



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 17, 2016

MEMORANDUM

TO: Montgomery County Planning Board

FROM: John Kroll, Corporate Budget Manager

DATE: November 10, 2016

SUBJECT: FY 2018 CAS Budget Requests

Please find attached FY18 budget requests from the Department of Human Resources and Management (DHRM), the Finance Department, the Merit System Board, CAS Support Services, the 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, Capital Equipment, and CIO/Commission-wide IT.

Attachments:

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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 10, 2016

PCB 16-44

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

From: Patricia C. Barney, Executive Director

Subject: FY18 Proposed Budget – Administration Fund (DHRM, CAS Support Services, and Merit System Board)

Requested Action

We request approval to submit the FY18 proposed budgets as presented below for the Administration Fund for the Department of Human Resources and Management (DHRM), Central Administrative Services (CAS) Support Services, and Merit System Board.

Based on budget discussions, DHRM has revised its proposed budget as noted in this memo. The proposed increase is now 6.4% above FY 17. It should be noted that 1.8% of the increase is due solely to reducing chargebacks to the MC Park Fund and PGC Park and Recreation Fund and therefore is not an increase in resources.

Background Summary

The FY18 budgets incorporate projections by the Corporate Budget Office and reflect the presentation made to the Planning Boards in October, as well as revisions to critical needs request. Below is a summary of the proposals by county.

Administrative Fund Proposed Budget Summary by County

Montgomery County Administration Fund

Unit	FY17 Adopted	FY18 Proposed	Variance	% Change
DHRM Operating	2,069,303	2,203,165	133,862	6.47%
CAS Support Services	619,665	657,844	38,179	6.16%
Merit System Board	81,571	83,121	1,550	1.90%

Prince George's County Administration Fund

Unit	FY17 Adopted	FY18 Proposed	Variance	% Change
DHRM Operating	2,596,087	2,762,800	166,713	6.42%
CAS Support Services	782,291	820,788	38,497	4.92%
Merit System Board	81,571	83,121	1,550	1.90%

Montgomery County Position/Workyear Summary

Fund Name	FY17		FY18		Change	
	Total Position	Total WYS	Total Position	Total WYS	Total Position	Total WYS
DHRM (Admin Fund) - Merit	16	14.5	16.5	14.9	0.5	0.4
DHRM (Admin Fund) - Term Contracts	0.5	0.5	1	0.75	0.5	0.25
Merit System Board (Admin Fund)	0.5	0.25	0.5	0.25	0	0

Prince George's County Position/Workyear Summary

Fund Name	FY17		FY18		Change	
	Total Position	Total WYS	Total Position	Total WYS	Total Position	Total WYS
DHRM (Admin Fund)	22	20.5	22.5	21.1	0.5	0.6
DHRM (Admin Fund) - Term Contracts	0.5	0.5	1	1.25	0.5	0.75
Merit System Board (Admin Fund)	0.5	0.25	0.5	0.25	0	0

*DHRM and Risk share an administrative position that is split 50/50. However, the position count is shown in DHRM.

Department of Human Resources and Management (DHRM): The revised proposed FY18 total budget is \$2,203,165 Montgomery County and \$2,762,800 for Prince George's County), which reflects an increase of 6.4% from FY17 levels. The allocation by county is 43.1% Montgomery County and 56.9% Prince George's County. This represents a slight shift from the FY17 allocation of 42.4 % Montgomery and 57.6 % Prince George's.

FY18 Base Budget and Major Known Operating Commitments

The preliminary base budget reflects a 4.6% increase (\$216,510) which is apportioned \$95,548 Montgomery and \$120,962 for Prince George's based on the FY18 allocation of 43.1% Montgomery and 56.9% Prince George's. The total combined base budget includes the following:

- Salaries: Approximately .1% decrease (or \$4,631).
- Benefits: Increased 8% (or \$90,740), primarily due to adjustments in pension costs.
- Other Operating Charges and Supplies: Increased 6% (or \$45,411), primarily due to needed online recruitment and application system upgrades and cost allocations for Commission-wide IT initiatives managed by the Office of the Chief Information Officer (OCIO).
- Chargebacks were reduced for wage and benefit allocations, and reflect an updated model which uses an average of salaries of personnel assigned to deliver the service. The change increases the Administration Fund budget while reducing the budgets in the MC Park Fund and PGC Park and Recreation Funds by a total of \$84,990.

DHRM proposed revisions to Critical Needs:

1. **One term contract HR position is proposed (MC \$12,965, PGC 12,965).** This position is proposed to be funded by the Administration Funds at 25% by Montgomery County and 25% Prince George's County after a 50% chargeback to the Prince George's Recreation Fund to reflect the impact of their large seasonal workforce.

The new ERP system has resulted in a substantial increase in the workload related to position management transactions. We revised our proposal to include a term contract position instead of a merit position to enable timely delivery of services to the operating departments while we work to value engineer the system under the leadership of the CIO.

2. **One new position to lead mandatory training and leadership training (6 months MC \$25,346 and PGC \$32,786).** The request is reduced from two positions to one position based on a plan to leverage partnerships with MC Parks and PGC Parks and Recreation HR staff in developing and rolling out consistent training Commission-wide as requested by Directors and the Office of Internal Audit.

Mandatory Training: for all employees on agency standards/policies such as:

- Compliance with equal employment laws/fair practices/ADA: Mitigate discrimination/grievances.
- Ethics/Public Accountability: The OIA reported 23% of audits revealed lack of understanding of conflicts of interest standards (e.g., solicitation/acceptance of gifts/favors, fraud/waste/abuse, procurement, use of agency resources, authorized business, ethics disclosures. etc.
- Timekeeping and Attendance: Proper accounting of time, authorization, timecard fraud. Seven of the ten (7/10) reviews by the OIA identified concerns in this area.
- Performance Management: Establishing clear expectations, conducting accurate assessments, and motivating strong performance.

Leadership Training: Address critical succession planning needs, and prepare current/future supervisors to become more effective leaders and compete for opportunities resulting from significant outflow of managers due to retirement eligibility. Courses will strengthen supervisory competencies, encourage creativity and innovation, and develop communication skills.

3. We have eliminated our request to unfreeze an administration position to support the HR Director. We will continue to rely on seasonal staff and examine potential to again restructure existing resources to squeeze out some assistance.

4. We have eliminated our request to convert a term contract position to merit to support the policy team. We plan to explore college interns, as previous efforts to attract quality term contract candidates have not succeeded.
5. After discussion with the MC Parks Director, we have removed the request for an embedded HR position. Our Corporate HR team and the already embedded MC Parks HR team will increase communication and collaboration to generate greater understanding of customer needs and leverage existing resources.

CAS Support Services: This budget accounts for non-discretionary shared operating expenses attributable to bi-county operations. This budget does not include assigned positions and includes no new initiatives for FY18. The total FY18 budget is \$1,478,632, which represents an increase of 5.5% from FY17 levels. The FY18 budget is funded 44.4% Montgomery County and 55.6% Prince George's County, based on the updated cost allocation analysis.

Merit System Board: The proposed FY18 budget of \$166,241 reflects an increase of 1.9% from FY17 levels. The FY18 increase is due primarily due to an increase in pension cost. Board member salaries are determined by contract and are not subject to employee wage adjustments. The Merit System Board is funded 50% Montgomery County and 50% Prince George's County.

BUDGET DETAIL AND WORK PROGRAM PRIORITIES

Administration Fund Department of Human Resources and Management

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

1. Office of the Executive Director
2. Corporate Budget
3. Corporate Human Resources
4. 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 are presented on the attached organization chart, along with the proposed positions/workyears (WYs).

Discussion of DHRM Proposed Budget

FY18 Work Program Priorities

- Implement value engineering improvements in the new Enterprise Resources Planning system (ERP) related to the Human Resources components including compensation, position, recruitment, benefits, and self-service modules for improved data consistency, to streamline processes and provide information for managers.
- Continue comprehensive update of agency standards/policies. The policy system encompasses nearly 200 policy areas covering organizational functions, employment, procurement, financial systems, and risk/liability and safety regulations.
- Implement agency-wide employee training and leadership development program to address critical succession planning and lack of workforce training, and to address recommendations stemming from operating departments/CAS Study. Department Heads recommended that CAS develop a central platform for agency-wide training requiring subject matter experts for core areas such as: legal issues, financial systems, employment, organizational policy/regulatory compliance, and workplace safety, delivered by CAS. Feedback from management supports training that provides consistent access and content to employees across the agency.

- Implement a digital platform for the Corporate Records/Archives program to ensure continued compliance with changes in public records laws and revised State of Maryland protocols.
- Continue implementing management-supported recommendations from the Classification and Compensation study, such as job class series reviews prioritized by operating departments, including position management needs.
- Upgrade Recruitment and Selection's online application "NEOGOV" to include more efficient document management and screening.

FY18 Proposed Essential Needs/Restorations to Address Critical

Two critical needs have been identified. The overall cost impact of essential needs is reduced by chargebacks of \$25,930; thus, the net impact to the Administration Fund is \$38,311 for Montgomery and \$45,751 for Prince George's. Critical needs are planned with a delay as indicated. Items were summarized previously and are presented in the following table.

DEPARTMENT OF HUMAN RESOURCES AND MANAGEMENT PROPOSED FY18 OPERATING BUDGET REQUEST				
	MC Admin Fund	PGC Admin Fund	Department Total	% Change
FY17 Adopted Budget	\$ 2,069,303	\$ 2,596,087	\$ 4,665,390	
FY17 BASE BUDGET INCREASES (with Major Known Commitments)				
Salaries	(5,614)	983	(4,631)	
Benefits	46,976	43,764	90,740	
Other Operating Charges and Supplies	34,190	11,221	45,411	
Chargebacks	19,995	64,995	84,990	
Subtotal Increase - Base Budget Request	\$ 95,548	\$ 120,962	\$ 216,510	4.6%
<u>FY18 Proposed Critical Needs</u>				
NEW INITIATIVE - Training Program Manager (J) 46,733 in salary & 11,399 in benefits. New position. (6 mth delay)	25,346	32,786	58,132	
NEW INITIATIVE - Class/Comp HR Technician (F) \$40,945 in salary & \$10,916 for benefits. New Term Contract. (3 month Delay)	12,965	38,895	51,860	
Class/Comp HR Technician: Chargeback 50% to PGC Recreation		(25,930)	(25,930)	
Subtotal	38,311	- 45,751	84,062	
Total Increase to Base Budget	\$ 133,859	\$ 166,713	\$ 300,572	
FY18 Total Proposed Budget	\$ 2,203,165	\$ 2,762,800	\$ 4,965,962	6.4%

Authorized Positions and Funded Workyears for DHRM

The following table presents the FY18 authorized Merit position count with additional positions and workyears to fund the critical needs. Salary lapse is reflected in the workyear counts.

