

MEMORANDUM

April 19, 2012

TO: Planning, Housing, and Economic Development (PHED) Committee

FROM: Marlene Michaelson, ^{MM} Senior Legislative Analyst

SUBJECT: Maryland-National Capital Park and Planning Commission FY12 Operating Budget and Workprogram: Central Administrative Services

Those expected for this worksession:

Francoise Carrier, Chair, Montgomery County Planning Board
Patti Barney, M-NCPPC Executive Director
Adrian Gardner, M-NCPPC General Counsel
Darin Conforti, M-NCPPC Corporate Budget Manager
Abbey Rodman, M-NCPPC Investment Manager

This memorandum presents the budget for the Central Administrative Services portion of the Administration Fund and follow-up issues from the Committee discussion of the Department of Parks budget. Responses to Council Staff questions on the budget are attached at © 1 to 4.

All page references are to the M-NCPPC Fiscal Year 2013 Proposed Annual Budget; Committee Members may wish to bring this document to the meeting for reference.

CENTRAL ADMINISTRATIVE SERVICES

Central Administrative Services (CAS) provides the administrative functions for both the Montgomery and Prince George's portions of this bi-county agency through three departments: Human Resources and Management (DHRM), Finance, and Legal. The FY13 Montgomery County portion of the proposed CAS budget, excluding non-departmental expenditures (OPEB, benefits, and wage adjustments), is \$6,525,500, an increase of \$141,850 or **2.2% over the approved FY12 budget** (page 34). The requested personnel services show an increase of \$17,233 or 2.8% over the approved FY12 budget. Supplies and Materials show an increase of \$317, and Other Services and Charges increase by

\$140,990 (9.4%) (see page 58). As noted at the earlier Committee worksessions, the M-NCPPC assumptions regarding compensation are substantially similar to those used by the Executive for County Government.

The total CAS workyears are proposed to **decrease** by 3.05 from 58.05 to 55. (Note that the workyear tables on pages 39 and 93 of the budget included an error which resulted in 1.9 less workyears in the Legal Department than are being proposed. CAS indicates that while there is an error in the workyears, the dollar request is correct. A revised table for page 93 appears on © 4.)

CENTRAL ADMINISTRATIVE SERVICES (Excluding Non-Departmental)					
Department	Actual FY11	Budget FY12	Proposed FY13	Change FY12 to FY13	% Change FY12 to FY13
Human Resources & Mgmt.	\$1,956,379	\$1,775,300	\$1,769,800	(\$5,500)	-0.3%
Finance	\$3,171,373	\$2,791,016	\$2,728,200	(\$62,816)	-2.3%
Legal	\$946,204	\$1,159,022	\$1,241,400	\$82,378	7.1%
Internal Audit		\$148,048	\$149,200	\$1,152	0.8%
CAS Support Services	\$441,087	\$443,514	\$569,600	\$126,086	28.4%
Merit System Board	\$57,032	\$66,750	\$67,300	\$550	0.8%
TOTAL CAS	\$6,572,075	\$6,383,650	\$6,525,500	\$141,850	2.2%

While CAS costs are 3.9% of the total Commission budget (excluding Internal Service Funds, Capital Equipment Funds, and Advance Land Acquisition Funds), they are over 6% of the Montgomery portion of the budget.

CAS COSTS AS A PERCENT OF TOTAL BUDGET			
	Montgomery County	Prince George's County	Full Commission
Total County Budget*	\$130,185,157	\$316,386,137	\$446,571,294
CAS Budget	\$7,952,300	\$9,456,000	\$17,408,300
Percent of Total Budget	6.1%	3.0%	3.9%
* As shown on page 25 of the Budget (excludes Internal Service Funds, Capital Project Funds and ALARF)			

Page 54 of the budget shows the allocation of CAS expenditures by Department or unit. While Prince George's County pays a higher percentage of the costs of the Departments of Human Resources and Management, Finance, and Internal Audit, Montgomery County pays a higher percentage of the costs for the Legal Department (with 12.25 workyears of legal support as opposed to Prince George's County's 9.75 workyears). The cost of the Merit System Board and Support Services are split equally between the two counties. Staff asked why these two units are split equally and not allocated to reflect the different size of the two counties' workforce. The CAS response appears on © 3. Staff continues to believe that the 50% split does not reflect the services provided to the counties, particularly for

Support services. It is also notable that Montgomery County pays 43% of the costs of the Department of Human Resources and Management although the Montgomery County portion of the Commission has only 30.5% of total workyears.¹ Staff does not believe it will be possible to change the allocation for FY13, but believes it may be worthwhile to have an independent analysis of the allocation conducted for future years.

Three years ago, the Staff from the Montgomery County and Prince George's County Councils prepared a study of CAS that resulted in numerous recommendations. Post budget, the Committee may want to schedule an update regarding CAS' implementation of the recommendations.

