesting approval of FY 15 proposed budgets for the Department of Human Resources and Management (DHRM), Central Administrative Services (CAS) Support Services, and the Merit System Board in the Administration Fund and the Executive and the Executive Office Building, Risk Management and Group Insurance Internal Service Funds.

### **Background Summary**

This memo provides the budget proposals for each of the above referenced Departments/units. FY15 budgets incorporate the Commission's direction on compensation and benefits and utilize projections provided by the Corporate Budget Office. In October, we presented preliminary budget numbers for the major known commitments and essential needs for the Administration Fund portion of DHRM, for CAS Support Services and for the Merit System Board. Those budgets were reviewed at that time. The Boards' directions and resulting adjustments are incorporated into this proposed budget including the revised allocation to each county for Support Services.

The proposed personnel budgets for Departments/units in the Administration Fund currently include the salary adjustment marker. Prior to submitting the Proposal to the Counties, the marker will be moved to the Non-Departmental Account until negotiations are completed and the two Councils have concurred in the joint compensation decision.

The proposed budgets for Internal Service Funds are also outlined in this memo. The budget for CAS Support Services, which is part of the Administrative Fund, was finalized based on the proposed EOB budget, as a significant portion of the Support Services budget is for occupancy rates of the EOB building (which are incorporated as revenue to the EOB Fund).

We constantly strive to identify potential savings or funding reductions within each budget. With regard to the proposed budgets in the Administration Fund, costs increased in total by 5%. The only major change proposed is to position and workyear totals for the Department of Human Resources and Management (DHRM), through the

restoration of one position to support management priorities for the Classification and Compensation program. Other budgets within the Administration Fund maintain the existing position and workyear counts.

With respect to Internal Service Funds, the proposed budget for the EOB Internal Service Fund assumes a slight increase in occupancy rate to reduce reliance on fund balance subsidy in FY15. There are no changes in existing position and workyear counts in this Fund. One additional position is proposed in the Risk Management program and one new term contract position and a conversion of .7 seasonal workyears to a full time merit position are proposed for the Group Insurance program.

The following two tables provide a summary of the FY15 proposals compared to FY14 adopted budgets:

#### Administration Fund

Unit	FY14 Adopted	FY15 Proposed	Variance	% Change
DHRM Operating	\$ 4,311,764	\$ 4,492,170	\$ 180,406	4%
CAS Support Services	\$ 1,119,100	\$ 1,190,591	\$ 71,491	6%
Merit System Board	\$ 158,792	\$ 167,075	\$ 8,283	5%
<b>Total</b>	<b>\$ 5,589,656</b>	<b>\$ 5,849,836</b>	<b>\$ 260,180</b>	<b>5%</b>

#### Internal Service Funds

Unit	FY14 Adopted	FY15 Proposed	Variance	% Change
EOB	\$ 1,194,639	\$ 1,194,639	\$ -	0%
Risk Management	\$ 8,372,429	\$ 10,024,578	\$ 1,652,149	20%
Group Insurance	\$ 49,274,123	\$ 51,611,797	\$ 2,337,674	5%
<b>Total</b>	<b>\$ 58,841,191</b>	<b>\$ 62,831,014</b>	<b>\$ 3,989,823</b>	<b>24%</b>

#### Position/Workyear Summary

Fund Name	FY14		FY15		Change	
	Total Position	Total WYS	Total Position	Total WYS	Total Position	Total WYS
DHRM (Admin Fund)	37	32	37	33	0	1
Risk Management (Internal Service Fund)	5	5.3	6	6.3	1	1
Group Insurance (Internal Service Fund)*	4	4.7	6	6	2	1.3
Building (Internal Service Fund)	2	2	2	2	0	0
					0	0
<b>DHRM Subtotal</b>	<b>48</b>	<b>44</b>	<b>51</b>	<b>47.3</b>	<b>3</b>	<b>3.3</b>
Merit System Board (Admin Fund)	1	0.5	1	0.5	0	0
<b>Total All Funds</b>	<b>49</b>	<b>44.5</b>	<b>52</b>	<b>47.8</b>	<b>3</b>	<b>3.3</b>

\*Includes the conversion of .7 seasonal workyears to 1 Merit position and adds one new Term contract position.



## Department of Human Resources and Management (Administration Fund)

### Summary

Under the leadership of the Executive Director, the Department of Human Resources and Management (DHRM) includes four divisions:

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

These areas collectively provide corporate governance and administer agency-wide initiatives to ensure fair and equitable practices/programs, competitive and cost effective employment compensation and benefits, prudent fiscal planning, and sound workplace and liability protections. Programs administered by the Department, as presented on the attached organization chart (appendix 1), along with the positions/workyears associated with: Classification and Compensation, Employee Records, HR Information Systems, Recruitment/Selection, Employee/Labor Relations, Employee Health and Benefits, Risk Management, Employee Safety, Management Operations and Internal Services, Corporate Policy and Corporate Records, and Corporate Budget. The proposed budget includes 37 positions and 33 WYS of which 14.5 WYS and 18.5 WYS are allocated to Montgomery and Prince George's respectively.

### Proposed Budget

The FY15 proposed budget is presented in two sections in the chart that follows. This budget was presented to the both planning boards in October. No changes were identified at that time.

The first section is the proposed base budget with mandatory commitments and the salary marker. The preliminary base budget reflects an increase of \$18,834 or .44%. The base budget incorporates some organizational restructuring from downgrading positions, thus providing capacity for potential upgrades with a net zero effect on the base budget.

The second section proposes one budget restoration and two new initiatives for consideration by the Board. The preliminary proposal, including these items, reflects an increase of \$180,406 or 4.18% from FY14 adopted levels. The proposal includes unfreezing one position thereby adding one additional workyear (WY) for Classification and Compensation. This team currently consists of 3.5 WYS with 1 funded by Prince George's County only. The other two initiatives fund Commission-wide training efforts to address succession planning and management requested education on agency programs/policies/procedures. The order in the chart reflects the priority.

**DEPARTMENT OF HUMAN RESOURCES & MANAGEMENT  
FY15 OPERATING BUDGET REQUEST**

	MC ADMIN FUND	PGC ADMIN FUND	Department TOTAL
FY14 Adopted Budget	\$1,911,431	\$2,400,333	\$4,311,764

**FY15 BASE BUDGET**

Change in Salaries	4,276	19,850	24,126
Change in Benefits	18,139	3,554	21,693
Change in Chargebacks	(14,203)	(30,781)	(44,984)
Change in Other Operating Charges	8,494	9,506	18,000
Change in Supplies	-	-	-
Subtotal Base Budget Increase	16,706	2,129	18,834
<b>FY 15 Base Budget</b>	<b>\$1,928,137</b>	<b>\$2,402,462</b>	<b>\$4,330,598</b>
Estimated Percent Change in Base from FY14 Adopted	0.87%	0.09%	0.44%

Change to Base Between Counties from Labor Cost Allocation Change  
**PROPOSED CHANGES: Restoration/New Initiatives**

	MC Admin Fund	PGC Admin Fund	Department Total
Restore HR Classification Position (I Level)	44,122	59,450	103,572
Leadership Training	17,040	22,960	40,000
Webinar	7,668	10,332	18,000
<b>Subtotal, Restoration/New Initiatives</b>	<b>68,830</b>	<b>92,742</b>	<b>161,572</b>
<b>Total Changes, Base Budget and Restoration/New Initiatives</b>	<b>85,535</b>	<b>94,871</b>	<b>180,406</b>
<b>Total FY15 Proposed Budget Request</b>	<b>\$1,996,966</b>	<b>\$2,495,204</b>	<b>\$4,492,170</b>
Estimated Percent Change in Total Request from FY14 Adopted	4.47%	3.95%	4.18%

**FY15 Base Budget and Known Operating Commitments**

The total base budget with known commitments incorporates the changes below:

- Based on wage adjustments, total salaries are projected to increase by 0.82%. This figure includes offsetting savings from downgrading certain positions to provide the same dollar capacity for potential position upgrades.
- Health insurance costs are projected to increase by 1.98%, reflecting employee choices of plans and the cost share shift.
- The Other Services and Charges increase reflects unbudgeted expenses for the Commission-wide service awards and Women's History celebrations.
- Chargebacks are budgeted to increase by 8.73%. We are currently reviewing the chargeback assumptions and impact on each County.

**FY15 Work Program Priorities in Base Budget**

- Complete implementation of the Enterprise Resource Program (ERP) System modules for budget management and human resources to include training of operating departments, revamping of internal processes, and online benefits enrollment and "self-serve" employment changes.
- Implement management supported recommendations from FY13 Classification and Compensation Survey Study.
- Negotiate the full MCGEO collective bargaining agreement and implement contract changes from the full FY14 FOP negotiations.
- Research and develop/revise organizational standards/policies/programs to ensure continued compliance with federal/state regulations, improve efficiency and cost containment, and address areas of employment standards, ethics, financial standards, and other organizational functions.
- Develop and implement succession planning initiatives to address concerns communicated by Departments and Commissioners.



**Base Plus Restoration/New Initiatives Requests – Total Budget (Prince George’s County portion estimated to be 57.4%)**

- \$103,570: Restore one Human Resources workyear by unfreezing an existing position to address Classification and Compensation program priorities. Based on the input from the recent Classification and Compensation Survey Study, extensive updates are needed to our Classification and Compensation program/processes including regular reviews of position descriptions, grades, and salaries to ensure they reflect up-to-date position qualifications to enable the agency to retain and recruit a skilled workforce.
- \$40,000: Implement a formal leadership development and workforce training program. The 2012 annual Personnel Management Review Employee Demographic Profile Report reveals that 70% of the agency’s Official/Administrative workforce is eligible to retire between FY13 and FY17 (collectively)<sup>1</sup>, underscoring critical succession planning needs. The challenge to prepare our workforce for major leadership turnover combined with elimination of the Department’s training unit due to budget cuts, has resulted in an absence of any agency-wide employee development. While the use of external hires will also be needed, it is essential that the agency focus on knowledge transfer and prepare its current experienced workforce to compete to fill vacancies. Through surveys and extensive discussions with Department Directors, it was learned that consistent training efforts are needed to address critical business skills that should be applied to positions across the agency. This Leadership program would focus on core, concrete skills such as knowledge transfer planning, ethical decision-making, business writing, etc. This training would not replace training efforts that may be offered in some departments, as those efforts would be specific to service operations (e.g., parks management, planning, legal, etc.).
- \$18,000: Expand the existing \$12,000 for online training on adopted agency standards/new policies to \$30,000. It is prudent for the agency to provide regular training on adopted standards, workplace responsibilities and adopted policies. Additionally, some laws such as Title VII of the Civil Rights Act require employers to provide regular instruction on protections and prohibitions. With a reduction of staff and consulting dollars, staff is unable to conduct regular training on many critical areas. While classroom training will be needed for certain subjects, the use of webinars is an effective way to bring training to our large workforce at little cost. Webinars will help to communicate workforce standards/policies as they are adopted by the Commission and provide the ability for employees to get refresher training on an as needed basis. Staff will be able to obtain necessary training at their convenience, instead of having to wait for a formal, on-site presentation. Further, the use of web-based training technology will ultimately be more cost effective for the agency, by permitting staff to obtain additional training at any time of day, and with any device or at any location capable of intranet access. Depending on the cost of each training module, we plan to launch at least six agency-wide webinars.