	Authorized Positions	Funded WYs	MC WYs	PGC WYs
FY17 Term Contract Positions	1	1	.5	.5
FY17 Merit Position/WY Total	38	35	14.5	20.5
Total FY17 Position Count	39	36	15	21
Change Proposed in FY18				
Organizational Development Manager	1	1	.4	.6
FY18 Proposed Merit Position Count	39	36	14.90	21.10
Add HR Tech position for Classification position management support (with 50% chargeback to Prince George's County Recreation Fund)	1	1	.25	.75
FY18 Proposed Term Contract Position Count	2	2	.75	1.25
Total FY18 Position Count	41	38	15.65	22.35

FY18 Proposed

Department of Human Resources and Management Organizational Chart (Merit Positions)

Executive Director

Pos 2: WY 2

- Corporate Governance
- Merit System/Fair Practices
- Organizational Systems/Policies
- Appeal Adjudication
- Department Oversight
- Collective Bargaining

Corporate Human Resources

Pos 2: WY 1.8

- Management & Administration

Corporate Budget

Pos 3: WY 3

- Corporate Budget Development, Review & Analysis
- Economic Analysis & Forecasting
- Long Term Projections
- Collective Bargaining & Insurance
- Fund Costing

Agency-Wide Training

Pos 2: WY 2

- Develop, implement, and monitor agency-wide training
- Ensure training on critical agency standards/accountability, ethics, employment

Corporate Policy & Management Operations

Pos 2: WY 1.7

- Management & Administration
- Corporate Programs

Recruitment/Selection

Pos 6: WY 6

- Applicant Recruitment
- Position Eligibility Review & Certification
- Park Police Testing
- Background Investigation

Class/Compensation

Pos 6: WY 6

- Classification Plan
- Administration Compensation/Salary Administration

Employee Records/HRIS

Pos 5: WY 5

- ERP/HR Information/Systems Operations
- Position Management
- Personnel Actions
- Personnel Records/Files
- Employee Orientation
- Unemployment

Employee/Labor Relations

Pos 4: WY 4

- Employment Policy Implementation
- Collective Bargaining Administration
- Grievance & Complaint Resolution
- Employment Advisory Services

Employee Health & Benefits**

Pos 6: WY 6

- Health Insurance Plan Administration (Medical, LTD, Life)
- Fringe Benefits
- Fitness for Duty Coordination
- Medical Standards Maintenance
- Short & Long Term Disability Coordination

Risk Management & Workplace Safety**

Pos 6.5: WY 6.8

- Liability/Insurance
- Regulatory Standards & Compliance (OSHA/MOSH/EPA/DOT)
- Worker's Compensation
- Risk Assessments
- Occupational Safety Training
- Accident Investigations
- Facility Inspections/Audits
- Agency Emergency Preparedness

Corporate Policy/Mgt Analysis

Pos 4: WY 4

- Program Analysis & Research
- Policy Development (Merit Rules, Practices, Procedures, Notices)
- Organizational Standards/Reg Compliance
- Legislative Liaison
- Program evaluations, research
- Management and other special studies

Management Operations and Internal Services

Pos 3: WY 2.5

- Dept. Budget Development & Implementation
- Dept. Procurement
- MFD Program
- Diversity Initiatives
- Training
- Agency Programs

Facility Management**

Pos 3: WY 3

- Facility Management & Security
- Facility Maintenance
- Agency-wide Employee Badging
- Fleet Management Services for CAS

Corporate Records and Archives

Pos 4: WY 3.5

- Organizational Communications (Update, Intra/Internet)
- Agency-wide Records Management
- Corporate Records (Actions/Minutes/Resolutions)

** Internal Service Funds.

II. FY18 CAS Support Services Budget

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

- Department of Human Resources and Management
- Finance Department
- Legal Department
- Office of Internal Audit
- 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. Operating costs for housing CAS operations (office space and building operations) represent the largest portion of the CAS Support Services budget (68.5% or \$ 1,012,902).

Expenses covered by the CAS Support Services budget include:

- Personnel Services costs for reimbursement of unemployment insurance for the State of Maryland. There are no staff positions/workyears assigned to this budget.
- Supplies and Materials category covers 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 housing CAS operations, 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.

Discussion of Proposed CAS Budget

The total CAS Support Service budget for FY18 is \$1,478,632, which represents an increase of 5.5% (or \$76,676) from FY17 levels.

The CAS Support Services budget is presented using the FY18 allocation of 44.4% Montgomery and 55.6% for Prince George's. The FY18 total budget of \$1,478,632 is allocated as follows:

- \$657,844 for Montgomery (adjusted from \$619,665 in FY17).
- \$820,788 for Prince George's (adjusted from \$782,291 in FY17).

The FY18 Proposed Budget adjustments are based on the following known commitments:

- Personnel Services costs to cover unemployment insurance decreased \$2,900, based on current projections.
- Supplies and Materials increased \$26,100 to capture adjustments related to needed supplies and printer equipment/toner to support shared CAS services.
- Operating Costs for housing CAS operations at EOB increased by 3.9% (or \$53,476) due to adjustments in occupancy rates (\$22.97 to \$26.00) to address significant repairs and maintenance in aging building. Additionally, an existing tenant from the Parks and Recreation operations will be moving out. This is space that will be utilized by CAS operations, which has experienced significant space shortages.

Additional Essential Needs/Requests

There are no requests for additional funding.

CAS SUPPORT SERVICES
PRELIMINARY FY18 OPERATING BUDGET REQUEST

	MC Admin Fund	PGC Admin Fund	Total	% Change
FY17 Adopted Budget	<u>\$ 619,665</u>	<u>\$ 782,291</u>	<u>\$ 1,401,956</u>	
FY17 BASE BUDGET INCREASES/DECREASES				
Personnel Costs	(1,262)	(1,638)	(2,900)	
Benefits	0	0	0	
Supplies and Operating Charges	39,441	40,135	79,576	
Chargebacks	0	0	0	
Subtotal Increase - Base Budget Request	<u>\$ 38,179</u>	<u>\$ 38,497</u>	<u>\$ 76,676</u>	5.5%
New Initiatives	0	0	0	
Total Increase for FY18 (Changes in Base plus new initiatives)	<u>\$ 38,179</u>	<u>\$ 38,497</u>	<u>\$ 76,676</u>	
			\$ -	
Total FY18 Proposed Budget Request	<u>\$ 657,844</u>	<u>\$ 820,788</u>	<u>\$ 1,478,632</u>	5.5%

____ FY18 proposed budget is based on revised funding allocation of 44.4% MC and 55.6% PGC.

III. FY18 Merit System Board Administration Budget

The Merit System Board (MSB) is authorized by the Commission's enabling legislation (Division II of the Land Use Article of the Code of Maryland, Title 16, Subtitle 1, "Merit System", Sections 16-101—108). It is an impartial Board composed of three 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 recommendations and decisions regarding the Commission's Merit System. Board members are experienced in personnel and employment issues, and are committed to fair and impartial investigations and decisions on the application of Commission policy to non-represented Merit System employees.

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 M-NCPPC 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 to the Merit System Rules and Regulations Manual (which addresses employment rights and responsibilities, compensation and benefit policies). Recommendations are submitted to the Commission for adoption.
- With support of the Classification/Compensation 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.

Discussion of Proposed Merit System Board Budget

Both counties fund the Merit System Board's budget equally. The Board is comprised of three members whose salaries are set by contract. The Commission has discretionary powers to set the rate of pay for each of the Merit System Board members. At the present time, no salary increase has been requested for the Board members.

The Board is supported by one part-time, Merit System position. For FY18, the part-time hours of the Merit System position are not expected to change.

FY18 Budget Priorities and Strategies

Continue to provide:

- Timely review of cases.
- Objective review of matters and policy recommendations before the Board.
- Quality services to the agency and employees.

Base Budget and Known Operating Commitments

The proposed FY18 budget level is \$166,241. This represents a 1.9% increase (or \$3,099) from the FY17 level of \$163,142. The increase is primarily due to increase in pension reported by the Corporate Budget Office. Levels for Supplies, and Other Services and Charges remain flat.

The FY18 total budget of \$166,241 is allocated as follows:

- \$83,120 for Montgomery (adjusted from \$81,571 in FY17).
- \$83,120 for Prince George's (adjusted from \$81,571 in FY17).

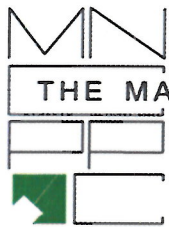
Additional Essential Needs/Requests

The Board has not proposed any new essential needs/initiatives for FY18.

**MERIT SYSTEM BOARD
FY18 OPERATING BUDGET REQUEST**

	MC	PGC	Department Total	% Change
FY17 Adopted Budget	<u>\$ 81,571</u>	<u>\$ 81,571</u>	<u>\$ 163,142</u>	
FY17 BASE BUDGET INCREASES				
Salaries	448	448	897	
Benefits	1,101	1,101	2,202	
Chargebacks	-	-	-	
Other Operating Charges	-	-	-	
Subtotal Base Budget FY18	<u>\$ 83,120</u>	<u>\$ 83,120</u>	<u>\$ 166,241</u>	1.90%
FY18 PROPOSED CHANGES/ESSENTIAL NEEDS				
Specific Request	-	-	-	
Subtotal Proposed Changes	-	-	-	
Total FY18 Proposed Budget Request	<u>\$ 83,120</u>	<u>\$ 83,120</u>	<u>\$ 166,241</u>	1.90%

Notes: Merit Board allocation is 50% for each county.



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

November 10, 2016

PCB 16-45

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

From: Patricia C. Barney, Executive Director

Subject: FY18 Budget – Internal Service Funds (ISF)

Requested Action

We are requesting approval of FY18 proposed budgets for the following ISF:

- Executive Office Building (EOB)/CAS Facility Operations
- Risk Management
- Group Insurance

Background Summary

This memo provides the budget proposals for each of the above referenced units. The FY18 budgets incorporate the Commission's direction on compensation and benefits, and utilize projections provided by the Corporate Budget Office. The updated Corporate Budget projections are incorporated into this presentation.

