

T&E COMMITTEE #1
April 22, 2015

Worksession

MEMORANDUM

April 20, 2015

TO: Transportation, Infrastructure, Energy & Environment Committee

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

SUBJECT: **Worksession: FY16 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 FY16-21 Public Services Program: Fiscal Plan for the Motor Pool Fund is attached at ©7.

Overview

For FY16, the Executive recommends total expenditures of \$77,829,594 for Fleet Management Services, a \$1,264,339 or 1.6% reduction from the FY15 Approved Budget of \$79,093,933.

	<i>FY14 Actual</i>	<i>FY15 Approved</i>	<i>FY16 Recommended</i>	<i>% Change FY15 - FY16</i>
<i>Expenditures by fund</i>				
Motor Pool ISF	\$64,820,473	\$79,093,933	\$77,829,594	-1.6%
Total Expenditures	\$64,820,473	\$79,093,933	\$77,829,594	-1.6%
<i>Positions</i>				
Full-Time	201	201	200	-0.5%
Part-Time	0	0	0	-
FTEs	205.3	204.1	204.1	0.0%

The FY16 County Executive's recommendation is a net reduction of \$1,264,339, stemming the addition of Police vehicle equipment (\$36,385) and from the following identified same services adjustments:

Identified Same Service Adjustments	
Increase Cost: Light Fleet Maintenance Contract	\$2,000,000
Increase Cost: Parts and Maintenance Supplies to Reflect Actual Costs	\$1,392,605
Increase Cost: FY16 Compensation Adjustment	\$629,642
Increase Cost: Light Fleet Maintenance Contact- Preventative Maintenance	\$476,617
Increase Cost: Contractual services cost increase	\$149,135
Increase Cost: Retiree Health Insurance Pre-funding Adjustment	\$93,790
Increase Cost: Retirement Adjustment	\$71,781
Shift: Program Manager II Position Returned from ERP and Eliminate Backfill	\$65,996
Increase Cost: Motor Pool Rate Adjustment	\$61,414
Increase Cost: Group Insurance Adjustment	\$59,393
Increase Cost: Annualization of FY15 Personnel Costs	\$18,807
	Total Increases: \$5,019,180
Decrease Cost: Printing and Mail	(\$19,948)
Decrease Cost: Final Master Lease Payment for Bus Lift	(\$62,460)
Decrease Cost: Risk Management Adjustment	(\$392,241)
Decrease Cost: Lapse	(\$500,000)
Decrease Cost: Replacement Strategy Maintenance Reduction	(\$575,248)
Decrease Cost: Fuel Price Reduction	(\$4,770,007)
	Total Decreases: (\$6,319,904)
NET SAME SERVICES ADJUSTMENT TOTAL:	(\$1,300,724)

Motor Pool Internal Service Fund

According to the FY16-21 Fiscal Plan for the Motor Pool Internal Service Fund, the fund is projected to have a year-end fund balance of \$3.8 million at the end of FY15. (see Fiscal Plan attached at ©7). This is the third 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 FY16 is projected to be \$3.0 million.

FY16 Expenditure Issues

DFMS Continues to Address 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. That backlog of 1,024 was out of 3,231 total vehicles. By FY15, DFMS had cut the backlog to 683. DFMS also planned to replace 295 vehicles in DFM at a cost of \$10 million. DFMS is scheduled to replace a total of 319 vehicles in FY15. A chart depicting the current composition of the County’s fleet is on ©8.

In FY16, the reduction of the backlog slows. At the end of FY15, the backlog is projected to be 686 vehicles. In FY16, 269 additional vehicles became eligible for age replacement. DFMS plans to replace 294 total. Replacement costs are projected to be \$10 million again this year. Of the ones expected to be replaced, 89% are Public Safety, 4% are Administrative, and 7% are Heavy Equipment replacements. A break-down of vehicle replacements by department is provided on ©10.

During the recession, vehicle replacement cuts disproportionately targeted administrative fleet vehicles, and instead prioritized public safety and heavy equipment. This year, only 4% of the vehicle replacements are administrative replacements. *The Committee may wish to ask for a status update on how the administrative fleet is being impacted. Are the aging vehicles significantly increasing repair costs?*

Fuel Costs Decrease Significantly in FY16

In FY16, total fuel costs are expected to drop by about \$4.8 million. While projected consumption is expected to save about \$200,000, the overall cost reduction is due to much lower costs per gallon for all four different types of fuel used by the County.

