

T&E COMMITTEE #2
April 26, 2012

Worksession

MEMORANDUM

April 23, 2012

TO: Transportation, Infrastructure, Energy & Environment Committee

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

SUBJECT: **Worksession: FY13 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
Peggy Lynch, Division of Fleet Management Services (DFMS)
Tammy Mulford, DFMS
Bruce Meier, Office of Management and Budget

Major Issues:

- 1) **The Motor Pool Fund continues to operate at a deficit, with a projected beginning fund balance of -\$4.3 million.**
- 2) **Fuel costs have been higher than anticipated in FY12, with a cost overrun of \$3 million.**
- 3) **Vehicle replacements are expected to increase by \$4.3 million in FY12 and \$3 million in FY13.**

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. The FY13-18 Public Services Program: Fiscal Plan for the Motor Pool Fund is attached at ©7.

Overview

For FY13, the Executive recommends total expenditures of \$66,495,886 for Fleet Management Services, an increase of \$5,382,436 or 8.8% from the FY12 approved budget of \$61,113,450.

	FY11 Actual	FY12 Approved	FY13 CE Recommended	% Change FY12-13
Expenditures:				
Motor Pool Internal Services Fund	\$61,961,204	\$61,113,450	\$66,495,886	8.8%
TOTAL Expenditures	\$61,961,204	\$61,113,450	\$66,495,886	8.8%
Positions:				
Full-time	199	201	201	0.0%
Part-time	0	0	0	0.0%
TOTAL Positions	199	201	201	0.00%

The FY13 County Executive's recommendation is a net increase of \$5,382,436, stemming from the following identified same services adjustments.

Identified Same Services Adjustments	
Increase Cost: Increased Funding for Higher Fuel Costs	\$4,020,229
Increase Cost: Lump Sum Wage Adjustment	\$425,099
Increase Cost: Group Insurance Adjustment	\$403,813
Increase Cost: Contractual Services for Inflation	\$305,570
Increase Cost: Retirement Adjustment	\$275,914
Increase Cost: Risk Management Adjustment	\$190,760
Increase Cost: Light Fleet Maintenance	\$139,480
Increase Cost: Longevity Adjustment	\$7,481
Total Increases:	\$5,768,346
Decrease Cost: Printing and Mail Adjustment	(\$4,260)
Shift: Remove Occupational Medical Services Chargeback from OHR	(\$61,320)
Decrease Cost: Retiree Health Insurance Pre-Funding	(\$98,220)
Decrease Cost: Electricity Rate Savings	(\$237,110)
Total Decreases:	(\$400,910)
Net Same Services Adjustment Total:	\$5,367,436

Motor Pool Internal Service Fund Has Operated in a Deficit for the Past Four Fiscal Years

Over the past four fiscal years, the Motor Pool Internal Service Fund has operated at a deficit. **The beginning fund balance for FY13 is projected to be -\$4,337,250.** This deficit comes on the heels of a similar one last year, where the Fund began FY12 with a -\$3.19 million balance. At that time, Executive staff indicated that various system errors had contributed to the deficit, including:

- An antiquated fuel management system that did not accurately monitor billing and error reporting;
- An error in the Motor Pool Rate Model for Fleet's own charges, which had gone undetected for many years; and

- A Motor Pool Rate Model for the Equipment Count error that incorrectly failed to charge for overhead.

Executive staff advises that these errors have been corrected or, in the case of the fuel management system, will be corrected soon (with the implementation of a new fuel management system). Last year, the corrections were anticipated to reduce the fund deficit from -\$3.19 million to -\$300,670, about \$4 million less than current projections. Executive staff indicates that the cost overrun for FY12 is the “net impact of over-expenditures, primarily for fuel; under-expenditures in Personnel Costs; and the assumption that an additional \$4.3 million will be spent on vehicle replacement in FY12, funded by a transfer of that amount from the General Fund.”

When fund balance policies for the non-tax supported funds were examined in 2006, the County policy for the Motor Pool Fund stated that 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.”