The Montgomery County and Prince George's County Councils must agree on any changes to the CAS budget, or the Commission's budget will stand as submitted. Typically, compensation is a significant part of this discussion and it is not yet clear whether the counties will agree on the proposed funding for compensation adjustments. Staff notes that the Bi-County meeting will occur before the Council has completed its review of other departments and agency budgets (tentatively May 10); therefore, it is not possible to consider any reductions or additions to the **CAS portion** of the M-NCPPC budget after May 10.

FOLLOW-UP PARKS ISSUES

At the April 16 meeting on the Department of Parks budget Committee Members asked several follow-up questions related to fees and the Wheaton Carousel. The Department will present their responses at the meeting. Committee questions are summarized below.

Fees:

- When will you reassess fees based on Vision 2030 recommendations?
- Are there fees for use of Woodstock Equestrian center? Of not, what options are there to charge fees, solicit donations, or solicit in-kind services from users?
- What fees do you charge outside camps that use park facilities (particularly for those camps that charge significant fees and attract more affluent families)?

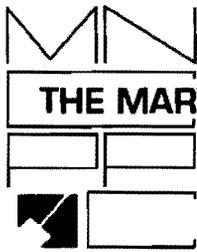
Carousel

- Provide a history of the Wheaton carousel and all commitments made related to it.
- What is the cost of moving the carousel?

In addition, Staff asked them to provide the following information related to the Carousel.

- What are the current costs and revenues associated with operation of the carousel?
- What is your best guess of likely costs and revenues for operation at Ovid Hazen Wells Park?
- What is your best guess of likely **operating** cost impact of moving the carousel (lost net income)?

¹ Prince George's County has 2180.9 total tax and non-tax supported workyears, compared to Montgomery County's 955.1 workyears.



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue Riverdale, Maryland 20730

April 18, 2012

TO: Planning, Housing and Economic Development Committee
Marlene Michaelson, Senior Council Analyst

VIA: Françoise Carrier, Chair
Patricia Barney, Executive Director

FROM: Darin Conforti, Budget Manager

SUBJECT: Response to Budget Questions on CAS FY13 Proposed Budget

Below please find the CAS's response to questions regarding the FY13 Proposed Budget.

1. The summary of workyear changes on page 39 does not appear to match the workyear tables in the CAS portion of the budget (e.g. legal shows 12.25 workyears for FY12 on page 39 but 10.35 workyears for FY12 on page 93). Which is correct?
2. On page 58, the total costs for Montgomery County are going up FY12 to FY13, while at the same time they are going down for Prince George's County. Why?
3. I thought Montgomery County required more legal assistance than Prince George's County and was therefore allocated a greater share of legal costs, but on page 93 it appears that 10.35 workyears of legal time was allocated to Montgomery County and 11.65 was allocated to Prince George's County.
4. If the workyear numbers are correct, why is Montgomery County's cost for legal services so much greater than Prince George's County?
5. Why are the Merit System and Support Services split equally between the two counties? Shouldn't these be linked to the number of employees?

Questions 1, 3, and 4 can be addressed simultaneously.

The Proposed Budget Book mistakenly reported the workyears for the Legal Department for FY12 and FY13. The workyears corresponding to the Montgomery budget request were reported under Prince George's and vice versa. However, the dollar budget request is accurate. I'm attaching a corrected workyear schedule that replaces page 93 of the Proposed Budget Book.

①

2. On page 58, the total costs for Montgomery County are going up FY12 to FY13, while at the same time they are going down for Prince George's County. Why?

The primary reason for the slightly greater percent decline on the Prince George's side of the CAS budget has to do with the change in methodology for allocating OPEB Paygo costs. Prior to the FY13 Proposed Budget, OPEB Paygo costs were: 1) included in the retirement account in each department's budget, and 2) were allocated based on percent of total salaries. For FY13, the OPEB Paygo costs are no longer commingled with retirement costs. OPEB Paygo is budgeted with OPEB Prefunding in the NonDepartmental account. Therefore, the first reason for decline relates to removing OPEB Paygo from department budgets. This change decreased all department budgets year over year in the retirement account. The second reason relates to the previous allocation method of OPEB Paygo. Because it was allocated based on percent of salary and because more of the CAS salary cost is for services provide to Prince George's County, there was a greater amount of OPEB Paygo removed from the CAS department budgets on the Prince George's side than the Montgomery side.

There were two significant decreases in department budgets: 1) removing the OPEB Paygo as explained above, and 2) the decrease in the FY13 pension cost. However, in most departments these decreases were partially or fully offset by the substantial increases health insurance cost. As a result, most CAS budgets remained flat or declined slightly year over year.

Overall, on the Montgomery side, CAS department budgets increased .26 percent, and on the Prince George's side, decreased by 3.4 percent. The only department that has a measurable year over year change in its budget is Legal. The Legal Department budget request is grew by \$82,400 or 7 percent over the FY12 Adopted Budget. The reason for this increase is primarily due to the labor cost allocation to Montgomery County increasing from 54 percent to 56 percent based on workload. The table below shows the comparisons.