We constantly strive to identify potential savings or funding reductions within each budget. Whenever possible, competitive bidding and shared resources are utilized to contain costs. With regard to the proposed budgets in the ISF, costs increased by 5.56%.

Internal Service Funds

Unit	FY17 Adopted	FY18 Proposed	Variance	% Change
EOB	1,194,440	1,577,000	382,560	32.03%
Risk Management	7,852,410	8,358,483	506,073	6.44%
Group Insurance	57,236,784	60,035,927	2,799,143	4.89%
Total	\$ 66,283,634	\$ 69,971,410	\$ 3,687,776	5.56%

Note: The proposed budget for EOB includes a one-time use of fund balance in the amount of \$220,000 for critical, non-routine capital repairs. Increase without fund balance is 13.61%.

Combined ISF Position/Workyear Summary

Fund Name	FY17		FY18		Change	
	Total Position	Total WYS	Total Position	Total WYS	Total Position	Total WYS
Risk Management (Internal Service Fund)*	6	6.8	6	6.8	0	0
Group Insurance (Internal Service Fund)	5	5.2	6	6.2	1	1
Group Insurance - Term Contracts	1	1	0	0	-1	-1
Building (Internal Service Fund)	2	2	2	2	0	0

*DHRM and Risk share an administrative position that is split 50/50.

Changes to each budget are summarized below, with greater details identified within the relevant sections that follow the summary.

Internal Service Funds

- EOB: FY18 proposed budget of \$1,577,000 reflects an increase of 13.6% after one-time use of fund balance in the amount of \$220,000. The increase in budget is due to the inability to further defer major repair and maintenance costs that are consistent with an aging building.
- Risk Management: The overall FY18 proposed budget of \$8,358,483 reflects a 6.4% increase from FY17 levels due to trends in claims. With the exception of operating costs, which are funded 50% by Montgomery County and 50% by Prince George's County, this budget is primarily funded through an allocation of claims and insurance costs to the appropriate departments.
- Group Insurance: The FY18 proposed budget of \$60,035,927 reflects an increase of 5% from FY17 levels. The increase is a result of claims, adjustments in chargebacks, and costs related to professional services which reflect the Group Insurance portion of the EOB rent.

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

The Executive Office Building/CAS Facility Operations Internal Service Fund accounts for expenses related to housing CAS operations which include Central Administrative Services (CAS) departments of Finance, Legal, and Human Resources and Management; the Office of Internal Audit (Internal Audit); the Office of the Chief Information Officer; and the Merit System Board. All operations, with the exception of Internal Audit, are located within the Executive Office Building (EOB) at 6611 Kenilworth Avenue in Riverdale, Maryland.

- The EOB building serves as the headquarters for bi-County support to the agency. Additionally, the EOB houses the Employees' Retirement System and the Prince George's County Parks and Recreation Department's Information Technology & Communication Division.
- Internal Audit is located at an offsite leased space due to space shortages within the EOB building.

Three individuals carry out the daily maintenance, repairs, and security access of the EOB facility, surrounding property, and pool of shared vehicles. This staff also provides support to offsite Internal Audit offices.

Highlights and Major Changes in the FY18 Proposed Budget

For FY18, the EOB budget is \$1,577,000. After use of fund balance of \$220,000 to address critical, non-routine repairs, the budget reflects a 13.6% increase.

The EOB was built in 1968. Because it is nearly 50 years old, with many original systems and design elements, it poses a number of structural, operational, and space design challenges. A feasibility study was launched with a consultant, Environmental Management Group Corporation (EMG), to determine the long-term viability and cost/benefit comparison of remaining in EOB vs. relocation. EMG specializes in real estate life cycle planning and management.

The feasibility study includes four phases. The initial phases of the feasibility study evaluate immediate needs that must be addressed - regardless of the decision to remain in the present EOB building or relocate. The secondary phases, which are underway, identify viable long term recommendations based on the cost/benefit analysis of remaining at EOB over the next 20 years (with needed improvements) versus other lease/purchase options that are conveniently located to operating departments/vendors/ and other customers, as well as public transit.

While viable alternates are being identified, repairs and maintenance on the EOB largely have focused on the most critical items identified through a comprehensive property assessment study. The study identified immediate repairs to mechanical systems, roofing, elevators, HVAC, and fire protection systems which were needed to address failing systems, service interruptions, and compliance with building codes and safety regulations (e.g., fire, elevator, electrical, federal OSHA, MOSH, EPA, and the ADA). Many systems were found to be original to the building and had far exceeded their expected life cycle use. Others had not been adequately maintained during the prior 15 years of occupancy, thus necessitating immediate attention.

Unless relocation is found to be a viable option, the FY18 budget presents needed funding to implement more substantive structural and other repairs to EOB that were identified by EMG. In the short term, the budget must be increased for multiyear capital improvement projects, including replacement of the external curtain wall which has significantly deteriorated (additional details on next page).

- **Revenue to the Fund:**

Revenue to the fund is provided annually through operational occupancy charges to the tenant departments/operations based on allocated space. The occupancy rate is based on the per square footage cost from anticipated costs to operate the building, ensure a clean/safe and secure worksite for occupants and visitors, and address planned repairs and maintenance to the building. The cost per square foot covers facility maintenance and repairs, mechanical systems, janitorial services, security and electronic access systems, and grounds maintenance.

The proposed budget includes an occupancy rate adjustment of 13% (from \$22.97 to \$26.00/sq. ft.) and use of \$220,000 in fund balance.

- \$1,352,000 is projected from occupancy revenue,
- \$5,000 in interest income, and
- \$220,000 from the use of fund balance.

- **Expenditures in the Fund:**

- Personnel Services: The EOB/CAS Facility Operations are maintained by two facilities staff (facility superintendent and maintenance helper) who manage day to day operations of the building on mechanical systems, perform the majority of needed repairs, and address occupant concerns. Extensive and daily maintenance is required to operate a multi-story building and its grounds, thus requiring the facilities staff to focus primarily on technical repairs, testing and maintenance.
- Supplies and Materials: This category covers building supplies and parts, HVAC refrigerant and lubricants, and technology/security software/supplies (badges, key cards, etc.). Supplies increased \$14,000 to reflect ongoing and planned maintenance needs.
- Other Services and Charges (OSC): This component includes expenses for utilities, maintenance of major mechanical, janitorial, and operating services (elevator, HVAC, electrical, roofing), building repairs/improvements, and chargebacks. Expenses in this category increased 7.8% (\$46,077) primarily due to needed repairs and upgrades (e.g., upgrading electrical components and repairs to exterior structural cracks).
- Capital Projects: This category includes capital expenses for structural building improvements, machinery, and equipment (boilers, generators, etc.). Expenses in this category increased by \$330,880. Costs include funding for the first phase of curtain wall replacement, which is estimated at \$500,000 by consultant EMG. The total increase was offset by savings accomplished by heavier reliance on skilled internal facilities staff to conduct some machinery and equipment updates.

Major Known Commitments

The FY18 Budget covers the ongoing maintenance, operation, and regular repairs of CAS facility operations. Due to the aging infrastructure of the EOB, the budget also includes phased in, critical structural improvements to the EOB facility, as identified by the previously mentioned comprehensive facility study. Significant planned projects in FY18 are highlighted below.

- **Curtain Window Replacement (\$500,000 Capital Projects):** The exterior walls of the EOB are constructed using a curtain wall design (single pane glass windows and metal mounts set in concrete masonry frames). The curtain wall is original to the building, which was constructed in 1968. Over the years, the life of the windows has been extended through periodic repairs to broken/damaged glass and window seals. However, repairs have become less effective with the continued aging and deteriorating of the curtain wall. The independent facility assessment, conducted by consultant EMG, identified that the curtain wall has well exceeded its useful life of 35 years, and requires immediate replacement due to structural concerns including bowing of window frames, damaged mortar, and cracked windows/seals. The replacement of the window curtain will address these issues and provide enhanced energy efficiency.
- **Planned Building Improvements (\$120,000 Capital Outlay):** Much of the electrical system is original to the building's construction. While critical repairs are being addressed, more significant reconfiguration is needed to support current operations and enhance safety. Other required modifications include ensuring continued compliance with the ADA and building/local codes, as well as mechanical upgrades of operating systems that have surpassed their life cycle and require an increasing number of repairs. Additionally, repairs and renovations will be needed to repurpose spaces currently being used by one of the building tenants that is planning to relocate to a different facility in FY18.
- **HVAC (\$42,880 Capital Outlay):** The EOB building was designed to allow work spaces to be located primarily along perimeter walls. However, space shortages have required us to repurpose other areas located in the core building space. This has resulted in notable heating/ventilation concerns, including stagnant airflow, inconsistent heating/cooling, variable moisture levels, and inefficient use of energy.

The FY18 program will include continued phased-in replacement of aging perimeter window HVAC units. These units have exceeded their life cycle and require an increasing number of 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 type of Freon. 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. The phased-in replacement uses energy efficient units that will result in lower energy consumption, reduce staff time for repairs, and comply with new EPA regulations. The units will also allow us to meet the mandates of the Commission's Sustainability Policy.

Staffing Changes

This fund includes 2.0 positions and 2.0 workyears.

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

SUMMARY OF ANNUAL COMPARISONS			
REVENUES	ADOPTED FY16	ADOPTED FY17	PROPOSED FY18

Rentals - Office Space:			
Pr.Geo. Parks & Rec.	212,450	212,450	126,178
Retirement System	96,015	96,015	108,680
Chief Information Office			59,644
Risk Management			54,808
Group Insurance Fund			65,338
C.A.S. Departments	885,976	885,976	937,352
Interest Income	0	0	5,000
Use of Fund Balance	0	0	0
Total Revenues	<u>\$1,194,440</u>	<u>\$1,194,440</u>	<u>\$1,357,000</u>

EXPENDITURES	ADOPTED FY16	ADOPTED FY17	PROPOSED FY18
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Personnel Services	247,351	250,295	241,898
Supplies and Materials	21,089	21,500	35,500
Other Services and Charges	594,000	590,645	636,722
Capital Projects/Reserve	332,000	332,000	662,880
Total Expenses	<u>\$1,194,440</u>	<u>\$1,194,440</u>	<u>\$1,577,000</u>

Revenues Over/(Under)	\$0	\$0	(\$220,000)
Expenses			

Positions/Workyears:			
Full-Time	2/2.0	2/2.0	2/2.0
Part-Time	0	0	0
Total	2/2.0	2/2.0	2/2.0

FY18 assumes an occupancy rate increase of \$3.03 (\$22.97 to \$26.00/sqft).