In FY15, the budget assumed the following fuel consumption rates and prices:

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

In FY16, the budget assumes the following:

FY16 Projections			
Fuel Type	Gallons	Cost Per Gallon	Total
Unleaded	2,125,969	\$2.20	4,672,455
ULS Diesel	3,519,830	\$2.71	\$9,546,184
E-85 (Ethanol)	26,020	\$2.39	\$62,188
Compressed Natural Gas (CNG)	1,303,644	\$2.08	\$2,711,580
		TOTAL COST:	\$16,992,407

Light Fleet Maintenance Non-Preventive Maintenance Contract Increases (\$2 million)

This increase reflects DFMS’ estimated expenditures for non-target services for FY16. It is closer to DFMS’ actual expenditures in these categories based on historical actual expenditures. Non-target contract services include any service performed under the contract that is not specifically preventive maintenance. Some examples are catastrophic failures of transmission replacement, axles, or engine failures.

Parts and Maintenance Supplies to Reflect Actual Costs (\$1,392,605)

This increase also reflects DFMS’ actual expenditures in these categories based on historical actuals.

Light Fleet Maintenance Contract (\$476,617)

The increase is based on both fleet size and the Consumer Price Index (CPI) contract clause.

Police Vehicle Equipment (\$36,385)

DFMS has indicated that this increase is based on an OMB-calculated amount needed for installed automotive police equipment for additional vehicles to be included in the NDA for FY16. However, Council staff notes that no new additional vehicles have been included in the Motor Pool Contribution NDA for FY16 (see discussion below). *The Committee should understand how these two items relate. If the additional \$36,385 is not needed due to lack of funding in the NDA, Council staff recommends eliminating funding for this item.*

Lapse (-\$500,000)

Unlike most departments, DFMS did not have any lapse assumption in the budget for FY15. For FY16, OMB has estimated a lapse target of \$500,000, which was based on analysis on the personnel cost surplus of the recent fiscal years. DFMS indicates this addition in lapse will have no impact on overtime.

Take Home Vehicles

An updated chart is included at ©14 showing changes from at different points in 2014 and 2015. From April 2014 to April 2015, the net number of permanent take-home vehicle assignments dropped from 90 to 89. Total seasonal Take-home vehicles decreased from 52 to 47.

Green Initiatives

DFMS made significant progress on green fleet initiatives in FY15 that have contributed to a 3.4% reduction in the County's petroleum consumption. As part of the fleet replacement strategy, DFMS has identified the most fuel efficient, lowest greenhouse gas emitting vehicles for each class. This has permitted DFMS to increase fleet fuel economic by 36% in FY14. Of the 259 vehicles this year, 78 were alternative fueled vehicles. The County-wide fleet total is not 865 vehicles or 27% of the fleet.

DFMS has also purchased five battery electric and 10 plug-in hybrids this fiscal year. These vehicles have eliminated over 260 gallons of unleaded fuel.

DFMS also received \$625,000 in Maryland Energy Administration (MEA) grants for petroleum reduction strategies. DFMS has implemented three petroleum reduction initiatives:

- Created a web-based network for electric vehicles and charging infrastructure. DFMS installed 16 Level II charging stations;
- Integrated smart kiosks to improve the efficiency of motor pools. DFMS has reduced the fleet by 15 units, saving \$450,000 in Capital replacement costs.
- Converted 10 gas-powered heavy duty cargo and passenger vans to hybrid drive. Each van has demonstrated a 30% increase in fuel economy.

DFMS also opened its public use CNG site in March at the new Equipment Maintenance Transit Operations Center (EMTOC) fueling center. This new site will allow DFMS to further expand the CNG fleet and reduce petroleum consumption.

DFMS has also submitted four grant proposals to the MEA for consideration in FY16:

- Expand the Level II EV charging infrastructure;
- Build a DC fast charging station for County electric vehicles and plug-ins;
- Build a propane "auto gas" fueling infrastructure; and
- Fund incremental costs for CNG transit buses.

Motor Pool Fund Contribution NDA (\$0)

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 FY16, the budget includes no funding for additional new vehicles or equipment.

Council Staff Recommendation

Council staff recommends eliminating \$36,385 for Police Vehicle Equipment enhancement. Council staff recommends approval of the operating budget as submitted by the County Executive.

This packet contains:

Recommended FY16 Budget: Fleet Management Services	© 1-5
Recommended FY16 Budget: Motor Pool Fund Contribution (NDA)	6
FY16-21 Public Services Program: Fiscal Plan for the Motor Pool Fund	7
DFMS Responses	

