

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

MCPB Agenda Item #4
October 17, 2013

MEMORANDUM

TO: Montgomery County Planning Board

FROM: John Kroll, Corporate Budget Manager *JKK*

DATE: October 11, 2013

SUBJECT: FY 2015 CAS Budget Requests

In the interest of distributing these requests to you in a timely manner, I have not summarized them in this transmittal.

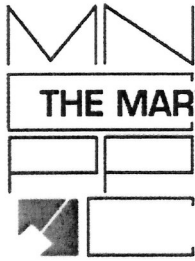
Please find attached FY15 budget requests from the Department of Human Resources and Management (DHRM), the Finance Department, the Merit System Board, CAS Support Services, Office of Internal Audit, and the Legal Department.

Each attached memo details the base budget and additional requests for each department.

The staff recommendation is for Planning Board approval to prepare the FY15 operating budget at the base budget plus proposed changes level.

Attachments:

DHRM	pages 1-4
Merit System Board	pages 5-6
CAS Support Services	pages 7-8
Finance	pages 9-12
Internal Audit	pages 13-15
Legal	pages 16-20



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue Riverdale, Maryland 20730

PCB13-38

October 10, 2013

To: Montgomery County Planning Board

From: Patricia C. Barney, Executive Director

Subject: Department of Human Resources and Management FY 15 Budget – Administration Fund

Recommendation

Provide direction to prepare the FY 15 Proposed Budget for the Department of Human Resources and Management (DHRM) - Administration Fund at the base budget plus restoration/initiatives. Note that for all departments certain costs are in the process of being revised such as pension and costs estimated centrally by the Finance Department and the Corporate Budget Office. Those revisions will be incorporated in all proposals prior to Board adoption. In addition, DHRM will be presenting the proposed FY 15 budgets for Risk Management, Group Insurance and the Executive Office Building Internal Service Funds in November.

Summary

The preliminary FY 15 proposed budget is presented in two sections in the chart that follows. The first section is the proposed base budget with mandatory commitments and the salary marker. The preliminary base budget reflects an increase of \$10,480 or .24%. The base budget incorporates some organizational restructuring from downgrading positions 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 is a \$172,052 increase or 3.99%. 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 education on policies/procedures. The order in the chart reflects the priority.

Discussion

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

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

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

presented on the attached organization chart along with the positions/workyears associated include Classification and Compensation, Employee Records, HR Information Systems, Recruitment/Selection, Employee/Labor Relations, Employee Health and Benefits, Risk Management, Employee Safety, Management Operations & Internal Services, Corporate Policy and Corporate Records. 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.

**DEPARTMENT OF HUMAN RESOURCES & MANAGEMENT
PRELIMINARY 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	31,938	47,512	79,449
Change in Benefits	(862)	(41,123)	(41,985)
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	25,366	(14,886)	10,480
FY 15 Base Budget	\$1,936,797	\$2,385,447	\$4,322,244
Estimated Percent Change in Base from FY14 Adopted	1.33%	-0.62%	0.24%

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
Subtotal, Restoration/New Initiatives	68,830	92,742	161,572
Total Changes, Base Budget and Restoration/New Initiatives	94,196	77,856	172,052
Total FY15 Proposed Budget Request	\$2,005,627	\$2,478,189	\$4,483,816
Estimated Percent Change in Total Request from FY14 Adopted	4.93%	3.24%	3.99%

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 2.71%. 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 decrease by 3.82% 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

