

MEMORANDUM

April 21, 2023

TO: Government Operations and Fiscal Policy Committee
FROM: Dr. Costis Toregas, Council IT Adviser
SUBJECT: FY24 Non-Departmental Account (NDA) for Telecommunications

Expected to attend:

Gail Roper, Chief Information Officer, Department of Technology & Enterprise Business Solutions (TEBS)
Allison Dollar, TEBS
Seamus McNamara, Office of Management and Budget

Documents for Committee review:

1. Budget submission detail (©1)

Telecommunications NDA FY24

FY24 COUNTY EXECUTIVE RECOMMENDATION

TElecommunications	FY23 Approved	FY24 CE Recommended	Change from FY23 Approved
Total Expenditures (General Fund)	\$5,358,382	\$5,086,126	-5.1%
Personnel Costs	N/A	N/A	
Operating Costs	N/A	N/A	

Council staff recommends the following:

1. Approve the Telecommunications NDA at the level of \$5,086,126 as recommended by the Executive

Introduction

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.

As the telephone system completes its migration to the Cloud, cost savings are being presented; in order to secure these savings, TEBS continues to expand Cloud based agreements and move away from physical equipment and dedicated software applications. In FY24, the Executive recommends a switch between land line costs and expanded cloud subscriptions. However, the overall cost of the NDA is reduced by 5.3% as more savings from the migration to the Cloud are achieved.

Council staff recommends approval of the NDA at the level proposed by the Executive.

In order to give the Committee a better feeling for this NDA (as in most NDA submissions, budget detail is very scarce in the Operating Budget NDA format), Council staff posed a series of questions; these questions, and the Executive responses, are shown below

1. Is the \$200,000 item Cloud Subscription a new one or expanding an existing one? And what departments are using this?
The \$200,000 is a net neutral new cost for moving lines to the cloud-telephony service in FY24 supporting the enterprise.
2. Define Verizon “disconnects.”
Verizon disconnects are services that have been identified as no longer required as the result of our audit process. Requests have been submitted to Verizon to disconnect these services and remove them from the monthly billing cycle.
3. When will the transition to cloud-based telephone services be complete?
We have moved our underlying lines supporting our phone service ("SIP trunks") to a more reliable service provider with more support capabilities and experience.
Phase 1 will be completed by the end of calendar year 2024. Phase 1 involves moving lines from the oldest and most vulnerable part of our on-premise PBX to more reliable and cost-effective cloud services. We expect to be completely cloud/hybrid by the end of calendar year 2025.
4. And do you expect the Telecoms budget to be permanently reduced at that point in time?
We expect the Telecom NDA budget to be permanently reduced by the end of calendar year 2025 to include other modernization efforts during this period of time.
5. What is the target for the recurring telecommunications cost based on cloud-based telephony platform now in use?
Mid calendar year 2025.

This NDA provides for the County's payment of two items to the State Retirement System:

- Maryland State Retirement System: Unfunded accrued liability, as established by the Maryland State Retirement System (MSRS), for employees hired prior to July 1, 1984, who are members of the MSRS (including former Department of Social Services employees hired prior to July 1, 1984), and for those who have retired (all County employees participated in the 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. The funding of the 40-year amortization schedule was completed in FY20.
- 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. The County no longer receives bills for these costs.

FY24 Recommended Changes	Expenditures	FTEs
FY23 Approved	3,754	0.00
Decrease Cost: Funding Adjustment Due to End of Accrued Liability	(3,754)	0.00
FY24 Recommended	0	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.

FY24 Recommended Changes	Expenditures	FTEs
FY23 Approved	167,911	0.00
Increase Cost: FY24 Reimbursement Calculation Increase	4,505	0.00
FY24 Recommended	172,416	0.00

☀ Telecommunications

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FY24 Recommended Changes	Expenditures	FTEs
FY23 Approved	5,356,382	0.00
Add: Cloud Subscription	200,000	0.00
Reduce: Verizon Disconnects	(200,000)	0.00
Decrease Cost: Transition to Hybrid Phone System	(270,256)	0.00
FY24 Recommended	5,086,126	0.00

☀ UM 3 - Institute for Health Computing

In cooperation with partners in the University of Maryland System, including the University of Maryland College Park, University of Maryland, Baltimore, University of Maryland Medical Center, Universities at Shady Grove, and others, the Institute for Health Computing (UM-IHC) is a planned research facility and academic presence at the North Bethesda Metro Station in the Pike District that will serve as an anchor and attraction to developers and businesses. The Institute will include research in Artificial Intelligence (AI), Machine Learning and Virtual and Augmented Reality (VR/AR). The new facility will bring together world-class researchers from the University System of Maryland's partner institutions prominent in artificial intelligence, machine learning, and the virtual/augmented reality fields with researchers and clinicians at the UMMS. The Institute is expected to open in leased space in early 2023, with final completion of laboratory and office space at the North Bethesda Metro location in 2028.

FY24 Recommended Changes	Expenditures	FTEs
FY23 Approved	0	0.00
Enhance: Operating Expenditures by the Universities for Ongoing Space, Staffing, Electrical and Infrastructure Costs of the Center	5,000,000	0.00