(Internal Service Fund)

Risk Management 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 protocols, loss control practices and self-insurance administration to reduce liability and mitigate losses to the agency. The program's overall goals include: reducing the risk of personal injury to employees; protecting and securing Commission assets; avoiding or minimizing injury to users of Commission services and facilities; and, managing costs and risk efficiently. The Department of Human Resources and Management (DHRM) is responsible for the program. The Fund is administered jointly with the Finance Department.

The program goals are met through risk assessments; implementation of loss control programs; management of commercial insurance and self-insured coverages; subrogation of liability; establishment of vendor insurance requirements to protect the agency against losses; supervisory/employee training and compliance reviews for adherence with workplace safety regulations issued by Maryland Occupational Safety and Health (MOSH), federal Occupational Safety and Health Administration (OSHA), Environmental Protection Agency (EPA) and the Department of Transportation (DOT); accident and damage investigations; facility inspections; administration of safety programs such as the drug and alcohol education and testing program, Drivers' License Monitoring program and defensive driving programs, risk assessments of new and existing agency programs; emergency response programs, case management of workplace injuries and liability claims. The Risk Management Office is staffed by three safety specialists, a workers' compensation specialist, a liability specialist, and a risk manager. A small amount of the Division Chief's time is directly charged to the Fund, and some fiscal oversight by the Executive Director, Corporate Budget team and the Finance Department is charged back to the Risk Management program.

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

FY18 PROGRAM PRIORITIES

- Design and implement loss mitigation through risk assessments/protocols, safety programs, insurance, and loss transfer.
- Conduct regular audits of claims managements to promote cost effectiveness, coordinated return to work strategies, and proper case reserves.
- Develop and implement specialized training to address frequent causes of accidents/injuries.
- Continue to perform comprehensive assessment of site-specific emergency action protocols for all agency facilities.
- Develop and conduct monthly position-specific safety trainings for maintenance and trades personnel.

HIGHLIGHTS AND MAJOR CHANGES IN THE FY18 PROPOSED BUDGET

Each year, the Risk Management budget is developed to establish necessary funding levels for projected future claims, insurance costs, personnel costs, and external administration fees. Claims expenses include paid claims, incurred but not reported claims estimates, and claim reserves. While the Commission subrogates its claims to offset losses and applies for reimbursements from the Federal Emergency Management Administration (FEMA),

these recoveries are not budgeted as a revenue source to this Fund, but are returned directly to the affected departments after being received.

Total proposed FY18 agency-wide expenses are \$8,358,483. After the application of unrestricted fund balance and interest income (explained further below in greater detail), the total funding needs are adjusted to \$6,493,783. See Table 3.

As illustrated in Table 1 (below), the FY18 proposed expenses of \$8,358,483 reflect a 6% increase from the FY17 adopted budget levels of \$7,852,400. These expenses are comprised of three components, as reflected in Table 2. The largest component (65%) is related to costs for workers' compensation and liability claims. By nature, this expense can vary significantly year-to-year, based on the number, severity, and complexity of claims filed. As the Commission participates in the Montgomery County Government Self Insurance Program (MCSIP) for claim management services, we employ an actuarial consultant (AON) to review historical losses and determine our projected costs. The FY18 increases are primarily attributed claims experience and an adjusted actuarial approach that utilizes a historical average of claims data to project future costs. This approach, which is commonly referred to as "smoothing", is used to minimize volatility in projected claims costs.

Table 1: Total Proposed FY18 Expenses (Before Interest Income and Use of Fund Balance)
Allocation of expenses for each county along with a comparison to the FY17 adopted levels

County	FY17 Adopted Expenses	FY18 Proposed Expenses	% Change
Montgomery County	3,235,200	3,359,939	3.9%
Prince George's County	4,617,300	4,998,544	8.3%
Total Operating Expenses	\$7,852,500	\$8,358,483	6.4%

Table 2: Components of Proposed Expenses

Category	FY18 Proposed Expenses	% of Total Expenses
Workers' Compensation and Liability Claims	5,461,651	65%
Internal Administrative Expenses	1,744,718	21%
External Administrative Fees	1,152,114	14%
Total Operating Expenses	\$8,358,483	100%

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

The proposed FY18 expenses are offset through the application of unrestricted fund balance of \$1,744,700 and interest income of \$120,000. The adjusted agency-wide funding of \$6,493,783 reflects a .8% increase from FY17 adopted funding levels (Table 3). Table 4 presents the change in funding levels by county. The FY18 proposed county funding is allocated by department as presented on the Summary Budget Schedules (Attachments 1 and 2).

Table 3: Change in Agency-Wide Funding Levels (FY18 vs. FY17)

Commission-wide	FY17 Adopted Budget	Proposed FY18 Budget	% Change
Total Expenses	7,852,500	8,358,483	
Use of Fund Balance	(1,300,000)	(1,744,700)	
Interest Income	(110,000)	(120,000)	
Total Funding Needs	\$6,442,500	\$6,493,783	.8%

Table 4: Change in County Funding Levels (FY18 vs. FY17)

County	FY17 Adopted Funding	Proposed FY18 Funding	Change %
Montgomery	2,695,200	2,741,539	1.7%
Prince George's County	3,747,300	3,752,244	0.1%
Total Funding	\$ 6,442,500	\$6,493,783	.8%

Montgomery County

The FY18 proposed expense for Montgomery County funded operations is \$3,359,939. After the application of \$573,400 in available fund balance and \$45,000 of interest income, the proposed funding level is adjusted down to \$2,741,539. The FY18 funding level represents 1.7% increase from the FY17 adopted budget, due to projected claims expenses, use of fund balance, and adjustments to the internal administrative cost which includes additional funding for training, adjustments related to position reclassification study, adjusted chargeback model, and recognition of EOB rent.

- Proposed funding is allocated as follows: 97% (or \$2,650,500) to the Park Fund; 3% (or \$83,900) is attributed to the Planning Department; nominal amounts for CAS Operations (\$5,900) and Enterprise Fund (\$1,200).

Prince George's County

The FY18 proposed expense for Prince George's County funded operations is \$4,998,544. After the application of \$1,171,300 in available fund balance and \$75,000 of interest income, the proposed funding level is adjusted down to \$3,752,244. The FY18 funding level represents 0.1% increase from the FY17 adopted budget, due to projected claims expenses, use of fund balance, and adjustments to the internal administrative cost which includes additional funding for training, adjustments related to position reclassification study, adjusted chargeback model, and recognition of EOB rent.

- Proposed funding is allocated as follows: 70% (or \$2,630,600) to the Parks Fund; 24% (or \$900,600) to the Recreation Fund; 3% (or \$112,200) to the Enterprise Fund; and 3% to the Planning Department (or \$102,900). A nominal amount is attributed to CAS (or \$5,900).

Expense Summary

As noted previously, the Risk Management Fund expenses (prior to interest income and use of fund balance) fall into three categories: Workers' Compensation and Liability Claims, Internal Administrative Expenses and External Administrative Expenses.

- **Workers' Compensation and Liability Claims:** As illustrated in Table 2, the largest component of projected expense are related to filed claims and their compensability under Maryland State law. Claim costs comprise 65% (or \$5,461,651) of the total FY18 proposed expense for the Risk Management budget. Costs for workers' compensation and liability claims include the following three components:
 - **Paid Claims:** Actual payments for compensable open claims, whether they originated in the most recent fiscal year or prior periods.
 - **Claim Reserves:** Total expected expenses (present and future) for all open claims.
 - **Incurred But Not Reported Claims (IBNR):** The actuarial-based estimate of claims that have occurred but may be delayed in getting reported.

FY18 proposed claims expenses utilize actuarial projections which help determine necessary funding levels to protect the agency against expected and unforeseen losses in future years. Actuarial projections are developed based on analysis of the last full cycle of claims (FY16 data), historical claims, expected future losses, and other variables such as expected industry adjustments for medical costs (workers' compensation) and replacement values (liability). As illustrated in Table 5, projected claims expenses reflect a 6% increase from FY17 adopted budget levels.

Table 5: Change in Projected Workers' Compensation and Liability Claims Expenses (FY18 vs. FY17)

County	Adopted Expenses for FY17	Proposed Expenses for FY18	Change in Expenses	% Change from FY16
Montgomery County	2,002,200	2,040,120	37,920	2%
Prince George's County	3,148,600	3,421,531	272,931	9%
Total	\$5,150,800	\$5,461,651	310,851	6%

Workers compensation claims comprise 93% of projected claim costs. These costs cover medical and wage reimbursements for employees with work related injuries/illnesses. The remaining 7% of projected claim expenses are related to general liability (third party claims), property and auto claims.

- **Proposed Internal Administrative Expenses:** These expenses comprise 21% (or \$1,744,718) of the total FY18 proposed expenses (see Table 2). These expenses cover internal staff and programs for Risk Management and Workplace Safety. Staff is responsible for developing and implementing loss control programs, conducting risk analysis, managing the agency's commercial and self-insurance programs, administering liability and workers' compensation programs, and managing safety programs (including policies/standards for regulatory compliance, facility and program inspections, emergency response plans, investigations, training, etc.). The FY18 proposed budget include recognition of the portion of building occupancy charges for housing Risk and Safety staff within the bi-County facility. This had not been reflected in prior year budgets. Other adjustments include updated chargebacks to risk management, and compensation adjustments resulting from the agency's classification and compensation study.
- **External Administrative Expenses:** These expense comprise 14% (or \$1,152,114) of the total FY18 proposed expenses (see Table 2). These expenses represent fees to the Montgomery County Self Insurance Program for claims adjudication, commercial insurance, and actuarial services.

