

T&E COMMITTEE #4
April 29, 2014

Worksession

MEMORANDUM

April 25, 2014

TO: Transportation, Infrastructure, Energy & Environment Committee

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

SUBJECT: **Worksession: FY14 Operating Budget: Department of General Services:
Fleet Management Services (DFMS)
Motor Pool Fund Contribution (NDA)**

Those expected for this worksession:

Beryl Feinberg, Deputy Director, Department of General Services (DGS)
Bill Griffiths, Division Chief, Division of Fleet Management Services (DFMS)
Peggy Lynch, DFMS
Tammy Mulford, DFMS
Corey Orlosky, Office of Management and Budget

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 FY15-20 Public Services Program: Fiscal Plan for the Motor Pool Fund is attached at ©7.

Overview

For FY15, the Executive recommends total expenditures of \$79,093,933 for Fleet Management Services, a \$545,108 or 0.7% reduction from the FY14 Approved Budget of \$79,639,041.

	FY13 Actual	FY14 Approved	FY15 CE Recommended	% Change FY14-15
Expenditures:				
Motor Pool Internal Services Fund	\$73,642,510	\$79,639,041	\$79,093,933	-0.7%
TOTAL Expenditures	\$73,642,510	\$79,639,041	\$79,093,933	-0.7%
Positions:				
Full-time	201	201	201	0.0%
Part-time	0	0	0	0.0%
TOTAL Positions	201	201	201	0.0%
FTEs	205.1	205.3	204.1	-0.6%

The FY15 County Executive’s recommendation is a net reduction of \$504,108, stemming from the following identified same services adjustments.

Identified Same Services Adjustments	
Increase Cost: FY15 Compensation Adjustment	\$751,890
Increase Cost: Contract Increases	\$118,090
Increase Cost: Police Vehicle Maintenance	\$65,493
Increase Cost: EZ Pass Tolls	\$60,000
Increase Cost: Group Insurance Adjustment	\$38,969
Increase Cost: Retirement	\$30,789
Increase Cost: Master Lease Adjustment for Equipment	\$30,020
Increase Cost: Printing and Mail	\$8,339
Total Increases:	\$1,103,590
Decrease Cost: Police Equipment	(\$35,190)
Decrease Cost: Engine Parts and Supplies	(\$41,708)
Decrease Cost: Annualization of FY14 Personnel Costs	(\$156,275)
Decrease Cost: Risk Management Adjustment	(\$658,715)
Decrease Cost: Retiree Health Insurance Pre-Funding Adjustment	(\$756,810)
Total Decreases:	(\$1,648,698)
Net Same Services Adjustment Total:	(\$545,108)

Motor Pool Internal Service Fund

According to the FY15-20 Fiscal Plan for the Motor Pool Internal Service Fund, the fund is projected to have a year-end fund balance of \$2.28 million at the end of FY14. (see Fiscal Plan attached at © 7). This is the second year in a row that the fund has operated at a surplus, following three years of operating at significant deficits. Prior deficits were primarily due to Motor Pool Rate Model errors that had gone undetected for many years, as well as an antiquated fuel management system that did not accurately monitor billing and error reporting.

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.” The Year End fund balance in FY15 is projected to be \$3.0 million.

FY15 Expenditure Issues

DFMS Addresses Vehicle Replacement Backlog

During the recession several years ago, vehicle replacements were targeted for cuts in both the annual operating budgets as well as several mid-year Savings Plans. DFMS indicates that entering into FY14, the County had a 1,024 vehicle/\$40 million dollar replacement backlog. This backlog of 1,024 is out of 3,231 total vehicles. A chart depicting the current composition of the County’s fleet is on © 8.

DFMS has developed a fleet replacement strategy that focuses on lifecycle cost and fleet optimization. DFMS has identified a “standard” replacement vehicle for every class which is the most fuel efficient, lowest greenhouse gas vehicle available on the market. DFMS runs an updated replacement plan every quarter to ensure the most current information is used.

DFMS also established an “estimate for repair” process for expediting replacements in case major repairs are needed for a particular vehicle. When a vehicle is faced with major repairs, an estimate of the repair costs is compared to the vehicle’s value to determine if it is worth performing the repairs. This avoids costly repairs near the end of a vehicle’s useful life, thus avoiding driving up total costs of ownership.

