

MEMORANDUM

April 18, 2019

TO: Government Operations and Fiscal Policy Committee
FROM: Dr. Costis Toregas, Council IT Adviser
SUBJECT: NDA: Telecommunications
PURPOSE: Review and recommend action on the FY20 Telecommunications NDA Operating Budget

Expected to attend:

Sonny Segal, Chief Information Officer, Department of Technology Services
Dieter Klinger, Chief Operating Officer, Department of Technology Services
Jennifer Nordin, Analyst, Office of Management and Budget (OMB)

Staff recommendation:

1. The Committee should encourage DTS to continue exploring and deploying joint telecommunications service delivery models with outside agencies (MCPS, MC, WSSC, M-NCPPC, HOC) at the most opportune time. The ITPCC can provide an excellent vehicle to develop and deploy such shared technology platforms.
2. Staff recommends the **adoption** of the Executive's recommended FY20 budget for Telecommunications for **\$5,356,382**.

Discussion

The FY20 recommended Operating Budget continues for the fourth year the strategy of budgeting for Telecommunications expenses within a central non-departmental account (NDA) managed by the Department of Technology Services. Prior to FY17, DTS charged individual departments and funds for expenses incurred. Beginning in FY17, funds were specifically provided in this NDA.

The Telecommunications NDA provides the operating expense appropriations for telecommunications charges incurred by departments, including landline charges and PBX maintenance and support charges. The Executive's request is on ©1 and is unchanged from the FY19 Approved level.

To better understand this new program and its potential advantages, DTS was asked to provide additional information beyond that contained on ©1. Questions and answers are shown below.

FY19 is the third year of migration of PBX services to the cloud. Please provide a status report, along with any residual expenses in FY20. Distinguish between UCaaS (Unified Communications as a Service) Microsoft and Broadsoft elements.

The County piloted UCaaS solutions including Microsoft and Broadsoft as well as Voice Over internet protocol (VOIP) alternatives in the Department of Technology Services. The County is currently evaluating the results and is continuing to reinvest savings realized from carrier changes in network upgrades to support the move to VoIP, data growth, and migration to cloud services.

Staff Comment: The expectation for savings and the ability to bootstrap new cloud-based technology systems such as UCaaS into the operational environment with no new investments has been the foundation of this NDA. The Executive does not describe the degree to which actual savings have accrued to the County or provide a reinvestment schedule using these savings. It will be important to do so since we are nearing the time when changeover savings will no longer be possible, and the residual maintenance cost levels will have to be absorbed within the NDA from other means.

Please clarify whether there are remaining PBX elements to be supported in the FY20 budget and justify.

PBX and voicemail continue to be used for voice telephone services including MC311. Maintenance costs are included in the recommended budget.

Please provide budget detail for this request; distinguish between one-time purchases and leases and summarize the investment in cloud support vs. on-premises and related manpower shown on the DTS Operating Budget request.

The FY20 Telecom NDA budget of \$5.4 million is unchanged from FY19. The transition to the cloud will result in savings to local and long-distance carriers as well as PBX maintenance and added costs to Unified communications. The transition and required network improvements are funded through savings. The recommended funding level supports the following expenditures:

| | |
|-------------|------------------------------------------|
| \$2,762,000 | Local Carriers |
| \$ 17,000 | Long Distance |
| \$ 431,000 | Local Lines |
| \$ 198,000 | Unified communications |
| \$ 895,000 | PBX maintenance |
| \$ 86,000 | e911 |
| \$ 32,000 | anti-denial of service |
| \$ 935,382 | VoIP transition and network improvements |
| \$5,356,382 | Total |

The DTS operating budget supports voice communication including: six FTEs; motor pool charges; telephone maintenance costs; and professional services totaling \$1.27 million.

State Retirement System until 1965.) The County's contribution for this account is determined by State actuaries. Beginning in FY81, the amount due was placed on a 40-year amortization schedule.

- State Library Retirement: Accrued liability for retirement costs for three Montgomery County Public Library retirees who are receiving a State retirement benefit. These were County employees prior to 1966 who opted to stay in the State plan.

| FY20 Recommended Changes | | |
|----------------------------------------------|------------------|-------------|
| | Expenditures | FTE |
| FY19 Approved | 1,520,522 | 0.00 |
| Increase Cost: State Retirement Contribution | 75,838 | 0.00 |
| FY20 Recommended | 1,596,360 | 0.00 |

Takoma Park Library Annual Payments

The annual amount provided in this NDA is a function of County expenditures for the Montgomery County Public Libraries (as a share of property tax-funded spending) and the City of Takoma Park's assessable base. The payment is authorized by Section 2-53 of the Montgomery County Code.

| FY20 Recommended Changes | | |
|----------------------------------------------|----------------|-------------|
| | Expenditures | FTE |
| FY19 Approved | 164,058 | 0.00 |
| Increase Cost: Formula Projection Adjustment | 24,271 | 0.00 |
| FY20 Recommended | 188,329 | 0.00 |

Takoma Park Police Rebate

The County provides financial support to the City of Takoma Park for police protection services in accordance with provisions of the County Code. This provision was enacted in 1949 and provides a payment to the City for protective services for the County residents of the City of Takoma Park. The payment is based on a formula, which uses \$0.048 per \$100 of assessable base tax rate with "full value assessment" levied on real property.

| FY20 Recommended Changes | | |
|----------------------------------------------|------------------|-------------|
| | Expenditures | FTE |
| FY19 Approved | 1,028,342 | 0.00 |
| Increase Cost: Formula Projection Adjustment | 98,423 | 0.00 |
| FY20 Recommended | 1,126,765 | 0.00 |

Telecommunications

This NDA provides the operating expenses appropriations for telecommunication charges incurred by departments, including land-line charges and Private Branch Exchange System (PBX) maintenance and support charges. Prior to FY17, the Department of Technology Services charged individual departments and funds for expenses incurred.

| FY20 Recommended Changes | | |
|--------------------------|------------------|-------------|
| | Expenditures | FTE |
| FY19 Approved | 5,356,382 | 0.00 |
| FY20 Recommended | 5,356,382 | 0.00 |