MONTGOMERY COUNTY RISK MANAGEMENT INTERNAL SERVICE FUND
Summary of Revenues, Expenses, and Changes in Fund Net Position
PROPOSED BUDGET FY2018

	<u>FY16</u> <u>Adopted</u>	<u>FY17</u> <u>Adopted</u>	<u>FY18</u> <u>Proposed</u>	<u>%</u> <u>Change</u>
Operating Revenues:				
Charges for Services:				
Parks	\$ 2,681,100	2,637,500	2,650,500	0%
Planning	46,400	52,400	83,900	60%
CAS	4,700	4,800	5,900	23%
Enterprise	38,000	500	1,200	140%
Miscellaneous (Claim Recoveries, etc.)				
Total Operating Revenues	<u>2,770,200</u>	<u>2,695,200</u>	<u>2,741,500</u>	<u>2%</u>
Operating Expenses:				
Personnel Services	455,097	460,850	486,099	5%
Supplies and Materials	22,500	27,500	30,000	9%
Other Services and Charges:				
Insurance Claims:				
Parks	1,966,796	1,918,100	1,942,800	1%
Planning	41,173	51,700	65,500	27%
CAS	4,904	8,000	7,100	-11%
Enterprise	30,445	24,400	24,700	1%
Misc., Professional services, etc.	557,851	518,500	556,705	7%
Depreciation & Amortization Expense				
Other Financing Uses				
Capital Outlay				
Other Classifications				
Chargebacks	256,279	226,100	247,036	9%
Total Operating Expenses	<u>3,335,045</u>	<u>3,235,150</u>	<u>3,359,939</u>	<u>4%</u>
Operating Income (Loss)	<u>(564,845)</u>	<u>(539,950)</u>	<u>(618,439)</u>	<u>15%</u>
Nonoperating Revenue (Expenses):				
Interest Income	30,000	40,000	45,000	13%
Interest Expense, Net of Amortization				
Loss on Sale/Disposal Assets				
Total Operating Expenses	<u>30,000</u>	<u>40,000</u>	<u>45,000</u>	<u>13%</u>
Income (Loss) Before Operating Transfers	<u>(534,845)</u>	<u>(499,950)</u>	<u>(573,439)</u>	<u>15%</u>
Operating Transfers In (Out):				
Transfer In				
Transfer (Out)				
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	
Change in Net Position	(534,845)	(499,950)	(573,439)	15%
Total Net Position - Beginning	<u>5,281,842</u>	<u>5,081,766</u>	<u>5,184,362</u>	<u>2%</u>
Total Net Position - Ending	<u>4,746,998</u>	<u>4,581,816</u>	<u>4,610,923</u>	<u>1%</u>
Designated Position	2,886,793	561,498	2,892,000	415%
Unrestricted Position	1,860,205	4,020,318	1,718,923	-57%
Total Net Position, June 30	\$ <u>4,746,998</u>	<u>4,581,816</u>	<u>4,610,923</u>	<u>1%</u>

Note: Allocation of administrative expense paid to Montgomery County for insurance pool management

Parks	446,127	416,500	438,900	5%
Planning	11,414	11,300	14,800	31%
CAS	1,284	1,700	1,600	-6%
Enterprise	16,740	5,300	5,600	6%
Total	<u>475,565</u>	<u>434,800</u>	<u>460,900</u>	<u>6%</u>

PRINCE GEORGE'S COUNTY RISK MANAGEMENT INTERNAL SERVICE FUND
Summary of Revenues, Expenses, and Changes in Fund Net Position
PROPOSED BUDGET FY2018

	FY 16 Adopted	FY 17 Adopted	FY18 Proposed	% Change
Operating Revenues:				
Charges for Services: \$				
Parks	2,724,100	2,587,500	2,630,600	2%
Recreation	1,047,100	905,800	900,600	-1%
Planning	165,400	93,500	102,900	10%
CAS	4,700	4,800	5,900	23%
Enterprise	248,300	155,700	112,200	-28%
Miscellaneous (Claim Recoveries, etc.)	-	-	-	
Total Operating Revenues	<u>4,189,600</u>	<u>3,747,300</u>	<u>3,752,200</u>	<u>0%</u>
Operating Expenses:				
Personnel Services	455,097	460,850	486,099	5%
Supplies and Materials	22,500	27,500	30,000	9%
Other Services and Charges:				
Insurance Claims:				
Parks	2,460,802	2,253,100	2,435,800	8%
Recreation	705,790	683,900	739,100	8%
Planning	101,398	73,000	97,200	33%
CAS	5,208	7,200	7,500	4%
Enterprise	199,323	131,400	142,000	8%
Misc., Professional services, etc.	795,632	735,800	786,954	7%
Depreciation & Amortization Expense				
Other Financing Uses				
Capital Outlay				
Other Classifications				
Chargebacks	282,614	244,500	273,891	12%
Total Operating Expenses	<u>5,028,364</u>	<u>4,617,250</u>	<u>4,998,544</u>	<u>8%</u>
Operating Income (Loss)	<u>(838,764)</u>	<u>(869,950)</u>	<u>(1,246,344)</u>	<u>43%</u>
Nonoperating Revenue (Expenses):				
Interest Income	50,000	70,000	75,000	7%
Interest Expense, Net of Amortization	-	-	-	
Loss on Sale/Disposal Assets	-	-	-	
Total Nonoperating Revenue (Expenses):	<u>50,000</u>	<u>70,000</u>	<u>75,000</u>	<u>7%</u>
Income (Loss) Before Operating Transfers	<u>(788,764)</u>	<u>(799,950)</u>	<u>(1,171,344)</u>	<u>46%</u>
Operating Transfers In (Out):				
Transfer In				
Transfer (Out)				
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	
Change in Net Position	<u>(788,764)</u>	<u>(799,950)</u>	<u>(1,171,344)</u>	<u>46%</u>
Total Net Position - Beginning	<u>10,308,248</u>	<u>10,948,674</u>	<u>11,016,056</u>	<u>1%</u>
Total Net Position - Ending	<u>9,519,484</u>	<u>10,148,724</u>	<u>9,844,713</u>	<u>-3%</u>
Designated Position	5,350,701	5,751,928	5,513,000	-4%
Unrestricted Position	4,168,784	4,396,796	4,331,713	-1%
Total Net Position, June 30 \$	<u>9,519,485</u>	<u>10,148,724</u>	<u>9,844,713</u>	<u>-3%</u>

Note: Allocation of administrative expense paid to Montgomery County for insurance pool management

Parks	504,337	466,700	492,100	5%
Recreation	156,936	141,600	149,300	5%
Planning	16,407	15,100	19,600	30%
CAS	1,424	1,500	1,500	0%
Enterprise	34,241	27,200	28,700	6%
Total	<u>713,345</u>	<u>652,100</u>	<u>691,200</u>	<u>6%</u>



Commission-Wide Group Insurance (Internal Service Fund)

Summary

The Commission's Group Insurance Fund accounts for the costs associated with providing health insurance benefits to active and retired employees. The Fund revenues include 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%. Revenue from employee and retiree share of the premiums makes up 17% of revenue, with the EGWP subsidy and interest income making up the balance. The fund is treated as a Commission-wide fund because its costs are not specifically generated by either county. Rather, the costs represent the total health insurance pool cost. In addition, OPEB 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 5 full-time positions plus a term contract position. FY18 proposed budget includes converting the term contract position to merit.

Highlights and Major Changes in the FY17 Proposed Budget

The Proposed FY18 expenditure budget is \$60.03 million, which reflects a 5 % increase (or \$2,799,140) over the FY17 Adopted Budget. This increase stems from claims, adjustments to chargebacks; and professional services which now reflects the Group Insurance portion of EOB rent in the amount of \$65,338 that was previously funded from the Administrative Fund.

The FY18 Proposed Budget reflects the effect of previously negotiated changes in employee health insurance cost share and the increase in retiree health insurance cost share. The administrative expenses are factored into the health insurance rates, and are paid through the premiums paid by the employer and employee.

The Commission's decision to add the Kaiser Health Insurance Plan means that the UHC EPO plan is no longer the lowest cost plan available to employees. In order to ease the transition for users of the UHC EPO plan, the FY18 Proposed Budget recommends an 80% employer and 15% percent employee cost share. The remaining 5% reflects the use of fund balance in the amount of \$565,000.

The FY18 Proposed Budget contains a designated reserve of \$5.40 million, which is sufficient to meet the 9.0% of total operating expense reserve policy. A summary of the Proposed Budget is shown on page three.

Essential Need

The Health and Wellness Specialist - term contract position works independently, with minimal direction from the Benefits Manager. The work is at an advanced professional level on a Commission-wide basis. This individual manages the wellness program in its entirety, performing all aspects within the program, from developing the various programs, drafting RFP's, reviewing contracts, sourcing the personnel for the various programs, creating all communications relating to the wellness programs, surveying employees, and making presentations to senior level management. As a subject matter expert this individual is assigned to highly specialized projects that are of high importance to the Commission. Development of the wellness program will lead to establishing new policies and practices.

The program has only been in place for a year. That is typically not enough time to see a change in medical costs, employee productivity or sick days; however, rates for the 2017 various medical and prescription plans have either stayed the same, increased minimally or decreased. This work is continuous and requires a dedicated full-time staff person to oversee the program.

FY18 proposed budget includes converting this position from term contract to merit.

Staffing Changes

This fund includes 5.0 positions and 5.0 workyears that are merit and one term contract. FY18 proposed budget includes converting the term contract to a merit position.

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 2018

	<u>FY16 Actual</u>	<u>FY17 Adopted</u>	<u>FY18 Proposed</u>	<u>% Change</u>
Operating Revenues:				
Intergovernmental	\$	\$	\$	
Medicare Part D Subsidy		-	-	
EGWP Subsidy	1,034,165	1,200,000	1,769,000	47%
Charges for Services:				
Employee/Retiree Contributions	7,212,997	10,137,524	10,421,294	3%
Employer Contributions/Premiums	39,460,056	45,795,360	47,113,812	3%
Employer Contributions - Other	18,626	15,900	13,900	-13%
Total Operating Revenues	<u>47,725,844</u>	<u>57,148,784</u>	<u>59,318,006</u>	4%
Operating Expenses:				
Personnel Services	715,053	739,799	702,936	-5%
Supplies and Materials	15,619	50,000	50,000	0%
Other Services and Charges:				
Professional Services	301,474	595,000	662,203	11%
Insurance Claims and Fees	36,917,710	47,338,073	50,049,630	6%
Insurance Premiums and Fees	8,304,631	8,195,394	8,210,772	0%
Change in IBNR		-	-	
Other Classifications				
Chargebacks	323,740	318,518	360,386	13%
Total Operating Expenses	<u>46,578,227</u>	<u>57,236,784</u>	<u>60,035,927</u>	5%
Operating Income (Loss)	<u>1,147,617</u>	<u>(88,000)</u>	<u>(717,921)</u>	716%
Nonoperating Revenue (Expenses):				
Interest Income	60,265	15,000	60,000	300%
Total Operating Expenses	<u>60,265</u>	<u>15,000</u>	<u>60,000</u>	300%
Income (Loss) Before Operating Transfers	<u>1,207,882</u>	<u>(73,000)</u>	<u>(657,921)</u>	801%
Operating Transfers In (Out):				
Transfer In	-	-	-	
Transfer (Out)	-	-	-	
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	
Change in Net Assets	1,207,882	(73,000)	(657,921)	801%
Total Net Assets, Beginning	13,648,205	12,756,217	14,783,087	16%
Total Net Assets, Ending	<u>\$ 14,856,087</u>	<u>\$ 12,683,217</u>	<u>\$ 14,125,166</u>	11%
Designated Assets	3,959,149	4,865,127	5,403,233	11%
Unrestricted Assets	10,896,938	7,818,090	8,721,932	12%
Total Net Assets, June 30	<u>\$ 14,856,087</u>	<u>\$ 12,683,217</u>	<u>\$ 14,125,166</u>	11%

Montgomery County Capital Equipment Internal Service Fund

EXECUTIVE OVERVIEW

The Commission's Capital Equipment Internal Service Fund (CEISF) was set up to establish an economical method of handling large equipment purchases. The fund spreads the cost of an asset over its useful life instead of burdening any one fiscal year with the expense. Considerable savings are realized over the life of the equipment through the use of the CEISF.