These new processes have allowed DFMS to reduce the fleet size by 27 vehicles in FY14 by eliminating underused vehicles, saving \$780,000 in replacement costs. At the beginning of FY14, DFMS had projected it would replace 268 vehicles; however, it was able to maximize funding and replace 314 vehicles and pieces of equipment. DFMS has reduced the total backlog to 683 for FY14.

For FY15, DFMS plans to replace 295 vehicles and pieces of equipment, for a total cost of \$10 million. Approximate break-down across types of vehicles is:

- 63% Public Safety Vehicle Replacements;
- 27% Administrative Fleet Replacements; and
- 10% Department of Transportation Replacements.

Green Initiatives

DFMS is undertaking several green initiatives to meet fleet needs with the most energy-efficient vehicles possible.

Reduce Petroleum Use: DFMS has committed to reducing on-road petroleum consumption by 20% within five years of the FY13 baseline.

Emissions Reduction: DFMS plans to reduce greenhouse gas (GHG) emissions by two percent annually below the amount in the FY13 base year, achieving a 30% reduction through 2030. DFMS also plans to increase alternative fuel-use by two percent annually.

Increase Fuel Efficiency: DFMS is making every effort to obtain the most fuel efficient, low emission, commercially available fleet vehicles and equipment, based on Environmental Protection Agency, emission certification, and vehicle manufacturer standards.

Optimized County Fleet: DFMS has created a fleet profile during FY14. This profile will serve as the baseline for initiatives and will be updated annually. DFMS will conduct a full annual review of fleet vehicles and equipment to ensure all County-owned or leased vehicles are being used within established standards. It will also make every effort to consolidate County vehicles and create centrally shared and accessible fleet pools.

Fuel Costs

In FY15, total fuel consumption costs are expected to remain fairly level at about \$21.8 million. Actual cost per gallon of most fuels stays flat, other than CNG, which increases four cents per gallon. County fleet consumption of Unleaded fuel is expected to drop by about 300,000 gallons in FY15. County consumption of Diesel increases by about 240,000 gallons.

In FY14, the budget assumed the following fuel consumption rates and prices:

FY14 Projections			
Fuel Type	Gallons	Cost Per Gallon	Total
Unleaded	2,304,915	3.20	\$7,375,728
ULS Diesel	3,262,062	\$3.40	\$11,091,011
E-85 (Ethanol)	25,005	\$3.34	\$83,517
Compressed Natural Gas (CNG)	1,559,300	\$2.06	\$3,212,158
		TOTAL COST:	\$21,762,414

The FY15 budget assumes the following:

FY15 Projections			
Fuel Type	Gallons	Cost Per Gallon	Total
Unleaded	2,077,327	3.20	\$6,647,446
ULS Diesel	3,503,359	\$3.40	\$11,911,421
E-85 (Ethanol)	25,005	3.34	\$83,517
Compressed Natural Gas (CNG)	1,495,500	2.10	\$3,140,550
		TOTAL COST:	\$21,782,934

Take Home Vehicles

An updated chart is included at © 9 showing changes from at different points in 2013 and 2014. From February 2013 to April 2014, permanent take-home vehicle assignments dropped from 154 to 90. The biggest reduction was in Health and Human Services, which abolished all 20 of its take-home vehicle assignments. Total seasonal take-home vehicles decreased from 57 to 52.

Motor Pool Fund Contribution NDA (\$823,698)

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 FY15, the budget includes \$823,698 for 22 new vehicles, including equipment.

Council Staff Recommendation

Council staff recommends approval of the operating budget as submitted by the County Executive.

This packet contains:

Recommended FY15 Budget: Fleet Management Services	<u>©</u> 1-5
Recommended FY15 Budget: Motor Pool Fund Contribution (NDA)	6
FY15-20 Public Services Program: Fiscal Plan for the Motor Pool Fund	7
FY14 Montgomery County Fleet Composition Report	8
Take Home Vehicle Report	9
DFMS Responses to Questions	10-13

