



MONTGOMERY COUNTY COUNCIL
OFFICE OF LEGISLATIVE OVERSIGHT
MONTGOMERY COUNTY, MARYLAND

REPORT #78-2

JANUARY 31, 1978

TITLE

An Evaluation of Policies and Procedures Concerning the Assignment of Administrative Vehicles within the County Government

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EXHIBITS

- A Extract of Fy 78 Rate Schedules for County Vehicles/Equipment
- B Index of Mainstem Reports
- C Administrative Sedans assigned to Agencies/Departments/Offices
- D Administrative Procedure No. 1-4, September 1, 1977
- E Memorandum from Director of Finance, January 24, 1978

I. SUMMARY AND MAJOR CONCLUSIONS

The County maintains approximately 350 administrative sedans for the use of County government departments and two public agencies. Approximately, 300 of the vehicles are assigned to 25 County government departments/offices, the State's Attorney's Office and the Sheriff's Department, with the remaining vehicles placed in three County operated motor pools.

The Equipment Section of DOT is responsible for planning, budgeting, acquiring, maintaining and disposing of the administrative vehicle fleet. Fleet operations are funded through the Motor Pool Fund with funding provided by revenue received in the form of chargebacks from the departments and agencies which use the vehicles. The Chief Administrative Officer is responsible for the assignment of administrative vehicles.

Presently, of the 312 sedans assigned to departments/agencies, 136 are operated by any of the department/agency on a daily dispatch and parked over night at a public facility. The other 176 are assigned on 24 hour dispatch to a specific employee who regularly parks the sedan overnight at the employee's home and uses the vehicle to commute between home and work. Administrative Procedure No. 1-4 requires employees to reimburse the County for the commuting distance between home and work; however, four broad exceptions in the regulation have exempted a majority of the employees so that only 36 or 20% of the 176 employees assigned an official sedan on a 24-hour dispatch reimburse the County.

The major conclusions of this evaluation are:

--The criteria and cost data used to establish FY 78 fixed and mileage rate for intermediate and compact sedans were artificial, depressed, with the result that the using departments/agencies were undercharged.

--Present administrative vehicle assignment/reassignment policies and procedures as enumerated in Administrative Procedure No. 1-4 are broad, outdated and not uniformly applied.

--Exceptions under which employees may be exempted from reimbursing the County for driving between home and work are so broad and liberally applied that 80% of those who regularly commute between home and work in a County sedan do not reimburse the County, and the 20% who currently reimburse the County do so at a rate less than what it actually costs the County to operate the vehicle.

--Employees who are assigned a County sedan for performing administrative duties and who drive between home and work on a regular basis should reimburse the County for the actual mileage between home and work on the basis of a 228-day work year and at a rate per mile equal to the actual operating expenses of the sedan used.

II. AUTHORITY AND SCOPE

1. Authority: Council Resolution No. 8-1418, subject: FY 78 Work Program of the Office of Legislative Oversight, adopted June 28, 1977, directed that the Office evaluate policies and procedures concerning the assignment of administrative vehicles within the County government.

2. Scope: To coordinate the development of data by County government departments and other public agencies which are provided administrative vehicles by the County government; examine the policies relating to the assignment and use of County government administrative vehicles to determine whether they are equitable, appropriate and cost effective; evaluate the policy whereby certain employees are required to reimburse the County for using a vehicle to drive to and from work; examine the policies and procedures relating to take-home County vehicles (less the Personal Patrol Vehicles Program of the Police Department); and make recommendations for policies and procedures concerning administrative vehicles in other public agencies within the County and the bi-County agencies.

III. BACKGROUND, FACTS AND DISCUSSION

General

1. A review of County government policies and procedures revealed that the County government owns and maintains a fleet of sedans which are used for administrative purposes by County government departments and two public agencies in the County: the State's Attorney's Office and the Sheriff's Department. These vehicles are assigned to various departments and agencies for their exclusive use or are placed in three County operated motor pools where they are dispatched on a first come/first serve basis. In addition to providing vehicles to employees to conduct official business, the County has made provisions for reimbursing employees who use their private vehicles to conduct official business.

2. The Office of Legislative Oversight (OLO) conducted this evaluation during the 2nd Quarter FY 78, using actual FY 77 and programmed FY 78 budget data. Information collected from County government departments, the State's Attorney's Office and the Sheriff's Department reflects vehicle assignments as of November 1977.

Motor Vehicle and Equipment Inventory

3. The Department of Transportation, as part of its overall program objective of providing a safe and efficient transportation system for the County, is responsible for providing a vehicle support program for County government and selected public agencies within the County. Within the Department of Transportation, the Equipment Section of the Division of Operations has the specific responsibility for planning, budgeting, acquiring, maintaining and disposing of the County Motor Vehicle and Equipment Fleet. The task is a formidable one in that the County owns, operates and maintains almost 1,500 vehicles and pieces of motorized equipment, and over 250 pieces of snow equipment including plows, blowers and sanders. Also, the Equipment Section provides maintenance support for approximately 100 additional vehicles which are owned by other agencies e.g., Department of Liquor Control, State of Maryland. With the additional equipment in the FY 78 budget, the total vehicles and equipment will approach 1900. To support the motor vehicle and equipment fleet, the Equipment Section currently operates two vehicle maintenance facilities--at Seven Locks Road and in Silver Spring; three motor pools--at the County Office Building, 6110 Executive Boulevard and in Silver Spring; and eight fuel dispensing stations. In FY 77, County vehicles logged over 17.4 million miles.

Management and Funding of the County Motor Vehicle and Equipment Fleet

4. The majority of the County vehicle and equipment fleet are dedicated to special purposes, such as police sedans, police personal patrol vehicles, vans, trucks, construction equipment, tractors, etc. To manage this varied assortment of motorized equipment, the vehicles are classified into approximately 100 categories, which are grouped into five rate schedules. Each category is assigned a motor pool charge in the form of a monthly rate and, where appropriate, a mileage (operating) rate. Outlined below are the five rate schedules with the approximate number of vehicles in each category as of October-November 1977. At Exhibit A is a copy of the FY 78 rate schedule for the categories of motor vehicles and equipment.

<u>Rate Schedule</u>	<u>Title</u>	<u>Approx. # of Veh.</u>	<u>Examples</u>
1	Automobiles, Light Equipment & Heavy Trucks	1165	PPV, Police Patrol, Administrative, Vans, Pick-ups & others trucks, Motorcycles, Motor Pool vehicles.
2	Construction Equipment	78	Dozers, Graders, Rollers, Pavers.
3	Miscellaneous Equipment	132	Trailers, Leafers, Sprayers, Cement Mixers.

<u>Rate Schedule</u>	<u>Title</u>	<u>Approx. # of Veh.</u>	<u>Examples</u>
4	Special Purpose Vehicles	87	Aerial lifts, Bookmobiles, Buses, Dental van.
5	Division of Solid Waste	<u>33</u>	Dump trucks, Scrapers, Tractors.
		1495	

5. Approximately 400 sedans in standard, intermediate and compact sizes are classified as used for administrative purposes. The administrative sedans are included in Rate Schedule 1, specifically within Category (Code) 14 - Detective and Administrative Vehicles Category (Code) 20 - Intermediate and Compact Automobiles and Category 120, Pool Cars. In FY 77, administrative vehicles logged over 3.5 million miles.

6. Funding for the County motor vehicle and equipment fleet is provided through the Motor Pool Fund. This Intergovernmental Service Fund finances and accounts for fleet parts, fuels, lubricants, technical services and facilities which are furnished by the Equipment Section to the various departments of County government, the State's Attorney's Office and Sheriff's Department. With the exception of funding for additional vehicles and equipment for expansion, all vehicle operating requirements are included in the Equipment Section's annual budget with funding provided by revenue received in the form of chargebacks for vehicle and equipment usage from the departments and agencies which use the vehicles and equipment. Until FY 78, department and agency funds for vehicle and equipment charges were reflected under Object Code 17 (Motor Pool Usage Charge) and Object Code 18 (Motor Pool Flat Rate) within the Operating Expenses of their respective budgets. Beginning in FY 78, all motor vehicle and equipment rental charges were combined under a single Object Code 18, entitled, Motor Pool.

7. Purchase of replacement vehicles and equipment is made through the accumulated reserve for depreciation. However, additional vehicles and equipment for expansion are purchased from the General Fund as reflected in the non-department account. Enterprise funds such as the Liquor Fund and Refuse Collection Fund account for their own depreciation and appropriations and purchase their vehicles out of their respective funds with the Equipment Section providing technical assistance. It should be noted that in the FY 79 budget request, the Equipment Section has suggested that a replacement fund be generated to replace equipment in lieu of the present depreciation method.

8. The Motor Pool Fund is currently at a deficit which is programmed to reach over \$1.9 million by the end of FY 78. The deficit at the end of FY 77 was \$1,401,530, which was unchanged from FY 76. This evaluation will not trace the historic reasons for the Motor Pool Fund being in a deficit condition as it is generally accepted that the deficit is not the result of irresponsible management but rather underfunding for several years, exacerbated by the energy crisis. However, this report will comment on some current practices which are contributing to this deficit.

9. The total costs to maintain the motor vehicle and equipment fleet are allocated by the Equipment Section to the various categories of vehicles and equipment as a fixed (flat) charge and a mileage (operating) charge. The fixed and mileage charges differ between categories of vehicles and equipment (as reflected in Exhibit A) and are determined from five major cost components:

Component

- | | | |
|---|---|---|
| 1. Overhead and Indirect labor expenses
(Note a) | } | Constitute Fixed Charges |
| 2. Insurance | | |
| 3. Depreciation and replacement | | |
| 4. Parts and labor (Note b) | } | Constitute Mileage (operating)
Charges |
| 5. Fuel (Note c) | | |

Note a) Includes salaries and fringe benefits for administrative personnel, stock room personnel and mechanics helpers; utilities; advertising; outside labor services.

Note b) Included with parts are oil, lubricants, anti-freeze, tires and batteries. Included in labor costs are salaries and fringe benefits for mechanics, welders and auto body repairmen.

Note c) Price per gallon as of September 30, 1977: Leaded: .4451¢; Unleaded: .4701¢; Diesel: .4540¢; Kerosene: .5090¢

10. To evaluate how fixed and mileage charges are computed, the FY 78 charges for Category 20, Intermediate and Compact Automobiles were examined in detail. For this category, the Equipment Section computed a fixed charge of \$115 a month and a mileage charge of .08¢ per mile. (In FY 77, the rate was \$120 per month and .08¢ per mile; the programmed rate for FY 79 is \$125 per month and .09¢ per mile). The breakdown for FY 78 fixed and mileage charges for Intermediate and Compact Automobiles was as follows:

Intermediate and Compact Automobiles

FY 78
Criteria/
Costs (see note)

(a) Vehicle replacement value (includes a projected credit for salvage--either from trade-in or auction).	\$2900
(b) Useful vehicle life (as yet not approved by Executive staff).	84 months
(c) Total number of vehicles in category (when computed).	322
(d) Average monthly mileage per vehicle (from FY 77 data).	917 miles
(e) Monthly overhead and indirect labor costs per vehicle (administrative, stockroom operations, advertising, utilities).	\$61
(f) Monthly insurance per vehicle	\$17
(g) Monthly replacement cost per vehicle (a: b rounded up to \$37 to make the total of all three fixed charges a multiple of 5).	\$37
(h) Vehicle fuel cost per mile (based on an average of .45¢ per gallon and 15 mpg).	.03¢
(i) Vehicle maintenance cost per mile (parts and labor).	.05¢

} \$115 fixed
} .08¢ mileage

The same nine components, with the appropriate criteria/cost values, were used to compute a fixed rate of \$145 per month and a mileage rate of .10¢ per mile for Detective and Administrative Vehicles. Examples of criteria/data for Detective and Administrative Vehicles, all of which are standard size sedans with a "police package", include: Replacement value - \$3900; vehicle life - 60 months; insurance - \$17 per month. However, recently only intermediate vehicles have been purchased; thus users of sedans from this category are being charged for both standard and intermediate vehicles at the standard size rate.