Departments use the CEISF to finance the purchase of equipment having a useful life of at least six (6) years. All revenue and costs associated with the financing of such equipment are recorded in the Internal Service Fund. All equipment is financed on a tax exempt basis, resulting in considerable interest savings. The participating departments are charged an annual rental payment based on the life of the equipment.

HIGHLIGHTS AND MAJOR CHANGES IN FY18 PROPOSED BUDGET

The financing authority of the CEISF may be carried over from year to year. This means that if the total authorized amount of financing is not utilized during a particular fiscal year any remaining funding may be carried over to succeeding fiscal years. Approval of the budget gives the Commission's Secretary-Treasurer and other officers authority to carry out financing for this fund at such time and on such terms as is believed to be advantageous to the Commission without additional action by the Commission or a Planning Board.

For FY18, the Commission proposes the purchase and financing of \$6,150,000 in capital outlay expenses in the CEISF. This consists of:

- Planning Department - \$500,000 (split with Parks, \$450,000 to fund the replacement of the IT backbone infrastructure; and \$50,000 for a replacement GIS database server)
- Department of Parks - \$5,400,000 (\$500,000 - see above for portion split with Planning; and \$100,000 to fund Virtual Desktop Infrastructure; \$30,000 for expansion of wireless access for parks visitors; \$928,000 for equipment and vehicles associated with New Initiative requests; and \$3,842,000 for replacement of older vehicles and equipment that have exceeded their useful life)
- Finance Department - \$250,000 (SAN replacement)

Montgomery County Capital Equipment Internal Service Fund

MONTGOMERY COUNTY CAPITAL EQUIPMENT INTERNAL SERVICE FUND Summary of Revenues, Expenses, and Changes in Fund Net Position PROPOSED BUDGET FISCAL YEAR 2018

	FY 16 Actual	FY 17 Adopted	FY18 Proposed	% Change
Operating Revenues:				
Charges to Departments				
- Planning	\$ -	\$ -	\$ 95,000	-
- Parks	2,755,000	1,881,000	2,498,500	32.8%
- Finance	74,150	101,650	113,000	11.2%
Miscellaneous (Sale of Equipment, etc.)	23,329	-	-	-
Total Operating Revenues	<u>2,852,479</u>	<u>1,982,650</u>	<u>2,706,500</u>	<u>36.5%</u>
Operating Expenses:				
Personnel Services	-	-	-	-
Supplies and Materials	28,888	-	-	-
Other Services and Charges:	31,727	-	-	-
Debt Service:				
Debt Service Principal	-	903,200	1,517,350	68.0%
Debt Service Interest	-	233,250	391,850	68.0%
Depreciation Expense	1,750,747	-	-	-
Other Financing Uses	-	-	-	-
Capital Outlay	-	2,650,000	6,150,000	132.1%
Other Classifications	-	-	-	-
Chargebacks	31,500	40,675	40,951	0.7%
Total Operating Expenses	<u>1,842,862</u>	<u>3,827,125</u>	<u>8,100,151</u>	<u>111.7%</u>
Operating Income (Loss)	<u>1,009,617</u>	<u>(1,844,475)</u>	<u>(5,393,651)</u>	<u>192.4%</u>
Nonoperating Revenue (Expenses):				
Debt Proceeds	-	2,650,000	6,150,000	132.1%
Interest Income	4,400	3,000	3,000	0.0%
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	95,983	-	-	-
Total Operating Expenses	<u>100,383</u>	<u>2,653,000</u>	<u>6,153,000</u>	<u>131.9%</u>
Income (Loss) Before Operating Transfers	<u>1,110,000</u>	<u>808,525</u>	<u>759,349</u>	<u>-6.1%</u>
Operating Transfers In (Out):				
Transfer in - from CIO/CWIT Fund	200,342	-	-	-
Transfer (Out) - to Park Fund	(805,550)	-	-	-
Net Operating Transfer	<u>(605,208)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	504,792	808,525	759,349	-6.1%
Total Net Position - Beginning	<u>8,668,359</u>	<u>8,441,776</u>	<u>9,981,676</u>	<u>18.2%</u>
Total Net Position - Ending	<u>\$ 9,173,151</u>	<u>\$ 9,250,301</u>	<u>\$ 10,741,025</u>	<u>16.1%</u>

Note: Future Financing Plans

Capital equipment financed for Planning	\$ -	\$ 500,000
Capital equipment financed for Parks	2,400,000	5,400,000
Capital equipment financed for Finance	250,000	250,000

Prince George's County Capital Equipment Internal Service Fund

EXECUTIVE OVERVIEW

The Commission's Capital Equipment Internal Service Fund (CEISF) was set up to establish an economical method of handling large equipment purchases. The fund spreads the cost of an asset over its useful life instead of burdening any one fiscal year with the expense. Considerable savings are realized over the life of the equipment through the use of the CEISF.

Departments use the CEISF to finance the purchase of equipment having a useful life of at least six (6) years. All revenue and costs associated with the financing of such equipment are recorded in the Internal Service Fund. All equipment is financed on a tax exempt basis, resulting in considerable interest savings. The participating departments are charged an annual rental payment based on the life of the equipment.

HIGHLIGHTS AND MAJOR CHANGES IN FY18 PROPOSED BUDGET

The financing authority of the CEISF may be carried over from year to year. This means that if the total authorized amount of financing is not utilized during a particular fiscal year any remaining funding may be carried over to succeeding fiscal years. Approval of the budget gives the Commission's Secretary-Treasurer and other officers authority to carry out financing for this fund at such time and on such terms as is believed to be advantageous to the Commission without additional action by the Commission or a Planning Board.

For FY18, the Commission proposes the purchase and financing of \$1,783,300 in capital outlay expenses in the CEISF. This consists of:

- Department of Parks & Recreation - \$1,533,300 (\$1,300,000 to fund ongoing vehicle replacements; \$233,000 for other capital investments)
- Finance Department - \$250,000 (SAN replacement)

Prince George's County Capital Equipment Internal Service Fund

PRINCE GEORGE'S COUNTY CAPITAL EQUIPMENT INTERNAL SERVICE FUND Summary of Revenues, Expenses, and Changes in Fund Net Position PROPOSED BUDGET FISCAL YEAR 2018

	FY 16 Actual	FY 17 Adopted	FY 18 Proposed	% Change
Operating Revenues:				
Charges to Departments/Funds				
- Parks & Recreation - Park Fund	\$ 2,584,000	\$ 1,533,300	\$ 1,824,627	19.0%
- Finance	74,150	101,650	113,000	11.2%
Miscellaneous (Sale of Equipment, etc.)	-	-	-	-
Total Operating Revenues	<u>2,658,150</u>	<u>1,634,950</u>	<u>1,937,627</u>	<u>18.5%</u>
Operating Expenses:				
Personnel Services	-	-	-	-
Supplies and Materials	43,910	-	-	-
Other Services and Charges:	101,784	-	-	-
Debt Service:				
Debt Service Principal	-	695,400	515,450	-25.9%
Debt Service Interest	-	179,650	133,150	-25.9%
Depreciation & Amortization Expense	788,911	-	-	-
Other Financing Uses	-	-	-	-
Capital Outlay	-	1,520,000	1,783,300	17.3%
Other Classifications	-	-	-	-
Chargebacks	19,700	4,881	31,942	554.4%
Total Operating Expenses	<u>954,305</u>	<u>2,399,931</u>	<u>2,463,842</u>	<u>2.7%</u>
Operating Income (Loss)	<u>1,703,845</u>	<u>(764,981)</u>	<u>(526,215)</u>	<u>-31.2%</u>
Nonoperating Revenue (Expenses):				
Debt Proceeds	-	1,520,000	1,783,300	17.3%
Interest Income	4,939	2,000	3,000	50.0%
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	(40,600)	-	-	-
Total Nonoperating Revenue (Expenses):	<u>(35,661)</u>	<u>1,522,000</u>	<u>1,786,300</u>	<u>17.4%</u>
Income (Loss) Before Operating Transfers	<u>1,668,184</u>	<u>757,019</u>	<u>1,260,085</u>	<u>66.5%</u>
Operating Transfers In (Out):				
Transfer In	-	-	-	-
Transfer (Out)	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,668,184	757,019	1,260,085	66.5%
Total Net Position - Beginning	<u>3,979,917</u>	<u>3,216,849</u>	<u>6,405,120</u>	<u>99.1%</u>
Total Net Position - Ending	<u>\$ 5,648,101</u>	<u>\$ 3,973,868</u>	<u>\$ 7,665,205</u>	<u>92.9%</u>
Note: Future Financing Plans				
Capital equipment financed for Parks & Rec		\$ 1,270,000	\$ 1,533,300	
Capital equipment financed for Finance		250,000	250,000	

Central Administration Services – Office of the Chief Information Officer FY18 Budget Narrative

Executive Overview

Working in collaboration with the Chief Technology Officers of each department and the Information Technology Council the Office of the Chief Information Officer (OCIO) has submitted the FY 18 budget with the following highlights.

