

T&E COMMITTEE #2
April 21, 2010

Worksession

MEMORANDUM

April 20, 2010

TO: Transportation, Infrastructure, Energy & Environment Committee

FROM: Susan J. Farag, Legislative Analyst *SJF*

SUBJECT: **Worksession: FY11 Operating Budget: Department of General Services:
Fleet Management Services (DFMS)
Motor Pool Fund Contribution (NDA)**

Those expected for this worksession:

David Dise, Director, Department of General Services
Millie Souders, Chief, Fleet Management Services
Maggie Orsini, Administrative Services Manager, Fleet
Bruce Meier, Office of Management and Budget

Major Issues:

- **No purchases of any additional vehicles are planned in FY11.**
- **DFMS will save almost \$6.9 million by deferring vehicle replacements another year.**
- **DFMS will save over \$1 million in fuel and parts due to proposed transit service reductions. Please see discussion below.**

The Executive's recommendation for Fleet Management Services is attached at ©1-5. The Executive's recommendation for the Motor Pool Fund Contribution (NDA) is attached at ©6.

Overview

For FY11, the Executive recommends total expenditures of \$57,019,280 for Fleet Management Services, a decrease of \$7,675,040 or 11.9% from the FY10 approved budget of \$64,694,320.

	FY09 Actual	FY10 Approved	FY11 CE Recommended	% Change FY10-FY11
Expenditures:				
Motor Pool Internal Services Fund	\$67,196,309	\$64,694,320	\$57,019,280	-11.9%
TOTAL Expenditures	\$67,196,309	\$64,694,320	\$57,019,280	-11.9%
Positions:				
Full-time	206	202	199	-1.5%
Part-time	0	0	0	0.0%
TOTAL Positions	206	202	199	-1.5%
WORKYEARS	205.5	202	194.3	-3.8%

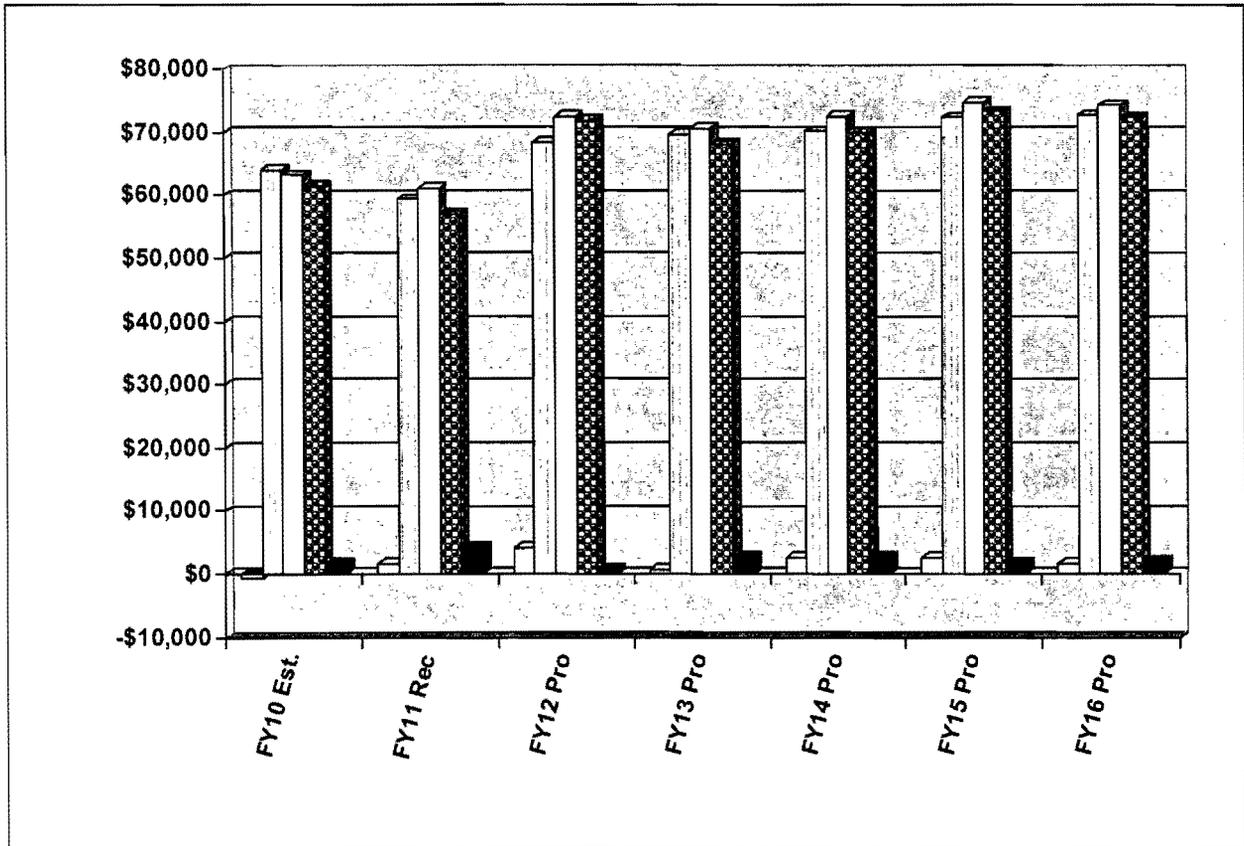
The FY11 CE recommendation is a reduction of \$7,675,040. This includes a reduction of \$6,839,620 from delaying replacement purchases, as well as from the following identified same services adjustments.