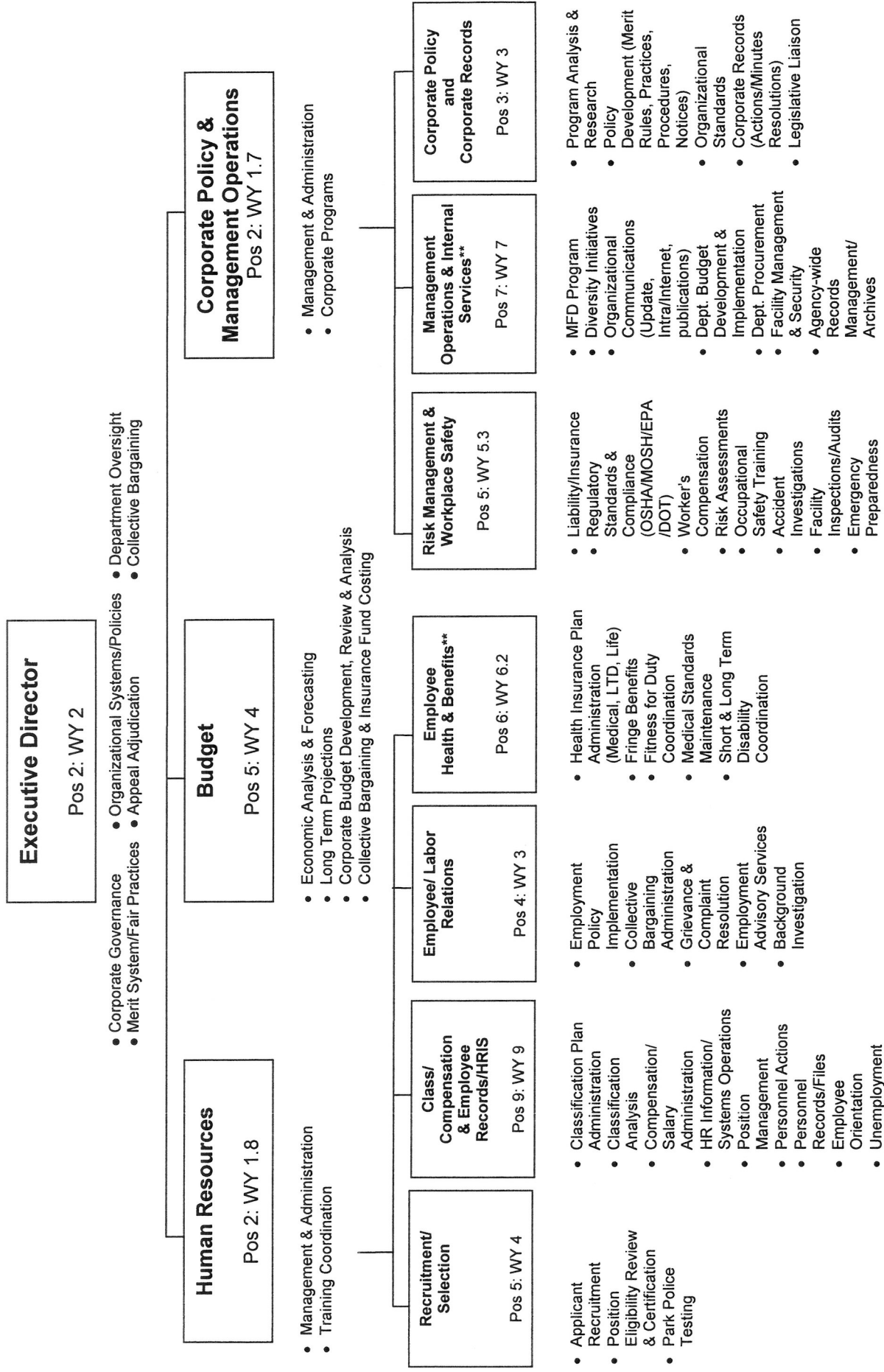
- Complete implementation of the Enterprise Resource Program (ERP) System modules for budget management and human resources to include training of operating departments, revamping of internal processes, and online benefits enrollment and “self-serve” employment changes.
- Implement management supported recommendations from FY13 Classification and Compensation Survey Study.
- Negotiate the full MCGEO collective bargaining agreement and implement contract changes from the full FY 14 FOP negotiations.
- Research and develop/revise organizational standards/policies to ensure continued compliance with federal/state regulations and to 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 (Montgomery County portion estimated to be 42.6%)