11. An evaluation of the FY 78 fixed and mileage charges for Intermediate and Compact Automobiles disclosed that, in some instances, artificially depressed cost data were used in the computations. According to the Department of Transportation, using the incorrect data was the result of management imposed fiscal restraints. Although an exact tabulation of fixed and operating charges at the time the FY 78 budget was prepared was extremely difficult, several of the components which made up the fixed and mileage rates were known or were predictable with a greater degree of accuracy than what was used in the computations.

a) Replacement value: For FY 78 a depreciated replacement value for Intermediate and Compact Automobiles was determined to be \$2900 plus a salvage value of \$500-\$600, for a total replacement value of \$3,400 - \$3,500. However, because of an arbitrary rounding-up of the monthly depreciated amount from approximately \$34.50 ($\$2900 \div 84$) to \$37, the actual depreciated replacement amount after 84 months will be approximately \$3,108 per sedan. Nonetheless, the total optimistic replacement value of approximately \$3,600 - \$3,700 (\$3,108 plus \$500 - \$600 salvage) is still unrealistically low in that the cost of a 1977 compact was approximately \$3,900 and the budgeted cost for the 1979 model is \$4,600.

b) Insurance Costs: A monthly charge of \$17 per vehicle for insurance is inaccurate in that it is too low. A correct charge should be \$23.92 per month. The FY 78 annual insurance rates for each motor vehicle in the fleet, regardless of size or use, is \$286.99. This rate is the sum of a \$256 per vehicle charge for third party liability and a \$30.99 per vehicle charge for fire, theft and breakage. The current annual FY 78 chargeback of \$204.00 ($\17×12) for insurance is only 71% of the actual rate. Insurance costs have been rising much faster than the general inflation rate. For FY 76, a 100% chargeback monthly insurance rate would have been \$12.45; in FY 77, \$19.43. It should be noted that a change-over to a self-insurance program will not relieve the County of the need for an accurate and realistic insurance chargeback system.

c) Unit fuel costs: The Equipment Section attempts to calculate the fuel charges for vehicles in a systematic method; however, the manual, inaccurate system of accounting for fuel currently used is not accurate. The present fuel dispensing and metering equipment and accounting procedures do not provide accurate metering and vehicle fuel consumption records. This deficiency should soon be corrected with the installation early in 1978 of computerized fuel pumps which will accurately meter and credit fuel dispensing by individual vehicle, which will improve fuel accounting procedures and permit more accurate chargeback costs.

d) Unit maintenance costs (parts and labor): Recently, the Equipment Section adopted a computerized maintenance management system called Mainstem. The system provides a series of inventory, maintenance and cost analysis reports on vehicle operations, fuel and oil consumption, replacement parts, labor and related costs by vehicle and class of vehicles. (See Exhibit B for an index of Mainstem reports available to the Equipment Section.) FY 78 will be the first full year that Mainstem will be used. Its use should result in more accurate and realistic chargeback costs.

12. Using artificially depressed cost data to compute fixed and mileage charges produces the following results:

a) Using departments and agencies are not charged the full fixed and mileage rates and, thus, have incorrect knowledge of actual motor pool charges;

b) The Motor Pool Fund continues to operate at a deficit which is programmed in the FY 78 budget to increase by 27%; and

c) The apparent desire of the Council that chargebacks reflect actual expenses so department heads are better able to manage programs is frustrated.

(Note: In commenting on the Motor Pool deficit, the Department of Transportation predicted in January 1978, that the fund would break-even at the end of FY 78, and may even produce a small surplus. The severity of the remaining winter months will affect the final fund balance.)

Assignment Policies and Procedures
for Administrative Sedans

13. Departments and agencies are able to use County automobiles for administrative purposes by either having the vehicles assigned to the department or agency for a fixed charge and a mileage fee, and/or utilizing any of the approximately fifty vehicles on an hourly/mileage fee basis from one of the motor pools located at the County Office Building, Silver Spring or 6110 Executive Boulevard. At Exhibit C is a list of administrative sedans assigned to departments and agencies in November 1977, in one or more of three categories listed below. Not included as an administrative sedan are those vehicles used by the Departments of Police and Fire and Rescue Services in operational assignments where the vehicle is an integral and necessary part of 24-hour operations; e.g. vice/narcotic enforcement and intelligence and investigative activities.

a) Category I: Sedans assigned to a department or agency and operated on a daily basis by employees of that department or agency with the sedan parked overnight in a County facility (motor pool, fire station, County leased space, etc.). In November 1977, there were 137 administrative sedans assigned in this category to 17 County government departments and the Sheriff's Department.

b) Category II: Sedans assigned to a department or agency and operated almost exclusively by one employee of that department or agency on a 24 hour basis with the sedan parked overnight at the employee's residence or, in a few cases where the employee lives out of the County, parked at a fire station near the County line. In some instances the sedan may be used by other departmental personnel; however, the same employee consistently uses the sedan to commute between home and a work location and is not required to pay a commuting fee. Seven County government departments are assigned a total of 171 vehicles in this category.

c) Category III: Sedans assigned to a department or agency and operated almost exclusively by one employee of that department or agency on a 24 hour basis with the sedan parked overnight at the employee's residence. In some instances, the sedan may be used by other departmental personnel; however, the same employee consistently uses the sedan to commute between home and a work location with the employee paying a commuting fee. Nineteen County government departments, the State's Attorney's Office and the Sheriff's Department operate a total of 36 automobiles in this category.

d) The number of sedans assigned for administrative purposes to departments and agencies in all three categories in November 1977 was approximately 300. The majority of the vehicles were intermediate and compact automobiles, with the Police, Fire and Rescue and Sheriff's Departments using standard and intermediate size sedans.

14. Assignment of County owned vehicles is the responsibility of the Chief Administrative Officer. Administrative Procedure No. 1-4 dated September 1, 1977, established the general policy criteria for assignment and use of County owned vehicles. A copy of Administrative Procedure No. 1-4 is at Exhibit D; the highlights of the directive are extracted and listed below:

- a. "2.0 County vehicles may be used only for official business. Any employee or volunteer using such vehicle for personal business will be subject to disciplinary action or loss of driving privileges."
- b. "2.1 With the exception of the following, a reimbursement rate of 7¢ per mile for actual mileage to and from work (based on a 228 day work year) will be imposed upon all employees who have cars assigned on a 24-hour basis as reimbursement to the County for using a vehicle to drive to and from work.
- c. "2.2 EXCEPTIONS:
 - A. Police Officers assigned marked police vehicles according to County take-home policy.
 - B. Drivers of radio-equipped vehicles who are dispatched directly from their residence to the field.
 - C. Drivers of vehicles who perform certain services for the County on a regular basis directly upon leaving or returning to their place of residence. These drivers are normally assigned a station wagon, van or bus.

D. Drivers of vehicles who take a car home only on the days that they remain on duty status and are subject to call back. This does not include supervisory personnel.

E. Those other employees as approved by the Chief Administrative Officer whose duty assignments require evening and weekend responses on a regular basis.

d. "3.0 The Chief Administrative Officer is responsible for the overall administration of the assignment of County owned vehicles and may delegate this responsibility as necessary.

e. "3.3 CRITERIA FOR 24-HOUR ASSIGNMENT

The criteria for 24-hour assignment shall be limited to the following considerations:

- A. Employees subject to call for emergencies on a frequent basis. Justification must include nature of emergency and frequency of calls.
- B. Employee has radio-equipped vehicle and is dispatched directly from his residence to work assignments in the field.
- C. Critical shortage of parking facilities which would necessitate leasing of additional space for parking County vehicles.
- D. Nature of job requires frequent work (excluding traveling to and from office for overtime work) or attendance at meetings during non-working hours. Justification must include nature of work or type of meetings and frequency of same.

f. "3.4 With the exception of the exclusions indicated under Section 2.2., all employees assigned a County owned vehicle on a 24-hour basis will be subject to bi-weekly payroll deductions at the rate of 7¢ per mile for actual mileage to and from work (based on a 228 day work year) commencing January 3, 1977.

g. "4.0 County owned vehicles are not to be parked overnight or housed outside the County on a regular basis.

- h. "4.1 Employees should utilize assigned vehicles and pool cars to the maximum extent possible. Cars will be reassigned to increase the number of pool cars available and to upgrade the vehicles therein. Periodically, reassignment of vehicles will be made to upgrade the fleet by assigning low mileage vehicles to a high mileage use where possible.

Evaluation of Vehicle Management, Funding
and Assignment Policies and Procedures

15. An evaluation of the current management, funding and assignment policies and practices relating to administrative vehicles indicates a number of exceptions and inconsistencies. These exceptions and inconsistencies are explained in the following paragraphs.

16. Management: Paragraph 3.0 of Administrative Procedure No. 1-4 specifies that the Chief Administrative Officer is responsible for the overall administration of the assignment of County owned vehicles. The CAO has, within the authority of the same paragraph, delegated this responsibility to an Assistant CAO.

17. Assignment/Reassignment Policies and Procedures: The purpose of Administrative Procedure No. 1-4, is to establish general policies, procedures and criteria for assignment and use of County owned vehicles. In the opinion of this evaluation, the policies and criteria are too broad and the procedures outdated and not uniformly applied. In addition, the regulation does not require that an economic analysis be performed to determine the most cost effective means of satisfying administrative travel requirements. Specific comments are presented in subsequent paragraphs.

a) Rate - Paragraphs 2.1 and 3.4:

(1) These two paragraphs require that an employee reimburse the County for using an official vehicle assigned on a 24-hour basis to drive to and from work. The reimbursement rate is .07¢ a mile for actual mileage to and from work based on a 228-day work year. This evaluation supports the policy of requiring employees to reimburse only mileage (operating) costs. However, the .07¢ rate is for some vehicles 12% too low and for others, 30% too low. For FY 78 the mileage cost for an intermediate and compact automobile is .08¢ a mile and for a standard size automobile in the Detective and Administrative Vehicle category is .10¢ a mile. In the opinion of this evaluator, the reimbursement rate should be increased to the actual mileage rate the County pays to operate the vehicle. Further, if the mileage rate increases in FY 79, as is currently anticipated, the mileage rates reimbursed should again be adjusted to the actual operating cost. Finally, the next revision of Administrative Procedure No. 1-4 should delete a cost figure to be charged and instead specify that the reimbursement mileage rate will be the current operating rate for the type vehicle assigned.

(2) The reimbursement rate was not always based on actual mileage between home and work. Prior to January 1977, the reimbursement fee was \$300 annually at \$11.54 per pay period. Of the 36 employees who currently reimburse the County, five are still paying at the \$300 per year rate, which is inconsistent with the Administrative Procedure. If exceptions to the mileage rate method of reimbursement is permitted, the regulation should note that fact.