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<sup>1</sup> Personnel Management Review, Employee Demographic Profile, Fiscal Year 2012, p. 35  
Page 5 of 27



**CENTRAL ADMINISTRATIVE SERVICES**

**DEPARTMENT OF HUMAN RESOURCES AND MANAGEMENT  
EXPENDITURE BY COUNTY & MAJOR OBJECT**

<b>SUMMARY OF ANNUAL COMPARISONS</b>						
<b>COUNTY/MAJOR OBJECT EXPENDITURES</b>	<b>ACTUAL FY11</b>	<b>ACTUAL FY12</b>	<b>ADOPTED FY13</b>	<b>ADOPTED FY14</b>	<b>PROPOSED FY15</b>	<b>% of Change</b>
<b>MONTGOMERY COUNTY</b>						
Personnel Services	1,631,695	1,541,650	1,572,500	1,670,601	1,737,138	
Supplies & Materials	23,596	41,450	41,500	41,500	41,500	
Other Services & Charges	420,513	322,400	308,700	338,520	371,722	
Capital Outlay	1,875	-	-			
<b>Subtotal</b>	<b>\$ 2,077,679</b>	<b>\$ 1,905,500</b>	<b>\$ 1,922,700</b>	<b>\$ 2,050,621</b>	<b>\$ 2,150,359</b>	
Less Chargebacks	(121,300)	(130,200)	(138,100)	(139,190)	(153,393)	
<b>Total</b>	<b>\$ 1,956,379</b>	<b>\$ 1,775,300</b>	<b>\$ 1,784,600</b>	<b>\$ 1,911,431</b>	<b>\$ 1,996,966</b>	<b>4%</b>
<b>PRINCE GEORGE'S COUNTY</b>						
Personnel Services	1,717,768	2,182,310	2,216,200	2,356,001	2,438,855	
Supplies & Materials	23,271	41,450	41,500	41,500	41,500	
Other Services & Charges	562,561	352,400	338,700	378,880	421,678	
Capital Outlay	18,040	-	-			
<b>Subtotal</b>	<b>\$ 2,321,640</b>	<b>\$ 2,576,160</b>	<b>\$ 2,596,400</b>	<b>\$ 2,776,381</b>	<b>\$ 2,902,034</b>	
Less Chargebacks	(335,300)	(375,300)	(373,100)	(376,048)	(406,829)	
<b>Total</b>	<b>\$ 1,986,340</b>	<b>\$ 2,200,860</b>	<b>\$ 2,223,300</b>	<b>\$ 2,400,333</b>	<b>\$ 2,495,204</b>	<b>4%</b>
<b>TOTAL EXPENDITURES</b>						
Personnel Services	3,349,463	3,723,960	3,788,700	4,026,602	4,175,993	
Supplies & Materials	46,867	82,900	83,000	83,000	83,000	
Other Services & Charges	983,074	674,800	647,400	717,400	793,400	
Capital Outlay	19,915	-	-	-		
<b>Subtotal</b>	<b>\$ 4,399,319</b>	<b>\$ 4,481,660</b>	<b>\$ 4,519,100</b>	<b>\$ 4,827,002</b>	<b>\$ 5,052,393</b>	
Less Chargebacks	(456,600)	(505,500)	(511,200)	(515,238)	(560,222)	
<b>Total</b>	<b>\$ 3,942,719</b>	<b>\$ 3,976,160</b>	<b>\$ 4,007,900</b>	<b>\$ 4,311,764</b>	<b>\$ 4,492,170</b>	<b>4%</b>

6



## CAS Support Services (Administration Fund)

### Summary

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

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

CAS Support Services accounts for non-discretionary shared operating expenses attributable to these bi-county operations. Expenses covered by the CAS Support Services budget include:

- Operating costs for housing CAS operations (office space and building operations).
- Personnel Services costs for reimbursement of unemployment insurance for the State of Maryland.
- Supplies and Materials cover small office fixtures, communication equipment and other office supplies shared by departments/units in the building.
- Other Services and Charges (OS&C) category includes expenses for technology, utilities, postage, document production, lease of copiers, and equipment repair/maintenance. OS&C provides funds for the CAS share of risk management and partial funds for the contract of equipment and services for the Document Production Services Center.

The Support Services Fund does not include funding for any staff.

### FY15 Revised Proposed Budget

The FY15 proposed budget was presented to the both Planning Boards in October. Two areas were recommended for review during the meetings with the Planning Boards. As such, we are requesting approval of the revised FY15 Proposed Budget for Central Administrative Services (CAS) Support Services at the requested base budget level. The new revised CAS Support Service total budget for FY15 is \$1,190,590. This represents a 6% (or \$71,490) increase from FY14 levels. The changes, which incorporate direction from both Planning Boards at October budget presentations, include:

- Reallocating funding to 45% Montgomery County and 55% Prince George's County from the existing 50/50 level. This change was requested by the Montgomery County Planning Board and supported by the Prince George's County Planning Board.
- CAS Support Services provides a payment to cover costs of housing CAS operations in the Executive Office Building (EOB). For FY15, the proposed budget includes a small increase in the occupancy rate for the EOB to help decrease reliance on fund balance. This results in a 6% change in Operating Charges.

### Base Budget and Known Operating Commitments

We believe the current service level as proposed will be sufficient to support CAS department/units.

### Additional Essential Needs/Requests

There are no requests for additional funding.



CENTRAL ADMINISTRATIVE SERVICES - SUPPORT SERVICES: AMENDED  
FY15 OPERATING BUDGET REQUEST

	MC ADMIN FUND	PGC ADMIN FUND	Department TOTAL
FY14 Adopted Budget	\$ 559,500	\$ 559,500	\$ 1,119,100

FY15 BASE BUDGET

Change in Personnel Costs	(500)	500	-
Supplies and Materials	(1,700)	1,700	-
Change in Chargebacks	-	-	-
Change in Other Operating Changes	(21,584)	93,075	71,491
FY15 Base Budget	\$ 535,716	\$ 654,775	\$ 1,190,591
Estimated Percent Change in Base from FY14 Adopted	-4%	17%	6%

Change to Base Between Counties from Labor Cost Allocation Change

PROPOSED CHANGES: Restoration/New Initiatives

Subtotal Proposed Changes	-	-	-
Total FY15 Proposed Budget Request	\$ 535,716	\$ 654,775	\$ 1,190,591
Estimated Percent Change in Total Request from FY14 Adopted	-4%	17%	6%

8

**CENTRAL ADMINISTRATIVE SERVICES  
SUPPORT SERVICES**

**SUMMARY OF ANNUAL COMPARISONS**

COUNTY/MAJOR OBJECT EXPENDITURES	ACTUAL FY11	ACTUAL FY12	ADOPTED FY13	ADOPTED FY14	PROPOSED FY 15	% SPLIT
<b>MONTGOMERY COUNTY</b>						
Personnel Services	12,719	1,414	13,000	5,000	4,500	
Supplies & Materials	36,784	12,008	17,000	17,000	15,300	
Other Services & Charges	391,584	405,466	539,600	537,550	515,966	
Capital Outlay	-	-	-	-	-	
<b>Subtotal</b>	<b>\$ 441,087</b>	<b>\$ 418,888</b>	<b>\$ 569,600</b>	<b>\$ 559,550</b>	<b>\$ 535,766</b>	
Less Chargebacks	-	-	\$ -	\$ -	\$ -	
<b>Total</b>	<b>\$ 441,087</b>	<b>\$ 418,888</b>	<b>\$ 569,600</b>	<b>\$ 559,550</b>	<b>\$ 535,766</b>	<b>45%</b>
Positions/Workyears	0/0	0/0	0/0	0/0	0/0	
<b>PRINCE GEORGE'S COUNTY</b>						
Personnel Services	12,719	1,414	13,000	5,000	5,500	
Supplies & Materials	36,784	12,008	17,000	17,000	18,700	
Other Services & Charges	391,584	405,466	539,600	537,550	630,625	
Capital Outlay	-	-	-	-	-	
<b>Subtotal</b>	<b>\$ 441,087</b>	<b>\$ 418,888</b>	<b>\$ 569,600</b>	<b>\$ 559,550</b>	<b>\$ 654,825</b>	
Less Chargebacks	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total</b>	<b>\$ 441,087</b>	<b>\$ 418,888</b>	<b>\$ 569,600</b>	<b>\$ 559,550</b>	<b>\$ 654,825</b>	<b>55%</b>
Positions/Workyears	0/0	0/0	0/0			
<b>TOTAL EXPENDITURES</b>						
Personnel Services	25,437	2,829	26,000	10,000	10,000	
Supplies & Materials	73,569	24,016	34,000	34,000	34,000	
Other Services & Charges	783,167	810,931	1,079,200	1,075,100	1,146,591	
Capital Outlay	-	-	-	-	-	
<b>Subtotal</b>	<b>\$ 882,173</b>	<b>\$ 837,776</b>	<b>\$ 1,139,200</b>	<b>\$ 1,119,100</b>	<b>\$ 1,190,591</b>	
Less Chargebacks	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total</b>	<b>\$ 882,173</b>	<b>\$ 837,776</b>	<b>\$ 1,139,200</b>	<b>\$ 1,119,100</b>	<b>\$ 1,190,591</b>	<b>100%</b>
Positions/Workyears	0/0	0/0	0/0	0/0	0/0	



## **The Merit System Board (Administration Fund)**

### **Summary**

The Merit System Board is authorized by the Commission's enabling legislation. It is an impartial Board composed of three public members: the Chair, appointed to a four year term; the Vice Chair, appointed to a three year term; and a Board Member, appointed to a two year term. They are responsible for making impartial recommendations and decisions regarding the Commission's Merit System. Board members are experienced in employment matters and appeals processes.

The duties of the Merit System Board are to:

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

### **Proposed Budget**

The FY15 proposed budget was presented to the both planning boards in October. No changes were identified at that time.

Based on the strategies developed for the FY15 proposed budget, a Base Budget is presented including items such as salaries, benefits and other operating changes.

### **FY15 Budget Priorities and Strategies**

Continue to maintain timely caseload and quality services to the Commission and employees.

### **FY15 Work Program Priorities/Major Known Commitments in Base Budget**

Both counties fund the Merit Board's budget equally as many areas of oversight cover the agency as a whole, including agency-wide policies and the position classification system. Additionally review of caseloads handled by the Merit System Board over the past five years also reflects that caseloads and complexity of cases fluctuate between the two counties, with some years heavier in Prince George's departments and some greater in Montgomery departments.