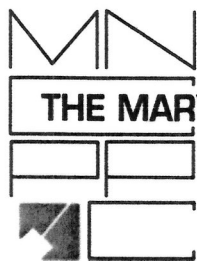
- Restore one Human Resources workyear by unfreezing an existing position to address classification and compensation program priorities (\$103,570). Based on the input from the recent Classification and Compensation Survey Study, extensive updates are needed to our classification and compensation program/processes 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.
- Implement a formal leadership development and workforce training program (\$40,000). 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)¹ 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.)
- Expand the \$12,000 of funding for online training on adopted agency standards/new policies to \$30,000. (\$18,000). 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.

¹ Personnel Management Review, Employee Demographic Profile, Fiscal Year 2012, p. 35

DEPARTMENT OF HUMAN RESOURCES & 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.



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue Riverdale, Maryland 20730

October 10, 2013

PCB12-39

To: Montgomery County Planning Board

From: Patricia C. Barney, Executive Director

Subject: FY 15 Budget Discussion: Merit System Board

Recommendation

We are requesting approval to prepare the FY 15 Proposed Budget for the Merit System Board at the requested base budget level.

Background

Based on the strategies developed for the FY 15 proposed budget, a Base Budget is presented including items such as salaries, benefits and other operating changes. The following provides an overview of the Merit System Board's functions and priorities for FY 15. A table is also included to outline the FY 15 funding requests as compared to the FY 14 funding levels.

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.

**MERIT SYSTEM BOARD
PRELIMINARY FY15 OPERATING BUDGET REQUEST**

	MC ADMIN FUND	PGC ADMIN FUND	DEPARTMENT TOTAL
FY14 Adopted Budget	\$79,396	\$79,396	\$158,792
FY15 BASE BUDGET			
Change in Salaries	400	400	800
Change in Benefits	(144)	(144)	(287)
Change in Other Operating Charges	2,500	2,500	5,000
Base Budget Increase	2,756	2,756	5,512
FY 15 Base Budget	\$82,152	\$82,152	\$164,304
Estimated Percent Change in Base from FY14 Adopted	3.47%	3.47%	3.47%

PROPOSED CHANGES

	MC ADMIN FUND	PGC ADMIN FUND	Department Total
Change to Base Between Counties from Labor Cost Allocation Change	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Proposed Changes	-	-	-
Total FY15 Proposed Budget Request	\$82,152	\$82,152	\$164,304
Estimated Percent Change in Total Request from FY14 Adopted	3.47%	3.47%	3.47%

FY15 Budget Priorities and Strategies

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

Base Budget and Known Operating Commitments

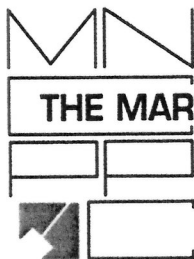
Both counties fund the Merit Board's budget equally as many areas of oversight cover the agency as a whole, including agency-wide policies and the position classification system. Additionally review of caseloads handled by the Merit System Board over the past five years also reflects that caseloads and 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 less than 1%) is identified for salary adjustments. A decrease of less than 1% 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 3.5%.

Restoration/New Initiatives

There are new requests.



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue Riverdale, Maryland 20730

October 10, 2013

PCB12-40

To: Montgomery County Planning Board

From: Patricia C. Barney, Executive Director

Subject: FY 15 Budget Discussion: CAS Support Services/Administration Fund

Recommendation

We are requesting approval to prepare the FY 15 Proposed Budget for Central Administrative Services (CAS) Support Services at the requested base budget level with no changes from FY 14. This preliminary request may be revised after we perform a more detailed review of the Executive Office Building Internal Service Fund Proposal as CAS Support Services provides a payment to cover costs of housing CAS operations in the Executive Office Building.

Background

A Base Budget is presented for FY15 as compared to FY14 levels. The following provides an overview of operations covered by budget.

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 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.