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 FY16 Operating Budget for the Division of Fleet Management Services is \$77,829,594, a decrease of \$1,264,339 or 1.6 percent from the FY15 Approved Budget of \$79,093,933. Personnel Costs comprise 26.0 percent of the budget for 200 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 74.0 percent of the FY16 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 FY15 estimates reflect funding based on the FY15 approved budget. The FY16 and FY17 figures are performance targets based on the FY16 recommended budget and funding for comparable service levels in FY17.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ ***Initiated Vehicle and Equipment Replacement Strategy and demonstrated lower maintenance and fuel consumption costs in FY15, which are expected to continue in FY16 and beyond.***
- ❖ ***Established a comprehensive Green Fleet Plan incorporating the following: Fleet Utilization and Optimization, Replacement Methodology, Reduce Miles Traveled, Centralized Motor Pools, Idle Time Reduction, Telematics, Maintenance Best Practices, and Driver Education.***
- ❖ ***Implemented web-based automated motor pool and identified locations across the county for the creation of "shared" motor pools. These pools optimize existing County fleet resources enabling reduction in fleet size, petroleum consumption, and greenhouse gas emissions. Employees access a web portal to reserve vehicles and use convenient key kiosks.***
- ❖ ***Strategically placed ten level 2 Electric Vehicle Charging stations across the county and purchased five battery electric and ten plug-in hybrid vehicles for the County Fleet. This infrastructure will reduce an estimated 45,000 gallons over the next ten years.***
- ❖ ***Improved preventive maintenance accountability by automating preventive maintenance reporting to supervisors to ensure consistent communication of maintenance requirements. Other exception and escalation tools are used to ensure compliance, establish accountability, and improve performance. The Training and Quality Assurance Section works with each maintenance shop to conduct random quality inspections and weekly meetings to review compliance, identify obstacles, and determine areas for improvement. These measures are tied to staff performance plans.***

- ❖ **Assisted the City of Rockville with developing a strategy for a city-wide fleet plan and the utilization of shared resources.**
- ❖ **Created a comprehensive petroleum and greenhouse gas tracking tool as part of the County's Green Fleet Plan. This tool provides detailed tracking and accountability of the County's fleet inventory, as well as out-year targets based on Green Fleet Plan goals. This tool was identified by the Maryland Energy Administration as a model fleet accountability tool.**
- ❖ **Productivity Improvements**
 - **Worked diligently to update vehicle replacement methodology. The formula-based system not only takes into account vehicle age and mileage but also considers maintenance costs, recent major repairs, fuel consumption, greenhouse gas emissions, and mission criticality. This detailed formula enables better replacement decisions.**
 - **Implemented an aggressive training and quality assurance program with key components including: new technician on-boarding and evaluation process, creation of learning paths for mechanic technician career field, and advanced training modules to improve technician diagnostic capability.**
 - **Implemented a Training and Quality Assurance Section using existing resources. During the year, the team standardized the transit bus preventive maintenance program, created a comprehensive policy approved by the Federal Transit Administration, and created a training curriculum to ensure consistency. This has improved preventive maintenance compliance and increased transit bus reliability 20 percent since implementation.**
 - **Incorporated the use of tablets on the shop floor improving technician efficiency by digitizing paper shop manuals and schematics.**
 - **Completed a pilot on telematics enabling the reduction of idling time and fuel consumption in piloted County administrative fleet vehicles.**

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 FY13	Actual FY14	Estimated FY15	Target FY16	Target FY17
Fleet Maintenance and Operations: Mean distance between failure: Administrative light equipment (in miles)	12,590	9,182	11,000	11,000	11,000
Fleet Maintenance and Operations: Mean distance between failure: Heavy equipment (in miles)	11,927	17,140	17,140	17,140	17,140
Fleet Maintenance and Operations: Mean distance between failure: Public safety light equipment (in miles)	17,760	25,263	25,263	25,263	25,263
Heavy Equipment Fleet Availability	89.0	87.95	88.3	88.5	88.5
Percentage of Customer Satisfaction for Police Vehicle Maintenance	99.3	97.8	98.0	98.5	98.7
Percentage of Fleet Availability for Police Vehicle Maintenance	98.0	98.0	98.0	98.0	98.0
Turnaround Time: Average amount of time equipment is unavailable for operations during each shop visit: Administrative Vehicles (in days)	2.1	2.2	2.0	2.0	2.0
Turnaround Time: Average amount of time equipment is unavailable for operations during each shop visit: Heavy Equipment (in days)	6.9	5.7	5.5	5.3	5.0
Turnaround Time: Average amount of time equipment is unavailable for operations during each shop visit: Public Safety light equipment (in days)	2.0	1.9	1.5	1.5	1.5

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FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	9,699,572	39.00
Increase Cost: Light fleet Maintenance contract - non-preventive maintenance	2,000,000	0.00
Increase Cost: Light fleet Maintenance contract - preventative maintenance	476,617	0.00
Enhance: Police vehicle equipment	36,385	0.00
Decrease Cost: Final master lease payment for bus lift	-62,460	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.	-239,873	-1.00
FY16 CE Recommended	11,910,241	38.00

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 FY13	Actual FY14	Estimated FY15	Target FY16	Target FY17
Average Days Out of Service per Bus for Parts	3.39	2.96	2.95	2.95	2.95
Fleet Maintenance and Operations: Mean distance between failure: Transit equipment (in miles)	8,359	9,970	10,000	10,000	10,000
Turnaround Time: Average amount of time equipment is unavailable for operations during each shop visit: Transit equipment (in days)	1.9	1.5	1.5	1.4	1.4

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	15,845,064	116.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	408,336	-3.00
FY16 CE Recommended	16,253,400	113.00

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.

