

T&E COMMITTEE #2
April 23, 2009

Worksession

MEMORANDUM

April 22, 2009

TO: Transportation, Infrastructure, Energy & Environment Committee

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

SUBJECT: **Worksession: FY10 Operating Budget: Department of General Services:
Fleet Management Services (DFMS)
Motor Pool Fund Contribution (NDA)**

Those expected for this worksession:

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

Major Issues:

- **No purchases of any new vehicles are planned in FY10.**
- **DFMS will discontinue the use of biodiesel in its vehicles, instead using ultra-low sulfur diesel.**
- **Fuel and parts expenditure savings related to Ride-On Service Reductions may decrease under CE's Recommended Budget Amendments.**
- **The MC CarShare program is being underutilized, and Council staff recommends reducing its fleet size by half.**

Please see discussion below.

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

Overview

For FY10, the Executive recommends total expenditures of \$63,349,400 for Fleet Management Services, a decrease of \$4,325,380 or 6.4% from the FY09 approved budget of \$67,674,780.

	FY08 Actual	FY09 Approved	FY10 CE Recommended	% Change FY09-FY10
Expenditures				
Motor Pool Internal Svc. Fund	\$67,877,880	\$67,674,780	\$63,349,400	-6.4%
TOTAL Expenditures	\$67,877,880	\$67,674,780	\$63,349,400	-6.4%
Positions				
Full-Time	206	206	202	-1.9%
Part-Time	0	0	0	
TOTAL Positions	206	206	202	-1.9%
TOTAL WORKYEARS	191.1	205.5	202	-1.7%

The FY10 CE recommendation is a reduction of \$4,325,380. All reductions come from the following identified same services adjustments.