With respect to personnel costs, the Board is comprised of three public members whose salaries are set by contract. The Commission has discretionary powers to set the rate of pay for each of the Merit System Board members. At the present time, no salary increase has been approved for the Board members. The Merit System is supported by one part-time Merit System position. For FY15, the part-time hours of the Merit System position are not expected to change. A small increase of 1% is identified for salary adjustments. An increase of 6.3% is expected in medical, retirement and other benefits.

The primary increase in funding is identified under Other Operating Charges in which the Board is requesting a \$5,000 increase in the funding of its outside legal counsel (\$2500 for each side of the Administrative Fund). The total change in base budget with known operating commitments is 5.2%.

### **Staffing Changes**

This fund includes 1.0 position and .5 workyears. No changes in positions or workyears are proposed.

MERIT SYSTEM BOARD  
FY15 OPERATING BUDGET REQUEST

	MC	PGC	MERIT BOARD TOTAL
FY14 Adopted Budget	\$ 79,396.00	\$ 79,396.00	\$ 158,792.00
FY15 BASE BUDGET			
Change in Salaries	400	400	801
Change in Benefits	1,241	1,241	2,482
Change in Chargebacks	-	-	-
Change in Other Operating Charges	2,500	2,500	5,000
Subtotal Base Budget FY15	\$ 83,537	\$ 83,537	\$ 167,075
Estimated Percent Change in Base from FY14 Adopted	5.22%	5.22%	5.22%
Change to Base Between Counties from Labor Cost Allocation Change			
PROPOSED (New/Essential Needs Requests)			
Subtotal Proposed Changes	-	-	-
Total FY15 Proposed Budget Request	\$ 83,537	\$ 83,537	\$ 167,075
Estimated Percent Change in Total Request from FY14 Adopted	5.22%	5.22%	5.22%



# CENTRAL ADMINISTRATIVE SERVICES

## MERIT SYSTEM BOARD BY MAJOR OBJECT EXPENDITURE BY COUNTY AND MAJOR OBJECT

### SUMMARY OF ANNUAL COMPARISONS

COUNTY/MAJOR OBJECT EXPENDITURES	ACTUAL FY11	ACTUAL FY12	ADOPTED FY13	ADOPTED FY14	PROPOSED FY15	% of Change
<u>MONTGOMERY COUNTY</u>						
Personnel Services	41,250	50,541	58,300	61,496	63,137	
Supplies & Materials	700	185	900	900	900	
Other Services & Charges	5,700	13,343	12,000	17,000	19,500	
Capital Outlay	-	-	-	-	-	
<b>Subtotal</b>	<b>\$ 47,650</b>	<b>\$ 64,069</b>	<b>\$ 71,200</b>	<b>\$ 79,396</b>	<b>\$ 83,537</b>	
Less Chargebacks	-	-	-	-	-	
<b>Total</b>	<b>\$ 47,650</b>	<b>\$ 64,069</b>	<b>\$ 71,200</b>	<b>\$ 79,396</b>	<b>\$ 83,537</b>	<b>5%</b>
Positions/Workyears	0/.25	.5/.25	.5/.25	.5/.25		
<u>PRINCE GEORGE'S COUNTY</u>						
Personnel Services	41,250	50,541	58,100	61,496	63,137	
Supplies & Materials	700	185	900	900	900	
Other Services & Charges	5,700	13,343	12,000	17,000	19,500	
Capital Outlay	-	-	-	-	-	
<b>Subtotal</b>	<b>\$ 47,650</b>	<b>\$ 64,069</b>	<b>\$ 71,000</b>	<b>\$ 79,396</b>	<b>\$ 83,537</b>	
Less Chargebacks	-	-	-	-	-	
<b>Total</b>	<b>\$ 47,650</b>	<b>\$ 64,069</b>	<b>\$ 71,000</b>	<b>\$ 79,396</b>	<b>\$ 83,537</b>	<b>5%</b>
Positions/Workyears	0/.25	.5/.25	.5/.25	.5/.25	.5/.25	
<u>TOTAL EXPENDITURES</u>						
Personnel Services	82,500	101,082	116,400	122,992	126,275	
Supplies & Materials	1,400	370	1,800	1,800	1,800	
Other Services & Charges	11,400	26,685	24,000	34,000	39,000	
Capital Outlay	-	-	-	-	-	
<b>Subtotal</b>	<b>\$ 95,300</b>	<b>\$ 128,138</b>	<b>\$ 142,200</b>	<b>\$ 158,792</b>	<b>\$ 167,075</b>	
Less Chargebacks	-	-	-	-	-	
<b>Total</b>	<b>\$ 95,300</b>	<b>\$ 128,138</b>	<b>\$ 142,200</b>	<b>\$ 158,792</b>	<b>\$ 167,075</b>	<b>5%</b>
Positions/Workyears	0/.50	1/.50	1/.50	1/.50	1/.50	

## Executive Office Building (Internal Service Fund)

### Summary

The Executive Office Building Internal Service Fund accounts for expenses related to the daily operations and maintenance of the Executive Office Building (EOB) at 6611 Kenilworth Avenue in Riverdale, Maryland. The building, which was built 1968, serves as the headquarters for the Central Administrative Services (CAS) Departments of Finance, Legal, Human Resources and Management (DHRM); the Office of Internal Audit; the Office of the Chief Information Officer; and the Merit System Board. Additionally, it houses the Employees' Retirement System, and two units of the Prince George's County Parks and Recreation Department (Information Technology and Communication Division, and Park Planning and Development Division - Engineering Section). The EOB Budget supports two employees who are responsible for the daily maintenance, repair, and operation of the facility and surrounding property. Major maintenance projects include repair/replacement of failing mechanical systems, reconstruction/renovations due to routine use, maintenance of security systems, compliance with workplace safety standards and the Americans with Disability Act, emergency preparedness, planned lifecycle asset replacement, and fleet vehicle oversight.

### Proposed Budget

For FY15, the EOB budget request is \$1,194,639 which maintains the FY14 funding levels. During the FY14 cycle, funding was approved for a feasibility study that will provide an analysis of long-term building occupancy needs, recommendations for improved efficiency and viability of the building, and identification of other potential options for office space. Funding from the elimination of debt service will be reallocated to support implementation of study findings pursuant to recommendations supported by the Commission.

Revenue to the fund is provided annually through operational occupancy charges to the tenant departments/operations, based on allocated space. Occupancy rates are based on revenue required to fund the anticipated operating expenses to enable a clean, safe, and secure worksite for occupants and visitors.

### FY15 Work Program Priorities/Major Known Commitments in Base Budget

- Revenue to the Fund:
  - \$1,073,800 is projected from occupancy revenue. This revenue is based on per square footage cost to operate the building after use of some fund balance. The difference between projected expenditures and revenue from occupancy rates is \$120,840. The proposed budget recommends using fund balance for this difference. This approach assumes a phased reduction of fund balance use. In FY14, the Commission approved the use of \$217,240 in fund balance. We project elimination of fund balance to subsidize occupancy rates in FY2016, so fund reserves can be reestablished to assist with any unforeseen or major construction needs.
- Expenditures in the Fund:
  - Personnel Services: The EOB is staffed by only two personnel. The increase primarily funds the salary marker and employee benefit changes.
  - Other Operating Charges: This component includes expenses for construction, repairs, maintenance of major mechanical and operating services (elevator, HVAC, electrical, roofing) and funding for capital renovations. Expenses in this category decreased 2% (or \$17,044) due to a number of factors including rebidding of custodial services, and reduced reliance on external contractors.
  - Capital Outlay budget: This component is proposed to decrease by 1.5% (or \$6,161).
  - Supplies and Materials: This budget addresses small supplies, technology equipment/software and security systems. An increase of \$3,150 (19%) is proposed to address replenishment of employee identification badging systems and supplies.



- **Major known commitments** which are incorporated into the base budget address failing systems and workplace safety and compliance concerns, and include:
  - **Address Structural Repairs - \$215,000.**  
The elevator system, which is nearly 46 years old, has frequent breakdowns and difficulty meeting State inspection standards. The budget proposes replacement of the second elevator, with the first elevator replacement already approved for the FY14 cycle. The budget incorporates the cost of an independent technical expert for assistance with accurate assessment of needs, bid specifications, and oversight of installation.
  - **Address Inadequate Ventilation/Heating/Cooling (HVAC) Concerns - \$50,000.**  
Work must be conducted to address inadequate ventilation in enclosed work areas and to replace aging HVAC units which require frequent repairs. Current units have far exceeded their life cycle and increasingly require staff to dedicate time for repairs. Furthermore the units rely on Freon 22 as the cooling agent. The EPA has established a mandate to phase out the use of this product. All manufacturers of air conditioning and heating equipment are now required by law to only produce HVAC equipment that uses the new, environmentally friendly, R-410A Freon. In 2020, Freon R-22 will become completely obsolete and extinct. A phased-in replacement is planned, using energy efficient units that will result in lower energy consumption, reduce staff time for repairs, and comply with new EPA regulations. They will also allow us to meet the mandates of the Commission's Sustainability Policy.
  - **Construction repairs and compliance with Americans with Disabilities Act - \$25,000.**  
A budget of \$25,000 is proposed for small renovations to repair safety concerns (broken tiles, walls, floors) and phased-in changes for enhanced accessibility.