Fiscal year 2017 (FY17) has seen continued success in identifying required policy enhancements in the face of increased information technology security threats and breaches. The OCIO recruited two Project Managers in our endeavor to establish the Project Management Office (PMO.) The Project Managers hit the ground running on learning the Commission's technology landscape, getting started with IT Project priorities and preparing PMO related formalities. Several project monitoring and tracking tools are being reviewed and soon a final selection will be made. The OCIO worked closely with the Office of Internal Audit to review of our information technology environment and the policies that govern it, identified gaps and made recommendations. Our focus is to ensure that the integrity and confidentiality of Commission's data is protected under all circumstances. A comprehensive security assessment will be carried out and recommendations will be promptly implemented to ensure that the Commission's environment is able to face all types of threats in the increasingly changing technology environment. Additionally, working with the Information Technology Council we are setting project priorities to ensure that projects are aligned with Commissions goals and objectives.

OCIO Budget Overview

The proposed FY18 expenditure budget is \$1,089,320 representing a \$316,798 (41.01%) increase from the FY17 adopted levels. This is mainly due to new positions to support the OCIO to move projects forward that are essential to achieve business excellence in line of Commissions objectives and goals.

Commission-wide IT Initiatives

The budget request for the IT Initiatives was developed with the Chief Technology Officers and was vetted and approved by the Information Technology Council. The OCIO requests authority to spend \$ 1,590,400 in FY18. This consists of \$1,395,000 for new projects, and \$195,400 for debt service for the Alliance Security System replacement that budgeted in FY17 and debt funded. The planned projects are:

- Microsoft Licenses – Annual enterprise agreement
- Kronos – Annual Cloud hosting and related services
- Adobe - Annual enterprise agreement
- Website – Annual hosting and support
- Security Assessment – Annual assessment

In addition, the IT Council approved three additions to the FY18 work plan – all funded with from previously appropriated funds.:

- ERP – Enhancements
- EAM – Enhancements
- Active Directory, Phase 4

By comparison the adopted budget for FY17 initiatives was \$ 2,290,000.

OCIO Operating Budget requests

OFFICE OF THE CIO FY18 OPERATING BUDGET REQUEST

		% Change	Positions
	FY17 Adopted Budget \$ 772,522		
FY18 BASE BUDGET INCREASES			
	Salaries & Benefits 33,224		
	Other Operating Changes 27,978		
Subtotal Increase - Base Budget Request	\$ 61,202	7.9%	
PROPOSED CHANGES			
	Security Officer 69,568		1.0
	Business Systems Analyst 112,042		1.0
	Convert and upgrade PT Admin to FT 44,448		
	OCIO Staff training 10,000		
Subtotal Proposed Changes	\$ 236,058	30.6%	
Total Increase FY18 Proposed Budget Request	\$ 297,260	38.5%	2.0

Base Budget increases consist primarily of full costs of newly filled positions, increased pension costs, and the new charge for the Office's use of EOB space. Proposed Changes consist of:

- 1) IT Security Officer (6 months – mid-year hire) - The addition of the IT Officer position is essential to securing and safeguarding Commission's data. The IT Security Officer Position (ITSO) serves as a resource regarding matters of information security and reports the status of ongoing information security activities to the CIO and IT Council
- 2) IT business Systems Analyst - The Analyst will be instrumental in proficiently vetting requirements and transforming them into technical requirements. This role will assist in defining and forming new ERP and EAM related improvement requirements and managing all the technical implementation lifecycle in the PMO office.
- 3) Convert the part time Admin Support position to a Full time position. The OCIO has added professional training for the new staff – To ensure that the OCIO office is staffed with an administrative staff of the right caliber to carry out technology related duties well beyond the typical administrative tasks.

MONTGOMERY COUNTY CIO & COMMISSION-WIDE IT FUND
Summary of Revenues, Expenses, and Changes in Fund Net Position
PROPOSED BUDGET FISCAL YEAR 2018

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Adopted</u>	<u>FY 18</u> <u>Proposed</u>	<u>%</u> <u>Change</u>
Operating Revenues:				
Charges to Departments/Funds				
- DHRM	\$ 9,897	\$ 12,300	\$ 32,162	161.5%
- CIO	-	-	2,500	-
- Finance	15,591	57,210	98,054	71.4%
- Legal	6,303	7,890	23,142	193.3%
- Internal Audit	200	250	6,950	2680.0%
- Parks	175,190	312,290	537,701	72.2%
- Planning	76,860	385,460	290,238	-24.7%
- Enterprise	3,500	3,500	3,500	0.0%
Miscellaneous (Sale of Equipment, etc.)	-	-	-	-
Total Operating Revenues	<u>287,541</u>	<u>778,900</u>	<u>994,247</u>	<u>27.6%</u>
Operating Expenses:				
Personnel Services	37,943	237,409	358,801	51.1%
Supplies and Materials	13,866	2,061	20,144	877.4%
Other Services and Charges:	329,938	949,464	572,501	-39.7%
Debt Service:				
Debt Service Principal	-	-	30,284	-
Debt Service Interest	-	-	7,820	-
Depreciation Expense	75,207	-	-	-
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	-	-	-	-
Total Operating Expenses	<u>456,954</u>	<u>1,188,934</u>	<u>989,550</u>	<u>-16.8%</u>
Operating Income (Loss)	<u>(169,413)</u>	<u>(410,034)</u>	<u>4,697</u>	<u>-101.1%</u>
Nonoperating Revenue (Expenses):				
Debt Proceeds	-	344,000	-	-100.0%
Interest Income	5,479	-	-	-
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	(6,477)	-	-	-
Total Operating Expenses	<u>(998)</u>	<u>344,000</u>	<u>-</u>	<u>-100.0%</u>
Income (Loss) Before Operating Transfers	<u>(170,411)</u>	<u>(66,034)</u>	<u>4,697</u>	<u>-107.1%</u>
Operating Transfers In (Out):				
Transfer in	-	-	-	-
Transfer (Out)	(80,137)	-	-	-
Net Operating Transfer	<u>(80,137)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(250,548)	(66,034)	4,697	-107.1%
Total Net Position - Beginning	<u>1,947,093</u>	<u>1,696,545</u>	<u>1,656,316</u>	<u>-2.4%</u>
Total Net Position - Ending	<u>\$ 1,696,545</u>	<u>\$ 1,630,511</u>	<u>\$ 1,661,013</u>	<u>1.9%</u>

Note: Future Financing Plans

Capital equipment financed for IT Initiatives	\$	344,000	\$	-
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PRINCE GEORGE'S COUNTY CIO & COMMISSION-WIDE IT FUND
Summary of Revenues, Expenses, and Changes in Fund Net Position
PROPOSED BUDGET FISCAL YEAR 2018

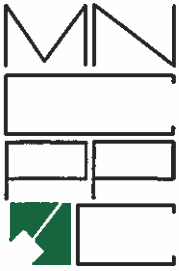
	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Adopted</u>	<u>FY 18</u> <u>Proposed</u>	<u>%</u> <u>Change</u>
Operating Revenues:				
Charges to Departments/Funds				
- DHRM	\$ 14,845	\$ 12,442	\$ 25,972	108.7%
- CIO	-	-	2,500	-
- Finance	23,386	57,367	88,013	53.4%
- Legal	9,455	7,868	19,015	141.7%
- Internal Audit	300	250	6,674	2569.6%
- Parks & Recreation - Park Fund	156,906	410,206	684,629	66.9%
- Parks & Recreation - Recreation Fund	104,491	357,691	585,453	63.7%
- Planning	70,080	429,280	279,219	-35.0%
- Enterprise	6,700	6,700	6,700	0.0%
Miscellaneous (Claim Recoveries, etc.)	-	-	-	-
Total Operating Revenues	<u>386,163</u>	<u>1,281,804</u>	<u>1,698,175</u>	<u>32.5%</u>
Operating Expenses:				
Personnel Services	56,914	338,547	496,175	46.6%
Supplies and Materials	20,799	2,939	27,856	847.8%
Other Services and Charges:	494,906	1,532,102	1,008,843	-34.2%
Debt Service:				
Debt Service Principal	-	-	125,017	-
Debt Service Interest	-	-	32,281	-
Depreciation Expense	112,810	-	-	-
Other Financing Uses	-	-	-	-
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	-	-	-	-
Total Operating Expenses	<u>685,429</u>	<u>1,873,588</u>	<u>1,690,172</u>	<u>-9.8%</u>
Operating Income (Loss)	<u>(299,266)</u>	<u>(591,784)</u>	<u>8,003</u>	<u>-101.4%</u>
Nonoperating Revenue (Expenses):				
Debt Proceeds	-	516,000	-	-100.0%
Interest Income	8,218	-	-	-
Interest Expense, Net of Amortization	-	-	-	-
Loss on Sale/Disposal Assets	(9,715)	-	-	-
Total Nonoperating Revenue (Expenses):	<u>(1,497)</u>	<u>516,000</u>	<u>-</u>	<u>-100.0%</u>
Income (Loss) Before Operating Transfers	<u>(300,763)</u>	<u>(75,784)</u>	<u>8,003</u>	<u>-110.6%</u>
Operating Transfers In (Out):				
Transfer In	-	-	-	-
Transfer (Out)	(120,205)	-	-	-
Net Operating Transfer	<u>(120,205)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(420,968)	(75,784)	8,003	-110.6%
Total Net Position - Beginning	<u>2,909,429</u>	<u>2,488,461</u>	<u>2,499,888</u>	<u>0.5%</u>
Total Net Position - Ending	<u>\$ 2,488,461</u>	<u>\$ 2,412,677</u>	<u>\$ 2,507,891</u>	<u>3.9%</u>

Note: Future Financing Plans

Capital equipment financed for IT Initiatives \$ 516,000 \$ -

OCIO Staffing Complement

	FY 16 Adopted		FY 17 Adopted		FY 18 Proposed	
	POS	WYS	POS	WYS	POS	WYS
OFFICE OF THE CIO						
Full-Time Career	3.00	3.00	3.00	3.00	6.00	5.50
Part-Time Career	1.00	0.50	1.00	0.50	-	-
Career Total	4.00	3.50	4.00	3.50	6.00	5.50
Term Contract	-	-	-	-	-	-
Seasonal/Intermittent		-		-		-
Total CIO / Commission-wide IT Fund	4.00	3.50	4.00	3.50	6.00	5.50



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

MEMORANDUM

DATE: November 2, 2016

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

FROM: Joseph C. Zimmerman, Secretary-Treasurer

SUBJECT: Finance Department FY18 budget submission

In developing this preliminary estimate of the FY 18 budget request, the Finance Department has carefully considered your guidance to ensure that services to the operating departments are maintained.