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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 FY15 Operating Budget for the Division of Fleet Management Services is \$79,093,933, a decrease of \$545,108 or 0.7 percent from the FY14 Approved Budget of \$79,639,041. Personnel Costs comprise 25.2 percent of the budget for 201 full-time positions, and a total of 204.10 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses and Capital Outlay account for the remaining 74.8 percent of the FY15 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 FY14 estimates reflect funding based on the FY14 approved budget. The FY15 and FY16 figures are performance targets based on the FY15 recommended budget and funding for comparable service levels in FY16.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ **Reduced fuel consumption through increased utilization of alternative fuel and advanced technology vehicles. The Division of Fleet Management Services (DFMS) was awarded a grant by the Maryland Energy Administration to install electric vehicle charging stations, electric vehicles, and CNG powered heavy duty trucks.**
- ❖ **The new transit bus purchase in FY13 helped to reduce maintenance costs as older buses requiring constant repairs were eliminated. The new buses require less repairs and non-maintenance items are covered under warranty provisions.**
- ❖ **As part of its "one stop shop" initiative, Fleet Management Automotive Equipment Shop (AES) has integrated the installation of radio and video equipment into the initial prepping of new vehicles to eliminate processes involving the Department of Technology Services (DTS). This integration has reduced the amount of time needed to prep the new vehicles and eliminated unnecessary travel time. Additionally, DFMS (AES) working directly with Police has enabled the Police Department to maintain its video systems at the Seven Locks Facility. Police now have administrative offices as well as work bays to accomplish the maintenance.**
- ❖ **Productivity Improvements**
 - **DFMS has worked diligently to update its vehicle replacement criteria formula. The new formula not only takes into account vehicle age and mileage but also considers maintenance costs, recent major repairs, fuel consumption and mission criticality. This detailed formula allows DFMS to make overall better replacement decisions.**

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- **DFMS is currently overseeing implementation of a new Fuel Management System. This system will put into operation better tracking and reporting of fuel transactions while allowing all County agencies to use any County Government funded fuel site.**
- **The DFMS Print Server was transitioned to the Department of Technology Services (DTS) which improved reliability, eliminated the need for a DFMS replacement server, and reduced after hours maintenance support. Fleet IT simplified the end user responsibilities by generating scripts for the new printer addresses which amounted to users only having to click a link rather than going through multiple screens to add a new printer.**

PROGRAM CONTACTS

Contact Peggy Lynch of the Division of Fleet Management Services at 240.777.5759 or Corey Orlosky of the Office of Management and Budget at 240.777.2762 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 FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Heavy Equipment Fleet Availability	94.6	89.0	94.7	94.7	94.7
Percentage of Customer Satisfaction for Police Vehicle Maintenance	99.3	99.3	99.3	99.3	99.3
Percentage of Fleet Availability for Police Vehicle Maintenance	98.4	98.0	98.0	98.0	98.0
Mean Distance Between Failure: Heavy Equipment (in miles)	9,097	11,927	11,950	11,950	11,950
Mean Distance Between Failure: Administrative Light Equipment (in miles)	11,702	12,590	13,000	13,000	13,000
Mean Distance Between Failure: Public Safety Light Equipment (in miles)	15,407	17,760	17,850	17,850	17,850
Turnaround Time - Average amount of time equipment is unavailable for operations during each shop visit: Heavy Equipment (in days)	8.7	6.9	8.5	8.5	8.5
Turnaround Time - Average amount of time equipment is unavailable for operations during each shop visit: Administrative Vehicles (in days)	1.7	2.1	1.6	1.6	1.6
Turnaround Time - Average amount of time equipment is unavailable for operations during each shop visit: Public Safety light equipment (in days)	1.6	2.0	1.4	1.4	1.4

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	9,654,522	40.00
Decrease Cost: Police Equipment	-35,190	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.	80,240	-1.00
FY15 CE Recommended	9,699,572	39.00

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.

Program Performance Measures	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Average Days Out of Service per Bus for Parts	4.95	3.39	3.4	3.3	3.3
Mean Distance Between Failure: Transit equipment (in miles)	5,728	8,359	8,400	8,400	8,400
Turnaround Time - Average amount of time equipment is unavailable for operations during each shop visit: Transit equipment (in days)	2.8	1.9	2.3	2.3	2.3

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	15,261,756	114.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	583,308	2.00
FY15 CE Recommended	15,845,064	116.00

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 environmental stewardship and 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 parts inventory, facilities management, and vehicle acquisition and disposal functions.