#### **Staffing Changes**

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

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

SUMMARY OF ANNUAL COMPARISONS					
REVENUES	ACTUAL FY11	ACTUAL FY12	ADOPTED FY13	ADOPTED FY14	PROPOSED FY15
Rentals - Office Space:					
Pr.Geo. Parks & Rec.	147,200	163,270	173,840	173,840	190,992
Retirement System	66,500	73,780	78,560	78,560	86,317
C.A.S. Departments	451,700 <sup>7</sup>	678,910	710,090	725,000	796,491
Interest Income	0	0	0	0	0
Use of Fund Balance	0	130,850	14,830	217,239	120,839
Total Revenues	\$ 665,400.00 <sup>7</sup>	\$1,046,810	\$977,320	\$1,194,639	\$1,194,639
EXPENDITURES	ACTUAL FY11	Actual FY12	ADOPTED FY13	ADOPTED FY14	PROPOSED FY15
Personnel Services	150,000 \$	212,371	198,470	235,239	249,133
Supplies and Materials	6,300	10,338	27,500	16,650	19,800
Other Services and Charges	444,300	352,730	536,450	549,150	538,267
Capital Projects/Reserve	226,400	212,736	214,900	393,600	387,439
Total Expenses	\$827,000	\$788,176	\$977,320	\$1,194,639	\$1,194,639
Revenues Over/(Under)	(\$161,600)	\$258,634	\$0	\$0	(\$0)
Expenses					
Positions/Workyears:					
Full-Time	2/2.0	2/2.0	2/2.0	2/2.0	2/2.0
Part-Time	0 <sup>7</sup>	0	0	0	0
Total	2/2.0	2/2.0	2/2.0	2/2.0	2/2.0

PRINCE GEORGE'S COUNTY EXECUTIVE OFFICE BUILDING INTERNAL SERVICE  
FY15 OPERATING BUDGET REQUEST

FY14 Adopted Budget \$1,194,639

FY15 BASE BUDGET

Change in Salaries	8,052
Change in Benefits	5,842
Change in Chargebacks	-
Change in Other Operating Charges	(17,044)
Change in Supplies	3,150
Subtotal Base Budget Increase/Decrease	0
FY 15 Base Budget	<u>\$1,194,639</u>
Estimated Percent Change in Base from FY14 Adopted	0%

Change to Base Between Counties from Labor Cost Allocation Change  
PROPOSED CHANGES: Restoration/New Initiatives

PGC Admin Fund

Subtotal, Restoration/New Initiatives	-
Total Changes, Base Budget and Restoration/New Initiatives	-
Total FY15 Proposed Budget Request	<u>\$1,194,639</u>
Estimated Percent Change in Total Request from FY14 Adopted	<u>0%</u>



## Risk Management (Internal Service Fund) Budget Overview

### Summary

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

These goals are met through risk assessments; implementation of loss control programs; management of commercial insurance and self-insured coverages; subrogation of liability; establishment of vendor insurance requirements to protect the agency against losses; supervisory/employee training and compliance reviews for adherence with workplace safety regulations issued by the Maryland Occupational Safety and Health (MOSH), the federal 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 program and defensive driving programs, etc.; risk assessments of new and existing agency programs; emergency response programs; and case management of workplace injuries and liability claims.

The Risk Management and Workplace Safety Office is staffed by two safety specialists, a workers' compensation specialist, a liability specialist, and a risk manager. A small amount of the Division Chief's time is directly charged to the Fund and some fiscal oversight by the Executive Director and Corporate Budget team is charged back to the Risk Management program. The proposal requests one additional safety specialist.

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

### Highlights and Major Changes in the FY15 Proposed Budget

Total FY15 agency-wide expenses are \$10,024,578 as presented in Table 1.

Table 1: Expenses

Category	FY15 Proposed	% of Total Expenses
Workers' Compensation and Liability Claims	\$7,307,774	73%
Internal Administrative Expenses	\$1,555,245	15%
External Administrative Fees	\$1,161,558	12%
<b>Total Expenses</b>	<b>10,024,578</b>	<b>100%</b>

### Allocation of Proposed Budgeted Expenses

The allocation of the FY15 proposed budgeted expenses by county is presented in Table 2 along with a comparison to the FY14 Adopted Budget and the FY13 actual expenses.

Table 2: Change in Expenses for Each County (FY14 vs. FY15)

<u>County</u>	<u>Actual FY13 Expenses</u>	<u>Adopted FY14 Expenses</u>	<u>Proposed FY15 Expenses</u>	<u>Change from FY14 and FY15</u>	<u>Change from actual expenses in FY13 to FY15</u>
Montgomery County	4,201,633	2,990,642	3,787,280	27%	(10%)
Prince George's County	5,805,918	5,381,787	6,237,298	16%	7.4%
<b>Total Operating Expenses</b>	<b>10,007,551</b>	<b>8,372,429</b>	<b>10,024,578</b>	<b>20%</b>	<b>1.7%</b>

Although the FY15 Proposed Budget is 20% above the FY14 Adopted Budget, the proposal is only 1.7% above FY13 actual expenses. By nature, risk management losses are unpredictable. In particular, actuarially determined changes in Case Reserves and Incurred But Not Reported Claims (IBNR), drive the volatility. According to the Montgomery County Government Self Insurance Fund Administrators, efforts are underway to adopt an actuarial approach which will smooth out these changes in the future.

### Proposed Funding

The FY15 Proposed Risk Management Budget for each County is funded by department as presented on the Summary Budget Schedules (Attachments 1 and 2). The change in the County funding is summarized in Table 3.

Table 3: Change in County Department Funding Levels (FY14 vs. FY15)

<u>County</u>	<u>FY14 Adopted Budget</u>	<u>Recommended FY15</u>	<u>Change %</u>
Montgomery	\$2,554,100	3,501,200	37%
Prince George's County	\$5,456,600	6,670,700	22%
<b>Total Funding</b>	<b>\$8,010,700</b>	<b>\$10,171,900</b>	<b>27%</b>

### Montgomery County

The FY15 proposed expense budget for the Commission's Montgomery County funded operations is \$3,787,280. After application of \$278,080 of available fund balance and \$8,000 of interest income, the proposed funding level is adjusted down to \$3,501,200. The FY15 funding level represents a 37% increase from the FY14 adopted budget, due to significant changes in workers' compensation expenses.

- 96% of funding is attributed to the Parks Fund (\$3,344,000). The Enterprise Fund comprises 3.2% (\$113,900); 1% is attributed to the Planning Department (\$38,600); and 0.1% is attributed CAS Operations (\$4,700).

### Prince George's County

The FY15 proposed expense budget for the Commission's Prince George's County funded operations is \$6,237,298. After increasing funding to begin to replenish reserves by \$445,402, and considering the \$12,000 of interest income, the proposed funding level is adjusted to \$6,670,700. The adjusted funding level reflects an increase of 22%. The increase in funding level is due to significant increases in projected claims expenses and replenishment of fund balance to comply with our fund balance reserve policy.

- The largest portion of the funding is attributed to the Park and Recreation Funds which have funding levels of \$4,325,300 and \$1,695,800 respectively. \$423,000 is allocated to the Enterprise Fund, with \$221,900 for the Planning Department, and \$4,700 for CAS.



### Expense Summary

As noted previously, the Risk Management Fund expenses fall into three categories: Workers' Compensation and Liability Claims, Internal Administrative Expenses and External Administrative Expenses.

Workers' Compensation and Liability Claims make up 73% (or \$7,307,774) of the total expense for the Risk Management budget. Costs for workers' compensation and liability claims include the following three components:

- Paid claims: Actual payments for medical and lost time for all open claims, whether they originated in the most recent fiscal year or prior periods.
- Incurred but not reported claims: Actuarial based estimate of claims that have occurred but may be delayed in getting reported.
- Claim reserves: Total expected expenses (present and future) for all open claims.

Actuarial projections for claims are used to determine necessary funding levels to protect against expected and unforeseen losses. Projections are based on the trend analysis for expected future losses. In determining total costs, actuaries determine realized expenses, along with projected value of potential claim costs. FY13 actual claims numbers as well as costs associated with claims that were filed in prior years but remain open due to ongoing nature of the injury or liability are all factored in. For FY15, budgeted expenses are based on historical trends of the three components.

### Explanation of Claims Expenses

- 87% of claim expenses are directly related to workers' compensation claims, while 13% of the costs are related to liability claims (property damage, auto damage, and third party claims).
- The number of new claims in FY13 decreased for both liability (-30%) and workers' compensation (-4%). However, the total claims expenses for FY15 are expected to increase 25%, primarily due to trends in actuarially-established increases in claim reserves. Increases in claims reserves are fully attributed to workers' compensation claims (e.g., a number of severe injuries, worsening of medical conditions, and significant losses from claims filed for hypertension and heart disease, two conditions that are considered compensable under Maryland law for certain positions).

As noted previously, we have been advised by Montgomery County Government Risk Management staff that a different actuarial approach is being explored to assist in smoothing out the extreme volatility in expenses related to Claims Reserves and Incurred But Not Reported Claims.

Internal Administrative Expenses are proposed at 15% (or \$1,555,245) of the total Risk Management Proposed Budget for internal staff and programs in the area of risk management and workplace safety. Staff is responsible for 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 (regulatory compliance, inspections, investigations, training, etc.).

New Initiative: Given the increase in claims expense, the proposed budget includes a request to fund one additional safety specialist (grade H at \$96,940) to enhance delivery of workplace safety program requirements. The requested safety specialist position adds .5% to the internal administration costs. Without the position, the internal administration costs would comprise 14.5% (or \$1,458,305).

The Risk Management and Workplace Safety Office has two (2) safety specialist that are responsible for ensuring compliance with federal and state safety standards issued by OSHA, MOSH, DOT, EPA, etc. This effort includes conducting compliance inspections of more than 400 facilities; developing/conducting safety training for more than 5,000 employees; investigating accidents related to injuries of employees and patrons; and, administering a number of safety programs.

The present staffing complement, which was established in 1986, makes it very challenging to meet present day demands of the program. Federal and safety mandates have significantly evolved in the last ten years, ensuring that employees are properly trained on safety regulations, and that facilities meet specific protections and safety standards. In addition to adhering to regulations, the staff ensure that



property is maintained in a manner that does not expose the agency to negligence claims from third parties, as well as manage the agency's emergency response plans and occupational monitoring programs (drug/alcohol, driver record/license monitoring, CDL Licensing, etc.).

Because of limited staff resources, it is very difficult to meet the requirements of the expanded work program. Services are often limited to handling the most critical or emergency concerns. The additional position will allow the agency to improve compliance with regulations, and implement enhanced safety training, provide broader inspection programs, and reduce accidents and injuries on Commission properties. In a comparison of several local agencies, it was determined that the Commission's Risk Management and Safety Office has, overall, the least amount of staff assigned to risk/safety responsibilities per total number of employees.

**External Administrative Expenses** are proposed at 12% (or \$1,161,668) of the total Risk Management Budget and represent the Fees to MCSIP for claims adjudication, commercial insurance and actuarial services.

The Commission subrogates its claims with responsible third parties to offset losses. It also applies for available reimbursements from federal programs such as the Federal Emergency Management Administration (FEMA), which has provided sizeable reimbursements for damage that occurs during state/federally-declared emergencies. However, these recoveries are not budgeted as a revenue source to this Fund, but are returned directly to the affected departments after being received.

#### **Staffing Changes**

This fund presently includes 5.0 positions and 5.3 workyears. For FY15, we are proposing the addition of 1.0 position and 1.0 workyears.