(3) Although not explained in Administrative Procedure No. 1-4, the rationale for charging on the basis of a 228-day work year is adopted from a formula developed by the Montgomery County Public Schools staff. The rationale was that from the total work year of 260 days, twelve legal holidays and an average of 20 days for employee absence for leave, illness, etc., were deducted. This evaluator supports that rationale.

(4) It should be noted that reimbursement for mileage driven between home and work does not relieve the department/agency from the chargeback from their operating expense account for the total vehicle mileage at the specified rate, i.e., .08¢ for intermediate/compact and .10¢ for standard sedans. Albeit a small amount, the Motor Pool Fund receives a double payment.

b) Exceptions to reimbursing the County - Paragraph 2.2:

Administrative Procedures No. 1-4 provides five exceptions to reimbursing the County for using an official vehicle assigned on a 24-hour basis to drive to and from work. The first exception applies to police officers assigned marked police vehicles in the Personal Police Vehicle program. This evaluation does not include this group of approximately 225 employees as the entire PPV program will be the subject of an OLO evaluation later this fiscal year. The remaining four exceptions are discussed below:

(1) Paragraphs 2.2B and 2.2C: These two exceptions apply to employees who perform County services directly upon leaving or returning to their place of residence, and employees who operate radio-equipped vehicles and are dispatched directly from their residence to the field. These exceptions all too broad, and have been applied to employees in job assignments where the County sedan is an integral part of their operational duties and to employees where there is only an administrative requirement to have a County sedan on a 24-hour basis.

(2) Paragraphs 2.2D: This exception applies to employees (excluding supervisory personnel) "...who take a car home only on the days they remain on duty status and are subject to call back." This evaluator considers this a valid exception for those who occasionally take home the sedan. However, in the opinion of this evaluator, applying this exception to employees who regularly take home a County sedan and may be called back amounts, essentially, to a salary supplement in the form of free commuting transportation for every work day. It is important to note that the Personnel Regulations stipulate that an employee called back to work is guaranteed a minimum of three hours overtime pay or compensatory

leave at regular or one and one-half times the employee's rate of pay if the employee already worked a regular eight hour day. Employees provided a County sedan under this exception are provided a liberal fringe benefit which the County cannot provide to all employees subject to call back, e.g. snow equipment operators.

(3) Paragraph 2.2E: This exception exempts other employees as approved by the CAO "...whose duty assignment require evening and weekend responses on a regular basis." Recognizing that this exception provides management with flexibility, application has not been consistently applied. Some employees exempted under this provision have similar official weekend and evening commitments as do those who currently pay. Obviously, when the nature of an employee's position, to include supervisors, requires evening or weekend work, the employee should not be required to pay any mileage fees associated with that extra duty. However, for the regular, annual 228-day work year, the employee should reimburse the County for actual mileage driven between home and work in a County sedan.

(4) Conclusions on exceptions to reimbursing for private use of an official sedan. The four exceptions discussed above are too broad and are not consistently applied. Of the 176 employees (not including police officers in the PPV) who currently take home County sedans, only thirty-six reimburse the County. For many employees who take home vehicles, their regular duty station is an office, for others it is a field site. Another variable is that for some employees who take home County sedans, the vehicle is an integral part of their operational duties; e.g. fire and police investigators, vice/narcotics enforcement officers and others whose duties are not restricted to a regular eight hour duty day. Then there are other employees who likewise have 24-hour use of a County sedan, but the vehicle is used for strictly administrative purposes in a relatively consistent eight hour duty day. For those positions where the County sedan is a necessary and integral part of a non-regular duty day, exception to reimbursement is, in the opinion of this evaluator, justified; but not for those positions where the County vehicle is used as an administrative assist. In the latter case, the County sedan is being regularly used for driving between home and a duty location, an action universally recognized as being an employee's personal responsibility. Whether the duty location is an office or a field site, and whether the commuting is done at the beginning and end of the duty day or at some time during the day, is, in this evaluator's opinion, immaterial. Equipping an official sedan with a radio, having the employee perform duties on the way to or from work, having the employee subject to an occasional call back or to working evenings or weekends are all not pertinent to the core issue that the official vehicle is used by public employees to perform the personal action of driving to and from work. It should be noted that most of the 36 employees who currently reimburse the County could, in the opinion of this evaluator, apply for gratis use of the vehicle under one or more of the four exceptions.

In the course of this evaluation, several supervisory employees stated that they should be exempt from reimbursing the County for using the official sedan because they are not compensated for any additional work at night or on weekends. This evaluator considers compensation for additional work at night or on weekends should be addressed through the Personnel Regulations.

c) Vehicle Assignment and Reassignment Criteria-Paragraphs 3.1 to 3.4, 4.0 and 4.1: Vehicle assignments and reassignments are a function of management. This evaluation did not question what departments/agencies were assigned vehicles, or the type and quantity of vehicles assigned. However, there should be a policy and a set of procedures addressing assignments and reassignments. A review of the applicable paragraphs in Administrative Procedure No. 1-4 reveals that assignment and reassignment policy is too broad and void of specific provisions to implement the policy.

(1) Paragraph 3.2 of Administrative Procedures No. 1-4 limits the criteria of assignment of vehicles to "Nature and frequency of use" and "mileage." These are, in this evaluator's opinion, too broad to permit management to establish priorities in vehicle assignments or to perform an objective evaluation of department/agency vehicle justifications. The regulation does enumerate the criteria for 24-hour assignment in paragraph 3.3.

(2) As a part of this evaluation, a survey was conducted of all County government departments, the State's Attorney's Office and Sheriff's Department to develop, as of November 1977, an inventory of all assigned administrative vehicles and to review each departments/agencies' justifications for retaining currently assigned vehicles. The majority of the justifications from the twenty-seven departments/agencies assigned administrative sedans were similar and satisfied the criteria for 24-hour assignment specified in paragraph 3.3 of the regulation. Specifically, the requirement to attend evening meetings and frequent conferences away from the normal work location, to make site visits, to be called back for a variety of emergencies, and to perform normal duties where a vehicle is required (inspectors, counsellors, public safety duties, etc.).

(3) Absent from the regulation was any policy or procedure for an economic analysis of administrative travel requirements to determine the most cost effective means of satisfying those requirements by either 24-hour assignment of a County vehicle, daily dispatch from a motor pool or reimbursement for an employee's voluntary use of his private vehicle.

d) Vehicles parked overnight outside the County-

Paragraph 4.0: This paragraph specifies that, "County owned vehicles are not to be parked overnight or housed outside the County on a regular basis." The November 1977 survey referred to above revealed that at least 10 vehicles are routinely parked overnight at locations outside the County.

18. Funding

a) The Motor Pool Fund provides for vehicle operating and replacement costs from rates charged to departments and agencies which use the vehicles. The FY 78 budget projects a half million dollar increase in the Motor Pool Fund deficit even after the application of a one-time \$200,000 contribution from the General Fund. This deficit will be caused by management directed artificially depressed vehicle rate structures. The FY 78 fixed and mileage rates were set lower than the actual fixed and operating costs.

b) Whatever value there is in utilizing a Motor Pool Fund and a chargeback system is, in the opinion of this evaluator negated by purposely undercharging known expenses. There appears to be little to gain from knowingly under-depreciating vehicles, charging less than the actual insurance and mileage rates, and not charging for employee use of the vehicle to drive to and from work. Rate structures should be set as accurately as historical cost data and future cost projections will permit. Further, the Division of Auditing of the Department of Finance should periodically audit the rate structures to verify their accuracy. The last review by the Division of Auditing on the rate structure and replacement program was in February 1975.

19. A recent Internal Revenue Service decision concerning employee use of official vehicles. A matter concerning the Internal Revenue Service and the Maryland-National Capital Park and Planning Commission involving employee use of Commission vehicles indicated enforcement of an Internal Revenue rule that reimbursement to an employee, either in the form of money or free transportation, for travel between the employee's residence and place of work is considered wages and are subject to being taxed. What this decision means to the County was demonstrated in the recent IRS decision that the M-NCPPC should have withheld income taxes on the "wages" earned by employees who used Commission vehicles to commute to and from work. Information provided by a M-NCPPC official to the Director of Finance and this evaluator indicates that the IRS was lenient in applying its own rules. (See Exhibit E). Nonetheless, in the opinion of this evaluator, the IRS could at some future time enforce its own rules on free transportation to Montgomery County employees.

20. The example of the private sector. During the conduct of this evaluation, several employees argued against reimbursing the County for using an official sedan to drive to and from work on the basis that private industry does not require reimbursement from its employees for commuting in a "company car." The facts indicate otherwise. A March 1977 article in the commercial fleet manager's technical magazine, Automotive Fleet, reported that a recent survey by the National Association of Fleet Administrators indicated that private industry was not only collecting fees for personal use of company provided cars, but these fees were rising. The survey revealed that of 40 fleets surveyed (operating 38,800 passenger cars), 35 charged for personal use of the vehicle. It is also recognized that private industry usually allows more liberal personal use of a company car than merely commuting to and from work.

Other Matters

21. Council Resolution No. 8-1418, subject, FY 78 Work Program of the Office of Legislative Oversight, includes a general work project to evaluate County agency policies, procedures and attitudes. Outlined below are some observations on agency policies, procedures and attitudes and on other matters related to the management, funding and operation of the County's administrative vehicle fleet.

a) Cooperation, coordination and communication:

This Office received a high degree of cooperation from the supervisor and staff of the DOT Equipment Section. Their information was accurate and their willingness to share current and future programs was extremely helpful in preparing this report. This evaluation is unequivocal in its commendation to the Equipment Section for their positive attitude, obvious dedication and open communication.

b) Employee Care of County Vehicles.

The scope of this evaluation did not include an analysis of the mechanical condition of County vehicles or the maintenance operations performed by the Equipment Section. However, several visits to the Equipment Section maintenance facility on Seven Locks Road and to two motor pools indicated that some intermediate size sedans showed the effects of indifferent care. Most apparent was the evidence of extensive body rusting, which, in the opinion of the Equipment Section, could be reduced by preventive maintenance on the part of operators such as using the contract car washing facility. Mainstem reports reflect that some vehicles are not being returned to the Equipment Section for periodic 90-day maintenance; that agencies do not always submit quarterly mileage reports; and that some refueling operations are either not recorded or recorded inaccurately. In sum, there is a need for greater interest and a sense of accountability for County property by employees who operate these vehicles and their supervisors.

c) Use of Private Vehicles for Official Business.

(1) Administrative Procedure No. 1-5, Local Travel Guidelines, specifies that it is the County's policy to use County owned vehicles to the maximum extent. Provision is made to reimburse employees who occasionally use private vehicles for County business at the rate of .15¢ per mile. For some employees in the Health and Sheriff's Departments it is a requirement to regularly use their private vehicles to conduct County business. This evaluation did not attempt to determine the annual cost to the County for reimbursing employees for using private vehicles, as most travel reimbursements are made through petty cash payments, and include reimbursement for non-travel expenses such as parking, conference registration fees, meals and incidentals.

(2) It is the opinion of this evaluator that the County continue the policy of reimbursing employees who use their private vehicle for County business. However, reimbursement should be restricted to those occasions when a County vehicle is not available. The present travel form which is submitted before reimbursement will be made requires only verification that the employee's private vehicle was used for official business, and does not require a certification to the non-availability of an official sedan.