Identified Same Services Adjustments	
Increase Cost: Risk Management Adjustment	\$651,670
Increase Cost: Retiree Health Insurance Pre-Funding	\$624,840
Increase Cost: Police Equipment	\$447,300
Increase Cost: Contract Increases	\$311,830
Increase Cost: Group Insurance Adjustment	\$131,150
Increase Cost: Retirement Adjustment	\$98,900
Total Increases:	\$2,265,690
Decrease Cost: Printing and Mail Adjustment	(\$4,120)
Decrease Cost: Occupational Medical Services	(\$9,930)
Decrease Cost: Annualization of FY10 Personnel Costs	(\$38,720)
Decrease Cost: Motor Pool Rate Adjustment	(\$202,780)
Decrease Cost: Fuel	(\$391,930)
Decrease Cost: Furlough Days	(\$534,220)
Decrease Cost: Parts Expenditures - Transit Reductions	(\$547,040)
Decrease Cost: Fuel Expenditures - Transit Reductions	(\$596,040)
Decrease Cost: Various Operating Expenses	(\$776,330)
Total Decreases:	(\$3,101,110)
Net Same Services Adjustment Total:	(\$835,420)

FY11 Motor Pool Fund Internal Services Fund Cash Balance

The following chart identifies the cash balance for the Motor Pool Fund from FY10 to FY16 (detail provided on ©7). In FY10, the projected fund balance falls to -\$749,750, even though its projected balance at the time the FY10 budget was approved was \$2,435,830. When fund balance policies for the non-tax supported funds were examined in 2006, the County policy for the Motor Pool Fund stated the vehicle replacement policy does not set a particular targeted ending balance in terms of amount or a ratio, but it does provide that there should be an ending cash "balance adequate to protect against unanticipated expenditures requirements, such as

necessary involuntary upgrades, price increases, etc., for each year.” The Committee may want to ask DFMS to explain why the fund balance is in the red for FY10 and what the risk is of this happening in FY11 and beyond.



FY11 Expenditure Issues

Replacement Purchases: Extend Replacement Cycle (-\$6,839,620)

The largest reduction in the DFMS FY11 budget is the deferral of all vehicle replacements until FY12. Currently, the department uses the following vehicle replacement schedule:

Vehicle Classification	Years	Miles
Public Safety	6	120,000
Administrative Sedan	8	85,000
4x4 Vehicles/Pickup Trucks	9	100,000
Vans	9	100,000
Medium/Heavy Trucks	12	120,000

DFMS is not proposing to make a permanent change to the replacement schedule at this time; however, in order to achieve savings for FY11 replacement of every vehicle scheduled to be replaced in FY11 will be deferred at least one year. All vehicles are affected, not just a certain list or a single category, consequently, there is no specific list of vehicles to be deferred. This is a change over FY10 savings, where only administrative vehicle purchases were deferred.

Reduction in Fuel and Parts – Transit Service Reductions (-\$1,143,080)

DFMS expects to reduce expenditures for both parts (-\$547,040) and fuel (-\$596,040) due to the proposed transit service reductions in the FY11 CE recommended budget.

Council staff asked DFMS whether there was a formula by which DFMS calculated the reduction that could be used for any partial restoration of transit routes, if the Council chooses to do so. DFMS advises that there is no single formula; DFMS and Transit use a complex spreadsheet that takes into account previous year actual usage and expenditures to estimate future savings. If service is partially restored, then DFMS will use Transit restoration information to calculate the dollars to be reinstated to Fleet. This must be done after the determination is made by Council of the final scope of Transit service.

For FY11, DFMS projects the following fuel purchases:

Fuel Type	Gallons	Budgeted \$/Gallon	Total
Unleaded	2,557,202	\$2.35	\$6,009,425
ULS Diesel	2,871,785	\$2.50	\$7,179,463
E-85 (Ethanol)	23,630	\$2.49	\$58,839
Compressed Natural Gas (CNG)	1,120,193	\$2.04 (DGE)	\$2,285,194
			\$15,532,921

FY '10 Estimates for the Approved FY10 Budget were:

Fuel Type	Gallons	Budgeted \$/Gallon	Total
Unleaded	2,688,481	\$2.10	\$5,645,810
ULS Diesel	3,135,242	\$2.50	\$7,838,105
E-85 (Ethanol)	22,064	\$2.79	\$61,559
Compressed Natural Gas (CNG)	1,150,000	\$2.07 (DGE)	\$2,380,500
			\$15,925,974

MC CarShare Update

The Committee has been briefed several times over the past year on the MC CarShare program, a pilot project that officially started the first week of January 2009. During FY10 budget deliberations, the Committee and Council both discussed the CarShare fleet size and utilization, and ultimately cut its size in half, from 28 to 14 vehicles.