Comments on specific items are as follows:

- Personal services: Increase of \$90,054 in salaries and \$99,620 in benefits. This amount does not include any anticipated amounts for merit or COLA increases, which are addressed separately by the Budget Office. The primary growth in benefits is the anticipated 24% increase in pension costs. Salaries are rising due to the several factors. First, it has been necessary to pay considerably more than the midpoint to attract quality candidates to positions hired during the current year. Given this, we are requesting that all vacant positions be budgeted at greater than the midpoint. Finally, all vacant positions are anticipated to be filled by the end of FY 17, and a reduction of lapse from 2% to 1% is requested. This level of lapse reflects that realized in FY 13 and 14.
- Other operating charges: Contracted increases account for the 27,583 amount shown. The balance of the increase is the Finance Department share of increased costs for the Office of the CIO and Commission Wide IT Initiatives. The detail of those items is addressed in the Internal Service fund.

- Changes to chargebacks will result in a \$178,657 decrease in the net budget for 2018 due to the second year of phasing in IT costs not previously charged along with the increase due to cloud services.
- New requests are to provide funding for consulting services for ERP Support. These services have previously been funded from lapsed salaries. Additional funding is also requested to support the move to Cloud Services for ERP. This will provide additional support and functionality. Cloud Services costs will be largely offset by additional chargebacks as shown in the attached schedule.

The staffing needs of the Department have also been carefully considered. At this time, it is believed that the existing complement of positions will be adequate to support the service demands. We are in the process of moving to fill all positions.

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

FINANCE DEPARTMENT

PRELIMINARY FY18 OPERATING BUDGET REQUEST

	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change	Positions
FY17 Adopted Budget	\$ 3,201,045	\$ 3,835,857	\$ 7,036,902		

Salaries	81,725	8,329	90,054		
Benefits	56,883	42,737	99,620		
Other Operating Changes	52,815	46,258	99,073		
Chargebacks	(56,632)	(122,055)	(178,687)		
FY17 One-time Expenses					
Subtotal Increase - Base Budget Request	\$ 134,791	\$ (24,731)	\$ 110,060	1.6%	

se Between Counties from Labor Cost Allocation Change

Consultant	10,416	13,584	24,000		
Infor Cloudsuite	71,610	93,390	165,000		
Cloudsuite chageback	(54,032)	(70,466)	(124,498)		
Subtotal Proposed Changes	\$ 27,994	\$ 36,508	\$ 64,502	0.9%	
Total Increase FY18 Proposed Budget Request	\$ 3,363,830	\$ 3,847,634	\$ 7,211,464	2.5%	



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

Reply To

November 2, 2016

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 – Budget Request – FY 2018

After preliminary discussions last month with both Planning Boards, this memorandum presents our FY 2018 budget request for the Commission's Office of General Counsel ("OGC" or "Legal Department"). I am not making any material changes to the estimate offered during those earlier meetings.

Base Budget Overview

Before incorporating any cost of living adjustment or critical initiatives, the Legal Department's base budget request is \$2,471,266 which reflects a net increase of \$74,438 (3.1%) over our FY 2017 approval allocable as follows:

- Montgomery County Administration Fund: \$1,333,455 (-1.3% decrease over FY 17)
- Prince George's County Administration Fund: \$1,137,811 (8.7% increase over FY 17)

Several factors are driving changes in the Department's base level requirements for personnel services:

- Completion of several job reclassifications (some under the new attorney job series)
- Increase in certain personnel benefit costs
- Updated labor allocation formula ("split") Montgomery County / Prince George's County as 50.4% / 49.6% (versus 51.9% / 48.1%, respectively, for FY 2017)
- Reconfigured staffing for the Department's Transactions Practice Team to recruit for a hard to fill position

Non-personnel items in the base budget are retained at flat levels, except for increases in non-departmental charges passed through for capital equipment and the CIO allocation.

Critical Initiative: “Case Coordinator”

In addition to the base budget described above, I propose restoring full funding for an existing professional work year that was frozen in FY15. After accounting for this restoration as described further below, the net impact over the base level budget would be \$69,467 allocable as follows:

- Montgomery County Administration Fund: \$35,012
- Prince George’s County Administration Fund: \$34,455

Approval of this request will allow OGC to add one paralegal specialist – to work as a case coordinator – dedicated to a work program consisting of at least the four major components as follows:

- Coordinating litigation hold and production of discovery responses agency-wide
- Tracking, coordinating and supporting agency compliance with PIA requests
- Maintaining OGC case management and workload tracking systems
- Producing designated Legal Department reports

The Commission must augment the Legal Department’s litigation hold and discovery production capabilities in order to avoid future disruptions to attorney work cycles or periods when our litigation team is overwhelmed by multiple deadlines. Meanwhile, Commission stakeholders are engaged now in retooling the agency’s internal policies and compliance procedures under the Maryland Public Information Act. This effort has already exposed a clear need for more and better coordination within the Legal Department. Finally, a significant need has been determined in order to achieve real-time (daily or weekly) maintenance of the Legal Department’s internal case management database and tracking reports. These ongoing and overlapping functional requirements are appropriate to bundle into a unified department-wide work program.

A portion of the funding needed to restore funding is available by repurposing \$30,000 previously expected to fund the additional cost from reclassifications (including those related to the attorney job series study). Because those reclassifications did not exhaust the funding reserved, it is already accounted in the base budget described above, and available now to apply to the work year for this purpose. Thus, the net impact above base level funding set forth above offers a sensible opportunity to achieve tangible operating enhancements at a relatively modest incremental impact.

cc: Tonya Miles, Chief Departmental Administrator

Attachment

Memorandum re: Legal Department – FY 18 Budget Request
October 31, 2016
Page 3

LEGAL DEPARTMENT					
PRELIMINARY FY18 OPERATING BUDGET REQUEST					
	MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	% Change	Positions
FY17 Adopted Budget	\$ 1,350,530	\$ 1,046,298	\$ 2,396,828		
FY18 BASE BUDGET INCREASES					
Salaries	(48,184)	35,310	(12,874)		
Benefits	31,514	53,439	84,953		
Supplies and Materials	(447)	447	-		
Other Services & Charges	11,246	18,691	29,937		
Chargebacks	(11,204)	(16,374)	(27,578)		
FY17 One-time Expenses					
Subtotal Increase - Base Budget Request	\$ (17,075)	\$ 91,513	\$ 74,438	3.1%	24.0
Percent Change	-1.3%	8.7%			
Base FY18 Proposed Budget Request	\$ 1,333,455	\$ 1,137,811	\$ 2,471,266	3.1%	
Change to Base Between Counties from Labor Cost Allocation Change	\$ (37,069)	\$ 37,069			
PROPOSED CHANGES					
Restore Full Funding for Frozen Position / "Case Coordinator"	35,012	34,455	69,467	2.9%	0.0
Subtotal Proposed Changes	\$ 35,012	\$ 34,455	\$ 69,467	2.9%	0.0
Total FY18 Proposed Budget Request	\$ 1,368,467	\$ 1,172,266	\$ 2,540,733	6.0%	



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Office of Internal Audit • 7833 Walker Drive, Suite 425 • Greenbelt, Maryland 20770

November 17, 2016

To: Montgomery County Planning Board

From: Renee Kenney, Chief Internal Auditor *Renee M Kenney*

Re: FY18 Budget Request/Justification

The Office of Internal Audit (OIA) submits the following FY18 budget proposal for your consideration and approval:

Office of Internal Audit						
FY18 OPERATING BUDGET REQUEST						
			MC Admin Fund	PGC Admin Fund	DEPARTMENT TOTAL	Positions
		FY17 Adopted Budget	\$ 234,792	\$ 345,084	\$ 579,876	
FY18 Base Budget Increases						
		Salaries	3,526	6,897	10,423	
		Benefits	2,352	4,561	6,913	
		Other Operating Changes	6,764	6,549	13,313	
		Chargebacks		(23,830)	(23,830)	
		FY17 One-time Expenses				
		Subtotal Increase - Base Budget Request	\$ 12,642	\$ (5,823)	\$ 6,819	5.0
			5.4%	-1.7%	1.2%	
Proposed Changes						
		.50 POS Seasonal/Admin.	\$ 8,650	\$ 16,350	\$ 25,000	
		Subtotal Proposed Changes	\$ 8,650	\$ 16,350	\$ 25,000	
		Total Increase FY18 Proposed Budget Request	\$ 21,292	\$ 10,527	\$ 31,819	
		Total FY18 Proposed Budget	\$ 256,084	\$ 355,611	\$ 611,695	5.0
		% increase	9.1%	3.1%	5.5%	
		% allocation	41.9%	58.1%	100.0%	

The OIA's total FY18 budget, if approved, will increase \$31,819 (5.5%) for a total budget of \$611,695, split between Montgomery County and Prince George's County 41.9% and 58.1% respectively.

If approved, the OIA's **base budget** will increase \$6,819 (1.2%) after chargebacks to Prince George's County. The base budget increase includes approved salary and benefit adjustments, as well as increased cost allocations to the Office of the Chief Information Officer. Montgomery County's base budget will increase 5.4% or \$12,642. Note: This amount is not reflective of FY18 compensation or reclassification markers.

In addition to the base budget increases, the OIA is requesting approval of an additional \$25,000 for one part time seasonal administrative position. As this a part time seasonal position, the position will not be eligible for Commission benefits. Montgomery County will be responsible for \$8,650 (34.6%) of the requested salary costs.

Currently, the OIA has five professional employees, (Chief Internal Auditor, three Senior Auditors and one IT Auditor.) In FY16, the OIA completed 7 Commission wide Performance Audits, 10 County Performance Audits, 10 Management Advisories, 5 Fraud, Waste, and Abuse Audits, and 24 Follow-up reviews. This level of productivity requires substantial administrative support, including:

- petty cash administration;
- purchase card administration;
- purchase order/contract renewal (e.g. audit software, Commission ethics hotline);
- ordering supplies;
- tracking of budget documents;
- scheduling of audit opening and closing meetings;
- preparation and distribution of Audit Committee meeting notes;
- peer review preparation; and
- miscellaneous office functions.

Currently the administrative functions are being completed by the Chief Internal Auditor and one Senior Auditor. Approval of the part-time administrative function will result in additional capacity for the OIA professional staff.

Thank you for your consideration.