Base Budget and Known Operating Commitments

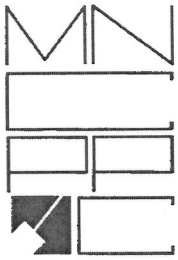
We believe the current service level as proposed will be sufficient to support CAS department/units.

Additional Essential Needs/Requests

There are no requests for additional funding.

**CENTRAL ADMINISTRATIVE SERVICES - SUPPORT SERVICES BY MAJOR OBJECT - Admin Fund
PRELIMINARY FY15 OPERATING BUDGET REQUEST**

	MC ADMIN FUND	PGC ADMIN FUND	Department TOTAL
FY14 Adopted Budget	<u>559,500</u>	<u>559,500</u>	<u>1,119,000</u>
 FY15 BASE BUDGET			
Change in Salaries	-	-	-
Change in Benefits	-	-	-
Change in Chargebacks	-	-	-
Change in Other Operating Charges	-	-	-
Subtotal Base Budget Increase	-	-	-
FY 15 Base Budget	<u>559,500</u>	<u>559,500</u>	<u>1,119,000</u>
Estimated Percent Change in Base from FY14 Adopted	0%	0%	0%
 Change to Base Between Counties from Labor Cost Allocation Change			
PROPOSED CHANGES: Restoration/New Initiatives			
Subtotal, Restoration/New Initiatives	-	-	-
Total FY15 Proposed Budget Request	<u>559,500</u>	<u>559,500</u>	<u>1,119,000</u>
Estimated Percent Change in Total Request from FY14 Adopted	0%	0%	0%



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
FY 15 Base budget	3,049,234	3,501,947	6,551,181

Estimated Percent Change in Base from FY14 Adopted

4.48%

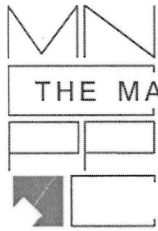
5.13%

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
Subtotal Proposed Changes	92,039	120,185	212,224
Total FY15 Proposed Budget Request	3,141,273	3,622,132	6,763,405
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

October 17, 2013

To: Montgomery County Planning Board

From: Renee Kenney, Chief Internal Auditor

Renee M Kenney

Re: FY15 Budget Request/Justification

Staff Recommendation

Approval to prepare the FY15 Internal Audit Division's operating budget at the base budget plus proposed changes.

DIVISION OF INTERNAL AUDIT				
PRELIMINARY FY15 OPERATING BUDGET REQUEST				
		MC ADMIN FUND	PGC ADMIN FUND	Department TOTAL
	FY14 Adopted Budget	155,839	264,869	420,708
FY15 BASE BUDGET				
	Salaries	11,521	2,797	14,318
	Benefits	2,949	9,579	12,528
	Chargebacks		(8,000)	(8,000)
	Other Operating Changes			-
	Subtotal Base Budget FY15	170,309	269,245	439,554
	Estimated Percent Change in Base from FY14 Adopted	9.29%	1.65%	4.48%
Change to Base Between Counties from Labor Cost Allocation Change				
PROPOSED CHANGES				
	Fund Previously Authorized Auditor III	56,533	37,689	94,222
	Specific Request			-
	Subtotal Proposed Changes	56,533	37,689	94,222
	Total FY15 Proposed Budget Request	226,842	306,934	533,776
	Estimated Percent Change in Total Request from FY14 Adopted	45.56%	15.88%	26.88%

The Internal Audit Division (IAD) has a FY14 adopted budget of \$420,708, split between Montgomery County and Prince George's County 37/63% respectively. The base budget includes a \$60,000 chargeback to Prince George's County for position #14346 – Auditor II – Feeley.

The IAD's FY15 base budget is \$439,554, up \$18,846 (4.48%) over FY14. The increase is primarily due to planned increases in salaries and benefits, offset by an \$8,000 increase in chargebacks to Prince George's County for position #14346.

For FY14, IAD 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, IAD 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. We anticipate filling the position at midpoint (\$75,260). Approval will result in an increase of approximately \$94,222 to IAD's base budget (full fringe).