Recently, at the direction of the County Administrative Officer, the MC CarShare fleet has been reduced from 20 vehicles to seven vehicles, consisting of three Ford Escape Hybrid

SUVs and four Toyota Priuses. County employee membership is still increasing, with 168 employees currently enrolled, an increase of 23 employees since February 2010 and an increase of 116 employees since July 2009. Current costs for the MC CarShare total \$177,954.38 (July 09 to Feb 10), with an additional anticipated cost of \$30,800 (\$7,700 x 4 months) being spent for the remainder of FY10.

Council staff also asked DFMS the status of Toyota fleet vehicles due to the unintended acceleration issues recently covered in the media. DFMS advises it has grounded its entire fleet of Toyota Priuses (both County-owned and MC CarShare) and continues to work with Toyota directly on a resolution.

Enterprise Rental Update

Last year, the Committee recommended the reduction of County use of rental cars by \$100,000 for FY10. According to DFMS, costs for the Enterprise rental vehicle program are currently estimated at \$128,321.15 for FY10. The most consistent user department continues to be the DOT Division of Highway Services. Its primary need is for light truck/light SUVs for inspection work, especially during the winter months. Due to the severity of this past winter, rental use spiked from December 2009 through the end of March 2010, which included the rental of 17 vehicles. Those additional vehicles have been returned to Enterprise as of March 31, 2010. Prior to the winter months and presently, long term rental use has primarily been three to four small pickup trucks and/or small SUVs.

DFMS estimates an additional \$60,000 will be spent for the duration of the current fiscal year, which is primarily made up of unbilled invoices yet to be received from Enterprise. Efforts to contain rentals costs that were begun in early FY10 continue. All rentals extending beyond 30-days must be approved in advance by the Chief of Fleet Management Services (or designee). In addition, all rental requests above the standard sedan class must also be approved in advance by the Chief of Fleet Management Services.

Motor Pool Fund NDA

This account funds the acquisition of new, additional motor pool vehicles, as opposed to replacement vehicles that are financed through an established chargeback mechanism (©6). For FY11, the fund recommendation is \$0, which reflects the second year in a row of not purchasing additional fleet vehicles.

Discussion Issues

The Committee may want to ask DFMS to provide an overview of how the budget cuts over the past two years have impacted fleet composition and operations. Since no new additional vehicles have been purchased, and the replacement of many vehicles has been deferred (some for two years), the average age and mileage of fleet vehicles have likely increased. Have maintenance costs increased due keeping vehicles longer? While delaying

new purchases is an effective measure for short-term cost control, how will it impact the efficiency and use of the fleet moving forward?

Council staff also notes that various other local jurisdictions have targeted fleet size reductions in an effort to save money ©8-10. The State of California has disposed of 3,300 cars and trucks from its fleet, auctioning off 400 of them. Louisiana plans to reduce its fleet size by 10% annually over the next three years. Has DFMS considered permanently reducing the size of its fleet (particularly administrative vehicles) in an effort to control costs long term?

Council Staff Recommendation

Council Staff recommends approval of the FY11 budget as submitted by the Executive.

<u>This packet contains:</u>	©
Recommended FY11 Budget: Fleet Management Services	1-5
Recommended FY11 Budget: Motor Pool Fund (NDA)	6
Motor Pool Fund Balance	7
“California Sheds 3,300 Fleet Vehicles,” (Business Fleet, 04/01/10)	8
“Santa Rosa County Budget Cuts Could Hurt Sheriff’s Fleet,” (Government Fleet, 03/01/10)	9
“Louisiana Begins Downsizing Fleet,” (Government Fleet, 12/17/09)	10

Fleet Management Services

MISSION STATEMENT

The mission of the Department of General Services- Fleet Management Services (Motor Pool Internal Service Fund) is to plan for, acquire, maintain, and dispose of the County's fleet of motor vehicles, buses, heavy equipment, and other vehicular equipment in support of the transportation and service delivery needs of all County departments.