Program Performance Measures	Actual FY13	Actual FY14	Estimated FY15	Target FY16	Target FY17
Clean Air Commitment - Gallons Alternative Fuels Used	1,487,392	1,073,432	1,073,432	1,073,432	1,073,432
Clean Air Commitment - Gallons Diesel/Unleaded Used	5,221,939	5,430,482	5,430,482	5,430,482	5,430,482
Fiscal Inventory Parts Turn Rate	1.91	1.92	2.0	2.1	2.2
Percentage of workorders completed without delay for parts	90.4	91.3	91.5	91.7	91.8

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	36,435,631	14.10
Shift: Program Manager II Position Returned from ERP and Eliminate Backfill	65,996	0.00
Decrease Cost: Fuel price reduction	-4,770,007	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.	1,141,958	6.00
FY16 CE Recommended	32,873,578	20.10

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.

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	17,113,666	35.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-321,291	-2.00
FY16 CE Recommended	16,792,375	33.00

BUDGET SUMMARY

	Actual FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec
MOTOR POOL INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	14,149,937	15,066,368	14,579,100	15,288,773	1.5%
Employee Benefits	4,389,471	4,830,694	4,708,091	4,953,908	2.6%
Motor Pool Internal Service Fund Personnel Costs	18,539,408	19,897,062	19,287,191	20,242,681	1.7%
Operating Expenses	46,281,065	48,015,621	63,046,224	46,405,663	-3.4%
Capital Outlay	0	11,181,250	0	11,181,250	—
Motor Pool Internal Service Fund Expenditures	64,820,473	79,093,933	82,333,415	77,829,594	-1.6%
PERSONNEL					
Full-Time	201	201	201	200	-0.5%
Part-Time	0	0	0	0	—
FTEs	205.30	204.10	204.10	204.10	—
REVENUES					
Insurance Recoveries	951,548	1,510,000	1,510,000	1,510,000	—
Investment Income	15,815	4,000	29,080	113,070	2726.8%
Miscellaneous Revenues	1,438,518	465,000	665,000	665,000	43.0%
Motor Pool Charges/Fees	77,826,760	79,885,128	80,243,268	74,851,362	-6.3%
Motor Pool Internal Service Fund Revenues	80,232,641	81,864,128	82,447,348	77,139,432	-5.8%

FY16 RECOMMENDED CHANGES

	Expenditures	FTEs
MOTOR POOL INTERNAL SERVICE FUND		
FY15 ORIGINAL APPROPRIATION	79,093,933	204.10
Changes (with service impacts)		
Enhance: Police vehicle equipment [Heavy Equipment and Automotive Services]	36,385	0.00
Other Adjustments (with no service impacts)		
Increase Cost: Light fleet Maintenance contract - non-preventive maintenance [Heavy Equipment and Automotive Services]	2,000,000	0.00
Increase Cost: Parts and maintenance supplies to reflect actual costs	1,392,605	0.00
Increase Cost: FY16 Compensation Adjustment	629,642	0.00
Increase Cost: Light fleet Maintenance contract - preventative maintenance [Heavy Equipment and Automotive Services]	476,617	0.00
Increase Cost: Contractual services cost increase	149,135	0.00
Increase Cost: Retiree Health Insurance Pre-funding Adjustment	93,790	0.00
Increase Cost: Retirement Adjustment	71,781	0.00
Shift: Program Manager II Position Returned from ERP and Eliminate Backfill [Management Services]	65,996	0.00
Increase Cost: Motor Pool Rate Adjustment	61,414	0.00
Increase Cost: Group Insurance Adjustment	59,393	0.00
Increase Cost: Annualization of FY15 Personnel Costs	18,807	0.00
Decrease Cost: Printing and Mail	-19,948	0.00
Decrease Cost: Final master lease payment for bus lift [Heavy Equipment and Automotive Services]	-62,460	0.00
Decrease Cost: Risk Management Adjustment	-392,241	0.00
Decrease Cost: Lapse	-500,000	0.00
Decrease Cost: Replacement strategy maintenance reduction	-575,248	0.00
Decrease Cost: Fuel price reduction [Management Services]	-4,770,007	0.00
FY16 RECOMMENDED:	77,829,594	204.10