COMPARISON OF YEAR OVER CHANGE IN CAS DEPARTMENT BUDGETS BY COUNTY

Department	Montgomery County			Prince George's County		
	FY12	FY13	% Change	FY12	FY13	% Change
DHRM	\$1,775,300	\$1,769,800	-0.31%	\$2,200,860	\$2,200,900	0.00%
Finance	\$2,791,016	\$2,728,111	-2.25%	\$3,322,243	\$3,144,452	-5.35%
Legal	\$1,159,022	\$1,241,400	7.11%	\$756,516	\$714,700	-5.53%
Audit	\$148,048	\$149,210	0.78%	\$257,218	\$251,790	-2.11%
Merit	66,750	67,300	0.82%	66,750	67,300	0.82%
Subtotal Departments	5,940,136	5,955,821	0.26%	6,603,587	6,379,142	-3.40%
CAS Support	443,514	569,625	28.43%	443,514	569,625	28.43%
Total	\$6,383,650	\$6,525,446	2.22%	\$7,047,101	\$6,948,767	-1.40%

5. Why are the Merit System and Support Services split equally between the two counties? Shouldn't these be linked to the number of employees?

The Merit System Board recommends merit rules and policies and oversees the Commission's merit system serving as the final administrative appellant body for of grievances regarding Merit System Rules and Regulations. Both counties operate under merit rules; therefore, the Merit System Board is a "fixed cost" for both counties. In other words, both counties need the service and the costs for the three members and one-staff person do not vary based on the number of positions in each county. An attenuated argument could be made that the number of positions in each county influences the caseload of the Board. However, the nature and volume of caseload is not predictable by county. Therefore even if one wanted to allocate the Merit Board by caseload to each county, it would have to be done retrospectively. A more compelling reason for not allocating the Merit Board based workload goes to the question of who is the customer of its services. Clearly, if one county benefits more directly or solely from a CAS service that unit of service should be allocated to that county. However, with respect to the question of who is the direct customer of Merit Board Services, it is the Commission as a whole. An effective Merit Board ensures all employees are treated appropriately in accordance with the merit rules, which are applied evenly across counties. Therefore, the cost should likewise be divided evenly.

The CAS Support Services budget accounts for costs such as rent payment for EOB, copy machine costs, internet, telephone, and other technology costs, postage, etc. These are fixed operating costs that CAS incurs without fluctuation or difference based on the workload or use between the two counties. For example, the monthly costs for telephone service don't vary if more calls are made related to work for one county, the same for internet and other technology costs. In this respect, it is appropriate that these "infrastructure operating costs" be shared evenly between the counties.

cc:

Françoise Carrier, Chair
Patricia Barney, Executive Director
Joe Zimmerman, Secretary Treasurer
Adrian Gardner, General Counsel
Rollin Stanley, Planning Director
Mary Bradford, Parks Director

3

**CENTRAL ADMINISTRATIVE SERVICES
LEGAL DEPARTMENT**

SUMMARY OF ANNUAL COMPARISONS								
COUNTY/WORKYEARS	ACTUAL		ACTUAL		BUDGET		PROPOSED	
	FY10		FY11		FY12		FY13	
	POS	WYS	POS	WYS	POS	WYS	POS	WYS

MONTGOMERY COUNTY

Corrected-- Proposed Budget Book for FY12 and FY13
columns did not properly report the workyears by county.

Full-Time Career	11.50	11.50	10.80	10.35	12.70	12.25	12.70	12.25
Part-Time Career	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Career Total	11.50	11.50	10.80	10.35	12.70	12.25	12.70	12.25
Term Contract	1.00	0.75	0.00	0.00	0.00	0.00	0.00	0.00
Seasonal/Intermittent		0.00		0.00		0.00		0.00
Total Workyears		12.25		10.35		12.25		12.25

PRINCE GEORGE'S COUNTY

Full-Time Career	10.50	10.50	12.20	11.65	10.30	9.75	10.30	9.75
Part-Time Career	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Career Total	10.50	10.50	12.20	11.65	10.30	9.75	10.30	9.75
Term Contract	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Seasonal/Intermittent		0.00		0.00		0.00		0.00
Total Workyears		11.50		11.65		9.75		9.75

TOTAL

Full-Time Career	22.00	22.00	23.00	22.00	23.00	22.00	23.00	22.00
Part-Time Career	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Career Total	22.00	22.00	23.00	22.00	23.00	22.00	23.00	22.00
Term Contract	2.00	1.75	0.00	0.00	0.00	0.00	0.00	0.00
Seasonal/Intermittent		0.00		0.00		0.00		0.00
Total Workyears		23.75		22.00		22.00		22.00

See Glossary for definitions of "Positions", "Workyears", "Term Contract", and "Seasonal"

(4)