BUDGET OVERVIEW

The total recommended FY11 Operating Budget for the Division of Fleet Management Services is \$57,019,280, a decrease of \$7,675,040 or 11.9 percent from the FY10 Approved Budget of \$64,694,320. Personnel Costs comprise 32.3 percent of the budget for 199 full-time positions for 194.3 workyears. Operating Expenses and Capital Outlay account for the remaining 67.7 percent of the FY11 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ ***A Responsive, Accountable County Government***
- ❖ ***An Effective and Efficient Transportation Network***
- ❖ ***Healthy and Sustainable Neighborhoods***

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY10 estimates incorporate the effect of the FY10 savings plan. The FY11 and FY12 targets assume the recommended FY11 budget and FY12 funding for comparable service levels.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ ***In conjunction with the Department of Environmental Protection in utilizing a Mid-Atlantic Regional Air Management Association (MARMA) Grant for the installation of particulate filters on older Fleet-owned dump trucks. This initiative will help to reduce exhaust emissions and improve air quality in the County.***
- ❖ ***Reduce use of aerosol products and to purchase "green products" to replace some standard cleaners and degreasers. Fleet is using environmentally friendly fluorescent lamp disposal; recycling rechargeable and vehicle batteries, antifreeze, waste oil and other products.***
- ❖ ***Conduct an Electric Car Hands-On Demo for Fleet Management staff to evaluate Low Speed Vehicles for driving, enabling Fleet to build a knowledge pool to better prepare for future competitive bidding as well as to better match vehicles to user departments and knowledgeably recommend electric vehicles when appropriate.***
- ❖ ***Led a cooperative procurement through a partnership with the Washington Metropolitan Council of Governments (WMCOG) for the purchase of unleaded gasoline resulting in an executed contract with an estimated savings of \$160,000 over its life.***
- ❖ ***Disinfect the Transit bus fleet daily ensuring a safer environment for the citizens, operators, and technicians.***
- ❖ ***Working toward an overall reduction in fleet size through assessment, collection, and reallocation of under-utilized administrative vehicles.***
- ❖ ***Productivity Improvements***
 - ***Moved from an annual to a quarterly parts inventory ensuring more accurate inventory controls. Fleet is better able to stock proper quantities by controlling minimum/maximum levels to lessen out of stock situations; has better control over obsolescence, and improved cost control. In addition monthly spot checks are being***

performed.

- Increased vendors converted to Automated Clearinghouse (ACH) payments by 66% over the past year for increased accounts payable efficiencies and reduced payment turnaround times to vendors. Additionally substantial cost savings to the County are incurred as electronic payments are increased while check processing is decreased.

PROGRAM CONTACTS

Contact Maggie Orsini of the Division of Fleet Management Services at 240.777.5759 or Bruce R. Meier of the Office of Management and Budget at 240.777.2785 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Heavy Equipment and Automotive Services

This program is responsible for the maintenance and repair of the heavy equipment fleet which includes heavy dump trucks, construction equipment, snow plows, leafers, mowers, backhoes, gradalls, and other specialized pieces of heavy equipment. In addition, this program is responsible for the maintenance and repair of the automotive fleet which includes administrative vehicles, police vehicles, vans, and light trucks. The maintenance and repair service for the automotive and light truck fleet is provided through contractual service at the Seven Locks Maintenance facility.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Heavy Equipment Fleet Availability	94.41	95.00	95.00	95.00	95.00
Percentage of Customer Satisfaction for Police Vehicle Maintenance ¹	98.5	99.0	99.0	99.0	99.0
Percentage of Fleet Availability for Police Vehicle Maintenance	97.5	98.0	98.0	98.0	98.0
Mean Distance Between Failure: Heavy Equipment (in miles) ²	1,469	1,559	3,336	3,340	3,340
Mean Distance Between Failure: Administrative Light Equipment (in miles) ³	1,943	2,906	7,060	7,060	7,060
Mean Distance Between Failure: Public Safety Light Equipment (in miles) ⁴	2,517	2,848	8,435	8,440	8,440
Turnaround Time - Average amount of time equipment is unavailable for operations during each shop visit: Heavy Equipment (in days) ⁵	NA	10.2	5.9	6.5	6.5
Turnaround Time - Average amount of time equipment is unavailable for operations during each shop visit: Administrative Vehicles (in days)	NA	1.1	1.8	2.0	2.0
Turnaround Time - Average amount of time equipment is unavailable for operations during each shop visit: Public Safety light equipment (in days)	NA	3.0	2.9	2.3	2.3

¹ Based on customers who did not rate overall service quality as "unsatisfactory".

² Data regarding mean miles between service interruptions will be collected for all classes of vehicles. Fleet has refined measure to exclude small or incidental parts failures beginning November 2009.

³ Fleet has refined measure to exclude small or incidental parts failures beginning November 2009.

⁴ Fleet has refined measure to exclude small or incidental parts failures beginning November 2009.