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PROGRAM SUMMARY

Program Name	FY15 Approved		FY16 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
Heavy Equipment and Automotive Services	9,699,572	39.00	11,910,241	38.00
Transit Equipment Services	15,845,064	116.00	16,253,400	113.00
Management Services	36,435,631	14.10	32,873,578	20.10
Administrative Services	17,113,666	35.00	16,792,375	33.00
Total	79,093,933	204.10	77,829,594	204.10

FUTURE FISCAL IMPACTS

Title	CE REC.			(S000's)		
	FY16	FY17	FY18	FY19	FY20	FY21
This table is intended to present significant future fiscal impacts of the department's programs.						
MOTOR POOL INTERNAL SERVICE FUND						
Expenditures						
FY16 Recommended	77,830	77,830	77,830	77,830	77,830	77,830
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	110	110	110	110	110
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
Retiree Health Insurance Pre-funding	0	0	-36	-76	-97	-119
These figures represent the estimated cost of pre-funding retiree health insurance costs for the County's workforce.						
Subtotal Expenditures	77,830	77,940	77,904	77,864	77,843	77,820

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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 FY13	Actual FY14	Estimated FY15	Target FY16	Target FY17
ERS - Rate of return - used to compare to the 7.5% Actuarial Assumed Return ¹	10.85%	8.80%	N/A	N/A	N/A
ERS - Return in excess of the total fund benchmark (passive indices)	2.37%	1.30%	2.00%	2.00%	2.00%
RSP & DCP - Percentage of funds offered that are ranked at or above over a market cycle	82%	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

¹ Estimated FY14 amount represents the return as of 12/31/13.

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	0	0.00
FY16 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.

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	823,698	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY15	-823,698	0.00
FY16 CE Recommended	0	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.

All payments are subject to appropriation under Sec. 30A-4, which states "All expenditures by the county under the authority of this chapter shall be subject to the limits of the funds appropriated by the County Council."

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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FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Motor Pool			
FISCAL PROJECTIONS	FY16 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
Rate Adjustment			3.0%	3.0%	2.5%	3.0%	3.5%
BEGINNING FUND BALANCE	3,648,023	3,761,956	3,071,794	2,777,213	2,883,531	2,851,259	2,858,961
REVENUES							
Charges For Services	81,753,268	76,361,362	78,652,203	81,011,769	83,037,063	85,528,175	88,521,661
Miscellaneous	694,080	776,070	801,412	825,454	846,091	871,474	901,975
Subtotal Revenues	82,447,348	77,139,432	79,453,615	81,837,223	83,883,154	86,399,649	89,423,636
TOTAL RESOURCES	84,095,371	80,901,388	82,525,409	84,614,437	86,766,685	89,250,907	92,282,598
PSP OPER. BUDGET APPROP/ EXP'S							
Operating Budget	(82,333,415)	(77,829,594)	(79,700,704)	(81,719,064)	(83,943,794)	(86,441,214)	(89,278,994)
Labor Agreement	n/a	0	(110,112)	(110,112)	(110,112)	(110,112)	(110,112)
Retiree Health Insurance Pre-funding	n/a	n/a	160	35,810	76,020	96,920	119,320
Master lease	n/a	n/a	62,460	62,460	62,460	62,460	62,460
Subtotal PSP Oper Budget Approp / Exp's	(82,333,415)	(77,829,594)	(79,748,196)	(81,730,906)	(83,915,426)	(86,391,946)	(89,207,326)
TOTAL USE OF RESOURCES	(82,333,415)	(77,829,594)	(79,748,196)	(81,730,906)	(83,915,426)	(86,391,946)	(89,207,326)
YEAR END FUND BALANCE	3,761,956	3,071,794	2,777,213	2,883,531	2,851,259	2,858,961	3,075,272
END-OF-YEAR RESERVES AS A							
PERCENT OF RESOURCES	4.4%	3.8%	3.4%	3.4%	3.3%	3.2%	3.3%

Assumptions:

1. Motor Pool rates are adjusted to achieve cost recovery and maintain a fund balance of approximately 3.0 percent of resources.
2. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

(7)

Fleet Management Services Operating Budget Questions FY16

1. Last year you provided a chart showing the fleet composition (circle 8 of the April 29 packet). Could you provide an updated chart for FY15?