IAD submitted a draft fiscal year 2014 audit plan to the Audit Committee for approval. The audit plan includes budgeted hours for 16 planned audits¹. In addition to the planned audits, the audit plan also includes hours for follow-up reviews, management advisories, fraud/waste & abuse reviews, and special projects. IAD's current staffing level fully supports the FY14 audit plan.

Special projects include 200 hours for the completion of an enterprise risk assessment. The risk assessment is designed to obtain an understanding of the auditable processes or activities within the Commission, understand the risks associated with each process or activity and assign a risk rating to the processes. The objective of the risk assessment is to allocate Internal Audit resources to the highest risk rated processes or activities.

Based on preliminary conversations with Commission management, it is anticipated that the audit universe will significantly increase after the completion of the risk assessment. Examples of auditable processes or activities that may be identified include Public Information Act practices, PCI compliance, system access controls, procurement/purchasing vehicles (e.g. RFP's), conflict of interest/commitment.

¹ Five Prince George's County facilities, two Montgomery County facilities, manual time cards, Park Permit Office, park pass/cash refunds, Montgomery County Administration fund, Fixed Assets, Purchase Cards, Cash Receipts, Agency Asset Management (Controllable Property), and ERP Post Implementation.

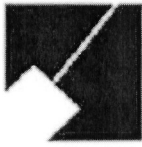
In addition, the Commission is making great strides in strengthening its Enterprise Information Technology. Three significant projects (Enterprise Resource Planning, Enterprise Asset Management, and a Kronos upgrade) will provide efficiencies in all operational areas by increasing the amount of data available to Commission employees. However, inherent risks to the Commission increase with increased data availability.

Approval of this position will strengthen IAD's ability to work collaboratively with all Commission Divisions and Units in identifying inherent risks, testing internal controls, and implementing mitigating strategies.

The IAD 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, IAD's FY15 budget will increase by 26.88% or \$113,068. Montgomery County's portion will increase by approximately 45.56% and Prince George's County's portion will increase by approximately 15.88%. Total costs, after chargebacks, will be shared 42.5%/57.5% 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 11, 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

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 \$2,330,201 allocated as follows:

- Montgomery County Administration Fund: \$1,495,832
- Prince George's County Administration Fund: \$834,369

These levels represent increases, over the FY 2014 adopted budget, of \$29,616 (2.02%) for Montgomery County funding and \$27,673 (3.43%) 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:¹

- Montgomery County Land Use Team (4 attorneys)
- Prince George's County Land Use Team (3 attorneys)
- Litigation and Employment Law Team (5 attorneys²)
- Transactions Practice Team (4 attorneys)
- Legislative Management Team (0 attorneys³)

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.

¹ Commission Practice 1-40, Organizations and Functions of the Legal Department.

² 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.

³ 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

PRELIMINARY FY15 OPERATING BUDGET REQUEST

	MC ADMIN FUND	PGC ADMIN FUND	Department TOTAL
FY14 Adopted Budget	1,466,216	806,696	2,272,912

FY15 BASE BUDGET

Major Known Commitment Changes

Salaries	14,531	35,344	49,875
Benefits	31,429	2,428	33,857
Supplies & Materials	-	-	-
Other Services and Charges	-	-	-
Chargebacks	(16,344)	(10,099)	(26,443)
Other Operating Changes	-	-	-
Subtotal Base Budget FY15 Changes	29,616	27,673	57,289
FY15 Base Budget	1,495,832	834,369	2,330,201

Estimated Percent Change in Base from FY14 Adopted

2.02% 3.43% 2.52%

PROPOSED CHANGES

Specific Request	54,150	40,850	95,000
Subtotal Proposed Specific Request	54,150	40,850	95,000
Total FY15 Proposed Budget Requested Changes	83,766	68,523	152,289
Total FY15 Proposed Budget Request	1,549,982	875,219	2,425,201

Estimated Percent Change in Total Request from FY14 Adopted

5.71% 8.49% 6.70%