Council staff advises that such an ongoing structural deficit is a significant concern, since the Fund cannot provide for any unanticipated costs whatsoever. In FY12, DFMS has had two significant causes of cost overruns – the need to replace more vehicles than originally anticipated and higher-than-anticipated fuel costs. The vehicle replacement issue, in particular, has prompted the Executive to shift \$4.3 million from General Funds to cover purchases (discussed below). *The Committee should understand what steps DFMS is taking to ensure that Fund revenues more closely match expenditures, and how DFMS plans to meet unanticipated expenses in the future.*

FY13 Expenditure Issues

FUEL COSTS

As indicated above, FY12 fuel costs have been more expensive than anticipated in the FY12 Approved Budget. Executive staff indicates that as of the third quarter review, the projected total fuel over-expenditure for FY12 is approximately \$3 million for all fuel types. The FY12 assumed the following fuel consumption rates and prices:

FY12 Assumptions			
Fuel Type	Gallons	Budgeted \$/Gallon	Total
Unleaded	2,667,827	\$2.37	\$6,322,750
ULS Diesel	2,826,786	\$2.55	\$7,208,304
E-85 (Ethanol)	24,931	\$2.38	\$59,336
Compressed Natural Gas (CNG)	1,123,837	\$2.04	\$2,292,627
		TOTAL COST:	\$15,883,018

As of April 1, 2012, both fuel consumption and costs have been higher than anticipated:

FY12 Use to Date (04/01/12)			
Fuel Type	Gallons	Cost Per Gallon*	Total
Unleaded	1,624,655	\$3.61	\$5,865,004
ULS Diesel	2,247,179	\$3.65	\$8,202,204
E-85 (Ethanol)	13,200	\$3.19	\$42,108
Compressed Natural Gas (CNG)	1,005,332	\$2.04	\$2,050,877
TOTAL COST:			\$16,160,193

*Fuel costs fluctuate throughout the year based on contracted prices.

For FY13, the budget is based on the following fuel consumption rates and prices:

FY13 Projections			
Fuel Type	Gallons	Cost Per Gallon	Total
Unleaded	2,262,810	\$2.90	\$6,562,149
ULS Diesel	3,149,592	\$3.40	\$10,708,613
E-85 (Ethanol)	23,040	\$2.93	\$67,507
Compressed Natural Gas (CNG)	1,209,895	\$2.12	\$2,564,977
TOTAL COST:			\$19,903,246

DFMS bases its projected prices on several things, including year-to-date average prices and what comparable purchasers were assuming at the time. For CNG, DFMS has a contract price in place until November 2012, and then assumed a slight increase based on recent CNG prices.

Fuel Type	FY11 Actual	FY12 Price	December 2011 Actual	February 2012 Actual	ICEUM	MCPS	Fairfax	WMATA	Avg.	FY13 Budget
Unleaded	\$2.73	\$2.37	\$3.03	\$3.28	\$3.38		\$2.94		\$2.96	\$2.90
Diesel	\$2.81	\$2.55	\$3.49	\$3.67	\$3.64	\$3.55	\$3.02	\$3.05	\$3.22	\$3.40
Ethanol	\$2.93	\$2.38	\$2.38	\$3.19	\$3.48				\$2.87	\$2.93
CNG	\$2.67	\$2.04	\$2.04	\$2.04	\$2.12				\$2.18	\$2.12

While fuel prices have been very volatile over the past several years, on average, they keep increasing. In light of increasing fuel costs, as well as the fact that the Motor Pool Fund has run at a deficit for the past four years, Council staff is concerned that the FY13 budget assumptions should reflect higher fuel prices to better match FY13 spending needs. *The Committee may wish to ask whether DFMS should give more weight to projected fuel prices in order to better estimate actual fuel expenditures for FY13.*

VEHICLE REPLACEMENTS

FY12 Replacements: According to the FY13-18 Fiscal Plan for the Motor Pool Fund (attached on ©7), there is an Interfund Transfer from the General Fund for \$4,291,384 for FY12. These funds are to be used to purchase additional replacement vehicles beyond those approved in the FY12 Operating Budget. According to OMB, approximately \$1.7 million of these funds are being used to purchase 72 Police PPVs under a procurement exemption. It is expected that the remaining funds will be used to replace other vehicles such as dump trucks, and OMB has advised it will provide a list of these additional FY12 replacements by the end of the week. *Council staff has some questions about the source of appropriation for these funds and requests that the Committee defer this issue until the May 2 worksession, so that more information can be obtained.*

FY13 Replacements: The FY13 recommended budget contains \$3,016,000 to replace vehicles. Executive staff advises that replacements will be a “mix of top priority units for both Public Safety and Highway Services.” The departments expected to receive replacements in FY13 are Police, Fire and Rescue Service, the Sheriff, and Transportation.