FY15 Montgomery County Fleet Totals (4/7/2015)									
Vehicle Type	Quantity of vehicles	Average Age of Vehicle	Unleaded Gallons	Diesel Gallons	E-85 Gallons	CNG (GGE)	Electric (kWh)	Gasoline Gallon Equivalents (GGE)	Total liquid Gallons
Sedan	188	8	79,257				9,878	269	79,257
Public Safety Sedan	1,231	5	1,151,181		5,798				1,162,778
SUV	148	8	70,064		2,755				72,819
Public Safety SUV	287	4	321,188		191				321,379
Pickup	248	8	187,285	56,191	444				243,921
Public Safety Pickup	33	5	42,511		38				42,549
Van	251	9	139,749	721	171				140,641
Public Safety Van	89	7	69,263	1,420	336				71,018
Medium Duty Truck	28	7	1,127	26,679					27,806
Public Safety Medium Duty Truck	0	0	0	0	0				0
Heavy Duty Truck	191	9		288,141					288,141
Public Safety Heavy Duty Truck	18	8		31,643					31,643
Off Road vehicle/Equipment	165	12	36	48,743					48,780
Transit	342	8		2,366,869		1,066,343		1,066,343	2,366,869
Total All	3,219	7.00	2,061,660	2,820,408	9,734	1,066,343	9,878	1,066,612	4,897,600

kWh - Kilowatts Hours

GGE - Gasoline Gallon Equivalents

2. By the end of FY14, the backlog for replacement vehicles had been cut from over 1,000 to 683. In FY15, the backlog was to be reduced by another 295 vehicles and equipment, at a cost of about \$10 million. The approximate break-down across types of vehicles was to be:

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

Please provide an update for FY15 (to date) regarding how many vehicles have been replaced and the approximate break-down by types of vehicles. How many do you expect to replace for the remainder of the year? (Please include break-down by vehicle type).

DFMS projected to replace 295 vehicles in FY15. To date, we have replaced 254 and we will replace an additional 60 by year-end for a total of 319 vehicles. A breakdown of replacement vehicles by type is listed below.

FY15 Replacements to Date-4/7/2015		
Fleet	Number of Replacements	Total Replacement Funds
Public Safety	196	\$4,363,564
Administrative	54	\$1,062,982
Heavy Equipment	4	\$258,636
Totals	254	\$5,685,182

The remaining 60 replacement vehicles are broken down in the chart below:



Remaining FY15 Replacements		
Fleet	Number of Replacements	Estimated Replacement Funds
Public Safety	14	\$527,155
Administrative	5	\$317,024
Heavy Equipment	41	\$3,424,709
Totals	60	\$4,268,888

Once the remaining 60 vehicles are purchased the final percentage of replacement vehicle types will be;

- 67% Public Safety
- 19% Administrative
- 14% Department of Transportation

3. What is the current replacement vehicle backlog?

Entering into FY16 there is an anticipated backlog of 955 vehicles. Below is a summary of the calculations.

FY16 Backlog Summary														
FY14 Backlog		FY15 Age Eligible		FY15 Backlog		FY15 Replacement		FY15 Backlog		FY15 Backlog		FY16 Age Eligible		FY16 Backlog
683	+	322	=	1005		1005	-	319	=	686	+	269	=	955

4. What is the recommended replacement plan for FY16? Number, types of vehicles, and projected cost?

The approved fleet replacement methodology considers, age, mileage, maintenance, reliability, mission criticality, and condition. DFMS expects to replace 294 vehicles in FY16. Below is projected replacement summary by type and charts outlining how replacement funds will be allocated by fleet type and Department;

- 89% Public Safety Replacements
- 4% Administrative Replacements
- 7% Heavy Equipment Replacements

FY16 Projected Fleet Replacements by Fleet Type			
Fleet	Number of Replacements	Total Replacement Funds	Percentage of Funds
Public Safety	263	\$7,369,810	73.69 %
Administrative	11	\$253,904	2.54 %
Heavy Equipment	20	\$2,376,286	23.76 %
Totals	294	\$10,000,000	99.99 %



FY16 Fleet Projected Replacements by Department

Department	Number of Vehicles	Total Replacement Funds	Percentage of Funds
General Services	11	\$707,087	7.07 %
Fire & Rescue	5	\$179,190	1.79 %
MCPD	251	\$6,841,197	68.41 %
Sheriff	7	\$198,825	1.98 %
OEMHS	1	\$26,499	0.26 %
Transportation	17	\$1,993,589	19.93 %
HHS	1	\$27,114	0.27 %
DEP	1	\$26,499	0.28 %
Totals	294	\$10,000,000	99.99 %

a. Of these, how many Police Department vehicles are scheduled to be replaced?
 DFMS expects to replace approximately 251 police vehicles in FY16

5. Please provide an updated chart of projected FY16 fuel costs and consumption:

FY15 Approved			
Fuel Type	Gallons	Cost Per Gallon	Total Cost
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	1,495,500	\$2.10	\$3,140,550
		TOTAL COST:	\$21,782,934

FY16 Projections			
Fuel Type	Gallons	Average Cost Per Gallon	Total Cost
Unleaded	2,125,969	\$2.20	\$4,672,455
ULS Diesel	3,519,830	\$2.71	\$9,546,184
E-85 Ethanol	26,020	\$2.39	\$62,188
Compressed Natural Gas	1,303,644	\$2.08	\$2,711,580
		TOTAL COST:	\$16,992,407

5a. Is the entire \$4.77 million fuel price reduction attributable to prices, or also to projected consumption?