MONTGOMERY COUNTY RISK MANAGEMENT INTERNAL SERVICE FUND  
Summary of Revenues, Expenses, and Changes in Fund Net Assets  
PROPOSED BUDGET FISCAL YEAR 2015

	FY 12	FY 13	FY13	FY 14	FY15
	Actual	Budget	Actual	Adopted	PROPOSED
Operating Revenues:					
Charges for Services:	\$	\$	\$	\$	\$
Parks	2,307,500	2,573,400	2,573,400	2,396,300	3,344,000
Planning	86,100	77,700	77,700	49,300	38,600
CAS	11,400	5,000	5,000	5,000	4,700
Enterprise	157,300	150,000	112,000	103,500	113,900
Miscellaneous (Claim Recoveries, etc.)	321,727	-	187,114	-	-
Total Operating Revenues	<u>2,884,027</u>	<u>2,806,100</u>	<u>2,955,214</u>	<u>2,554,100</u>	<u>3,501,200</u>
Operating Expenses:					
Personnel Services	631,009	345,450	253,369	356,106	424,545
Supplies and Materials	12,833	22,500	13,275	20,578	20,578
Other Services and Charges:					
Insurance Claims:					
Parks	1,574,200	2,216,503	2,915,569	1,776,906	2,468,546
Planning	45,323	64,381	128,608	40,745	108,889
CAS	3,516	7,243	7,468	5,046	6,323
Enterprise	2,225	94,426	(25,378)	46,352	(21,487)
Misc., Professional services, etc.	524,541	696,787	468,395	542,090	530,217
Depreciation & Amortization Expense	11,412	-	6,732	-	-
Other Financing Uses	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Other Classifications	-	-	188,595	-	-
Chargebacks	167,152	227,000	245,000	202,819	249,669
Total Operating Expenses	<u>2,972,211</u>	<u>3,674,290</u>	<u>4,201,633</u>	<u>2,990,642</u>	<u>3,787,280</u>
Operating Income (Loss)	<u>(88,184)</u>	<u>(868,190)</u>	<u>(1,246,419)</u>	<u>(436,542)</u>	<u>(286,080)</u>
Nonoperating Revenue (Expenses):					
Interest Income	53,584	40,000	17,811	53,600	8,000
Interest Expense, Net of Amortization	-	-	-	-	-
Loss on Sale/Disposal Assets	-	-	-	-	-
Total Operating Expenses	<u>53,584</u>	<u>40,000</u>	<u>17,811</u>	<u>53,600</u>	<u>8,000</u>
Income (Loss) Before Operating Transfers	<u>(34,600)</u>	<u>(828,190)</u>	<u>(1,228,608)</u>	<u>(382,942)</u>	<u>(278,080)</u>
Operating Transfers In (Out):					
Transfer In	-	-	-	-	-
Transfer (Out)	-	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(34,600)</u>	<u>(828,190)</u>	<u>(1,228,608)</u>	<u>(382,942)</u>	<u>(278,080)</u>
Total Net Assets, Beginning	<u>4,793,258</u>	<u>4,198,458</u>	<u>4,758,658</u>	<u>3,930,468</u>	<u>3,547,526</u>
Total Net Assets, Ending	<u>\$ 4,758,658</u>	<u>\$ 3,370,268</u>	<u>\$ 3,530,050</u>	<u>\$ 3,547,526</u>	<u>\$ 3,269,446</u>
Designated Assets	2,376,000	2,623,822	2,465,000	2,618,271	2,618,271
Unrestricted Assets	2,382,658	746,446	1,065,050	929,255	651,175
Total Net Assets, June 30	<u>\$ 4,758,658</u>	<u>\$ 3,370,268</u>	<u>\$ 3,530,050</u>	<u>\$ 3,547,526</u>	<u>\$ 3,269,446</u>

PRINCE GEORGE'S COUNTY RISK MANAGEMENT INTERNAL SERVICE FUND  
Summary of Revenues, Expenses, and Changes in Fund Net Assets  
PROPOSED BUDGET FISCAL YEAR 2015

	FY 12 Actual	FY 13 Budget	FY13 Actual	FY 14 Adopted	FY15 PROPOSED
Operating Revenues:					
Charges for Services:	\$	\$	\$	\$	\$ \$
Parks	3,618,971	3,504,900	3,504,900	3,748,700	4,325,300
Recreation	977,200	1,145,200	1,145,200	1,357,200	1,695,800
Planning	5,000	5,000	5,000	150,800	221,900
CAS	11,400	5,000	5,000	5,000	4,700
Enterprise	126,800	130,100	130,100	194,900	423,000
Miscellaneous (Claim Recoveries, etc.)	612,769	-	212,841	-	-
Total Operating Revenues	<u>5,352,140</u>	<u>4,790,200</u>	<u>5,003,041</u>	<u>5,456,600</u>	<u>6,670,700</u>
Operating Expenses:					
Personnel Services	648,020	345,450	259,220	356,106	424,545
Supplies and Materials	24,736	22,500	39,739	20,578	20,578
Other Services and Charges:					
Insurance Claims:					
Parks	2,540,880	2,473,343	2,516,689	2,812,944	2,779,677
Recreation	546,145	682,301	1,129,660	876,535	1,247,707
Planning	259,315	10,994	208,077	83,915	229,821
CAS	3,514	6,663	7,469	6,761	8,249
Enterprise	108,422	158,249	434,632	196,862	480,050
Misc., Professional services, etc.	776,609	959,730	729,722	754,805	774,841
Depreciation & Amortization Expense	9,708	-	6,652	-	-
Other Financing Uses	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Other Classifications	-	-	206,288	-	-
Chargebacks	541,498	250,000	267,770	273,281	271,830
Total Operating Expenses	<u>5,458,847</u>	<u>4,909,230</u>	<u>5,805,918</u>	<u>5,381,787</u>	<u>6,237,298</u>
Operating Income (Loss)	<u>(106,707)</u>	<u>(119,030)</u>	<u>(802,877)</u>	<u>74,813</u>	<u>433,402</u>
Nonoperating Revenue (Expenses):					
Interest Income	81,496	60,000	28,820	81,500	12,000
Interest Expense, Net of Amortization	-	-	-	-	-
Loss on Sale/Disposal Assets	-	-	-	-	-
Total Nonoperating Revenue (Expenses):	<u>81,496</u>	<u>60,000</u>	<u>28,820</u>	<u>81,500</u>	<u>12,000</u>
Income (Loss) Before Operating Transfers	<u>(25,211)</u>	<u>(59,030)</u>	<u>(774,057)</u>	<u>156,313</u>	<u>445,402</u>
Operating Transfers In (Out):					
Transfer In	-	-	-	-	-
Transfer (Out)	-	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(25,211)	(59,030)	(774,057)	156,313	445,402
Total Net Assets, Beginning	6,429,898	5,893,698	6,404,687	6,345,657	5,786,943
Total Net Assets, Ending	<u>\$ 6,404,687</u>	<u>\$ 5,834,668</u>	<u>\$ 5,630,630</u>	<u>\$ 6,501,970</u>	<u>\$ 6,232,345</u>
Designated Assets	6,718,000	5,357,635	6,338,000	5,801,542	5,801,542
Unrestricted Assets	(313,313)	477,033	(707,370)	700,428	430,803
Total Net Assets, June 30	<u>\$ 6,404,687</u>	<u>\$ 5,834,668</u>	<u>\$ 5,630,630</u>	<u>\$ 6,501,970</u>	<u>\$ 6,232,345</u>



## **Commission-Wide Group Insurance (Internal Service Fund)**

### **Budget Overview**

#### **Summary**

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

As an internal service fund, the Fund covers all active employees with health and other insurance coverage in the operating departments and retirees eligible for health benefits. The premiums paid through the operating department insurance costs constitute most of the revenue, 80.8 %. Revenue from employee and retiree share of the premiums makes up 18.2 % of revenue, with the Medicare subsidy and interest income making up the balance. The fund is treated as a Commission-wide fund because its costs are not specifically generated by either county. Rather, the costs represent the total health insurance pool cost. In addition, OPEB Paygo costs are paid through the Group Insurance Fund.

The Group Insurance program is part of the Department of Human Resources and Management. It is staffed by 4 full-time positions plus a seasonal staffing budget of .7 work years.

#### **Highlights and Major Changes in the FY15 Proposed Budget**

The Proposed FY15 expenditure budget is \$51.61 million, which is a 4.7 % increase over the FY14 Adopted Budget. The dollar increase over FY14 Adopted Budget is \$2.34 million.

The FY15 Proposed Budget reflects the full year effect of previously negotiated changes in employee health insurance cost share and the increase in retiree health insurance cost share. Effective January 1, 2013, non-represented employees and MCGEO represented employees cost share for certain health insurance plans increased from 15 % to 17.5 %. Effective January 1, 2014, these same employee groups will begin paying a 20 % cost share for certain health insurance plans. These cost shares apply to all health insurance plans except for the lowest cost plan and the prescription plan. For FOP represented employees and retirees, the cost share increased to 20 % effective January 1, 2013. The increased employee cost share is reflected in the employee share of revenue.

Continuing the change that was adopted in the FY14 Budget, the administrative expenses are factored into the health insurance rates, and are paid through the premiums paid by the employer and employee. Previously, the administrative costs were paid by the operating departments through a chargeback.

Lastly, the FY15 Proposed Budget contains a designated reserve of \$3.61 million, which is sufficient to meet the 7 % of total operating expense reserve policy. A summary of the Proposed Budget is shown on the next page.

#### **Requested Essential Needs**

##### **Conversion of Previously Budgeted Seasonal/Intermittent Funding which has been used to fund a Part-Time Term Contract Employee to Full Time Career (\$23,467)**

Current duties of this position include invoicing for the health plans, auditing vendor participant counts, reconciling eligibility reports, processing daiy mail, maintenance of reporting statistics, filing, open enrollment and new hire enrollment assistance.

Justification: Term contract implies that there is a project or body of work to be completed in a certain period of time, usually for a term of one to two years. Once the work is done that individual is no longer needed. Our Term Contract position responsibilities are not temporary. We have determined that there is an ongoing need

for this position to support our Benefits Specialists. In the last 7 years we have had 6 individuals in this position. The turnover is very disruptive. We have to train a new person almost every year. This is not a good business practice. The turnover is high because of the high cost of insurance and limited benefits, not because of the job responsibilities.

**New Term Contract Position – Wellness Coordinator (\$78,204)**

Justification: Claims expenses are continually rising. For 2014, premiums increased by 12.4% for the UnitedHealthcare EPO plan and 14.1% for the UnitedHealthcare POS plan. The primary reason for the increases is claims cost. A review of our health plan utilization identified the top chronic conditions and behavior that contribute to the increasing costs. These conditions and behavior can be better managed with member education and engagement in health improvement and wellness programs. It has been demonstrated that the best approach to reducing claims cost is to improve member health literacy and engaging employees in taking responsibility for their health. Wellness programs aim to accomplish these goals. Current staff cannot support the administration of a robust wellness program. Montgomery County Government, Prince George's County Government, Montgomery County Public Schools and Montgomery College have a Wellness Coordinator/Manager on staff devoted 100% to administering their wellness programs. WSSC is currently seeking approval for a Wellness Coordinator. The return on investment of having a Wellness Coordinator will be well worth the expense as the increase in claims expenses will be reduced and employee productivity will improve. It is recommended that this position be funded initially from the fund balance of the flexible spending accounts.