<i>Program Performance Measures</i>	<i>Actual FY12</i>	<i>Actual FY13</i>	<i>Estimated FY14</i>	<i>Target FY15</i>	<i>Target FY16</i>
Clean Air Commitment - Gallons Alternative Fuels Used ¹	1,443,046	1,487,392	1,487,392	1,487,392	1,487,392
Clean Air Commitment - Gallons Diesel/Unleaded Used	5,120,890	5,221,939	5,221,939	5,221,939	5,221,939
Fiscal Inventory Parts Turn Rate	1.9	1.91	2.1	2.2	2.3
Percentage of workorders completed without delay for parts	90.4	90.4	91.5	92.0	92.5

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

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	37,036,183	16.30
Increase Cost: Master lease adjustment for equipment	30,020	0.00
Increase Cost: Printing and Mail	8,339	0.00
Decrease Cost: Engine Parts and Supplies	-41,708	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.	-597,203	-2.20
FY15 CE Recommended	36,435,631	14.10

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.

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	17,686,580	35.00
Increase Cost: EZ Pass Tolls	60,000	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.	-632,914	0.00
FY15 CE Recommended	17,113,666	35.00

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BUDGET SUMMARY

	Actual FY13	Budget FY14	Estimated FY14	Recommended FY15	% Chg Bud/Rec
MOTOR POOL INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	13,587,020	14,384,685	13,816,052	15,066,368	4.7%
Employee Benefits	4,504,239	4,847,004	4,449,321	4,830,694	-0.3%
Motor Pool Internal Service Fund Personnel Costs	18,091,259	19,231,689	18,265,373	19,897,062	3.5%
Operating Expenses	55,551,251	49,226,102	61,107,348	48,015,621	-2.5%
Capital Outlay	0	11,181,250	0	11,181,250	—
Motor Pool Internal Service Fund Expenditures	73,642,510	79,639,041	79,372,721	79,093,933	-0.7%
PERSONNEL					
Full-Time	201	201	201	201	—
Part-Time	0	0	0	0	—
FTEs	205.10	205.30	205.30	204.10	-0.6%
REVENUES					
Insurance Recoveries	1,166,370	1,000,000	1,000,000	1,510,000	51.0%
Investment Income	1,648	0	2,060	4,000	—
Miscellaneous Revenues	449,580	465,000	450,000	465,000	—
Motor Pool Charges/Fees	79,065,037	78,163,949	78,178,949	79,885,128	2.2%
Other Charges/Fees	48,330	1,100,000	1,100,000	0	—
Motor Pool Internal Service Fund Revenues	80,730,965	80,728,949	80,731,009	81,864,128	1.4%

FY15 RECOMMENDED CHANGES

	Expenditures	FTEs
MOTOR POOL INTERNAL SERVICE FUND		
FY14 ORIGINAL APPROPRIATION	79,639,041	205.30
Other Adjustments (with no service impacts)		
Increase Cost: FY15 Compensation Adjustment	751,890	0.00
Increase Cost: Contract Increases	118,090	0.00
Increase Cost: Police vehicle maintenance - Police staffing plan	65,493	0.00
Increase Cost: EZ Pass Tolls [Administrative Services]	60,000	0.00
Increase Cost: Group Insurance Adjustment	38,969	0.00
Increase Cost: Retirement Adjustment	30,789	0.00
Increase Cost: Master lease adjustment for equipment [Management Services]	30,020	0.00
Increase Cost: Printing and Mail [Management Services]	8,339	0.00
Decrease Cost: Police Equipment [Heavy Equipment and Automotive Services]	-35,190	0.00
Decrease Cost: Engine Parts and Supplies [Management Services]	-41,708	0.00
Decrease Cost: Annualization of FY14 Personnel Costs	-156,275	-1.20
Decrease Cost: Risk Management Adjustment	-658,715	0.00
Decrease Cost: Retiree Health Insurance Pre-Funding Adjustment	-756,810	0.00
FY15 RECOMMENDED:	79,093,933	204.10

PROGRAM SUMMARY

Program Name	FY14 Approved		FY15 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
Heavy Equipment and Automotive Services	9,654,522	40.00	9,699,572	39.00
Transit Equipment Services	15,261,756	114.00	15,845,064	116.00
Management Services	37,036,183	16.30	36,435,631	14.10
Administrative Services	17,686,580	35.00	17,113,666	35.00
Total	79,639,041	205.30	79,093,933	204.10