Over the past several years, replacement vehicles have been cut significantly due to ongoing fiscal constraints. In FY10, DFMS saved about \$1.6 million by deferring vehicle replacements. In FY11, DFMS saved about \$7 million by deferring vehicle replacements another year. In FY12, the CE recommended budget included \$3.625 million to replace dump trucks and police vehicles. The Council reduced this amount by \$578,470, reducing the number of Police vehicle replacements from 65 to 40. DFMS has developed a two-year plan to target the highest-priority replacement needs across County government. Council staff requested a list of the vehicles to be replaced for FY13, but was informed that final decisions will not be made until after the budget is approved. *The Committee may wish to ask for more information on DFMS' plan to replace vehicles over both FY12 and FY13, including what assumptions were used to determine that an additional \$4.3 million is needed in FY12 and \$3 million is needed this year. What are the determining factors for vehicle replacement, other than age and mileage? How have maintenance costs increased as a result of replacement delays?*

TAKE-HOME VEHICLES

Council staff requested a status update on take-home vehicles. DFMS advises that as of April 1, the take-home vehicle count is 160. This represents a 34% reduction from this time last year. The following chart shows the distribution of take-home vehicles by department.

Department	March 2011 Total	September 2011 Total	January 2012 Total	April 2012 Total	Change from March 2011
County Executive	2	0	0	0	-2
Environmental Protection	23	19	27	25	2
General Services	20	16	17	17	-3
Housing and Community Affairs	22	20	0	0	-22
Transportation	75	64	62	62	-13
Technology Services	3	3	0	0	-3
Health and Human Services	23	25	21	21	-2
Homeland Security	1	0	0	0	-1
Liquor Control	7	6	6	6	-1
Permitting Services	66	55	4	29	-37
				0	0
TOTAL:	242	208	137	160	-82

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 FY13, the fund recommendation is \$1,337,930. Of this, \$1.3 million is slated to purchase 24 new police vehicles for the proposed staffing enhancements. The Police Department expects to add 43 new police officers in FY13, split between two candidate classes. The first candidate class will graduate 24 officers before the end of the fiscal year. The NDA also contains \$27,300 to purchase a new van for Health and Human Services' Street Outreach Network.

COUNCIL STAFF RECOMMENDATION

Council staff defers making a recommendation until more information is provided on both the source of the \$4.3 million appropriation for FY12, as well as more detailed information on vehicle replacements.

This packet contains:

Recommended FY13 Budget: Fleet Management Services	© 1-5
Recommended FY13 Budget: Motor Pool Fund (NDA)	6
FY13-18 Public Services Program: Fiscal Plan for the Motor Pool Fund	7
DFMS Responses to Questions	8-12

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. The Division maintains four shop locations and eleven fuel sites Countywide.

BUDGET OVERVIEW

The total recommended FY13 Operating Budget for the Division of Fleet Management Services is \$66,495,886, an increase of \$5,382,436 or 8.8 percent from the FY12 Approved Budget of \$61,113,450. Personnel Costs comprise 29.5 percent of the budget for 201 full-time positions for 205.10 FTEs. Operating Expenses and Capital Outlay account for the remaining 70.5 percent of the FY13 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 FY12 estimates reflect funding based on the FY12 approved budget. The FY13 and FY14 figures are performance targets based on the FY13 recommended budget and funding for comparable service levels in FY14.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ ***The Division of Fleet Management Services installed improved lift equipment in its transit repair shops and new vehicle emissions equipment at its automotive shop. Improved lift equipment promotes better steam cleaning, improved defect identification ability, and improved overall bus inspection capability. New vehicle emissions equipment provides for better data integration with the State of Maryland, Department of Motor Vehicles (DMV).***
- ❖ ***The Division of Fleet Management Services in conjunction with the Department of Transportation, Division of Transit Services, working toward environmental sustainability, replaced 12 conventionally fueled transit buses with new hybrid transit buses. This contributes toward the County's ongoing commitment to the Washington Metropolitan region in both emission and fossil fuel use reduction.***
- ❖ ***The Division of Fleet Management Services currently supports CNG fueling operations for 125 refuse trucks as well as 92 transit buses daily. The refuse trucks displace the use of approximately 1,200,000 diesel gallon equivalents annually.***
- ❖ ***Four staff members have been trained and certified for underground and above ground storage tank inspections and testing to ensure compliance with the Maryland Department of Environment regulations. Additionally, the Division of Fleet Management Services staff perform required monthly fuel-site inspections at 11 locations Countywide as required by the Maryland Department of Environment.***
- ❖ ***Productivity Improvements***
 - ***Improved warranty operations by partnering with several key vendors in shifting suitable required warranty repairs from vendor location repairs to in-house repairs, saving on valuable repair and transportation time.***

- Participated with other area agencies to enhance and improve both warranty procedures and parts room operations. The Division of Fleet Management Services staff has met with staff from the Maryland Transit Administration, the Washington Metropolitan Area Transit Authority, and Fairfax County, Virginia, to share policies and operating procedures to work towards greater efficiencies in these areas.
- In the parts section, daily spot counts and cyclical inventory counts are now performed. With the cyclical inventory counts, one-twelfth of the entire inventory is counted and verified each month by parts room staff. This new cyclical inventory helps to ensure proper counts for daily parts issued.