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION  
GROUP INSURANCE INTERNAL SERVICE FUND  
Summary of Revenues, Expenses, and Changes in Fund Net Assets  
PROPOSED BUDGET FISCAL YEAR 2015

	FY12 Actual	FY13 Actual	FY14 Adopted	FY15 Proposed	% Change
Operating Revenues:					
Intergovernmental	\$	\$	\$	\$	
Medicare Part D Subsidy	757,585	453,235	600,000	450,000	-25.0%
Charges for Services:					
Employee/Retiree Contributions	6,131,795	7,451,131	9,788,895	9,396,329	-4.0%
Employer Contributions/Premiums	25,958,810	32,012,496	38,820,228	41,649,904	7.3%
Employer Contributions - Other	-	589,300	25,000	22,360	-10.6%
Total Operating Revenues	<u>32,848,190</u>	<u>40,506,162</u>	<u>49,234,123</u>	<u>51,518,593</u>	<u>4.6%</u>
Operating Expenses:					
Personnel Services	-	525,080	616,000	701,346	13.9%
Supplies and Materials	-	740	20,000	20,000	0.0%
Other Services and Charges:					
Professional Services	177,184	227,838	275,000	395,000	43.6%
Insurance Claims and Fees	28,908,678	31,124,830	41,900,000	42,413,811	1.2%
Insurance Premiums and Fees	6,525,707	6,657,154	6,195,523	7,814,040	26.1%
Change in IBNR	(549,460)	(233,822)	-	-	-
Other Classifications					
Chargebacks	233,800	232,000	267,600	267,600	0.0%
Total Operating Expenses	<u>35,295,909</u>	<u>38,533,820</u>	<u>49,274,123</u>	<u>51,611,797</u>	<u>4.7%</u>
Operating Income (Loss)	<u>(2,447,719)</u>	<u>1,972,342</u>	<u>(40,000)</u>	<u>(93,204)</u>	<u>133.0%</u>
Nonoperating Revenue (Expenses):					
Interest Income	45,549	13,891	40,000	15,000	-62.5%
Total Operating Expenses	<u>45,549</u>	<u>13,891</u>	<u>40,000</u>	<u>15,000</u>	<u>-62.5%</u>
Income (Loss) Before Operating Transfers	<u>(2,402,170)</u>	<u>1,986,233</u>	<u>-</u>	<u>(78,204)</u>	<u>-</u>
Operating Transfers In (Out):					
Transfer In	-	-	-	-	-
Transfer (Out)	-	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(2,402,170)</u>	<u>1,986,233</u>	<u>-</u>	<u>(78,204)</u>	<u>-</u>
Total Net Assets, Beginning	<u>7,883,178</u>	<u>5,481,008</u>	<u>5,481,008</u>	<u>7,467,241</u>	<u>36.2%</u>
Total Net Assets, Ending	<u>\$ 5,481,008</u>	<u>\$ 7,467,241</u>	<u>\$ 5,481,008</u>	<u>\$ 7,389,037</u>	<u>34.8%</u>
Designated Assets	2,920,413	3,149,651	3,449,189	3,612,826	4.7%
Unrestricted Assets	2,560,595	4,317,590	2,031,819	3,776,211	85.9%
Total Net Assets, June 30	<u>\$ 5,481,008</u>	<u>\$ 7,467,241</u>	<u>\$ 5,481,008</u>	<u>\$ 7,389,037</u>	<u>34.8%</u>



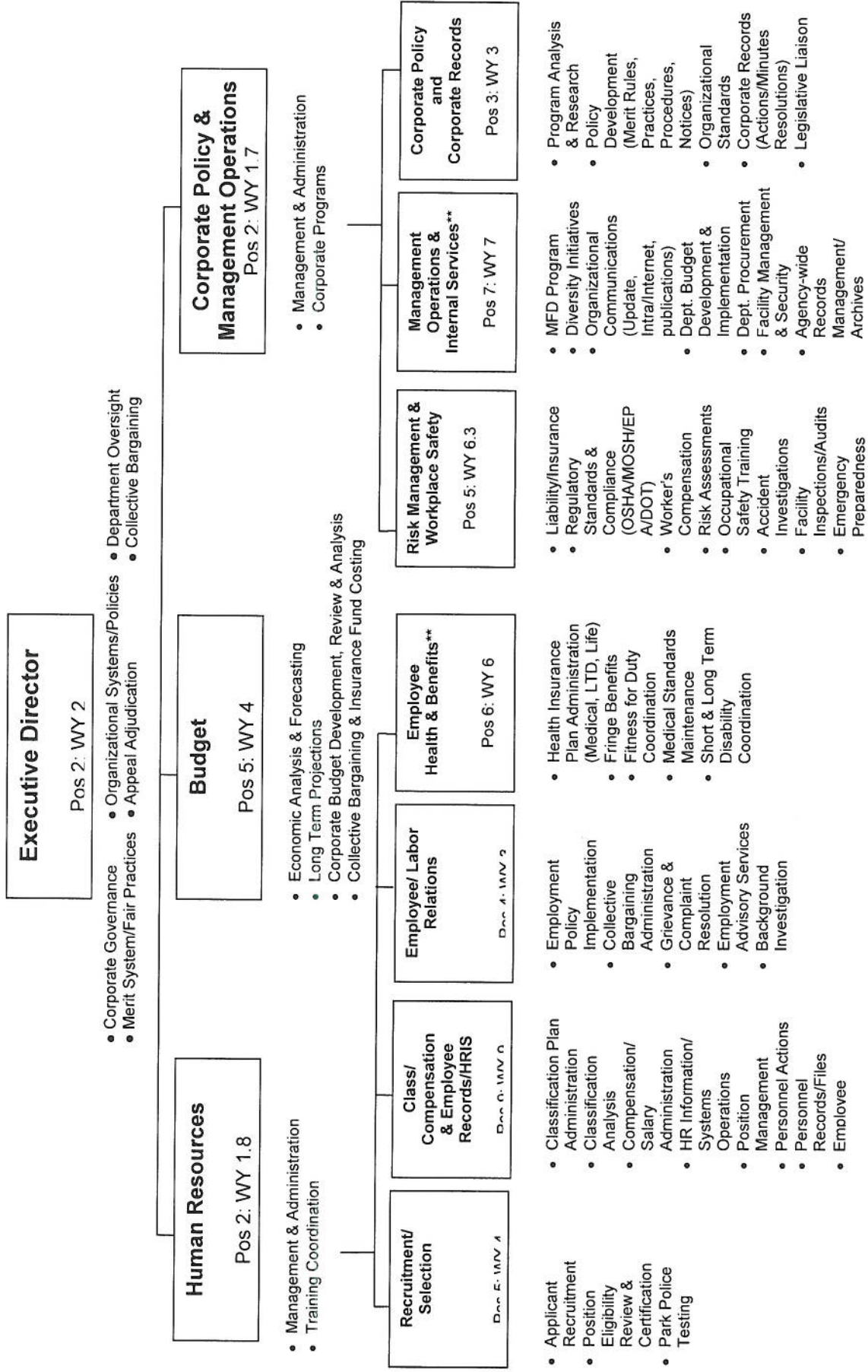
STAFFING  
COMPLEMENT

	FY 12 Actual		FY 13 Actual		FY 14 Adopted		FY 15 Proposed	
	POS	WYS	POS	WYS	POS	WYS	POS	WYS
GROUP INSURANCE FUND								
DEPARTMENT OF HMN. RES. & MGMT.								
Full-Time Career	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00
Part-Time Career	-	-	-	-	-	-	-	-
Career Total	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00
Term Contract	-	-	-	-	-	-	1.00	1.00
Seasonal/Intermittent		0.70		0.70		0.70		-
Total Group Insurance Fund	4.00	4.70	4.00	4.70	4.00	4.70	6.00	6.00

We look forward to further discussion with the Boards on the budget proposals.

cc: Department Directors/Budget Coordinators

Central Administrative Services (FY15 Budget)  
Department of Human Resources and Management



Notes: Administrative support staff allocated to units; CIO funding provided by Finance Department, reports to Executive Committee. \*\* Programs funded by tax and non-tax supported funds.

## Central Administration Services – Office of the Chief Information Officer FY15 Budget Narrative

### **Executive Overview**

Working together with the Chief Technology Officers of each department the Office of the Chief Information Officer (OCIO) develops the Information Technology (IT) architecture and recommends IT policies for the Commission. Policies are authorized by the IT Council. IT Council and the OCIO provide the Commission governance for enterprise-wide efforts.

Currently the OCIO is engaged with the implementation of the Enterprise Resource Planning (ERP) project. The critical nature of this effort and the need for a successful implementation has delayed the start of other planned efforts for FY14. Thus the Office of the Chief Information Officers (OCIO) will continue to address Information Technology security and governance, and document management into FY15.

The OCIO has adopted the International Organization for Standardization ISO/IEC 27000-series (also known as the 'Information Security Management Systems (ISMS) family of standards' or 'ISO27k' for short) as our IT security governance framework. This comprises information security standards published jointly by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC). The result of this adoption will be numerous enterprise projects to include, but are not limited to:

- User account management, access rights, and password normalization
- Enterprise IT policies review, creation, and enhancement
- Enterprise hardware and software standardization
- Enterprise network normalization
- Enterprise IT audit, business continuity, and disaster recovery

It is not practical that all aspects of the IT security governance framework be addressed in a single year, so IT security initiatives will remain on the Commission radar for a few years.

The Commission must still address a holistic approach to Document Management. This would include document creation, version control, routing, scanning, retention, archival, eDiscovery, and retirement. In FY14 we planned to begin the journey by assessing our needs and developing a scope document in preparation of a potential request for proposal. Additionally we planned to address the physical storage by acquiring the technology to scan and index paper records. In FY15 the OCIO plans to execute a study of our document management needs and engage a partner to execute a RFP.

### Budget Overview

The proposed FY15 expenditure budget is \$345,000 representing a 10.8% decrease from the FY14 adopted levels. The total OCIO budget is \$1.080M.