4

FUTURE FISCAL IMPACTS

Title	CE REC.			(5000's)		
	FY15	FY16	FY17	FY18	FY19	FY20
This table is intended to present significant future fiscal impacts of the department's programs.						
MOTOR POOL INTERNAL SERVICE FUND						
Expenditures						
FY15 Recommended	79,094	79,094	79,094	79,094	79,094	79,094
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	210	210	210	210	210
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
Labor Contracts - Other	0	-24	-24	-24	-24	-24
These figures represent other negotiated items included in the labor agreements.						
Master Leases	0	-62	-125	-125	-125	-125
Master Lease payments for the equipment lifts will end in FY16.						
Retiree Health Insurance Pre-Funding	0	-38	-93	-137	-194	-249
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	79,094	79,179	79,062	79,017	78,961	78,906

5

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.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	927,058	0.00
Enhance: Capacity Building Grants to Directly Support English Language Programs	100,000	0.00
FY15 CE Recommended	1,027,058	0.00

Montgomery County Employee Retirement Plans

The mission of this NDA is to manage prudent investment programs for the members of the Employee Retirement Plans and their beneficiaries. Expenditures associated with this program are funded from the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and the General Fund on behalf of the Montgomery County Deferred Compensation Plan (DCP) trust funds and are, therefore, not appropriated here. This NDA manages the assets of the ERS through its investment managers in accordance with the Board's asset allocation strategy and investment guidelines. The Board also administers the investment programs for the RSP and DCP. The Board consists of 13 trustees including the Directors of Human Resources, Finance, and Management and Budget; the Council Administrator; one member recommended by each employee organization; one active employee not represented by an employee organization; one retired employee; two members of the public recommended by the County Council; and two members of the general public.

Program Performance Measures	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
ERS - Rate of return - used to compare to the 7.5% Actuarial Assumed Return	5.30%	13.07%	N/A	N/A	N/A
ERS - Return in excess of the total fund benchmark (passive indices)	(.08)%	2.19%	2.00%	2.00%	2.00%
RSP & DCP - Percentage of funds offered that are ranked at or above over a market cycle	80%	N/A	N/A	N/A	N/A
RCP & DCP - Fees for fund offerings are at or below the median fees charged	98%	N/A	N/A	N/A	N/A

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	0	0.00
FY15 CE Recommended	0	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.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	2,184,191	0.00
Increase Cost: Vehicle Acquisition for Police Staffing Initiative	823,698	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY14	-2,184,191	0.00
FY15 CE Recommended	823,698	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

6

FY15-20 PUBLIC SERVICES PROGRAM: FISCAL PLAN

Motor Pool Fund

FISCAL PROJECTIONS	FY14 ESTIMATE	FY15 REC	FY16 PROJECTION	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.69%	15.87%	15.87%	15.87%	15.87%	15.87%	15.87%
CPI (Fiscal Year)	1.6%	2.0%	2.2%	2.5%	2.6%	2.4%	2.3%
Investment Income Yield	0.19%	0.35%	0.95%	1.55%	2.15%	2.85%	3.45%
BEGINNING FUND BALANCE	11,022,710	2,280,998	3,001,193	2,505,925	2,607,428	2,662,144	2,775,302
REVENUES							
Charges For Services	80,278,949	81,395,128	81,239,099	83,872,660	86,086,955	88,324,484	90,380,453
Miscellaneous	452,060	469,000	487,603	507,763	529,261	553,043	576,508
Subtotal Revenues	80,731,009	81,864,128	81,726,702	84,380,423	86,616,216	88,877,527	90,956,961
TOTAL RESOURCES	91,753,719	84,145,126	84,727,895	86,886,348	89,223,644	91,539,672	93,732,263
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(79,372,721)	(79,093,933)	(80,999,543)	(83,173,703)	(85,500,583)	(87,760,093)	(89,979,733)
Labor Agreement	n/a	0	(185,522)	(185,522)	(185,522)	(185,522)	(185,522)
Vehicle replacement backlog	n/a	n/a	(1,137,635)	(1,137,635)	(1,137,635)	(1,137,635)	(1,137,635)
Retiree Health Insurance Pre-funding	n/a	n/a	38,270	93,020	137,320	193,960	248,660
Master lease	n/a	n/a	62,460	124,920	124,920	124,920	124,920
Subtotal PSP Oper Budget Approp / Exp's	(79,372,721)	(79,093,933)	(82,221,970)	(84,278,920)	(86,561,500)	(88,764,370)	(90,929,310)
OTHER CLAIMS ON FUND BALANCE	(10,100,000)	(2,050,000)	0	0	0	0	0
TOTAL USE OF RESOURCES	(89,472,721)	(81,143,933)	(82,221,970)	(84,278,920)	(86,561,500)	(88,764,370)	(90,929,310)
YEAR END FUND BALANCE	2,280,998	3,001,193	2,505,925	2,607,428	2,662,144	2,775,302	2,802,953
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	2.5%	3.6%	3.0%	3.0%	3.0%	3.0%	3.0%