(3) A final opinion concerns liability for property damaged in the event an employee is in an automobile accident while driving his/her private vehicle in the course of carrying out administrative duties for the County, i.e. attending a meeting, a class, etc. If the employee was directed to use his/her private vehicle because a County sedan was not available (a situation provided for in Administrative Procedure 1-5, Local Travel and Expenses), the County would probably be liable for all property damages. However, if using the employee's private vehicle was the employee's personal choice, an arrangement which is apparently not uncommon, then the extent of County liability is questionable. Administrative Procedure 5-7, Insurance Coverage for Private Automobiles Used on County Business, specifically excludes administrative duties of the type described above from qualifying for County reimbursement for business insurance. In summary, it is this evaluator's opinion that current administrative procedures do not adequately cover or sufficiently alert employees of his/her potential property liability in the event of an accident while performing the County's business in the employee's private vehicle.

d) Reimbursement for business use insurance:

Administrative Procedure No. 5-7, Insurance Coverage for Private Automobiles Used on County Business, provides reimbursement to employees for the added premiums charged by some insurance companies for using their private automobile to perform County business. Currently, the County is reimbursing some employees of the Health Department at the rate of .15¢ per mile for regularly using their private automobiles, and for any extra costs necessitated by added premiums for business insurance. However, some Sheriff's deputies who are also required to use their private automobiles are paid only a travel allowance at a fixed rate of \$83.33 per pay period (\$2,000.00 per year) and are not reimbursed for added automobile business insurance. The annual \$2,000 rate was, until July 1, 1977,

fixed by State law. The law now specifies that each deputy sheriff "...whose duty assignment requires the use of a motor vehicle shall be paid such sum as shall be set forth in the budget...." or "...be provided a publicly owned motor vehicle for use on duty." In this evaluator's opinion, compensation to a deputy sheriff for using a private vehicle should include reimbursement for any added premiums for business insurance.

e) Closer monitoring of motor pool funds:

Beginning in FY 78, the Department of Finance, the Office of Budget and Research and Management Information Services initiated a new program which will permit closer monitorship of the three dedicated "chargeback" funds appropriated under Operating Expenses: Management Information Services, Central Duplicating and Motor Pool. The program provides for a special weekly computer print out which summarizes departmental accounts and highlights these three charge-back accounts which are reviewed by Budget and Research and Finance. This closer monitorship should prevent fund transfers out of the three dedicated sub-accounts which, in the case of the motor pool account, occurred last fiscal year.

f) Personal Use of County Vehicles:

Interviews with some employees have revealed a lack of understanding why employees who reimburse the County for the round trip distance between home and work are prohibited from making stops along the commuting route for such personal reasons as laundry pick-up or store purchases. Essentially, a County vehicle may only be used for official purposes, with permitting the official vehicle to be parked overnight at the operator's home on a reimbursable basis the only authorized exception. Permission to use the official vehicle to drive to and from work should not extend into other purely personal actions such as using the County vehicle to go home for lunch, or to travel from a County building to a restaurant (unless it is a part of an official function) or to make stops for personal services. This prohibition should not apply to those who work in the field and stop for meals.

g) Leasing administrative vehicles.

(1) Several employees suggested that the fixed and mileage rates are too high and the County could be more economically and efficiently served by leasing vehicles from the private sector. One employee volunteered that the County once made a study on vehicle leasing, but no conclusions were published. This evaluation did not conduct a thorough examination of vehicle leasing fees. However, from a sampling of two local firms concerning leasing of sedans, there appears to be little evidence to support the cliché that the private sector can do it cheaper.

(2) Some of the more obvious reasons why leasing would not be cost effective for the County are: the requirement to maintain not only a large fleet but a versatile fleet of motor vehicles and equipment; the requirement for 24-hours a day operation, a requirement a private firm would satisfy by requiring the County to lease "float" equipment in excess of actual needs; and, finally, the inability of the County to use the cost saving provisions of IRS rules which allow

private firms to deduct leasing costs as an operating expense. In summary, leasing may be more economical for special type of motorized equipment that represents a very high capital investment or is for special operations at infrequent intervals, such as buses or large cranes. However, there does not appear to be increased economy or efficiency in the County leasing the majority of its administrative and service vehicles. A December 1975 study by the Department of Transportation arrived at the same general conclusion.

h) Employee responsibility for parking and traffic violations:

(1) This evaluator was informed by several employees that a County employee is personally responsible for all parking and traffic violations incurred while operating a County vehicle on official business. Although this policy is generally understood, a search of Administrative Procedures and the Personnel Regulations failed to find any reference to such a policy. In the opinion of this evaluator, there is a requirement for a concise policy statement of employee responsibilities regarding parking and traffic violations incurred while operating a County vehicle on official business. In addition, there is a need to examine employee responsibilities, if any, for damages to County property incurred through the negligent operation of a County vehicle. The County carries no "collision" insurance on County vehicles. All costs to repair or replace County vehicles or other County property damaged through negligent operation of a County vehicle is totally absorbed in the Equipment Section's budget, i.e. the Motor Pool Fund.

(2) In the opinion of this evaluator, a specific policy regarding possible actions against employees who operate a County vehicle in a negligent and unlawful manner would not only assure some uniformity in disciplinary action, but would also clearly alert employees to the fact that they are responsible for their actions when driving an official vehicle. Such a policy should take into consideration both the legal actions which may be taken against a vehicle operator and the concurrent effect on automobile insurance costs and/or availability resulting from negligent or unlawful operation of a motor vehicle.

i) Parking spaces at County office buildings.

An additional expense associated with the County's vehicle program is the cost for parking spaces at the numerous County facilities buildings. For County owned property, an initial capital expense was included to construct spaces for County vehicles and for employee and visitor parking. Lease contracts for office space include vehicle parking spaces. This evaluation is only noting that there is a cost for parking spaces. A detailed discussion of that cost will be included in a future evaluation by OLO of Space Management.

j) Administrative vehicle programs of other County agencies.

A review of the two bi-County agencies and the other public agencies revealed that five public agencies provide administrative vehicles both on a daily and 24-hour take-home basis: Washington Suburban Sanitary Commission, Maryland-National Capital Park and Planning Commission, Housing Opportunity Commission, Board of Education/MCPS, and Montgomery College. Only the BOE/MCPS and Montgomery College require reimbursement for using an official vehicle to drive to and from work. BOE/MCPS requires a .07¢ per mile rebate, but is reviewing current costs to verify if that amount is still appropriate. Montgomery College, which has only one vehicle assigned in this manner, is still charging at the \$300.00 per year rate. Of the other three agencies, only the M-NCPPC has indicated a possible change which would require employees to reimburse the Commission. In light of the recent IRS ruling against M-NCPPC, the Commission staff is currently revising its administrative vehicle policies concerning reimbursement for driving to and from work. The most current philosophy in WSSC as articulated by the Chairman is presented in Part VI of this report.

IV. CONCLUSIONS:

1. Conclusion #1:

The County government maintains, as part of a large motor vehicle and equipment fleet, an administrative vehicle support program which provides administrative sedans to the departments of County government, the State's Attorney's Office and the Sheriff's Department. Although the total number of administrative vehicles in operation fluctuates, in November 1977, approximately 300 were assigned to departments and agencies and 47 were located in three County Motor Pools.

2. Conclusion #2:

a) General: In at least two areas, replacement and insurance, the criteria and cost data used to determine the FY 78 fixed and mileage rates for intermediate and compact sedans were inaccurate in that they were artificially depressed with the result that departments and agencies are being under charged for motor pool expenses.

b) Specifics:

1) The intermediate and compact sedan replacement cost was set at \$2900, plus a salvage value of \$500 - \$600, for a total replacement value of \$3400 - \$3500 an amount which will be insufficient to purchase the same type of vehicle at the current 1977 model price of approximately \$3900 or the budgeted cost of \$4600 for 1979 models.

2) The monthly insurance charge of \$17 per vehicle is 29% less than the known monthly rate of \$23.92 per vehicle which the County is currently paying for liability and damage insurance.

3) At the end of FY 77, the Motor Pool Fund had a deficit of \$1,401,530 and is programmed to reach over \$1.9 million at the end of FY 78.

3. Conclusion #3.

The Police Department is currently being charged for intermediate size vehicles in the Detective and Administrative Vehicles category at the higher fixed and mileage rate of standard size vehicles.

4. Conclusion #4:

a) General: Present administrative vehicle assignment/reassignment policies and procedures as enumerated in Administrative Procedure No. 1-4 are broad, outdated and not uniformly applied.

b) Specific:

1) While recognizing that assignment and reassignment of vehicles to departments and agencies is a management function, the criteria as stated in Administrative Procedure No. 1-4 is too broad to provide management the means of establishing priorities in vehicle assignments or of performing an objective evaluation of department/agency justification statements.

2) Administrative Procedure No. 1-4 provides for a reimbursement rate of .07¢ per mile to be paid by employees for the actual mileage travelled to and from work in a County sedan regardless if the size is too low in that the FY 78 mileage costs for intermediate and compact sedans is .08¢ per mile and for standard size sedans, .10¢ per mile.

3) Four of five exceptions to the requirement for reimbursing the County for using an official sedan to commute to and from work, as enumerated in Administrative Procedure No. 1-4, are too broad to provide selectivity between those positions where the County vehicle is an integral part of the operational requirements and those positions where the vehicle is used primarily in an administrative role; with the result that 80% of the employees who commute between home and work in a County sedan do not reimburse the County.

4) Although the directed reimbursement rate is .07¢ per mile, at least five of the 36 employees who currently reimburse the County are paying at the previously rescinded rate of \$300 per year.

5) Although there is a prohibition against doing so, at least ten County sedans are parked overnight outside the County on a regular basis.

6) Administrative Procedure No. 1-4 does not include any policy or procedures for an economic analysis of administrative vehicle requirements to determine the most cost effective means of satisfying those requirements.

5. Conclusion #5:

a) General: Employees who are assigned a County sedan for performing administrative duties and who drive the sedan between home and work on a regular basis should reimburse the County for the actual mileage between home and work on the basis of a 228-day work year and at a rate per mile equal to the actual operating expenses of the sedan used.

b) Specifics:

1) From a survey conducted in November 1977, there are 176 employees who regularly use a County sedan to drive between their home and work station.

2) Of the 176 employees, only 36 presently reimburse the County for driving a County sedan between their home and work station.

3) Not collecting a fee from employees who use a County sedan to drive between home and work may render the County liable in the future for uncollected Federal income taxes on the "wages" employees received in the form of free transportation.

6. Conclusion #6:

a) General: Current actions to improve maintenance operations and maintenance management procedures should enable the Equipment Section of the Department of Transportation to perform more accurately and efficiently their County vehicle support mission.

b) Specifics:

1) The recent introduction of a computer assisted maintenance management system called Mainstem should improve vehicle maintenance and operating cost accounting and resource management procedures.

2) When the computerized fuel dispensing equipment is in operation, the Equipment Section should be able to accurately meter, record and account for fuel distribution and vehicle fuel consumption.

7. Conclusion #7:

Appropriate department heads should be made aware of the generally poor manner in which some of their operators care for and maintain County vehicles so as to support the Equipment Section's ongoing efforts to improve vehicle care and operator maintenance.

8. Conclusion #8:

Employee responsibilities regarding parking and traffic violations and property damage resulting from the negligent operation of a County vehicle should be clearly articulated in appropriate regulations.

9. Conclusion #9:

Sheriff's deputies who use their private automobiles for official business are presently not specifically compensated for any added premiums for business insurance.