### Commission-wide IT Initiatives

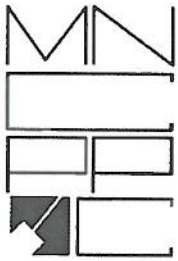
The proposed FY15 expenditure budget is \$735,000. This expenditure represents the following planned efforts:

- User Account Management
- Document Management RFP
- Enterprise External IT Audit
- Enterprise Strategic Plan



**COMMISSION-WIDE INITIATIVES FUND**  
**Expenditures by Division by Type**  
**PROPOSED BUDGET FISCAL YEAR 2015**

	<u>FY13</u> <u>Budget</u>	<u>FY14</u> <u>Budget</u>	<u>FY15</u> <u>Proposed</u>	<u>%</u> <u>Change</u>
<b><u>Montgomery County</u></b>				
<b>Office of the CIO</b>				
Personnel Services	151,000	146,604	133,907	-8.7%
Supplies and Materials	4,000	3,504	3,504	0.0%
Other Services and Charges	8,100	7,174	7,174	0.0%
Capital Assets				-
Other Classifications				-
Chargebacks				-
<b>Total</b>	<u>163,100</u>	<u>157,282</u>	<u>144,585</u>	<u>-8.1%</u>
<b><u>Prince George's County</u></b>				
<b>Office of the CIO</b>				
Personnel Services	177,200	208,982	190,883	-8.7%
Supplies and Materials	4,500	4,996	4,996	0.0%
Other Services and Charges	9,300	10,226	10,226	0.0%
Capital Assets				-
Other Classifications				-
Chargebacks				-
<b>Total</b>	<u>191,000</u>	<u>224,204</u>	<u>206,105</u>	<u>-8.1%</u>
<b><u>Combined Total</u></b>				
<b>Office of the CIO</b>				
Personnel Services	328,200	355,586	324,790	-8.7%
Supplies and Materials	8,500	8,500	8,500	0.0%
Other Services and Charges	17,400	17,400	17,400	0.0%
Capital Assets	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	-	-	-	-
<b>Total</b>	<u>354,100</u>	<u>381,486</u>	<u>350,690</u>	<u>-8.1%</u>
<b>Commission Wide IT Initiatives FY 14</b>				
PTI Consulting	-	50,000		
Document Archiving	-	200,000		
Document Management	-	500,000		
<b>Total</b>	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>-</u>
<b>Commission-Wide IT Initiatives FY15</b>				
PTI Consulting			85,000	
User Account Management			200,000	
Document Management RFP			150,000	
Enterprise External Audit			150,000	
Enterprise Strategic Plan			150,000	
<b>Total</b>		<u>-</u>	<u>735,000</u>	



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

MEMORANDUM

DATE: October 9, 2013

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

FROM: Joseph C. Zimmerman, Secretary-Treasurer

SUBJECT: Finance Department FY 15 preliminary budget submission

The Planning Boards have provided general guidance for developing the FY 2015 budget. This guidance is to prepare a base budget for 2015 including major known commitments that must be addressed to maintain services, and an essential needs request that will be considered for inclusion in the budget. Major known commitments include the anticipated cost of salary increases in line with the MCGEO agreement.

I am pleased to submit the attachment in response to your guidance. Comments on specific items are as follows:

- Personal services: Increase of \$285,116. Recalculation of salaries to reflect current assignments along with projected increases in health insurance rates results in an increase in projected salaries of \$83,969. The anticipated cost of merit and COLA adjustments, according to the Budget Office is \$201,147.
- Other operating charges: Various contracts for software and IT hardware support will increase in cost for fiscal 2015 in the amount of \$16,800.

Changes to chargebacks are not determined as of this writing. Based on the above amounts, the base budget will increase by \$301,916 or 4.83%. Absent the salary marker, the increase would be 1.62%.

After careful consideration, there are several essential needs that should be addressed in the fiscal 2015 budget. Details are as follows:

- Accounting Division overtime- \$5,000. The Accounting Division has exceeded its \$2,500 overtime budget for the last several years due to increased work volume and reduced staffing. It is not anticipated that the implementation of ERP will mitigate this situation in the near future.
- Technical training for ERP- \$25,000. The ERP system is expected to be live prior to the beginning of fiscal 2015. This system will require that training on its technical complexities be maintained on an ongoing basis. Accordingly, \$25,000 is requested to provide additional training funds to meet this need. Training is an area that has seen significant decreases in recent years, to the detriment of staff skills.
- ERP Help Desk Support- \$50,000. As we move to fully implement the ERP system, it will be necessary to establish a more robust help desk function to properly support the using departments. Anticipated start-up costs for this effort are \$50,000.
- Add staffing in the Purchasing Division- \$132,224. The Purchasing Division is currently 1.6 work years (approximately 19%) below its fiscal 2010 staffing levels. In addition to the increasing work volume experienced in recent years, the ERP system will provide significant new functionality to serve the Departments. This functionality will need to be supported to obtain maximum value. It is requested that an existing position be funded as a Business Support Analyst. Specific tasks of this position would include:
  - Provide Customer support to super-users and end-users
  - Provide customer support to external customers such as vendors using the vendor portal. This is necessary, as bids will be received electronically through the system and support is needed in the event of a problem with bid submission
  - Provide business analysis to ensure that the module properly incorporates internal business processes as they evolve over time
  - Ensure that all development and application implementations/modifications are supported by thorough quality assurance and user acceptance testing
  - Serve as the primary point of contact support of the EAM integration with SCM
  - Establish and maintain training program for SCM
  - Support the Commission's Purchase Card Program



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

Finance DEPARTMENT

PRELIMINARY FY15 OPERATING BUDGET REQUEST

	MC ADMIN FUND	PGC ADMIN FUND	Department TOTAL
FY 14 approved budget	\$2,918,359	\$3,330,906	\$6,249,265

FY15 BASE BUDGET

Personal services	123,592	161,524	285,116
Chargebacks	-	-	-
Other operating charges	7,283	9,517	16,800
Base budget increase	130,875	171,041	301,916
<b>FY 15 Base budget</b>	<b>3,049,234</b>	<b>3,501,947</b>	<b>6,551,181</b>

Estimated Percent Change in Base from FY14 Adopted

4.48% 5.13% 4.83%

Change to Base Between Counties from Labor Cost Allocation Change

PROPOSED CHANGES

Accounting overtime	2,170	2,830	5,000
ERP Tech training	10,850	14,150	25,000
ERP Help Desk support	21,700	28,300	50,000
Fund lapsed position	57,319	74,905	132,224
<b>Subtotal Proposed Changes</b>	<b>92,039</b>	<b>120,185</b>	<b>212,224</b>
<b>Total FY15 Proposed Budget Request</b>	<b>3,141,273</b>	<b>3,622,132</b>	<b>6,763,405</b>
Estimated Percent Change in Total Request from FY14 Adopted	7.64%	8.74%	8.23%



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 14, 2013

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

From: Renee Kenney, Chief Internal Auditor

Re: FY15 Budget Request/Justification

**Staff Recommendation**

Approval to prepare the FY15 Office of Internal Audit's operating budget at the base budget plus salary and benefit costs for one authorized, non-funded Auditor III position.

**Budget Summary**

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Budget</u>	<u>FY 15</u> <u>Proposed</u>
<b>Montgomery County</b>				
Personnel Services	134,043	84,852	146,239	207,686
Supplies and Materials	(1,995)	3,435	5,500	5,500
Other Services and Charges	5,699	20,279	4,100	4,100
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	-	-	-	-
Total	<u>137,747</u>	<u>108,566</u>	<u>155,839</u>	<u>217,286</u>
<b>Prince George's County</b>				
Personnel Services	298,547	211,503	308,169	381,739
Supplies and Materials	2,973	1,358	9,500	9,500
Other Services and Charges	5,900	32,599	7,200	7,200
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	<u>(68,100)</u>	<u>(61,600)</u>	<u>(60,000)</u>	<u>(70,000)</u>
Total	<u>239,320</u>	<u>183,860</u>	<u>264,869</u>	<u>328,439</u>
<b>Combined Total</b>				
Personnel Services	432,590	296,355	454,408	589,425
Supplies and Materials	978	4,793	15,000	15,000
Other Services and Charges	11,599	52,878	11,300	11,300
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	<u>(68,100)</u>	<u>(61,600)</u>	<u>(60,000)</u>	<u>(70,000)</u>
Total	<u>377,067</u>	<u>292,426</u>	<u>420,708</u>	<u>545,725</u>



## Staffing Summary

	FY 12 Actual		FY 13 Budget		FY 13 Actual		FY 14 Adopted		FY 15 Proposed	
	POS	WYS	POS	WYS	POS	WYS	POS	WYS	POS	WYS
<b>OFFICE OF INTERNAL AUDIT</b>										
<i>Montgomery County</i>										
Full-Time Career	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Part-Time Career	-	-	-	-	-	-	-	-	-	-
Career Total	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Term Contract	-	-	-	-	-	-	-	-	-	-
Seasonal/Intermittent	-	-	-	-	-	-	-	-	-	-
Less Lapse		(0.50)		(0.50)		(0.50)		(0.50)		-
Subtotal Legal Department	2.00	1.50	2.00	1.50	2.00	1.50	2.00	1.50	2.00	2.00
<i>Prince George's County</i>										
Full-Time Career	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Part-Time Career	-	-	-	-	-	-	-	-	-	-
Career Total	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Term Contract	-	-	-	-	-	-	-	-	-	-
Seasonal/Intermittent	-	-	-	-	-	-	-	-	-	-
Less Lapse		(0.50)		(0.50)		(0.50)		(0.50)		-
Subtotal Legal Department	3.00	2.50	3.00	2.50	3.00	2.50	3.00	2.50	3.00	3.00
<b>TOTAL</b>										
Full-Time Career	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Part-Time Career	-	-	-	-	-	-	-	-	-	-
Career Total	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Term Contract	-	-	-	-	-	-	-	-	-	-
Seasonal/Intermittent	-	-	-	-	-	-	-	-	-	-
Less Lapse		(1.00)		(1.00)		(1.00)		(1.00)		-
Total Legal Department	5.00	4.00	5.00	4.00	5.00	4.00	5.00	4.00	5.00	5.00

The Office of Internal Audit (OIA) has a FY14 adopted budget of \$420,708. If funding for the additional position is not approved, OIA's FY15 base budget would increase approximately 5.5%, to \$443,725. This increase is primarily due to planned increases in salaries and benefits for FY15, offset by a \$10,000 increase in chargebacks to Prince George's County for position #14346.

For FY14, OIA has five (5) authorized, but four (4) funded positions. The four (4) funded positions are split 1.50/2.50 Montgomery County and Prince George's County respectively. The four funded positions include a Chief Internal Auditor (L), one Auditor III (I), and two Auditor II's (H).

**For FY15, OIA is requesting approval to recruit and fill position number #10040, Auditor III.** The position was previously authorized, but was not funded in fiscal years 2011 – 2014 due to budgetary constraints. If approved, funded OIA positions will be split 3:2 (60%/40%) Prince George's County/Montgomery County.

We anticipate filling the position at an annual salary of \$85,000, slightly over midpoint (\$75,260) but under maximum (\$95,069). Approval will result in an increase of approximately \$102,000 to OIA's existing budget (full fringe). Preferred qualifications for the position will include experience in information technology audits, system implementations/upgrades, and/or system security/authentication.

**The OIA is not requesting any increases in their general operating funds.** Additional training and other expenses relating to the addition of position #10040 will be absorbed by existing resources.

In summary, if the funding request is approved, OIA's FY15 budget will increase by 29.72% or \$125,017. Montgomery County's portion will increase by approximately 39.43% and Prince George's County's portion will increase by approximately 24.00%. Total costs, after chargebacks, will be shared 40%/60% between Montgomery County and Prince George's County respectively.