FY16 consumption projects to be slightly lower than FY15, however this accounts for only around \$200,000 of savings. Overall fuel pricing in FY16 is projected to be lower than FY15.



6. Please provide updated chart of actual FY14 fuel costs and consumption.

FY14 Actual:

FY14 Actual			
Fuel Type	Gallons	Average	
		Cost Per Gallon	Total Cost
Unleaded	2,299,903	\$3.00	\$6,894,752
ULS Diesel	3,470,963	\$3.11	\$10,795,317
E-85 Ethanol	7,146	\$3.45	\$24,625
Compressed Natural Gas	1,066,343	\$2.46	\$2,624,690
		TOTAL COST:	\$20,339,384

7. Please describe the Police Vehicle Equipment enhancement of \$36,385.

This is an increase based on OMB calculated amount needed for installed automotive police equipment for additional vehicles to be included in the NDA for 2016.

8. Please describe the \$2 million increase in light fleet maintenance- non-preventive maintenance contract. What is the total cost for FY16?

The \$2M dollar increase to Fleet’s light fleet maintenance is DFMS estimated expenditure for non-target services for FY16. The increase closer reflects DFMS actual expenditures in these categories based on historical actual expenditures. Non-target contract services include any service performed under the light vehicle maintenance contract that is not specifically preventive maintenance which is covered under the targeted portion of the contract. Some examples of non-target service may include catastrophic failures of transmission replacement, axles, or engine failures.

9. Please describe the increase in parts and maintenance supplies to reflect actual costs. Does this reflect some type of change in inventory accounting? If so, please describe.

The increase in both parts and maintenance does not reflect a change in inventory or accounting methods. The increase closer reflects DFMS actual expenditures in these categories based on historical actual expenditures.

10. Please describe the increase in Light Fleet Maintenance contract – preventative maintenance. What is the total cost for FY16?

The total budgeted contract cost for FY16 for the light fleet maintenance contract is \$6,733,387. This includes both the targeted services portion and the non-targeted services portion. Increases on the preventive maintenance portion of the contract are based on both fleet size and the CPI contract clause. The vendor may receive increases according to contract provisions. The estimated CPI increase for FY16 is \$112,000. \$2,000,000 is the estimated non-target portion and \$4,733,387 is the estimated targeted (preventive maintenance) portion for FY16.

11. Please describe the \$149,135 increase in contractual services.

The increases in contractual services are based on CPI contract provisions and have been distributed as follows for FY16:

Leased Tire Contract	\$ 15,210
Transit Bus Service Lane	\$ 39,618
Enhanced Cleaning	\$ 5,030
CNG Fuel Site Maintenance	\$ 15,835
Environmental Inspection Svcs	\$ 4,822
Vehicle Maintenance Contracts (Sublet)	\$ 51,225
Oil (Bulk Fluids)	\$ 6,251
Office Supplies	\$ 994
Uniforms	\$ 5,815
IT Hardware/Software	\$ 1,474
Local Telephone Service Charge	\$ 1,517
Training	\$ 1,344

12. Please describe the shift of one Program Manager II position returned from ERP and the elimination of backfill.

The Program Manager II position that had been assigned to the ERP program since its inception is being assigned back to Fleet in FY16. DFMS has eliminated the temporary program manager II position it had been using in the interim to fill the temporary vacancy.

13. Please describe the \$500,000 increase in lapse. What was your total lapse for FY15? How will the increased lapse affect overtime?

For FY15, DGS-Fleet did not have any assumption in the budget for lapse, whereas most departments of this size and turnover frequency had a lapse target. In the FY16 budget process, analysis was done on the personnel cost surplus of the recent fiscal years and OMB estimated a lapse target of \$500,000 for FY16. This target has no relationship to overtime.

14. Please describe the replacement strategy maintenance reduction.

As part of the approved 6 year fleet replacement strategy, DFMS projected a first year (FY14) cost avoidance of \$1.5M. The chart below provides a breakdown of the \$1.092M of actual avoidance. The full avoidance amount was not realized because a majority of the replacement vehicles were not delivered and placed into service until the 3rd and 4th quarter of the fiscal year. In FY15, DFMS is expecting to avoid an additional \$ 1.5M in fuel and maintenance costs.