⁵ Turnaround data for all classes of vehicles will be collected.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	8,736,020	39.5
Increase Cost: Police Equipment	447,300	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-63,620	-1.4
FY11 CE Recommended	9,119,700	38.1

Transit Equipment Services

This program is responsible for the maintenance and repair of the transit equipment fleet which includes Ride On transit buses.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Average Days Out of Service per Bus for Parts	4.9	4.0	3.8	3.8	3.8
Mean Distance Between Failure: Transit equipment (in miles) ¹	2,721	2,847	8,297	8,300	8,300
Turnaround Time - Average amount of time equipment is unavailable for operations during each shop visit: Transit equipment (in days)	NA	6.5	4.6	6.0	6.0

¹ Fleet has refined measure to exclude small or incidental parts failures beginning November 2009.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	18,445,380	116.5
Decrease Cost: Parts Expenditures based on Transit service reductions	-547,040	0.0

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	Expenditures	WYs
Decrease Cost: Fuel Expenditures based on Transit service reductions	-596,040	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	1,058,120	-4.6
FY11 CE Recommended	18,360,420	111.9

Management Services

This program provides policy development and planning; operational, personnel, and administrative oversight; and support for division activities. This program is also the central coordinator for the County on energy-related matters pertaining to emissions and motor fuel to include alternative fuels and applicable State and Federal legislation.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	1,349,140	7.6
Increase Cost: Retiree Health Insurance Pre-Funding	624,840	0.0
Decrease Cost: Printing and Mail Adjustment	-4,120	0.0
Decrease Cost: Occupational Medical Services Adjustment	-9,930	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	94,040	-0.4
FY11 CE Recommended	2,053,970	7.2

Administrative Services

This program includes the preparation and monitoring of the Operating and CIP Budgets; financial management of the Motor Pool Internal Service Fund; fuel management; payment processing; solicitations, and contracts; inventory and facility management; and the management and administration of computer and office automation system activities.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Clean Air Commitment - Gallons Alternative Fuels Used ¹	1,337,182	3,442,832	1,285,000	1,143,823	1,143,823
Clean Air Commitment - Gallons Diesel/Unleaded Used ²	4,924,531	2,818,881	4,976,720	5,428,987	5,428,987
Fiscal Inventory Parts Turn Rate ³	NA	2.4	2.8	2.8	2.8
Percentage of workorders completed without delay for parts	88.8	89.5	90	90	90

¹ Alternative fuels include E-85 Ethanol and Compressed Natural Gas. The projected decrease in FY10 is due to the need for the department to determine the optimal blend for bio diesel.

² The projected increase in FY10 is due to the need for the department to determine the optimal blend for bio diesel.

³ Does not include seasonal parts

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	36,163,780	38.4
Increase Cost: Risk Management Adjustment	651,670	0.0
Increase Cost: Contract Increases	311,830	0.0
Decrease Cost: Fuel	-391,930	0.0
Decrease Cost: Various Operating Expenses - Based on Agency Motorpool Reductions	-776,330	0.0
Reduce: Replacement Purchases: extend replacement cycle	-6,839,620	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-1,634,210	-1.3
FY11 CE Recommended	27,485,190	37.1

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BUDGET SUMMARY

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
MOTOR POOL INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	14,282,930	13,852,750	13,792,480	13,364,700	-3.5%
Employee Benefits	4,590,363	4,888,050	4,653,600	5,033,210	3.0%
Motor Pool Internal Service Fund Personnel Costs	18,873,293	18,740,800	18,446,080	18,397,910	-1.8%
Operating Expenses	41,636,072	37,932,650	37,122,980	37,440,120	-1.3%
Capital Outlay	6,686,944	8,020,870	5,594,840	1,181,250	-85.3%
Motor Pool Internal Service Fund Expenditures	67,196,309	64,694,320	61,163,900	57,019,280	-11.9%
PERSONNEL					
Full-Time	206	202	202	199	-1.5%
Part-Time	0	0	0	0	—
Workyears	205.5	202.0	202.0	194.3	-3.8%
REVENUES					
Charges For Services	62,987,910	64,795,430	62,379,400	57,633,690	-11.1%
State Fuel Tax	-1,135	0	0	0	—
Warranty Claims	85,075	50,000	80,000	50,000	—
Disposal of Fixed Assets Gain/(Loss)	175,862	300,000	300,000	400,000	33.3%
Enterprise Rental Vehicles	324,785	200,000	110,000	200,000	—
Insurance Recoveries	1,304,277	1,000,000	1,050,000	1,080,000	8.0%
Other Revenue	58,501	0	0	0	—
Take Home Vehicle Charges	0	20,000	20,000	20,000	—
Interest Income - Pooled Investments	14,594	50,000	2,390	10,000	-80.0%
Motor Pool Internal Service Fund Revenues	64,949,869	66,415,430	63,941,790	59,393,690	-10.6%