FY14 Montgomery County Fleet Totals

Vehicle Type	Average Age of Vehicle	Quantity of vehicles	Avg Miles / Hours	Unleaded	Diesel	E-85	CNG (GGE)	Biodiesel	Electric	Propane (LPG)	Gasoline Gallon Equivalents (GGE) Total	Total Liquid Gallons	GHG in Metric Tons	Total Miles	MPG or HPG
Sedan	8	202	12800	90,177		10	8				8	90,187	75	2,585,658	28.67
Public Safety Sedan	5	1,197	14426	1,187,263		12,897					0	1,200,160	10,573	17,268,068	14.39
SUV	8	162	8702	95,983		247					0	95,330	840	1,409,789	14.79
Public Safety SUV	4	237	12655	261,850		1,625					0	263,475	2,321	2,999,288	11.38
Pickup	8	248	12046	188,751	41,243	967					0	230,941	2,036	2,987,500	12.94
Public Safety Pickup	5	29	11793	18,771	1,293	24					0	20,088	177	341,984	17.02
Van	9	261	4408	147,196	42,016	726					0	189,938	1,675	1,150,442	6.06
Public Safety Van	6	94	12107	67,828	210,519	1,968					0	280,314	2,478	1,138,061	4.06
Medium Duty Truck	9	14	1146	1,532	130,116						0	133,648	1,183	16,040	0.12
Heavy Duty Truck	9	198	6952	2,640	232,960						0	235,600	2,065	1,376,511	5.84
Public Safety Heavy Duty Truck	7	52	3298	209	36,610						0	36,819	328	105,541	2.87
Off Road vehicle/Equipment	12	220	165		47,551						0	47,551	411	36,244	0.76
Transit	8	337	40379		2,448,412		940,253				940,253	2,448,412	27,806	13,607,733	4.02
TOTAL All	N/A	3231	N/A	2,063,280	3,190,719	18,463	940,261	0	0	0	940,261	5,272,462	52,716.63	44,986,615	

Key

- GGE - Gasoline Gallon Equivalents
- MPG - Miles Per Gallon
- GHG - Greenhouse Gas
- HPG - Hours Per Gallon
- * RED entry denotes usage in Hours



Take Home Vehicle Report - as of 04/11/2014 - Totals by Program
Comparison of 02/27/2013 to 05/28/2013 to 01/15/2014 to 04/11/2014