PROGRAM CONTACTS

Contact Tammy Mulford of the Division of Fleet Management Services at 240.777.5733 or Mary Oneda-Brown of the Office of Management and Budget at 240.777.2751 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, hydraulic excavators, and other specialized pieces of equipment. In addition, the program is responsible for the maintenance and repair of the automotive fleet which includes all administrative vehicles, public safety 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 FY10	Actual FY11	Estimated FY12	Target FY13	Target FY14
Heavy Equipment Fleet Availability	94.7	92.9	93.8	94.7	94.7
Percentage of Customer Satisfaction for Police Vehicle Maintenance	98.2	99.5	99.0	99.0	99.0
Percentage of Fleet Availability for Police Vehicle Maintenance	97.3	98.7	98.0	98.0	98.0
Mean Distance Between Failure: Heavy Equipment (in miles) ¹	5,100	7,444	7,556	7,669	7,784
Mean Distance Between Failure: Administrative Light Equipment (in miles) ²	8,926	10,260	10,414	10,570	10,728
Mean Distance Between Failure: Public Safety Light Equipment (in miles) ³	11,833	13,696	13,901	14,109	14,320
Turnaround Time - Average amount of time equipment is unavailable for operations during each shop visit: Heavy Equipment (in days) ⁴	8.0	8.9	8.8	8.7	8.7
Turnaround Time - Average amount of time equipment is unavailable for operations during each shop visit: Administrative Vehicles (in days)	2.8	1.3	1.5	1.4	1.4
Turnaround Time - Average amount of time equipment is unavailable for operations during each shop visit: Public Safety light equipment (in days)	3.3	1.4	1.4	1.3	1.3

¹ 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.

² 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 Turnaround data for all classes of vehicles will be collected.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	8,986,730	38.50
Increase Cost: Light Fleet Maintenance - Targeted Contract Cost Increase	139,480	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	308,257	1.50
FY13 CE Recommended	9,434,467	40.00

Transit Equipment Services

This program is responsible for the scheduled and non-scheduled maintenance and repair of the Ride-On Bus fleet at three locations. The funding for the Fuel Program as well as the Parts Room Operations were consolidated and shifted to the Management Services Program.

Program Performance Measures	Actual FY10	Actual FY11	Estimated FY12	Target FY13	Target FY14
Average Days Out of Service per Bus for Parts ¹	4.9	3.4	3.3	3.2	3.4
Mean Distance Between Failure: Transit equipment (in miles) ²	18,195	22,487	6,500	6,750	7,000
Turnaround Time - Average amount of time equipment is unavailable for operations during each shop visit: Transit equipment (in days)	5.0	2.4	2.7	2.6	2.8

¹ The number of buses was changed in FY09 to use the CAFR (owned buses). This created a disparity with Transit Services who used Active Fleet. Affected measurements have been recalculated using Active Fleet.

②

² Fleet is in the process of implementing a new formula calculation for this measure to conform to the method used by the Washington Metropolitan Area Transit Authority (WMATA). The calculation now uses revenue miles rather than the total miles driven and mechanical missed trips as documented by the Department of Transportation, Division of Transit Service

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	18,483,190	119.70
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	-3,382,156	-4.70
FY13 CE Recommended	15,101,034	115.00

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 and fuel management oversight. Additionally, the program oversees the inventory and facilities management functions. In FY13, the funding for both the Fuel Management Program and the Parts Room Operations Program were consolidated from other programs and moved to the Management Services Program.

Program Performance Measures	Actual FY10	Actual FY11	Estimated FY12	Target FY13	Target FY14
Clean Air Commitment - Gallons Alternative Fuels Used ¹	1,046,138	1,069,500	1,069,500	1,069,500	1,069,500
Clean Air Commitment - Gallons Diesel/Unleaded Used	5,670,480	5,065,007	5,065,007	5,065,007	5,065,007
Fiscal Inventory Parts Turn Rate	1.95	1.7	2.0	2.2	2.4
Percentage of workorders completed without delay for parts	89.4	90	91	92	92.5

¹ Alternative fuels include E-85 Ethanol and Compressed Natural Gas.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	4,078,610	10.10
Increase Cost: Increase Funding for Higher Fuel Costs	4,020,229	0.00
Add: E-Z Pass Tolls and Transponder Costs	15,000	0.00
Decrease Cost: Electricity Rate Savings	-237,110	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	26,650,942	29.70
FY13 CE Recommended	34,527,671	39.80