FY11 RECOMMENDED CHANGES

	Expenditures	WYs
MOTOR POOL INTERNAL SERVICE FUND		
FY10 ORIGINAL APPROPRIATION	64,694,320	202.0
Changes (with service impacts)		
Reduce: Replacement Purchases: extend replacement cycle [Administrative Services]	-6,839,620	0.0
Other Adjustments (with no service impacts)		
Increase Cost: Risk Management Adjustment [Administrative Services]	651,670	0.0
Increase Cost: Retiree Health Insurance Pre-Funding [Management Services]	624,840	0.0
Increase Cost: Police Equipment [Heavy Equipment and Automotive Services]	447,300	0.0
Increase Cost: Contract Increases [Administrative Services]	311,830	0.0
Increase Cost: Group Insurance Adjustment	131,150	0.0
Increase Cost: Retirement Adjustment	98,900	0.0
Decrease Cost: Printing and Mail Adjustment [Management Services]	-4,120	0.0
Decrease Cost: Occupational Medical Services Adjustment [Management Services]	-9,930	0.0
Decrease Cost: Annualization of FY10 Personnel Costs	-38,720	0.0
Decrease Cost: Motor Pool Rate Adjustment	-202,780	0.0
Decrease Cost: Fuel [Administrative Services]	-391,930	0.0
Decrease Cost: Furlough Days	-534,220	-7.7
Decrease Cost: Parts Expenditures based on Transit service reductions [Transit Equipment Services]	-547,040	0.0
Decrease Cost: Fuel Expenditures based on Transit service reductions [Transit Equipment Services]	-596,040	0.0
Decrease Cost: Various Operating Expenses - Based on Agency Motorpool Reductions [Administrative Services]	-776,330	0.0
FY11 RECOMMENDED:	57,019,280	194.3

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PROGRAM SUMMARY

Program Name	FY10 Approved		FY11 Recommended	
	Expenditures	WYs	Expenditures	WYs
Heavy Equipment and Automotive Services	8,736,020	39.5	9,119,700	38.1
Transit Equipment Services	18,445,380	116.5	18,360,420	111.9
Management Services	1,349,140	7.6	2,053,970	7.2
Administrative Services	36,163,780	38.4	27,485,190	37.1
Total	64,694,320	202.0	57,019,280	194.3

FUTURE FISCAL IMPACTS

Title	CE REC.	(\$000's)				
	FY11	FY12	FY13	FY14	FY15	FY16
This table is intended to present significant future fiscal impacts of the department's programs.						
MOTOR POOL INTERNAL SERVICE FUND						
Expenditures						
FY11 Recommended	57,019	57,019	57,019	57,019	57,019	57,019
No inflation or compensation change is included in outyear projections.						
Equipment Vehicle Replacement	0	13,078	8,243	9,413	11,519	9,207
Based on Replacement Schedule and FY12 replacement of FY09-11 deferrals.						
Master Leases	0	0	0	0	-156	-156
Master Lease payments for the equipment lifts will end in FY15.						
Motor Pool Rate Adjustment	0	204	204	204	204	204
Police equipment	0	-224	-239	-432	-397	-397
Based on replacement schedule for Police cars.						
Restore Personnel Costs	0	534	534	534	534	534
This represents restoration of funding to remove FY11 furloughs.						
Retiree Health Insurance Pre-Funding	0	312	383	457	534	616
These figures represent the estimated cost of the multi-year plan to pre-fund retiree health insurance costs for the County's workforce.						
Subtotal Expenditures	57,019	70,924	66,144	67,195	69,258	67,027

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FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	3,740	0.0
FY11 CE Recommended	3,740	0.0

Leases

This NDA provides the funds necessary to lease privately owned real estate to accommodate County programs. Real property leased by the County includes office, warehouse, and retail space; hangar facilities; child care space in schools; parking spaces; and space for communication antennas. Leasing property allows the County the flexibility to locate programs in the communities they serve and provides space for programs to operate when there is no County-owned space available. Further, it is an economical way to procure highly specialized, location sensitive, or temporary space. Currently, there are approximately 75 leased facilities. The inventory of leases is constantly shifting as new leases are added and existing leases are terminated.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	19,225,800	0.0
Increase Cost: Edison Park	4,459,900	0.0
Shift: Part of Department of Liquor Control lease at Southlawn	242,390	0.0
Increase Cost: Move Outpatient Addiction Services to 981 Rollins	90,420	0.0
Decrease Cost: Move Silver Spring Regional Services Center to Silver Spring Civic Building	-43,490	0.0
Decrease Cost: Move Inspector General to Grey Courthouse January 1	-44,270	0.0
Decrease Cost: Move Sheriff's Office from 199 E. Montgomery to Grey Courthouse January 1	-98,010	0.0
Decrease Cost: Move Corrections from 51 Monroe to County-owned Space	-215,980	0.0
Shift: DEP Lease at 255 Rockville Pike to Water Quality Protection Fund	381,370	0.0
Decrease Cost: Renegotiations savings	-400,000	0.0
Decrease Cost: Move Commission for Women to County-owned Space	-479,790	0.0
Decrease Cost: FY11 Lease Complement miscellaneous changes	-1,410,060	0.0
FY11 CE Recommended	20,945,540	0.0

Montgomery Coalition for Adult English Literacy (MCAEL)