Dept Name	Program	Take Home							Take Home Seasonal						
		TH 02/27	TH Chg	TH 05/28	TH Chg	TH 01/15	TH Chg	TH 04/11	THS 02/27	THS Chg	THS 05/28	THS Chg	THS 01/15	THS Chg	THS 04/11
Community Use of Public Facilities															
	Community Use of Public Facilities	0	1	1	0	1	0	1							
DEP (Env. Protection)															
	Pol. & Compl.	7	0	7	-1	6	0	6							
	Solid Waste	11	0	11	0	11	-1	10							
	Watershed Mgt.	5	1	6	0	6	1	7	1	0	1	0	1	0	1
DGS															
	Facilities								6	0	6	0	6	-1	5
	Capital Dev.	2	0	2	0	2	1	3							
	DBDC						2	2							
	Fleet Management								10	-2	8	0	8	0	8
DHGA															
	Code Enf.	12	0	12	1	13	0	13							
	Comm. Dev.	1	-1	0											
	Rehab. Assist.	2	0	2	0	2	-2	0							
DOT															
	Director Office - DOT	2	-1	1	0	1	0	1	1	-1	0				
	Div of Highway Services	7	0	7	0	7	0	7	36	-1	35	0	35	0	35
	Div of Parking								1	0	1	0	1	0	1
	Div of Traffic Engineering & Ops	6	0	6	0	6	-1	5	2	0	2	0	2	0	2
	DTE - DOT	7	-6	1	0	1	0	1							
HHS (Health & Human Services)															
	Lic. & Reg. Serv.	18	-18	0											
	Public Health Services	0	0	0											
	Street Outreach Network	2	-2	0											
	TB Control	0	0	0											
Liquor Control															
	BLC	7	0	7	0	7	0	7							
Permitting Services															
	Building Constr.	45	-25	20	-1	19	0	19							
	Land Devel..	20	-11	9	-1	8	0	8							
Totals		154	-62	92	-2	90	0	90	57	-4	53	0	53	-1	52

6

Fleet Management Questions FY15

1. Please provide an updated chart for FY15 projections.

FY15 Projections			
Fuel Type	Gallons	Cost Per Gallon	Total
Unleaded	2,077,327	\$3.20	\$6,647,446
ULS Diesel	3,503,359	\$3.40	\$11,911,421
E-85 (Ethanol)	25,005	\$3.34	\$83,517
Compressed Natural Gas (CNG)	1,495,500	\$2.10	\$3,140,550
		TOTAL COST:	\$21,782,934

2. Please describe the decreased cost for Police Equipment (-\$35,190).

The decreased cost in Police Equipment for FY15 is based on the OMB projection for new replacement ancillary equipment such as light bars, decals, sirens, etc... When a Police unit is totaled in an accident and equipment cannot be reused, new equipment must be purchased. Each year the cost for Police Equipment fluctuates as the number of estimated units increase or decrease.

3. The Police Department's motor pool rate adjustment also decreases by -\$1,119,600 in FY15. Please explain this reduction.

The motor pool rate adjustment involves an annual recalculation of costs for fuel, maintenance, overhead, and insurance, and an adjustment of costs for the number of police vehicles in the fleet due to recent increases to police staffing.

4. Please describe the \$65,493 Increased Cost for Police vehicle maintenance – Police Staffing Plan.

The estimated increased maintenance for additional Police vehicles represents the maintenance charges for 9 marked cruisers added as a result of increased police staffing.

5. Please describe the \$118,090 increased cost for Contract Increases. Which contracts are increasing and by how much? What are total contract prices?

Major Contract Increase:

		Total Budgeted
Leased Tire Contract	\$12,810	\$724,265
Transit Bus Service Lane	\$33,360	\$1,886,555
Enhanced Cleaning	\$4,240	\$239,530
CNG Fuel Site Maintenance	\$7,530	\$754,056
Environmental Inspection Svcs	\$4,060	\$129,630
Vehicle Maintenance Contracts (Sublet)	\$43,130	\$2,439,309
Oil (Bulk Fluids)	\$5,260	\$297,655
Total	\$110,390	\$6,471,000

10

Other Contract Increase:

		Total Budgeted
Office Supplies	\$1,120	\$47,320
Uniforms	\$4,895	\$276,900
IT Hardware/Software	\$405	\$38,905
Local Telephone Service Charge	\$1,280	\$72,235
Total	\$7,700	\$435,360

6. Please describe the \$30,020 increased cost for master lease adjustment for equipment. What is the total cost?

The Division of Fleet Management Services (DFMS) currently has a Master Lease Agreement for the purchase of above ground lift equipment. Previously, the Division had purchased fall protection equipment using the Master lease program. The additional funds are the difference between the two as the above ground lift equipment is not paid off.

7. Please describe the -\$41,708 reduced cost for engine parts and supplies. What is the total cost for FY15?

As a result of a project approved through the County's Gain-Sharing Program in 2013, DFMS was able to identify cost savings in parts purchases which carry forward into FY15.