Administrative Services

This program includes the preparation and monitoring of the division operating and capital budgets. The program also oversees financial management of the Motor Pool Internal Service Fund; payment processing; solicitations and contracts; and computer and office automation system activities. The funding for the Fuel Services Program as well as the Parts Room Operations Program were consolidated and shifted to the Management Services Program.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	29,564,920	37.30
Increase Cost: Contractual Services for Inflation	305,570	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	-22,437,776	-27.00
FY13 CE Recommended	7,432,714	10.30

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BUDGET SUMMARY

	Actual FY11	Budget FY12	Estimated FY12	Recommended FY13	% Chg Bud/Rec
MOTOR POOL INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	13,377,380	14,001,200	12,654,266	14,392,175	2.8%
Employee Benefits	4,657,386	4,550,570	4,301,636	5,256,392	15.5%
Motor Pool Internal Service Fund Personnel Costs	18,034,766	18,551,770	16,955,902	19,648,567	5.9%
Operating Expenses	43,855,869	39,364,430	49,221,502	43,650,069	10.9%
Debt Service Other	70,569	0	0	0	—
Capital Outlay	0	3,197,250	0	3,197,250	—
Motor Pool Internal Service Fund Expenditures	61,961,204	61,113,450	66,177,404	66,495,886	8.8%
PERSONNEL					
Full-Time	199	201	201	201	—
Part-Time	0	0	0	0	—
FTEs	194.30	205.60	205.60	205.10	-0.2%
REVENUES					
Insurance Recoveries	1,506,867	0	0	0	—
Investment Income	525	0	0	0	—
Miscellaneous Revenues	780,099	1,465,000	1,465,000	465,000	-68.3%
Motor Pool Charges/Fees	59,048,663	62,539,180	62,539,180	70,113,940	12.1%
Other Charges/Fees	70,565	0	0	0	—
Motor Pool Internal Service Fund Revenues	61,406,719	64,004,180	64,004,180	70,578,940	10.3%

FY13 RECOMMENDED CHANGES

	Expenditures	FTEs
MOTOR POOL INTERNAL SERVICE FUND		
FY12 ORIGINAL APPROPRIATION	61,113,450	205.60
Changes (with service impacts)		
Add: E-Z Pass Tolls and Transponder Costs [Management Services]	15,000	0.00
Other Adjustments (with no service impacts)		
Increase Cost: Increase Funding for Higher Fuel Costs [Management Services]	4,020,229	0.00
Increase Cost: Lump Sum Wage Adjustment	425,099	0.00
Increase Cost: Group Insurance Adjustment	403,813	0.00
Increase Cost: Contractual Services for Inflation [Administrative Services]	305,570	0.00
Increase Cost: Retirement Adjustment	275,914	0.00
Increase Cost: Risk Management Adjustment	190,760	0.00
Increase Cost: Light Fleet Maintenance - Targeted Contract Cost Increase [Heavy Equipment and Automotive Services]	139,480	0.00
Increase Cost: Longevity Adjustment	7,481	0.00
Technical Adj: Conversion of WYs to FTEs in the New Hyperion Budgeting System; FTEs are No Longer Measured for Overtime and Lapse	0	-0.40
Decrease Cost: Printing and Mail Adjustment	-4,260	0.00
Shift: Remove Occupational Medical Services Chargeback from OHR	-61,320	-0.10
Decrease Cost: Retiree Health Insurance Pre-Funding	-98,220	0.00
Decrease Cost: Electricity Rate Savings [Management Services]	-237,110	0.00
FY13 RECOMMENDED:	66,495,886	205.10

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PROGRAM SUMMARY

Program Name	FY12 Approved		FY13 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
Heavy Equipment and Automotive Services	8,986,730	38.50	9,434,467	40.00
Transit Equipment Services	18,483,190	119.70	15,101,034	115.00
Management Services	4,078,610	10.10	34,527,671	39.80
Administrative Services	29,564,920	37.30	7,432,714	10.30
Total	61,113,450	205.60	66,495,886	205.10

FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY13	FY14	FY15	(\$000's)		
	FY16	FY17	FY18			
This table is intended to present significant future fiscal impacts of the department's programs.						
MOTOR POOL INTERNAL SERVICE FUND						
Expenditures						
FY13 Recommended	66,496	66,496	66,496	66,496	66,496	66,496
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Lump Sum Wage Adjustment	0	-425	-425	-425	-425	-425
This represents the elimination of the one-time lump sum wage increases paid in FY13.						
Master Leases	0	0	-156	-156	-156	-156
Master Lease payments for the equipment lifts will end in FY15.						
New Utilities Cost for Fleet's Move to New EMOC	0	1,080	1,080	1,080	1,080	1,080
New utilities cost for Fleet's move to new EMOC.						
Retiree Health Insurance Pre-Funding	0	-196	-506	-525	-532	-532
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	66,496	66,955	66,489	66,470	66,463	66,463