This NDA provides funding for the Montgomery Coalition for Adult English Literacy (MCAEL). MCAEL's mission is to strengthen the countywide adult English literacy community of providers' network with resources, training, collaborations, and advocacy support a thriving community and an optimal workforce. Funding for MCAEL supports program grants to organizations that provide adult English literacy services; technical assistance, training, and networking opportunities that improve program quality and coordination; information resources for the community; and operating expenses to administer the grants and provide the support services. The County's contribution is implemented by a contract between the Department of Public Libraries and MCAEL.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	842,420	0.0
Increase Cost: Rent for ESOL classes at Eastern	25,000	0.0
Reduce: Reduce Operational expenses and grants	-149,570	0.0
FY11 CE Recommended	717,850	0.0

Motor Pool Fund Contribution

This NDA funds the acquisition of new, additional Motor Pool fleet vehicles, as opposed to replacement vehicles, which are financed through an established chargeback mechanism.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	30,000	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY10	-30,000	0.0
FY11 CE Recommended	0	0.0

Municipal Tax Duplication

The Montgomery County Tax Duplication Program, authorized by Chapter 30A of the Montgomery County Code, reimburses municipalities for those public services they provide that would otherwise be provided by the County. County Council Resolution No. 9-1752, enacted April 27, 1982, increased the scope of program coverage from street-related expenditures to include other public services, such as police supplemental aid; animal control; elderly transportation; parks maintenance; Board of Appeals; and Human Rights.

(6)

FY11-16 PUBLIC SERVICES PROGRAM: FISCAL PLAN		MOTOR POOL FUND PROJECTION					
FISCAL PROJECTIONS	FY10 ESTIMATE	FY11 REC	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION	FY16 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	1.0%	2.1%	2.3%	2.5%	2.6%	2.8%	3.0%
Investment Income Yield	0.3%	0.9%	1.8%	3.3%	4.0%	4.5%	4.8%
BEGINNING FUND BALANCE	(749,750)	1,715,520	4,089,930	722,100	2,472,090	2,505,980	1,519,790
REVENUES							
Charges For Services	62,379,400	57,633,690	66,547,520	67,766,370	68,073,440	70,209,560	70,516,960
Miscellaneous	1,562,390	1,760,000	1,870,250	1,965,890	2,034,540	2,109,190	2,188,340
Subtotal Revenues	63,941,790	59,393,690	68,417,770	69,732,260	70,107,980	72,318,750	72,705,300
TOTAL RESOURCES	63,192,040	61,109,210	72,307,700	70,454,360	72,580,070	74,824,730	74,225,090
FSP OPER. BUDGET APPROP/ EXPS.							
Operating Budget	(61,163,900)	(57,019,280)	(57,880,400)	(58,857,080)	(59,897,940)	(61,067,180)	(62,332,560)
Master Lease Truck/bus lift	n/a	n/a	0	0	0	156,240	156,240
Equipment Vehicle Replacement	n/a	n/a	(13,078,280)	(8,243,420)	(9,413,370)	(11,519,310)	(9,206,730)
Motor Pool Rate Adjustment		n/a	(204,090)	(204,090)	(204,090)	(204,090)	(204,090)
Police Equipment		n/a	223,510	239,160	432,170	397,980	397,980
Restore Personnel Costs		n/a	(534,220)	(534,220)	(534,220)	(534,220)	(534,220)
Retiree Health Insurance Pre-Funding			(312,120)	(382,620)	(456,640)	(534,360)	(615,970)
Subtotal PSP Oper Budget Approp / Exp's	(61,163,900)	(57,019,280)	(71,785,600)	(67,982,270)	(70,074,090)	(73,304,940)	(72,339,350)
OTHER CLAIMS ON FUND BALANCE	(312,620)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(61,476,520)	(57,019,280)	(71,785,600)	(67,982,270)	(70,074,090)	(73,304,940)	(72,339,350)
YEAR END FUND BALANCE	1,715,520	4,089,930	722,100	2,472,090	2,505,980	1,519,790	1,885,740
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	2.7%	6.7%	1.0%	3.5%	3.5%	2.0%	2.5%
Assumptions:							
1. This projection for the Motor Pool Fund represents the County Executive's Recommended Fiscal Plan for the purchase, maintenance, and replacement of the County's fleet in light and heavy equipment and the maintenance of transit equipment and buses.							
2. Fleet Management Services operates the Motor Pool Fund, an Internal Services Fund, to account for the financing of services it provides other Departments or agencies of the County on a cost reimbursement basis.							

BUSINESS FLEET

MANAGING THE COMPANY VEHICLES

TOP NEWS

April 15, 2010

California Sheds 3,300 Fleet Vehicles

The state of California has sold off or otherwise disposed of the equivalent of 3,300 cars and trucks from its fleet, Gov. Arnold Schwarzenegger's office said Wednesday, according to the *Central Valley Business Times*.