FY14 Fleet Replacement Cost Avoidance						
Fleet	No. of Units	Total Spent	Maintenancance Avoided	Fuel Gallons Avoided	Fuel Dollars Avoided	Total Avoided FY14
Administrative	67	\$1,795,967	\$134,287	14,529	\$48,236	\$182,523
Public Safety	158	\$4,323,997	\$604,000	27,492	\$91,273	\$695,273
Heavy Equipment	89	\$4,746,434	\$183,196	7,800	\$31,200	\$214,396
Total	314	\$10,866,398	\$921,483	49,821	\$170,709	\$1,092,192

15. Please provide a position vacancy list, showing vacant positions by title or classification, and by assignment.

DGS-Fleet vacancies fluctuate often due to the high-turnover nature of the positions within the department. As of 4/10/15, there were 6 vacancies: 3 Mechanic Technician II, 1 Supply Technician III, 1 Program Specialist I, and 1 Manager III. DGS-Fleet is proactively managing vacancies in FY15 to ensure quality customer service while meeting 2nd quarterly analysis projections, and will do so in FY16 to meet lapse targets.

16. Please provide an update on your green initiatives? Will budget constraints impact any of these? If so, how?

In FY15 DFMS made significant progress on green fleet initiatives that contributed to a 3.4% reduction in the County's petroleum consumption. As part of the fleet replacement strategy, DFMS has identified the most fuel efficient, lowest greenhouse emitting vehicle for each class. Using this approach, fleet fuel economy increased 36% in FY14. Additionally, of the 259 vehicles purchased to date, 78 were alternative fueled vehicles (AFV). This brings the County wide fleet total to 865 or 27% of the fleet.

DFMS purchased 5 battery electric and 10 plug-in hybrids in FY15. To date, the green vehicles have eliminated over 260 gallons of unleaded fuel.

In FY15 DFMS received \$625K in grants from the Maryland Energy Administration (MEA) for petroleum reduction strategies. Using these funds, DMFS implemented three fleet petroleum reduction initiatives;

- **Created a web-based network for electric vehicles and strategically placed electric vehicle (EV) charging infrastructure. DFMS installed 16 Level II charging stations at the following County locations.**
 - **Executive Office Building**
 - **Council Office Building**
 - **Public Safety Headquarters**
 - **Equipment Maintenance Transit Operations Center (EMTOC)**
 - **Health and Human Services Center -1301 Piccard Drive**
 - **Fleet Management Services (motor pool) - 7 Locks Road**
- **Integrated smart kiosks to improve the efficiency of motor pools. Since implementation of the three motor pools, DFMS has reduced the fleet by 15 units, saving \$450K in Capital replacement costs. These Motor Pools have been established at the following locations**
 - **Fleet Management Services – 7 Locks Road**
 - **Health and Human Services Center – 1301 Piccard Drive**
 - **Public Safety Headquarters**
- **Converted ten, gasoline powered heavy duty cargo and passenger vans to hybrid drive. Each of the vans has demonstrated a 30% increase in fuel economy.**

In March 2015, DFMS opened its public use Compressed Natural Gas (CNG) site at the new Equipment Maintenance Transit Operations Center (EMTOC) fueling center. This new site will allow DFMS to further expand the CNG fleet and reduce our petroleum consumption.

DFMS also has submitted four additional grant proposals to the MEA for consideration in FY16.

- **Expand the Level II EV charging infrastructure**
- **Build a DC fast charging station for County electric vehicles and plug-in hybrids**

- Build a propane “auto gas” fueling infrastructure
- Fund incremental cost for CNG transit buses

At current funding levels, DFMS does not anticipate impacts to the County green fleet initiatives.

17. Please provide an updated chart of Take-Home Vehicle Assignments.

**Take Home Vehicle Report - as of 04/06/2015 - Totals by Program
Comparison of 04/11/2014 to 04/06/2015 (One Year)**

Dept Name	Program	TH 04/11/14	TH 04/06/15	TH CHG	TH-S 04/11/14	TH-S 04/06/15	TH-S CHG
Community Use of Public Facilities							
	Community Use of Public Facilities	1	1	0			0
Corrections							
	Director's Office	0	1	1			0
	PRRS Admin	0	1	1			0
DEP (Env. Protection)							
	Pol. & Compl.	6	1	-5			0
	Solid Waste	10	12	2			0
	Watershed Mgt.	7	2	-5	1	1	0
DGS							
	Facilities				5	5	0
	Capital Dev.	3	0	-3			0
	DBDC	2	5	3			0
	Fleet Management				8	2	-6
DHCA							
	Code Enf.	13	5	-8			0
	Comm. Dev.	0	2	2			0
	Rehab. Assist.	0	0	0			0
DOT							
	Director Office - DOT	1	0	-1			0
	Div of Highway Services	7	4	-3	35	35	0
	Div of Parking				1	2	1
	Div of Traffic Engineering & Ops	5	8	3	2	2	0
	DTE - DOT	1	2	1			0
Liquor Control							
	BLC	7	7	0			0
Permitting Services							
	Building Constr.	19	28	9			0
	Land Devel.	8	10	2			0
Totals		90	89	-1	52	47	-5

(14)