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FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	23,373,010	0.00
Increase Cost: Leases: Adjustments for fixed leases	722,320	0.00
Increase Cost: CPI Adjustment	485,260	0.00
Increase Cost: Inspector General's Office	92,820	0.00
Eliminate: Piney Branch Satellite Facility	-44,430	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY12	-50,000	0.00
Decrease Cost: Leases: Annualization of FY12 moves	-928,460	0.00
FY13 CE Recommended	23,650,520	0.00

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 to 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.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	681,960	0.00
FY13 CE Recommended	681,960	0.00

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.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	817,770	0.00
Increase Cost: Acquisition of 24 Police Vehicles	1,310,630	0.00
Add: Van for HHS Street Outreach Network	27,300	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY12	-817,770	0.00
FY13 CE Recommended	1,337,930	0.00

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. This goes beyond State law, Section 6-305, which requires the County to provide to municipalities only the Property Tax funded portion of those costs. 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.

This program was reviewed in FY96 and technical formula amendments proposed. The changes were approved, and payment calculations since then are prepared in accordance with County Council Resolution No. 13-650, adopted September 10, 1996. Specifically, as the exact payment amount for the current year cannot be determined until both municipal and County books are closed, reimbursements are based on the final audited cost of performing eligible services during the fiscal year two years prior to the budget year. Also, reimbursements are now made at the County's cost and not at "the lesser of County or Municipal costs" of eligible service provision

Also budgeted here are payments to Municipalities of a share of the net revenues from County operated Speed Cameras in their jurisdictions. Payments are based on Memoranda of Understanding with each Municipality.

Finally, payments to municipalities are also made from other sources, including Cable TV Franchise Fees, Grants in Lieu of Shares Tax, Non-Departmental Accounts, and as part of the County's Community Development Block Grant.

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FY13-18 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Motor Pool Fund					
FISCAL PROJECTIONS	FY12 ESTIMATE	FY13 REC	FY14 PROJECTION	FY15 PROJECTION	FY16 PROJECTION	FY17 PROJECTION	FY18 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	3.1%	2.7%	2.9%	2.9%	2.7%	2.7%	2.7%
Investment Income Yield	0.15%	0.25%	0.35%	0.85%	1.60%	2.35%	2.85%
Potential Rate Reduction/Increase	0	0	6.0%	2.0%	0.5%	1.7%	1.5%
BEGINNING FUND BALANCE	(6,455,410)	(4,337,250)	(254,200)	732,130	1,784,480	1,984,960	2,230,250
REVENUES							
Charges For Services	62,539,180	70,113,940	74,320,776	75,807,192	76,186,228	77,481,394	78,643,615
Miscellaneous	1,465,000	465,000	478,050	491,250	503,870	516,830	530,380
Subtotal Revenues	64,004,180	70,578,940	74,798,826	76,298,442	76,690,098	77,998,224	79,173,995
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers From The General Fund	4,291,384	0	0	0	0	0	0
	4,291,384	0	0	0	0	0	0
TOTAL RESOURCES	61,840,154	66,241,690	74,544,626	77,030,572	78,474,578	79,983,184	81,404,245
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(66,177,404)	(66,495,886)	(67,761,736)	(69,041,836)	(70,266,026)	(71,522,666)	(72,836,936)
Elimination of One-Time Lump Sum Wage Adjustment	n/a	n/a	425,099	425,099	425,099	425,099	425,099
Utilities Costs of New Equipment Management Facility	n/a	n/a	(1,080,000)	(1,080,000)	(1,080,000)	(1,080,000)	(1,080,000)
Vehicle Replacement	n/a	n/a	(5,200,000)	(5,200,000)	(5,200,000)	(5,200,000)	(5,200,000)
Master Lease	n/a	n/a	0	156,240	156,240	156,240	156,240
Retiree Health Insurance Pre-Funding	n/a	n/a	(195,860)	(505,590)	(524,930)	(531,610)	(531,610)
Subtotal PSP Oper Budget Approp / Exp's	(66,177,404)	(66,495,886)	(73,812,497)	(75,246,087)	(76,489,617)	(77,752,937)	(79,067,207)
TOTAL USE OF RESOURCES	(66,177,404)	(66,495,886)	(73,812,497)	(75,246,087)	(76,489,617)	(77,752,937)	(79,067,207)
YEAR END FUND BALANCE	(4,337,250)	(254,200)	732,130	1,784,480	1,984,960	2,230,250	2,337,040
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES							
	-7.0%	-0.4%	1.0%	2.3%	2.5%	2.8%	2.9%