10. Conclusion #10:

Those bi-County and other public agencies within the County who currently do not require reimbursement from employees who drive between home and work in an official sedan assigned for administrative purposes should consider initiating procedures to require reimbursement at a rate per mile equal to the actual operating expenses of the type vehicle used.

V. RECOMMENDATIONS:

1. The Equipment Section should compute fixed and mileage charges using accurate criteria and cost data and charge using departments and agencies the actual fixed and mileage rates for the type vehicles they are assigned.

2. Administrative Procedure No. 1-4 should be rewritten to:

a) Establish more specific criteria for assignment and reassignment of County vehicles so as to be able to evaluate departmental justification statements and establish assignment/reassignment priorities.

b) Maintain the requirement that an employee reimburse the County for commuting to and from work in an official sedan assigned for administrative purposes but at a rate equal to the actual mileage expense for the type vehicle assigned and for the actual round trip mileage between the employee's home and work station for a standard 228-day work year.

c) Redefine the four broad exceptions to reimbursing the County to provide selectivity between those positions where the County vehicle is an integral part of the operational requirements and other positions where the vehicle is used primarily in an administrative role with the operator required to reimburse the County when the vehicle is used to commute between home and work.

d) Reevaluate and publish policies concerning the rate of reimbursement (set fee or actual mileage between home and work) and parking County vehicles outside the County on a regular basis.

e) Include provisions for analyzing department/agency administrative vehicle requirements to determine the most cost effective means of satisfying those requirements.

3. The County should place additional emphasis on operator care and preventive maintenance of County vehicles.

4. The County should articulate a clearer policy concerning employee responsibilities regarding parking and traffic violations, and property damage resulting from the negligent operation of a County vehicle.

5. The Montgomery County Sheriff should examine the applicability of Administrative Procedure 5-7, Insurance Coverage for Private Automobiles Used on County Business, to those deputies who regularly use their private vehicles for County business.

6. The two bi-County agencies and the other public agencies within the County should consider initiating procedures to require reimbursement from every employee who, on a regular basis, drives between home and a work location in an official sedan for administrative purposes for the actual mileage between home and work on the basis of a 228-day work year and at a rate per mile equal to the actual operating expense of the vehicle used.

VI. AGENCY COMMENTS AND OLO RESPONSES:

(Turn to page 26).

VI. AGENCY/DEPARTMENT COMMENTS AND OLO RESPONSES

1. GENERAL:

a) Before submitting this report to the Council, a draft copy was sent to twenty-five County departments, Montgomery College, Montgomery County Public Schools, Council Staff Director, Housing Opportunities Commission, Washington Suburban Sanitary Commission, the Montgomery County Planning Board and the Human Relations Commission.

b) Replies were received (some orally) from the following agencies and departments of County government:

Chairman, Washington Suburban Sanitary Commission
President, Montgomery College
Superintendent, Montgomery County Public Schools
Chief Administrative Officer
Director, Finance
Director, Fire and Rescue Services
Director, Police
Director, Corrections and Rehabilitation
Director, Transportation
Director, Community and Economic Development
Director, Facilities and Services
Director, Environmental Protection
Director, Council Staff

c) Many comments corrected basic data and provided valuable additional clarification and justification. Those comments are included in this final report. In this category would be the comments of Montgomery County Public Schools, Montgomery College; Director, Council Staff; and the Departments of Community and Economic Development, Corrections and Rehabilitation, Finance and Facilities and Services. Comments of the CAO and five departments/agencies are either included in this body of this final report or are presented below in their entirety or as extracts. In no instance has any critical comments been excluded.

d) Finally, in those instances where department/agency comments warrant a response from the Office of Legislative Oversight, the response is noted following the specific department/agency comment.

2a) Extract of comments from the Chairman, Washington Suburban Sanitary Commission.

* * * * *

"As you realize, in addition to developing and providing water and sewage services for the bi-county area, the Commission is also chartered to maintain those systems on a regular basis. The vast majority of WSSC take-home vehicles are assigned to operational and maintenance personnel, not administrative personnel. All permanently assigned take-home vehicles are vehicles with two-way radio capability which are being used by Commission personnel for the advantage of the Commission. The criteria for 24-hour assignment are:

1. Incumbents of positions which are designated as duty positions when they are in duty status and are being compensated therefor.
2. Incumbents of positions subject to call for emergencies on a frequent basis.
3. Incumbents of positions who may be dispatched on a frequent basis directly from their home to work assignments in the field or different plant locations; or who regularly monitor field or plant activities en route between their residence and their assigned work locations (or during non-working hours/days).

"As a result of our restrictive criteria for 24-hour vehicle assignment, there are currently 31 positions with permanent take-home vehicle privileges. Of these, only one falls into the categories we feel are covered by your report; the General Manager's car. Under the contract for employment the General Manager is provided a take home car as part of his salary package.

"Because of our unique responsibilities to residents of the bi-county area, we feel the advantages gained by this Commission in meeting its responsibilities can only be met with the type of program we currently have for operational level personnel with take-home vehicles. Therefore, though we would agree with most of the findings and recommendations of your report, we cannot agree entirely with recommendation No. 7 (Note a) requesting initiation of procedures to require reimbursement from every employee who drives between home and a work location in an official vehicle."

b) . OLO Responses:

Note a: In this final report, this is Recommendation #6.

3a) Comments from the Chief Administrative Officer.

Office Of The County Executive

MEMORANDUM

Date January 20, 1978

To Andrew Mansinne, Director, Office of Legislative Oversight
From William H. Hussmann, Chief Administrative Officer *WH*
Subject Review of Draft Report No. 78-2, Administrative Vehicles

I understand that the Budget Office and the Department of Transportation will respond to that section of the report with regard to funding the County motor vehicle and equipment fleet. Accordingly, my remarks will be limited to the operational issues, i.e., assignment policies and procedures and I will address the recommendations seriatim:

2. Administrative Procedure No. 1-4 should be rewritten to:

a.) Establish more specific criteria for assignment and reassignment of the County vehicles so as to be able to evaluate departmental justification statements and establish assignment/reassignment priorities.

(Note a)

The determination of need for assignment of a vehicle rests within the discretion of the respective department head subject to approval of the Assistant Chief Administrative Officer who has been delegated this responsibility. The administrative procedure establishes guidelines for assignment and I do not believe that establishment of more specific criteria is warranted. If department heads cannot be trusted to use good judgement in the exercise of this relatively minor responsibility, how can they be expected to perform in other major policy and operational decisions?

Usage of County vehicles is monitored by quarterly reports from the Equipment Section, which report number of miles driven each and every quarter. Annually, the Assistant Chief Administrative Officer meets with Mr. Lynch, Mr. Mangum and Mr. Sawhney to review vehicle assignments. Reassignment of vehicles is made on an annual basis to equalize mileage and to lessen the need for acquiring additional vehicles. During the last review, fifteen new vehicles were purchased and assigned which resulted in the reassignment of 100 vehicles among 15 departments and agencies. Vehicles were removed from various assignments due to low mileage and were reassigned to a higher mileage use to provide for optimum utilization during the life cycle of the equipment.

b.) Maintain the requirement that employees reimburse the County for commuting in official sedans but at a rate equal to the actual mileage charge for the type vehicle used for the actual round trip mileage between the employee's home and work station, for a standard 228-day work year.

I concur in this recommendation with regard to employees presently on pay status and the administrative procedure will be revised to reflect this change.

b) OLO Responses:

Note a: The wording of the recommendations as they appear in this final report may differ from the draft report wording which the CAO memorandum quotes.

c.) Eliminate the four broad exceptions to reimbursing the County so that employees who regularly commute between home and work reimburse the County for actual round trip mileage between their home and work station:

Exception B - Drivers of radio-equipped vehicles who are dispatched directly from their residence to the field.

In order to understand the rationale for this exception, one must have knowledge of how the system operated prior to installing radios in vehicles utilized by inspection personnel. Inspectors were assigned County vehicles which were parked adjacent to the County facility where they worked. Each inspector drove his personal car to his work station and parked the car on the parking lot (7:30 A.M.). The inspector would report to the office, have a cup of coffee, pick up his assignments and then pick up the County car to start his workday. Once the inspector was on the road, there was no way of monitoring his performance nor could he be contacted if the need arose. Upon returning to his place of work (3:30 P.M.), the inspector would park the County vehicle and then drive his personal vehicle home. This system required two parking spaces for each inspector, i.e., one for his private car and one for the County car. The decision to assign inspection personnel vehicles on a 24-hour basis coincided with the move to Executive Boulevard where additional parking spaces cost \$1000 each.

In many instances, the inspector would drive back over the same route to his first assignment in the field which resulted in a significant loss of time. If inspectors were required to reimburse the County for round trip mileage between home and work station, many of them may elect not to drive the County vehicle and the system would revert back to the inefficiency which was prevalent under the old system. Furthermore, the inspector has discretion as to when he visits the central office. In essence, his trip to the central office may be significantly less than the mileage to and from his residence. I believe that the loss in efficiency and waste of manhours which we experienced under the old system justifies continuation of the present assignment without charge. Another benefit of the assignment of vehicles is the reduction in vandalism which was prevalent when County cars were parked at County facilities during non-working hours.

Exception C - Drivers of vehicles who perform certain services for the County on a regular basis directly upon leaving or returning to their place of residence. These drivers are normally assigned a station wagon, van or bus.

Drivers falling within this category are lower paid than inspectors and would most likely refuse to drive the County vehicle if a charge were imposed for commuting to and from work. The alternative then would be to have the employee come to work via his own personal car or a car pool, pick up the County vehicle and go back over the same route to perform the assigned services. One half of the total travel time is saved by allowing the employee to drive the vehicle to and from work and perform services on a regular basis directly upon leaving or returning to their place of residence. The savings to the government resulting from this and the above Exception B far outweigh the costs associated with charging these employees for the use of the cars.

Exception D - Drivers of vehicles who take a car home only on the days that they remain on duty status and are subject to call back. This does not include supervisory personnel.

An employee who remains on duty status and is subject to call back is not compensated in any manner unless he is, in fact, called back. Accordingly, I believe it only equitable that the County allow such employees to utilize County vehicles when they are placed in such status. Their personal lives are disrupted and the classification of the jobs and resulting salary do not reflect the same. If we drop this policy, I believe that we will end up paying substantially more in salaries.

Exception E - Those other employees as approved by the Chief Administrative Officer whose duty assignments require evening and weekend responses on a regular basis.

This exception provides some latitude as guidelines cannot be so rigidly written as to preclude any flexibility which is necessary for the conduct of County Government operations.

d.) Establish a firm policy concerning parking County vehicles outside the County on a regular basis.

This policy is established under Section 4.0 "County owned vehicles are not to be parked overnight or housed outside the County on a regular basis." The only exceptions to this rule are vehicles assigned to Mr. Sealover, Director, Office of State Affairs, due to the requirement of his presence in Annapolis on a frequent basis; Dr. J. Brett Lazar, County Health Officer, who commutes to and from Columbia, Maryland, and provision for a vehicle to drive to and from work was a condition of employment; and Messrs. Lawrence (Baltimore) and Lupo (D.C.) of the State's Attorney's Office which is a determination made by the State's Attorney. I was unaware of the six inspectors of the Department of Environmental Protection who regularly park vehicles overnight outside the County. Accordingly, I am making a request to the director of that department regarding compliance with the regulation.

3. Procedures should be initiated to collect a reimbursement from every employee who, on a regular basis, drives between home and a work location in a County vehicle for the actual mileage between home and work on the basis of a 228-day work year and at a rate per mile equal to the actual operating expense of the vehicle used.