Thank you for your consideration.



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

Reply To

October 16, 2013

**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:** Adrian R. Gardner  
General Counsel

**RE:** Legal Department – FY 15 Administration Fund – **REVISED 10/16/13**

---

This memorandum is to solicit Planning Board input in crafting the FY 2015 budget for the Commission's Office of General Counsel (OGC or Legal Department).

**A. Recommendation**

As discussed in further detail below, I request your collective support for funding above the Legal Department's FY 2015 baseline level in the total amount of \$95,000. The of new funding would follow the Legal Department's bi-county allocation; that is, \$54,150 (57%) allocated to the Montgomery County Administration Fund and \$40,850 (43%) allocated to the Prince George's County Administration Fund. (See Exhibit A attached.)

This budget increase is proposed to enable realignment of the Legal Department's personnel structure as necessary to: (1) promote retention of experienced OGC attorneys, (2) achieve better internal equity among Commission jobs with comparable responsibilities and demands, and (3) provide additional flexibility needed to compete with other agencies for the most seasoned legal talent.

**B. Base Budget and Known Operating Commitments**

The Legal Department's FY 2015 proposed base budget after chargebacks is \$2,375,083 allocated as follows:

- Montgomery County Administration Fund: \$1,520,468
- Prince George's County Administration Fund: \$854,615



These levels represent increases, over the FY 2014 adopted budget, of \$54,252 (3.70%) for Montgomery County funding and \$47,919 (5.94%) for Prince George's County funding, and are attributable exclusively to changes in compensation and employee benefit costs. All non-personnel items are proposed at levels that are flat. As you are also aware, a marginal adjustment is also expected once Commission-wide pension and Internal Service Fund items are determined finally in the ordinary budget process.

### C. New Request

**1. Background.** The Legal Department is currently organized into five specialized, functional teams with staffing levels enumerated as follows:<sup>1</sup>

- Montgomery County Land Use Team (4 attorneys)
- Prince George's County Land Use Team (3 attorneys)
- Litigation and Employment Law Team (5 attorneys<sup>2</sup>)
- Transactions Practice Team (4 attorneys)
- Legislative Management Team (0 attorneys<sup>3</sup>)

Each of these teams – with the exception of the Legislative Management Team – is led by a senior attorney with responsibility for direct supervision of its members. The General Counsel, in turn, directly supervises each of the four team leaders.

Under the current personnel structure, Commission attorneys are allocated according to one of three job classifications and pay grades that require the following minimum experience qualifications:

- Associate General Counsel I • Grade I • no minimum experience required
- Associate General Counsel II • Grade J • 2 year minimum experience required
- Associate General Counsel III • Grade K • 4 year minimum experience required

There are no other classifications within the Associate General Counsel job series, and the series has not undergone review or revision since 1988.

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<sup>1</sup> Commission Practice 1-40, Organizations and Functions of the Legal Department.

<sup>2</sup> One attorney currently assigned to the Litigation and Employment Law Team is simultaneously assigned to the Legislative Management Team during the legislative session. In other words, this is a split-duty assignment, and the Legislative Management Team generally is not staffed between May and December of each year.

<sup>3</sup> See note 2.

By contrast to the relatively modest minimum experience qualifications, the actual experience of attorneys hired by the Commission has been favorable, and an important part of the Legal Department's historical effectiveness. The following chart captures the actual average years of practical legal experience for the current cohort of Commission attorneys at each classification level:

Level	Count	Minimum	Actual
AGC I	3	0	5.33
AGC II	9	2	15.67
AGC III	4	4	21.75
Overall	16	n/a	15.25

## 2. Rationale for Change.

(a) Structural Compression. Although a personnel consultant's study that is currently being finalized will show that our actual salaries within the AGC job series are generally consistent with the 10 other local jurisdictions evaluated, only one other jurisdiction (Baltimore County) operates with only three classification levels for attorneys. All the others operate with between four and up to seven attorney levels – with an average (mean) of four levels for attorney classifications. Therefore, I am in favor of creating a more comparable structure to allow an internal promotional opportunity needed to retain experienced attorneys allocated to the Associate General Counsel II classification.

(b) Internal Equity. Certain Commission attorneys allocated to the Associate General Counsel classification operate with immense responsibilities and demands that are not realistically comparable to other Commission jobs that carry the same grade of "K." For example, most Commission division chiefs are allocated in classifications assigned to the K grade. Those jobs are classified based on an HR assumption about the level of certain "contacts" that are regularly required for successful job performance. The Commission's "Contact Level" index is summarized as follows:

Level	Contact Level Definition
1	Contacts are primarily internal, with employees in the immediate work area or in related units of the organization, and involve obtaining or giving facts or information concerning routine matters; or involve incidental contacts with the general public.
2	Contacts are with employees in other departments, the general public, or with outside organizations and involve explaining procedures to facilitate a process or to provide a service. Contacts require tact and skill to ensure that the needs of the persons dealt with are met.
3	Contacts are with individuals or groups within or outside of the organization and involve instructing, advising, planning, or coordinating to achieve desired actions; or negotiating to obtain agreement on matters; or directing others to comply with rules and regulations; or helping others through professional counseling, nursing or therapy.
4	Contacts are with individuals or groups within or outside of the organization who are committed to different objectives and involve persuading, motivating, or controlling to obtain desired results; or negotiating matters of substantial value to the organization; or presenting and defending matters where there is sharp disagreement; or dealing with persons who are uncooperative or hostile.
5	Relationships are with high ranking officials and involve presenting and justifying matters where diverse viewpoints, goals or objectives are strongly advocated and must be reconciled to achieve suitable alternatives or to arrive at acceptable compromises.



Under the current system, all three of the Associate General Counsel classifications are predicated on a Contact Level of 4, and I am not convinced that assumption is realistic for a number of reasons. As I believe most Planning Board members can agree, attorneys at both the AGC II and AGC III level regularly interact directly with the Planning Board chairs, department heads, elected officials, and judges on a constant basis. Thus, a Contact Level of 5 would be more accurate, and it is entirely appropriate to reconsider the comparable grade level in order to assess internal equity.

(c) Competitive Position. Although current salaries for our most senior attorneys are generally comparable to the averages for other area governments, certain agencies do have salary ranges that are higher, in addition to classification structures that allow higher salary levels. Indeed, the Commission has experienced turnover among our seasoned attorneys over the years because competing jurisdictions are able to offer a better salary and we are totally limited to the top-of-grade K-level. I think it is prudent to allow more flexibility.

**3. Proposal.** I propose to earmark enhanced funding of \$95,000 to retool the Associate General Counsel job series and expand it to four levels – I, J, K and L. In addition to the business case described above, I make this recommendation in response to very serious morale concerns expressed by several of our existing team members. The funding level proposed is derived as an estimate based on the reclassification system that allows a pay increment between 5% and 10% for successful non-competitive promotions to a higher grade, as well as a marginal increase in benefit costs that would follow.

**4. Next Steps.** If the Commission approves this funding as part of our formal FY 2015 budget proposal, an existing consulting contract allows for a complete revision of the job classifications within the AGC series. Once approved through the normal process that requires input from Human Resources and the Merit System Board, those classifications would be available to deploy by the time FY 2015 begins. Of course, in order to implement this change, approval of the CAS budget next year is an absolute contingency.

#### D. Conclusion

For all the reasons foregoing, I respectfully request Planning Board support for the recommended approach. Please do not hesitate to call me if you have any further questions or would like me to address anything in particular during your upcoming meetings.

c: Tonya Miles, Chief Departmental Administrator



**Legal Department**

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Adopted</u>	<u>FY 15</u> <u>Proposed</u>
<b>Montgomery County</b>				
Personnel Services	1,475,149	1,404,092	1,804,260	1,880,981
Supplies and Materials	17,580	9,979	14,900	14,900
Other Services and Charges	171,257	340,316	202,706	202,706
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	(519,950)	(553,800)	(555,650)	(578,119)
Total	<u>1,144,036</u>	<u>1,200,587</u>	<u>1,466,216</u>	<u>1,520,468</u>
<b>Prince George's County</b>				
Personnel Services	1,056,359	1,061,069	1,281,425	1,348,027
Supplies and Materials	17,623	9,954	14,900	14,900
Other Services and Charges	334,901	299,818	202,706	202,706
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	(662,150)	(679,920)	(692,335)	(711,018)
Total	<u>746,733</u>	<u>690,921</u>	<u>806,696</u>	<u>854,615</u>
<b>Combined Total</b>				
Personnel Services	2,531,508	2,465,161	3,085,685	3,229,008
Supplies and Materials	35,203	19,933	29,800	29,800
Other Services and Charges	506,158	640,134	405,412	405,412
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	(1,182,100)	(1,233,720)	(1,247,985)	(1,289,137)
Total	<u>1,890,769</u>	<u>1,891,508</u>	<u>2,272,912</u>	<u>2,375,083</u>

	FY 12 Actual		FY 13 Actual		FY 14 Adopted		FY 15 Proposed	
	POS	WYS	POS	WYS	POS	WYS	POS	WYS
LEGAL DEPARTMENT								
<i>Montgomery County</i>								
Full-Time Career	12.70	12.25	12.70	12.25	12.70	12.50	12.70	12.50
Part-Time Career	-	-	-	-	-	-	-	-
Career Total	12.70	12.25	12.70	12.25	12.70	12.50	12.70	12.50
Term Contract	-	-	-	-	1.00	1.00	1.00	1.00
Seasonal/Intermittent	-	-	-	-	-	-	-	-
Less Lapse	-	-	-	-	-	-	-	-
Subtotal Legal Department	12.70	12.25	12.70	12.25	13.70	13.50	13.70	13.50
<i>Prince George's County</i>								
Full-Time Career	10.30	9.75	10.30	9.75	10.30	10.00	10.30	10.00
Part-Time Career	-	-	-	-	-	-	-	-
Career Total	10.30	9.75	10.30	9.75	10.30	10.00	10.30	10.00
Term Contract	-	-	-	-	-	-	-	-
Seasonal/Intermittent	-	-	-	-	-	-	-	-
Less Lapse	-	-	-	-	-	-	-	-
Subtotal Legal Department	10.30	9.75	10.30	9.75	10.30	10.00	10.30	10.00
<i>TOTAL</i>								
Full-Time Career	23.00	22.00	23.00	22.00	23.00	22.50	23.00	22.50
Part-Time Career	-	-	-	-	-	-	-	-
Career Total	23.00	22.00	23.00	22.00	23.00	22.50	23.00	22.50
Term Contract	-	-	-	-	1.00	1.00	1.00	1.00
Seasonal/Intermittent	-	-	-	-	-	-	-	-
Less Lapse	-	-	-	-	-	-	-	-
Total Legal Department	23.00	22.00	23.00	22.00	24.00	23.50	24.00	23.50