Under orders from Schwarzenegger, state officials are auctioning 400 vehicles that have been removed from department fleets. The governor's office says that the state has avoided \$63.9 million in vehicle acquisition, maintenance, insurance and fuel expenditures by eliminating more than 18 percent of the state's fleet and slashing vehicle purchases by 67 percent in 2009, the governor's office says.

Schwarzenegger this past July directed administration officials to cut vehicle fleets by 15 percent and directed departments to eliminate 20 percent of their permits for state employees that regularly take state vehicles home. He also ordered a halt to the purchasing of all non-emergency vehicle purchases.

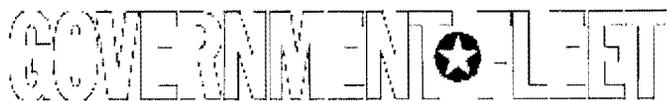
To date, more than 2500 vehicles have been sold, generating \$4.6 million in revenue. Further, nearly 1900 permits have been revoked, which could potentially save the state \$1.3 million annually. The Department of General Services (DGS) is in the process of selling these vehicles through monthly live and online auctions that will generate revenue for the state.

Vehicles sold at auction range from late model 1970s to early 2000 vans, pickups, midsize and small cars. Chevy Cavaliers, and bi-fuel Cavaliers, Ford trucks, Ford Focuses, Honda Civics and Chevy Astro Vans are among the many models available at auction.

Vehicles that were exempt from the executive order included California Highway Patrol cars, fire trucks, large vehicles used to clear roads in inclement weather, ambulances and other vehicles critical to life and safety state services.

BUSINESS FLEET

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MANAGING PUBLIC SECTOR
VEHICLES & EQUIPMENT

TOP NEWS

March 01, 2010

Santa Rosa County Budget Cuts Could Hurt Sheriff's Fleet

PENSACOLA, FL - Santa Rosa County Sheriff's Department will be hard-hit by a bare-bones 2011 budget and unable to purchase new patrol cars, according to the *Pensacola News Journal*.

The Sheriff's Office has a fleet of 240 vehicles, 115 of which are patrol cars. The last 10 new cars were purchased in 2008.

"We average almost 2,000 miles a month on (patrol) cars. Maintenance costs stay pretty low until we get about 135,000 miles, then we start seeing an increase," Sheriff Wendall Hall told the *Pensacola News Journal*. "As of Feb. 10, we had 10 vehicles already that exceed 135,000 miles. By February a year from now, we'll have 34 of those 115 vehicles that will have in excess of 135,000 miles.

Patrol cars are not the only thing that Hall's department needs. Hall says 50 or more deputies' jobs could be on the line as the county begins work on the 2011 budget.

"We can't cut the jail. We can't cut court security. It would all have to come from operations, which means patrol," Hall told the newspaper. "We could be looking at as many as 50-plus deputies. We simply cannot function losing 50 deputies. Unless this county is completely broke with no reserves - no nothing - that simply cannot happen."

The Santa Rosa County Commission planned to meet with Hall and other county officers on Feb. 22 to begin discussions of the 2011 fiscal budget, which begins Oct. 1.

General fund revenues fell from \$72.9 million in 2007 to \$66.4 million this year. County leaders aren't expecting that trend to change. The sheriff's budget is about \$27.5 million.

One option to increase funding for the Sheriff's Office is to create a special taxing district called a Municipal Services Taxing Unit that would levy an extra property tax dedicated to the Sheriff's Office, according to the *Pensacola News Journal*.

Such a district could be created by a vote of the County Commission, but in the past commissioners have said they would put it to the voters for a referendum. If voters approved that plan in Santa Rosa, the first revenues would not be available until the fiscal 2012 budget.

Using current property values, 1 mill of property tax - which is \$1 for every \$1,000 of taxable property value - would bring in about \$7 million.



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MANAGING PUBLIC SECTOR
VEHICLES & EQUIPMENT

TOP NEWS

December 17, 2009

Louisiana Begins Downsizing Fleet

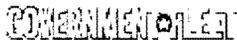
NEW ORLEANS - With more than 12,700 vehicles in its fleet, the State of Louisiana is planning to reduce its fleet by 10 percent annually over the next three years, according to *The Times-Picayune*.

The state recently put 280 cars, trucks and buses go on the auction block - the first batch of vehicles surrendered by state agencies since August, when the agency put a moratorium on buying new cars, trucks, and vans, reported the *Times-Picayune*.

On average, the state auctions approximately 90 cars per month, which are typically replaced. The latest batch of auctioned vehicles represents a net reduction in the state's fleet, according to Division of Administration spokesman Michael DiResto.

"This is only the beginning of what will be a sustained initiative to significantly reduce the state's fleet of vehicles, and to achieve major cost savings in the way government operates," Davis said.

More information is available on the **Division of Administration's Web site** at www.doa.louisiana.gov.



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