I do not agree with this recommendation as indicated in my comments with regard to the exceptions to reimbursement.

4. The County should place added emphasis on operator care and preventive maintenance of County vehicles.

Agencies are notified monthly as to when each vehicle is scheduled for preventive maintenance. I share your concern with regard to operator care and maintenance of vehicles; however, this position is not shared by many employees in the County work force. Efforts will be made to place additional emphasis with regard to care and maintenance of County vehicles. Where good judgement is not being used, we will begin withdrawing the assignment of vehicles to such employees.

5. The County should articulate a policy concerning employee responsibilities regarding parking and traffic violations and property damage resulting from the negligent operation of a County vehicle.

I believe that almost all employees understand that the employee is responsible for parking and traffic violations and is subject to disciplinary action for damages resulting from the negligent operation of a County vehicle. The revised administrative procedure will include reference to existing policy.

6. Administrative Procedure No. 1-5 should be rewritten to clarify the policy concerning employee eligibility for and County obligation to reimburse employees for added automobile insurance premiums when they regularly use their private automobiles for official business.

Administrative Procedure No. 5-7 dated October 15, 1976, details the County's policy on insurance coverage for private automobiles used on County business. A copy of this procedure is attached for your information.

(Note b)

7. The two bi-county agencies and the other public agencies within the County should be requested to initiate procedures to require reimbursement from every employee who, on a regular basis, drives between home and a work location in an official vehicle for the actual mileage between home and work on the basis of a 228-day work year and at a rate per mile equal to the actual operating expense of the vehicle used.

Requests were made of the two bi-county agencies and other public agencies to initiate procedures to implement a similar system of reimbursement. The Board of Education and Montgomery College have complied with our request. The Maryland-National Capital Park and Planning Commission and the Washington Suburban Sanitary Commission have refused to implement such procedures. Copies of M-NCPPC and WSSC's refusals were forwarded to the County Council at the time and copies are attached hereto for your information.

WHH:js

Attachments

Note b: This final report reflects the pertinent references concerning insurance coverage contained in Administrative Procedure 5-7.

4a) Comments from the Director, Department of Police.

MEMORANDUM:

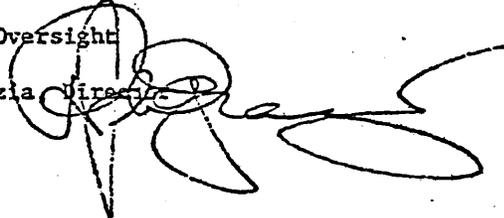
JAN 23 1978

TO: Mr. Andrew Mansinne,
Office of Legislative Oversight

FROM: Chief Robert J. di Grazia, Director
Department of Police

DATE: January 16, 1978

SUBJECT: Comments Reference Legislative Oversight
Report #78-2



My initial comment concerning this draft is the evaluator has identified certain deficiencies in the county's handling of administrative vehicles; however, this department has not contributed to those deficiencies. A review of the report indicates the conclusions are generally critical of management of the administrative vehicle assignment procedure at the executive level and the chargeback system established by the Department of Transportation.

The Department of Police included several vehicles in the data request by the evaluator which are not administrative vehicles and assignment is based on criteria separate and distinct from the procedures cited. An example is (Note a) 27 vehicles assigned to units engaged in vice/narcotic enforcement and intelligence operations. These officers are involved in covert activities and the vehicle is a part of the officer's cover. To require these officers to drive their own personal vehicle home from work would certainly compromise their ability to succeed in achieving the objectives of their unit. In addition, the investigator and his family's safety may be jeopardized if he is unable to explain his presence in separate vehicles. Listings on vehicle registrations are not difficult to obtain from MVA. Additionally, these employees frequently

b) OLO Responses:

Note a: These 27 vehicles have not been included in this final report.

engage in investigations directly from their residence or enroute home. Considering these circumstances, this seems to justify these employees having gratis use of the vehicle.

Twenty-five of the remaining vehicle assignments are employees who may be dispatched directly from their residence to an investigation or field operation. It would hardly seem appropriate for them to take their personal car from their residence to the unit of assignment and pick up their assigned county vehicle to drive to the location of occurrence. This is especially true where response time is important such as a hostage or sniper situations. Many of these employees must remain in an on-call status which restricts their activities while off-duty. This requirement is without compensation other than having a vehicle assigned to them on a gratis basis. Three of these employees pay the required .07 cents per mile reimbursement.

The responsibility levied on the taking home of administrative vehicles in the police department is greater than that of other departments because of service rendered going to and from work and response availability. Other department administrative vehicles are used strictly for transportation. However, I feel the employee who is called back infrequently and does not normally report to work assignments from home or enroute to home should pay a fair operating cost.

Reference to the evaluators comment on Page 7 concerning the detective/ administrative vehicles . . ." all of which are standard size sedans . . ." (Note b)
This is not correct, the vehicles are both standard size and intermediate. Furthermore, the county discontinued purchase of standard size vehicles for police in 1975.

In reference to the mileage reimbursement charge of .07 cents per mile being too low. The practice could not be considered as a contributing factor (Note b) to the Motor Pool Fund being in a deficit condition since user agencies pay the specified mileage rate on each vehicle monthly in addition to what the Note b: The final report reflects these comments.

employee pays. The report indicates this as a contributor on Page 16.

Reference Page 16, Item 19:

If the IRS ruling on MNCPPC is upheld by the courts the ruling could affect the county policy on take-home cars. In the past it was shrugged off that "being subject" to call negated the benefit the employee received. That benefit being free transportation to and from work. As the draft report indicates, the basis for the personal use of the vehicle must be outlined specifically to show that it is a part of the job and not a fringe benefit.

A final comment reference exceptions to reimbursing the County: (Note c)

If the county employees who drive county vehicles home were to pay for the vehicle at .07 cents per mile or forego use of the County vehicle and request compensation, the county would probably pay in excess of the predicted \$63,000 reimbursement.

Reference conclusions:

No. 1 - The conclusion here escapes me. It reads as a general statement.

No. 2 - The police pay a different rate than indicated in (Note d)
b) Specifics: 1).

No. 3 - The conclusion addresses the County AP No 1-4. I (Note e)
do not believe the procedures are too broad.

No. 4 - Specific 2) addressed previously. Specific 4) and (Note c)
item c) on page 16 are in conflict.

No. 5 - I agree with this conclusion and would support any (Note f)
program that accurately indicates costs.

No 6 - The police have a vehicle maintenance program that is

Note c: The final report deleted all references to total reimbursement dollars.

Note d: The final report reflects this comment.

Note e: In the final report, this is Conclusion #4.

Note f: In the final report, this is Conclusion #6.

in my opinion very successful in reference to vehicle care. The personal patrol vehicles are perhaps in better condition than most county vehicles regardless of their age.

No. 7 -The police have strict policies in this regard.

(Note g)

No. 8 -N/A

No. 9- N/A

Reference Recommendations:

No. 1 - Agree. Realistic charges should be computed for administrative vehicles based upon actual costs and usage data per vehicle and department (i.e. this would mean a higher rate for "pool cars" than for an identical administrative vehicle in any given department)

No. 2 - This is a function of the Chief Administrative Officer.

2 a. - The two requirements:

1. Nature and frequency of use
2. Mileage

seem specific enough for assignment of a vehicle to a particular department or agency.

2 b. -For those employees who are not exempted from payment (Note h)

the actual rate may seem appropriate if the particular agency did not have to pay the same mileage rate. Under the present system the agency of assignment and the employee both pay in some instances totaling .17 cents per mile.

Note g: In the final report, this is Conclusion #8.

Note h: The final report reflects this comment.

2 c. - The exceptions to reimbursing are necessary as previously stated.

2 d. - Agree

(Note i)

No. 3 - Addressed previously - All police vehicle assignment is not administrative. The majority of the police vehicles used on a 24 hour assignment are detective/investigative vehicles. In fact all are paid for at a different rate than the administrative vehicles. (Note j)

No. 4 - Addressed previously

(Note k)

No. 5 - Addressed previously. The police have policies to address improper operation and care of county vehicles. (Note 1)

No. 6 - N/A to police.

No. 7 - N/A to police.

Note i: Here the Police Department is agreeing with the draft recommendation which addressed only the establishment of a firm policy concerning parking vehicles outside the County on a regular basis.

Note j: Draft Recommendation No. 3 was eliminated from the final report.

Note k: In the final report, this is Recommendation No. 3.

Note 1: In the final report, this is Recommendation No. 4.

5a) Comments from the Director, Department of Fire and Rescue Services.

M E M O R A N D U M

January 11, 1978

TO: Andrew Mansinne, Jr., Director, Office of Legislative Oversight
FROM: Chief Warren E. Isman, Director, Department of Fire and Rescue Services
SUBJECT: Administrative Vehicles

The basic premise adopted by the investigators preparing the Office of Legislative Oversight Report #78-2, Administrative Vehicles, is that County employees who have a County vehicle assigned to them, particularly if it is a takehome car, have a very special privilege and fringe benefit. However, I have a completely opposite outlook on assigned County vehicles. My feeling is that the citizens are very fortunate that the employees of the Department of Fire and Rescue Services consent to have vehicles assigned to them. I believe that under the current practice these vehicles are a liability instead of benefit. My reasonings for this statement are outlined below.

The first requirement is to define how a takehome vehicle is utilized. In the Department of Fire and Rescue Services all of the vehicles are radio equipped on the three fire department frequencies, have emergency lights and sirens, and are registered as emergency vehicles. The vehicles are assigned on the following basis.

Utilized on a daily basis and parked overnight at 6110 Executive Boulevard or 10025 Darnestown Road	3	
Utilized on a takehome basis with mileage to and from work paid for	1	
Utilized on a takehome basis and dispatched directly to the field without coming to Executive Boulevard	9	
Utilized on a takehome basis and available for emergency response from home on an official callback requirement from 12 midnight to 0800 hours	4	(Note a)
Utilized on a takehome basis and available for emergency response from home on a 24-hour basis, for multiple alarm fires, arson cases, complicated emergency medical services cases, fire deaths. In addition, these personnel are required to attend all of the meetings of Fire Board Committees which take place in the evenings and on weekends.	4	

b) OLO Responses:

Note a: These 4 vehicles assigned to fire investigators have not been included in this final report.

1. By having the employee go directly to his/her duty station, a great deal of time is saved and productivity is increased. Employees are on-the-job earlier and leave later, providing more hours to the citizens. If they were made to report to Executive Boulevard to pick up their vehicles and then travel to their work station, several hours for travel would be lost each day for the nine employees in this category. In addition, should an individual finish up a field assignment at 5:00 p.m. he/she now goes directly home from that assignment. If it were necessary to first drive back to Executive Boulevard before going home, it would necessitate one hour of overtime. The overtime costs of the department would increase beyond any savings to the County.

2. The report automatically assumes that there would be a decrease in mileage if those going directly to their work station were made to report to the office. However, our studies indicate that many of our employees live close to their work stations. Thus driving to and from Executive Boulevard and their work stations would produce higher mileages and increased costs to the taxpayers.(Note b)

3. Personnel subject to callback are our fire investigators whose prime responsibility is to determine the cause of a fire, do the detective work required to locate and prove that a particular individual set the fire, and to work with the other agencies on such matters as bomb disposal and handling of hazardous materials. Because of a personnel shortage, it is not possible to provide sufficient individuals on a 24-hour basis. The four investigators therefore are subject to call back at any time. Because of the complexity of an investigation, several are needed on the scene of a fire and there are frequent simultaneous incidents which require their attention. Rapid response is an absolute necessity to preserve the scene and begin the investigative work. Personnel in this section must be available at all times. It is therefore not a privilege to have an emergency vehicle at home but a necessity if the citizens are to get the best possible service.