8. 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

The above listed criteria are the points at which DFMS begins to monitor for replacement, not the actual guidelines for replacement. Under the DFMS replacement methodology, all units have to meet minimum criteria to be eligible for replacement. A points system is utilized which takes into account not only age and mileage but also includes mission criticality, reliability, maintenance and repair costs and vehicle condition.

14. What is the current number of County fleet vehicles, by type? Please provide a list of all vehicles (including year of purchase and mileage).

Please see attached County Fleet Vehicle Spreadsheet for vehicle and type information.

15. Please provide an itemized list, by department, of scheduled vehicle replacements in FY15. Please include type of vehicle and expected cost.

The actual units will be determined at the beginning of the Fiscal Year and every quarter thereafter utilizing recognized best practice formula/criteria listed above for question #8. Using the above referenced methodology, DFMS anticipated purchasing approximately 295 vehicles and pieces equipment in FY15. The \$10M of replacement funding is anticipated to be allocated in the following percentages:

- 63% Public Safety
- 27% Administrative
- 10% DOT

16. Vehicle replacements were targeted for cuts for several years in Savings Plans and in the Operating Budget. As a result, the County fell behind on its general guidelines for vehicle replacements. Please provide an overview of the current vehicle replacement methodology and any formal plan you have in place to replace vehicles in an expedited manner.

Entering into FY14, the County had a 1,024 vehicle, \$40 Million dollar replacement backlog. To tackle this challenge, DFMS developed a fleet replacement strategy that focuses on lifecycle cost and fleet optimization. The development of the points based replacement methodology enabled DFMS to focus on achieving maximum cost savings with each replaced vehicle. DFMS has identified a “standard” replacement vehicle for every class; this represents the most fuel efficient, lowest greenhouse gas emitting vehicles available on the market. DFMS runs an updated replacement plan every quarter to ensure the most current information is used. Additionally, DFMS completes a full utilization review during the time of replacement to ensure each Department is fully utilizing its resources prior to fleet replacement. Lastly, we have what we call the EFR (estimate for repair) process for expediting replacements in case major repairs are needed. When a vehicle is brought into the shop for repairs and requires major work, an estimate of the repair costs is compared to the vehicle’s value to determine if it is worth performing the repairs. The main purpose of this process is to avoid costly repairs near the end of the vehicle’s useful life, which significantly drive up total cost of ownership.

Using this process, DFMS reduced the fleet size by 27 vehicles in FY14 by eliminating underutilized vehicles, saving \$780K in capital replacement costs. Moreover, DFMS projected to replace 268 vehicles in FY14, and was able to maximize funding to replace 314 vehicles and/or pieces of equipment. Staying focused on its strategy; DFMS has reduced the backlog to 683 and has identified opportunities for further savings.

17. Please provide a list of take-home vehicles by department and assignment.

Please see attached Take Home Vehicle Spreadsheet for Department and Assignment information.

18. Please provide an overview of your green initiatives.

Montgomery County is committed to be a regional and national model in green fleet initiatives. Below are the green objectives Montgomery County has committed to achieve beginning in FY14 through FY18.

Reduce Petroleum

- Reduce on-road petroleum consumption by 20% within five years of FY13 Baseline.

Emissions Reduction

- Reduce fleet greenhouse gas (GHG) emissions by 2 percent annually below the amount in the FY13 base year, achieving a 30 percent reduction through 2030.; 2 percent annual Increase in alternative fuels;

Increase Fuel Efficiency

- Make every effort to obtain the most fuel efficient, low emitting, commercially available fleet vehicles and equipment as published by:
 - Environmental Protection Agency (EPA)
 - Emission certification standards
 - Vehicle/Equipment manufacturers

Optimized County Fleet

- Create a fleet profile during FY14. This profile will serve as the baseline for initiatives established in this policy and will be updated annually.
- Conduct a full review of fleet vehicles and equipment annually to ensure all County owned or leased vehicles are being utilized within established standards.
- Make every effort to consolidate County vehicles and create centrally shared and accessible fleet pools.

19. Motor Pool Fund Contribution NDA: Please describe the \$823,698 for new police vehicles (number, cost, bars and lights included?, etc.).

The Motor Pool Fund Contribution NDA includes funding for police vehicles for the FY2015 vehicle acquisition (9 vehicles) and the 2014 winter class (13 vehicles) totaling 22 vehicles, including equipment.