Fleet Operating Budget Questions – FY13

1. For FY12, the department projected these levels of fuel volume and cost.

Fuel Type	Gallons	Budgeted \$/Gallon	Total
Unleaded	2,667,827	\$2.37	\$6,322,750
ULS Diesel	2,826,786	\$2.55	\$7,208,304
E-85 (Ethanol)	24,931	\$2.38	\$59,336
Compressed Natural Gas (CNG)	1,123,837	\$2.04	\$2,293,751
			\$15,884,141

a. Do you have data for year-to-date usage? If so, please provide the most recent.

Most recent FY12 YTD usage as of 04/01/12:

Fuel Type	Gallons
Unleaded	1,624,654.84
Diesel	2,247,179.08
E-85 (Ethanol)	13,200.00
Compressed Natural Gas (CNG)	1,005,332.30

b. What is the current price you are actually paying for each type of fuel?

Most current price per fuel type 04/01/12:

Fuel Type	Price per Gallon
Unleaded	\$3.61
Diesel	\$3.65
E-85 (Ethanol)	\$3.19 (12/11 last purchase)
Compressed Natural Gas (CNG)	\$2.04 (DGE)

c. What is the current cost overrun for fuel in FY12?

As of the third quarter review, projected total fuel over expenditure for FY12 is approximately \$3,000,000 combined for all fuel types.

d. What are your projected fuel volumes, price per gallon, and costs for FY13?

Projected gallons for FY13 per FY13 Budget Submission:

Fuel Type	Gallons	Unit Price	FY13 Budget
Unleaded	2,262,810	\$2.90	\$6,562,150
Diesel	3,149,592	\$3.40	\$10,708,612
E-85 (Ethanol)	23,040	\$2.93	\$67,507
Compressed Natural Gas (CNG)	1,209,895	\$2.12	\$2,564,977

e. How did you determine projected fuel prices?

For Unleaded and Diesel, we looked at Year to Date average prices (prices at any particular point in time may be misleading due to price volatility for many reasons) and what comparable purchasers were assuming at the time. See table below. For CNG, we have a contract price in place until November 2012, and assumed a slight increase based on recent CNG prices.

Fuel	FY11	FY12	December	20-Feb		Other Comparables			
	Actual	Price	Actual	Actual	ICEUM	MCPS	Fairfax	WMATA	
Unleaded	\$2.73	\$2.37	\$3.03	\$ 3.28	\$ 3.38		\$2.94		
Diesel	\$2.81	\$2.55	\$3.49	\$ 3.67	\$ 3.64	\$3.55	\$ 3.02	\$ 3.05	
Ethanol	\$2.93	\$2.38	\$2.38	\$ 3.19	\$ 3.48				
CNG	\$2.67	\$2.04	\$2.04	\$ 2.04	\$ 2.12				

2. The FY12 estimated expenditures are \$66.2 million, or about \$5 million more than what was budgeted for FY12. Please explain the cost overrun.

The cost overrun projected is the net impact of over-expenditures primarily for fuel; under-expenditures in Personnel Costs; and the assumption that an additional \$4.3 million will be spent on vehicle replacement in FY12, funded by a transfer of that amount from the General Fund.

3. The FY13 budget contains \$15,000 for EZ Pass fees for County vehicles.

a. Is this the total projected cost for EZ Pass fees? What assumptions were used to project this amount? (i.e., number of cars fitted, number of trips, etc.).

The \$15,000 amount for EZPass is an estimated amount based on the first few months of usage when the ICC first opened for general use. DFMS used the then current monthly average and multiplied it by 12 months to come up with the estimated dollar amount. DFMS will base its FY14 request on the FY12 full year of actual usage.

b. Do you have data on whether County vehicles have been using the ICC without an EZ Pass, and what the corresponding fines have been? If so, please provide.

DFMS has outfitted 99% of the automotive fleet (13 units still need to be outfitted) with EZPass transponders and is not aware of any fines paid for using the ICC without the pass. If a vehicle travels on the ICC without a transponder or if the transponder is undetected, an administrative fee is charged in addition to the toll amount.

4. Please provide the number and types of public safety vehicles, by department, that are budgeted to be replaced in FY13. What is the total cost of replacement budgeted for FY13?

Currently the budget for replacement for all vehicles in FY13 is \$3,016,000. The replacements will be a mix of top priority units for both Public Safety and Highway Services. Once the final budget for replacement is approved, DFMS will meet with its end users to determine which vehicles are top priorities. The Departments expected to receive replacements in FY13 are Police, Fire and Rescue Services, Sheriff, and Transportation.