4. A majority of the fire and rescue activities in our County are provided by volunteer personnel. The ruling body for fire and rescue service is the Fire Board. The Fire Board in addition to its regular meetings is divided into 16 committees that meet at least twice a month. In addition, each of the 18 departments meets at least monthly. This means that there are approximately 30 evening meetings per month which the four personnel must attend as part of our legal responsibility to the Fire Board. To this must be added approximately ten emergency calls per month which must also be responded to. To require these individuals to pay for the takehome use of the car would cause them to be kept at their work station. Then, overtime would have to be paid to have the individual return to the office to pick up the vehicle. In addition, in accordance with the regulations, if the person stayed at work and then went to the meeting (which is an official function) the County would have to pay the cost of dinner. The (Note c) cost of meals, mileage for use of private vehicle, and the overtime costs would far exceed the savings. It seems to be a case of penny-wise and pound foolish, with unfortunately the taxpayer as the loser.

Note b: The OLO report does not assume what is stated in this paragraph. Further, the OLO report does not recommend employees must first report to an office rather than go directly to a field work location. The OLO report merely concludes that the mileage from an employees' home to the normal initial work location--or field site--is commuting.

Note c: Paragraph 6.3, Administrative Procedure 1-5 states "In extenuating circumstances and with approval of the Department/Agency head, an employee may be reimbursed for the cost of an evening meal whenever the employee is not able to go home for dinner because of the lack of time between his/her regular working hours and an evening meeting."

5. The case of the Director of the Department of Fire and Rescue Services paying for the use of the fire chief's car to go to and from work is asinine. To talk about increasing this cost makes the decision all the more ludicrous. In addition to attending many of the meetings outlined above and responding on emergency calls on a 24-hour basis, the fire chief attends many civic and administrative meetings in the evenings. These average four nights a week and at least one day of the weekend. Instead of a privilege, having the vehicle at home is a liability. It is a benefit for the citizen and not the director.

Now that these general comments have been made, I would like to make specific comments on the report.

1. A general overall complaint is that no one in the Department of Fire and Rescue Services was interviewed about how we utilized our County vehicles. The philosophy of our Department was never discussed. How can a report as far reaching as this, not be discussed with the department head.

2. The technique used for responding to the department comments on the draft should also be looked at. If comments are just added to the rear of the report, it appears that they will have no impact on how the Office of Legislative Oversight views the problem. Individuals reading the report and the recommendations will have to go through the complete text to find out if there were any errors or disagreements with the statements made in the body of the report.

3. The reasons stated in my introduction (items one through five above), I do not feel that "every employee who drives a County vehicle between home and work should reimburse the County for the actual mileage between home and work on the basis of a 228-day work year and at a rate per mile equal to the actual operating expenses of the vehicle used." To do so will cost the County taxpayer far more money than it would generate.

4. Paragraph 17 a) (1). As stated in number 5 above, the takehome car for the Director is not a privilege, but a job requirement. Instead of raising the fees for this, provision should be made for eliminating the cost in those instances where it is such a requirement.

5. Paragraph 17 b) (1). As stated in numbers 1 and 2 above, requiring all personnel to pay for taking the vehicles to and from their home and duty station will cost the taxpayer much more than is saved. In fact, overtime costs and loss of productivity for the Department of Fire and Rescue Services will amount to over \$60,000. To maintain the same level of work will require two additional full time inspectors, plus overtime for the other nine. Total reimbursement to the County would be less than \$10,000 resulting in a net loss of \$50,000. An excellent example of being penny wise and pound foolish.

6. Paragraph 17 b) (2). Personnel who regularly work nights and weekends provide the County with a great deal of uncompensated time. While it is expected of a certain level of supervisor it does not have to be done nor does it have to be done to the great extent it is in the Department of Fire and Rescue Services. To stick your head in the sand and say that, "compensation for additional work at night or on weekends is provided for in the personnel regulations and should not be substituted with, or augmented by, the gratis use of a County vehicle for normal work-day commuting" is ridiculous. How can you say on the one hand that this is going to save funds and on the other say pay much more in overtime compensation. The end result is increased costs to the taxpayer. If night time work of the Department of Fire and Rescue Services were stopped, the work of the Fire Board would come to a halt. If additional career personnel were hired to perform these jobs, the costs would exceed \$50,000. Again, where are the savings so readily predicted in the report?

7. Paragraph 18 c). The total possible savings is \$46,770 if all takehome (Note cars were paid for. The cost of the study, increased cost of overtime, loss of productivity, and requirement for additional personnel just in the Department of Fire and Rescue Services would far exceed the projected income. How can a responsible County government justify such broad and sweeping recommendations without consulting the management personnel who have to implement and live with such a policy?

8. Paragraph 21 b). The Department of Fire and Rescue Services takes great exception to the statement that employees do not take care of their assigned vehicles. All of the vehicles in the Department of Fire and Rescue Services are maintained on their scheduled program, and are washed and waxed on a regular basis. Our personnel are very proud of the condition of the vehicle and that pride is reflected in the care they give it.

9. Paragraph 21 f). To restrict a person who is assigned a takehome vehicle from taking it to lunch is another asinine statement. What you are recommending is that those who work at Executive Boulevard or the Training Academy be required to bring their lunch with them. In addition, what about the individual who is out in the field all day and has to stop for lunch? How can this be prohibited? Again, this is an example of the attitude that the vehicle is a privilege while in fact it is a liability. From the point of view of the Department of Fire and Rescue Services, would it be better to have the employee drive to a nearby fire station, park the vehicle, walk to nearby restaurant, walk back and get in the vehicle and return to work? Do you think productivity would be improved? (Note e)

The entire tone of this report is such that there is a privilege in being allowed to take a County owned vehicle home on a regular basis. This assumption is false because the vehicle is in fact, a liability. Cost savings projected by the report would be far exceeded by the increased cost of overtime and the reduced productivity.

Note d: The final deleted all references to total reimbursement dollars.

Note e: The OLO draft report only criticized using a County vehicle to go from an office work location to an employee's home or to a restaurant for lunch. This final report has been rewritten to clarify that for those who work in the field, stopping for meals should not be prohibited. However, this OLO report maintains that meals are an employee's responsibility and that the County is under no obligation to provide transportation for any employee at Executive Boulevard or other facility to the employee's home or to a restaurant for meals.

The head-in-the-sand attitude of strict interpretation of "personal use" will cost the taxpayer much more in funds than can possibly be saved. The administrative functioning of the departments is the responsibility of the Executive Branch and the Legislative Branch is attempting to dictate the policy without having the responsibility for providing the service. The department directors must have some latitude to ensure that the best service is being provided at the least cost. The entire functioning of a department must be looked at and not just a small segment, to understand the total picture.

6. Extract of comments of the Director, Department of Transportation.

"PAGE 2, PARAGRAPH 4 - MOTOR POOL DEFICIT.

The .5 million dollar deficit mentioned in the report seems to be the difference between the approved budget request and the total funds available as established by the Budget Office. The profit and loss statements prepared independently by the Department of Finance and the Department of Transportation reflect a small surplus for the period ending November 30, 1977. The projected high expenditures during the heavy winter months may diminish the surplus, but at this writing the Department of Transportation predicts a break-even or small surplus at year-end. This is primarily due to several cost saving measures undertaken this year."

Pages 7-9, Paragraphs 11a, b, c, d, and 12;
Page 16, Paragraph 18; Pages 21-22 Conclusion #2a, 2b(1) and 2b(2);
Page 24, Recommendation #1.

"[Fixed] rates could not be increased to current replacement costs and insurance costs due to fiscal restraints. To increase rates to desired levels would generate revenues in excess of the available funds in the Motor Pool appropriations of user agency budgets. Rental rates will be increased subject to the prevailing fiscal constraints. Although the financial structure of Equipment Section is complex, the overall financial situation has been improving and we hope to break even in FY 78."

"PAGE 19, PARAGRAPH 4 (SECTION 21g):

Department of Transportation has conducted studies to evaluate leasing of vehicles. It has been determined that leasing of vehicles is not economical for the County fleet. A recent study conducted by General Services Administration also does not recommend leasing for Federal Government vehicles."

7a) Comments from the Director, Department of Environmental Protection.

MEMORANDUM

January 31, 1978

TO: Andrew Mansinne, Director, Office of Legislative Oversight
FROM: Frances L. Abrams, Director, Department of Environmental Protection
SUBJECT: Office of Legislative Oversight Report #78-2, Administrative Vehicles

Thank you for the opportunity to review and comment on your draft report entitled "An Evaluation of Policies and Procedures Concerning the Assignment of Administrative Vehicles within the County Government. Since 106 of the 350 so-called "administrative vehicles" are assigned to this department, we are extremely interested in your recommendations.

We are deeply concerned about your recommendation to require reimbursement from every employee who regularly drives between home and a work location, at a rate per mile equal to the actual operating expense of the vehicle. In our opinion, such a change (1) would be a dramatic shift in the conditions of employment for 53 Department of Environmental Protection employees without the opportunity to appeal; and (2) would detrimentally affect the efficient operation of this department.

The decision was made by management to require inspectors to take their assigned cars home so they may proceed directly to their first inspection sites the next morning. Generally, each inspector has been assigned an area near his/her home to reduce mileage and minimize the loss of expensive time. I do not believe we could order our inspectors to take a County vehicle home and report directly to their job sites if they must pay for the use of the vehicle. We also cannot ask them to appear on a job site in their own car because owning a car is not a requirement of employment with Montgomery County. Therefore, it is not difficult to imagine employees arriving at our offices at the time required, drinking a cup of coffee (unless such activity were strictly prohibited), and then driving to their first inspection location. Under those circumstances, we would lose an estimated half hour of productive time per inspector per day. In the Division of Construction Codes Enforcement, that loss would amount to approximately 15 productive hours per day, 75 hours per week, 3900 hours per year or 1.9 manyears of productive service.

Similarly, we would lose effectiveness by delayed responses to emergency calls outside normal duty hours. While this category of service cannot be so easily quantified as the normal routine, a loss of responsiveness to public health and safety emergencies should not be tolerated.

Lastly, I recommend that your references to a recent Internal Revenue Note a Service (IRS) decision concerning employee use of official vehicles for commuting be investigated further before they are considered in any way as a basis upon which to recommend a change in County policy. Unless and until the IRS rules on this issue as it relates to employees required to take home cars for job-related reasons, the issue should not be a basis for requiring this Department's employees to pay for vehicle usage.

Again, I thank you for the opportunity to comment.

b) OLO Responses:

Note a: The final report elaborates on the IRS decision.
See Exhibit E.

EQUIPMENT SECTION

MOTOR POOL CHARGES

AUTOMOBILES, LIGHT EQUIPMENT, AND HEAVY TRUCKS

RATE SCHEDULE 1

CODE	VEHICLE CLASSIFICATION	RATE - 7/1/77	
		FIXED*	MILEAGE (operatin
	<u>Emergency Vehicles:</u>		
10	Standard Size Autos	\$260	\$.13
11	Intermediate Fleet	250	.12
12	Personal Patrol Vehicles	170	.11
14	Detective & Administrative Vehicles	145	.10
	<u>Administrative Vehicles:</u>		
20	Intermediate & Compact Automobiles	115	.08
2	Station Wagons	125	.11
30	Pickup Trucks	140	.10
40	Van Trucks	125	.11
50	Trucks - 10,000 to 15,000 GVW	175	.17
60	Trucks - 16,000 to 25,000 GVW	195	.17
70	Trucks - 26,000 to 34,000 (Gas)	260	.26
75	Trucks - 26,000 to 34,000 (Diesel)	260	.16
90	Trucks - over 34,000	610	.18
100	Motorcycles	110	.11
110	Motorscooters	85	.07
120	Pool Cars: \$1/hour plus 7¢/mile w/following maximum charges:		

- 1) Daily charge (24 hours) shall not exceed \$8
- 2) Weekly charge shall not exceed \$30
- 3) Monthly charge shall not exceed \$115

*Monthly

MAINSTEM

INDEX OF REPORTS

Average Miles Per Gal. by Vehicle & Vehicle Class (previous 10 periods & current period).....

Average Miles Per Quart Add-Oil, by Vehicle & Class (previous 10 periods & current period).....

Cost Per Mile, by Vehicle, Fuel-Maint. (previous 10 periods).....

Cost Per Mile, by Vehicle & Average by Class, Life Maintenance.....

Cost Per Mile, by Vehicle, Fuel and Maint. (current, prev. 10 and life).

Life Cost Per Mile, by Vehicle, Life by Component.....

Indirect Charges, Material and Labor Hours (current & previous 3 periods)

Labor, Burdened Rate, Hours Paid, Hrs. Accounted for, % of Paid Hours Accounted For.....

Labor, Hours and Dollars, by Vehicle and by Location (or domicile).....

Average Miles Per Gallon, by Vehicle and Avg. by Class, Current Period and Previous 10 periods).....

Average Miles Per Quart, Add-Oil, by Vehicle & Avg. by Class, Current Period and Prev. 10 Periods.....

Miles, Total by Vehicle, Current Period and Prev. 10 Periods (Also Total by Class).....

Miles, Life of Vehicle.....

Miles, Total by Domicile (or location).....

Maintenance Cost, Life, by Vehicle.....

P.M.'s, Past Due (Miles or Periods).....

Parts Charged to Inventory, Current Period and Previous 3 Period Average.....

Parts Charged on Repair Orders, Current Period and Previous 3 Period Average.....

Parts by Domicile (or location) Current Period.....

Parts by Component, Current Period.....

Road Calls, Total Cost, Average Cost, # Vehicles with Road Calls.....

Road Calls, by Component.....

Road Calls, by Vehicle Number.....

Repair Orders, Total Number, Total Cost, Average Cost, (By Class and Cause).....

Data Collected: Nov: 1977

Administrative Sedans (a)

Assigned to Agencies/Departments/Offices (b)

Agency/Department	<u>CAT I</u>	<u>CAT II</u>	<u>CAT III</u>	Total No. of Veh. Assigned to Agency/ Department
	No. of Veh. on Daily Dispatch & Parked Overnight at Govt. Facility	No. of Veh. on 24 Hr. Dispatch at no Cost to Driver & Parked Overnight at Private Residence	No. of Veh. on 24 Hr. Dispatch, Driver Paying Commuting Costs, & Parked Overnight at Priv. Resid.	
Budget & Research	-	-	1(c)	1
Consumer Affairs	1	-	-	1
Comm. & Econ. Dev.	3	0	2	5
Comm. Serv. Center			1(c)	1
Corrections/Rehab.	2	-	1	3
Council Staff	-	-	1(c)	1
County Attorney	2	-	-	2
Ex/CAO/Ex Staff	1	-	3(c)	4
Environ. Protection	48	50	-	98
Fac. and Services ^(d)	8	3	3	14
Finance	2	-	1(c)	3
Fire & Rescue	3	13(e)	1(c)	17
Health	5	10	1(c)	16
Health Sys. Plng.	-	-	1(c)	1
Human Resources	6	3	-	9
Human Relat. Comm.	2	-	1(c)	3
Landlord/Tenant Aff.	5	-	-	5
Libraries	-	-	1(c)	1
Liquor Control	4	-	1	5
Personnel	-	-	1(c)	1
Police	-	29(e)	6(c)	35
Recreation	9	-	2(c)	11

Agency/Department	<u>CAT I</u>	<u>CAT II</u>	<u>CAT III</u>		Total No. of Veh. Assigned to Agency/ Department
	No. of Veh. on Daily Dispatch & Parked Overnight at Govt. Facility	No. of Veh. on 24 Hr. Dispatch at no Cost to Driver & Parked Overnight at Private Residence	No. of Veh. on 24 Hr. Dispatch, Driver Paying Commuting Costs & Parked Overnight at Priv. Resid.		
Social Services	2	-	-		2
State Affairs	-	-	1 (c)		1
Transportation	29	32	2 (c)		63
Sheriff's Dept.	4	-	1 (c)		5
States Attorney	-	-	4 (c)		4
TOTAL	136	140	36		312

Remarks

- Note a) Administrative vehicles listed here are only sedans. Station wagons, vans, pick-ups and other trucks which may be used for administration are not included. The only departments using standard sedans are Police, Sheriff and Fire and Rescue. The other departments use intermediate and compact sedans.
- Note b) All other County Government departments and agencies use vehicles from the Motor Pools or use private automobiles.
- Note c) Department/Agency head has a County furnished vehicle. The Director, Department of Transportation only uses a County vehicle from November 15 thru April 15.
- Note d) On January 4, 1978, the Department of Facilities Management and Services became the Department of Facilities and Services and incorporated Architectural Services from DCED. These figures reflect sedan assignments of the new Department of Facilities and Services.
- Note e) Departments of Fire and Rescue and Police. Does not include sedans assigned to Fire investigators or to Police vice/narcotics enforcement and intelligence officers.



ADMINISTRATIVE PROCEDURE

MONTGOMERY COUNTY, MARYLAND

NO. 1 - 4

PAGE 1 OF 3

ISSUE DATE
9/1/77

EFFECTIVE DATE
9/1/77

CAO APPROVAL
WMM

TITLE
ASSIGNMENT AND USE OF COUNTY VEHICLES

PURPOSE

- 1.0 To establish general policy and criteria for assignment and use of County owned vehicles.

POLICY

OFFICIAL COUNTY BUSINESS

- *2.0 County vehicles may be used only for official business. Any employee or volunteer using such vehicle for personal business will be subject to disciplinary action or loss of driving privileges.
- 2.1 With the exception of the following, a reimbursement rate of 7¢ per mile for actual mileage to and from work (based on a 228 day work year) will be imposed upon all employees who have cars assigned on a 24-hour basis as reimbursement to the County for using a vehicle to drive to and from work.

EXCEPTIONS

- 2.2 A. Police Officers assigned marked police vehicles according to County take-home policy.
- B. Drivers of radio-equipped vehicles who are dispatched directly from their residence to the field.
- C. Drivers of vehicles who perform certain services for the County on a regular basis directly upon leaving or returning to their place of residence. These drivers are normally assigned a station wagon, van or bus.
- D. Drivers of vehicles who take a car home only on the days that they remain on duty status and are subject to call back. This does not include supervisory personnel.
- E. Those other employees as approved by the Chief Administrative Officer whose duty assignments require evening and weekend responses on a regular basis.

*Revision



ADMINISTRATIVE PROCEDURE

MONTGOMERY COUNTY, MARYLAND

TITLE

ASSIGNMENT AND USE OF COUNTY VEHICLES

NO.	1 - 4
PAGE	2 OF 3
ISSUE DATE	9/1/77
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CAO APPROVAL	WHM

Responsibilities

AUTHORITY

- 3.0 The Chief Administrative Officer is responsible for the overall administration of the assignment of County owned vehicles and may delegate this responsibility as necessary.

JUSTIFICATION

- 3.1 All department and agency heads must prepare and submit a written justification for the assignment of a County owned vehicle.

CRITERIA FOR ASSIGNMENT

- 3.2 The criteria for assignment of vehicles shall be limited to the following:
- A. Nature and frequency of use.
 - B. Mileage.

CRITERIA FOR 24-HOUR ASSIGNMENT

- 3.3 The criteria for 24-hour assignment shall be limited to the following considerations:
- A. Employees subject to call for emergencies on a frequent basis. Justification must include nature of emergency and frequency of calls.
 - B. Employee has radio-equipped vehicle and is dispatched directly from his residence to work assignments in the field.
 - C. Critical shortage of parking facilities which would necessitate leasing of additional space for parking County vehicles.
 - D. Nature of job requires frequent work (excluding traveling to and from office for overtime work) or attendance at meetings during non-working hours. Justification must include nature of work or type of meetings and frequency of same.



ADMINISTRATIVE PROCEDURE

MONTGOMERY COUNTY, MARYLAND

NO.	1 - 4
PAGE	3 OF 3
ISSUE DATE	9/1/77
EFFECTIVE DATE	9/1/77
CAO APPROVAL	W.H.H.

TITLE

ASSIGNMENT AND USE OF COUNTY VEHICLES

- 3.4 With the exception of the exclusions indicated under Section 2.2., all employees assigned a County owned vehicle on a 24-hour basis will be subject to bi-weekly payroll deductions at the rate of 7¢ per mile for actual mileage to and from work (based on a 228 day work year) commencing January 3, 1977.

GENERAL

- 4.0 County owned vehicles are not to be parked overnight or housed outside the County on a regular basis.
- 4.1 Employees should utilize assigned vehicles and pool cars to the maximum extent possible. Cars will be reassigned to increase the number of pool cars available and to upgrade the vehicles therein. Periodically, reassignment of vehicles will be made to upgrade the fleet by assigning low mileage vehicles to a high mileage use where possible.

MEMORANDUM

January 24, 1978

TO: Mr. Andy Mancinne, Director, Office of Legislative Oversight

FROM: A. W. Gault, Director of Finance

SUBJECT: Draft Report No. 78-2, Administrative Vehicles

I have reviewed the draft report no. 78-2 Administrative Vehicles, prepared by the Office of Legislative Oversight with respect to IRS policy on vehicles that are assigned to employees on a 24-hour basis.

It would appear that the IRS code provides that the value of a vehicle that is attributable to travel between the employee's residence and place of work is subject to the federal income tax. However, a review of the IRS treatment of take-home vehicles of the Park and Planning Commission would indicate that the revenue code is not strictly enforced. Of the 200 + vehicles assigned on a 24-hour basis by the Commission only 15 vehicles were considered as representing additional taxable income to Commission employees (tax liability in the amount of \$2,000 for these vehicles was actually paid by the Commission).

Time did not permit an indepth analysis of the position taken by IRS with respect to waiving taxable income generally associated with a vehicle that is used between the employee's residence and place of work. However, it should be noted that an important consideration in the IRS decision was the fact that the aforementioned 185 + assigned vehicles were equipped with mobile radios.

Since employees assigned vehicles on a 24-hour basis are subject to emergency call, the IRS ostensibly considers this to be sufficient reason not to invoke the revenue code provision. The important point to be made is that there are conditions under which the IRS will waive the taxing of compensation normally associated with take-home vehicles.

According to Park and Planning the 15 vehicles that were considered as additional taxable income to Commission employees were vehicles assigned to the Planning staff.

AWG/jvm

cc: Robert A. Passmore

EXHIBIT E