5. What is the cost of each replacement police department vehicle?

As submitted with its FY13 budget submittal, DFMS estimates the cost of each Police marked sedan replacement unit to be \$28,992.

6. The cost for new police cruisers in the NDA covers 24 new PPVs. What is the itemized cost per vehicle (vehicle, light bars, etc.)?

Vehicle Type	No. of Cars	Unit Cost Vehicles	Total Veh. Cost	Unit Equip.	Total Equip Cost	Total Cost
Marked Vehicle	3	\$ 29,900	\$ 89,700	\$ 27,719	\$ 83,157	\$ 172,857
Marked Vehicle	3	\$ 29,900	\$ 89,700	\$ 27,719	\$ 3,157	\$ 172,857
Marked Vehicle	14	\$ 29,900	\$ 418,600	\$ 27,719	\$ 388,066	\$ 806,666
Unmarked Vehicle	2	\$ 29,900	\$ 59,800	\$ 9,662	\$ 19,324	\$ 79,124
Unmarked Vehicle	2	\$ 29,900	\$ 59,800	\$ 9,662	\$ 19,324	\$ 79,124
Unmarked Vehicle - Civilian	0	\$ 16,870				
Total	24		\$ 717,600	\$ 102,481	\$ 593,028	\$ 1,310,628

7. Are these still the current replacement guidelines that DFMS uses? If not, please provide an update.

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

Updated:

Vehicle Classification	Years	Miles
Public Safety	7	120,000
Administrative Sedan	9	85,000
4x4 Vehicles/Pickup Trucks	10	100,000
Vans	10	100,000
Medium/Heavy Trucks	12	120,000

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8. What is the current number of County fleet vehicles, by type?

As published in 2011 CAFR:

- a. administrative/light - 757
- b. heavy equipment - 454
- c. transit buses - 390

9. What is the current number of take-home vehicle assignments (by agency)?

As of 04/03/2012 – **Non Public Safety**:

Department	Take Home	Seasonal Take Home	Total
Environmental Protection (DEP)	24	1	25
General Services (DGS)	2	15	17
Transportation (DOT)	23	39	62
Health & Human Services (HHS)	21	0	21
Liquor Control (DLC)	6	0	6
Permitting Services (DPS)	29	0	29
Total Take Home - Non Public Safety			160

10. Are County employees currently renting any vehicles (including but not limited to the Enterprise contract)? No current rentals (4/4/2012)

If so, please specify the number of rentals by agency, and the length of time of each rental during FY12, and the rental cost per vehicle.

Seasonal rentals for DOT – Division of Highway Services (Dec 1 – Feb 29). A total of 10 units for 3 months each at \$1000 per unit.

DFMS has had one (1) rental for travel by Police. DFMS has not heard from the Department of Recreation as of yet regarding upcoming summer van rentals.

11. Last year, the Motor Pool Fund balance had fallen to a beginning balance of -\$3.19 million in FY12. Executive staff discussed the various system errors that led to this shortfall and how they have been corrected. Please describe the corrections you had made, how they are monitored, and whether they have been effective.

Fuel – The fuel deficit was primarily due to DFMS' fuel management system (RNI) miscommunication with the FASTER system in various capacities (billing, error reporting, etc...). DFMS is currently in the process of replacing the antiquated fuel management system. This is a CE Recommended CIP project for FY13-14. Once the new system is in place and operational, the accuracy of fuel tracking will be greatly improved.

MP Rate Model (Fleet's own Charges) - The DFMS charges are an error in the Rate Model –or its usage - that had gone undetected for many years. In distributing the costs of operation into the categories and then to departments, the Model included a line distributing charges to DFMS itself. While it is important to know the costs of maintaining the DFMS fleet, including those costs in a representation of charges to departments – the bottom line of which is then used to project revenues to the fund – is inappropriate. The Rate Model has been revised.

MP Rate Model (Equipment Count) - The Overhead charges based on the Equipment Count to be charged in each category has been resolved. Overhead charges for certain classes of Heavy Equipment – primarily trailers, generators, and other small equipment had not been collected however they were included in the total unit count to be charged. The Rate Model has been adjusted for this change. Beginning in FY13 all units will be charged overhead as they are maintained and tracked by DFMS staff.

12. Please provide a copy of the FY13-18 Fiscal Plan for the Motor Pool Fund.

The County Executive's Recommended Fiscal Plan was provided to Council on March 30. See <http://www.montgomerycountymd.gov/content/omb/FY13/fiscalplan/index.asp>

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