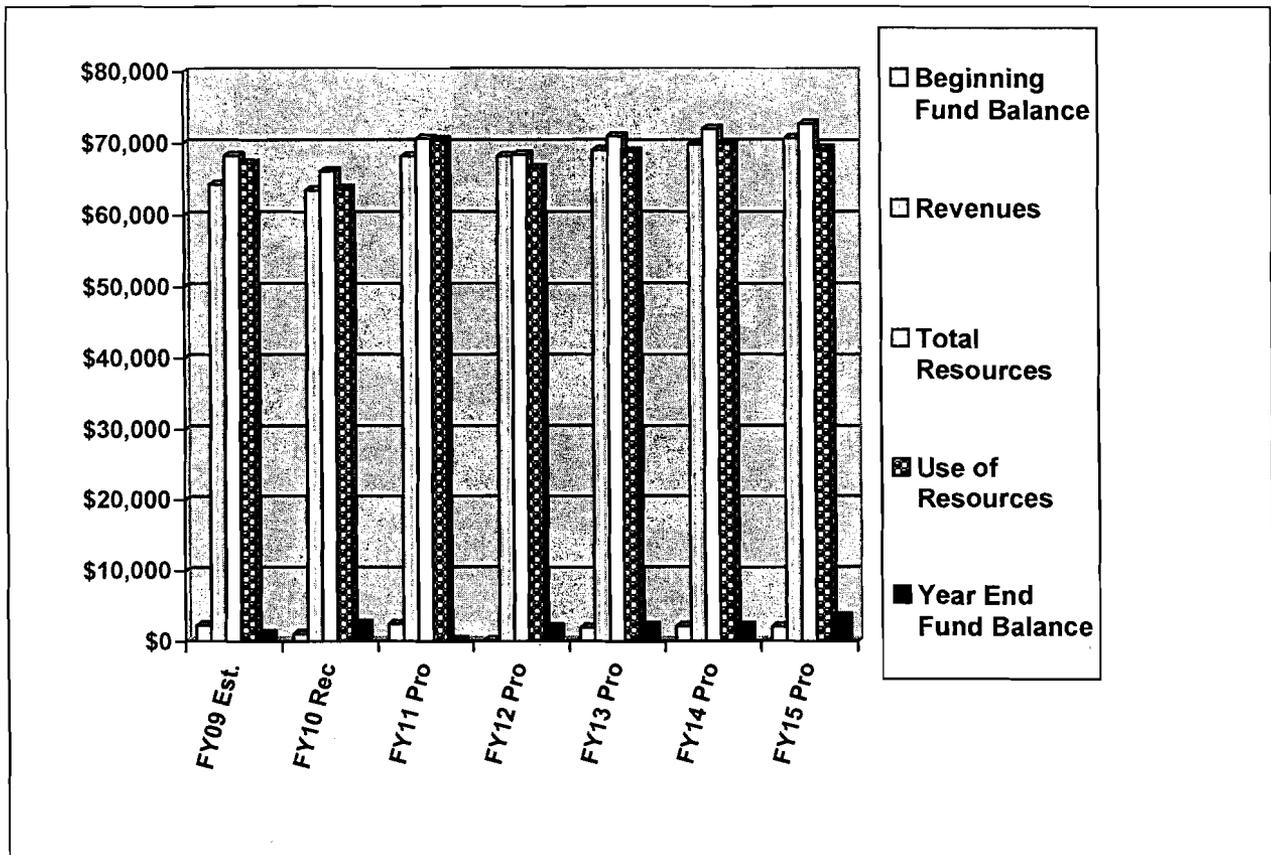
Identified Same Services Adjustments

Increase Cost: Personal Patrol Vehicle program expansion	\$237,000
Increase Cost: Contract CIP Increases	\$211,580
Increase Cost: Contract with First Vehicle Services	\$124,080
Increase Cost: Service Increment	\$117,140
Increase Cost: Risk Management Adjustment	\$95,030
Increase Cost: Service Lane Contract	\$74,140
Increase Cost: Group Insurance Adjustment	\$63,650
Increase Cost: Motor Pool Rate Adjustment	\$58,200
Increase Cost: Retirement Adjustment	\$55,170
Increase Cost: Master Lease Truck/Bus Lift	\$47,450
Increase Cost: Annualization of FY09 Service Increment	\$39,310
Increase Cost: Leased Tire Contract	\$26,550
Increase Cost: Urea dispensing equipment for diesel fuel	\$15,000
Increase Cost: Transit bus enhanced cleaning contract	\$4,740
Increase Cost: Printing and Mail Adjustment	\$3,770
Total Increases:	\$1,172,810
Decrease Cost: Central Duplicating Deficit Recovery	(\$2,690)
Decrease Cost: Insurance Premium Expenditures	(\$18,140)
Decrease Cost: Occupational Medical Services Adjustment	(\$19,140)
Decrease Cost: Adjustment to match replacement sched.	(\$23,850)
Decrease Cost: Term Position Abolished	(\$53,300)
Shift: Manager III position moved from Fleet to DGS	(\$166,450)
Decrease Cost: Retirement Incentive Program Savings	(\$172,440)
Decrease Cost: Use Ultra-Low Sulfur Diesel rather than Bio	(\$250,820)
Decrease Cost: Fuel and parts exp. Related to Ride On service red.	(\$1,528,210)
Decrease Cost: Fuel Cost Adjustment	(\$1,660,620)
Decrease Cost: Vehicle Replacements	(\$1,602,530)
Total Decreases:	(\$5,498,190)
Net Same Services Adjustment Total:	(\$4,325,380)

FY10 Motor Pool Fund Cash Balance

The following chart identifies the cash balance for the Motor Pool Fund from FY09 to FY15 (detail provided on © 8). In FY11, the projected fund balance falls to \$190,410, which is significantly below fund balances over the past several years. When fund balance policies for the non-tax supported funds were examined in 2006, the County policy for the Motor Pool Fund stated the vehicle replacement policy does not set a particular, targeted ending balance in terms of amount or a ratio, but it does provide that there should be an ending cash “balance adequate to protect against unanticipated expenditures requirements, such as necessary involuntary upgrades, price increases, etc., for each year.”

The projected FY11 fund balance is low, primarily due to an estimated \$5.4 million spent on equipment and vehicle replacement that year. This amount represents the need to defer vehicle purchasing as part of the FY09 savings plan and FY10 CE recommended budget. OMB states most of these purchases will still have to be made, and most of them will fall into FY11 or later. DFMS will attempt to slow these expenditures by maximizing the use of MC CarShare and by recalling and reassigning underutilized vehicles. **The Committee may want to ask DFMS whether an ending fund balance of \$190,410 is sufficient to cover unforeseen purchases, involuntary upgrades, price increases, etc.**



FY10 Expenditure Issues

Heavy Equipment and Automotive Services

Program Summary	Expenditures	Workyears
FY09 Approved	\$8,469,230	39.5
FY10 Recommended	\$8,736,020	39.5

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

A. Personal Patrol Vehicle (PPV) Program Expansion: \$237,000

This item was reviewed by the MFP Committee on April 20 as part of their review of the collective bargaining agreements. It was also reviewed by the Public Safety Committee on April 16, 2009. The memorandum of understanding between the County and the Fraternal Order of Police amends the eligibility criteria for the PPV Program. The objective of the PPV program is to “provide the highest level of police service to the community by providing greater police presence on the streets and in the neighborhoods of Montgomery County and by enhancing the responsiveness of both on-duty and off-duty officers to calls for service.”

Currently, officers who successfully compete probation in the Police Officer I rank and live in the County are eligible for a PPV. All vehicles assigned to officers who reside in the County, whether the vehicles are marked or unmarked, are classified as PPVs. Under the provisions of the concession agreement with FOP, all officers living within 15 miles of the County border would be eligible for PPVs and the vehicle could be used as a full-use vehicle anywhere within this expanded area. The CE Recommended budget details this item under Workforce/Compensation, where it says, in part:

Vehicles assigned to unit members who reside in Montgomery County or within 15 miles of the County's borders shall be full-use vehicles. Fiscal Impact: Additional fuel and maintenance costs can be expected. A placeholder of \$237,000 is included in the Department of Police Budget.

B. First Vehicle Services Contract: \$124,080

This contract provides vehicle maintenance for the light fleet housed at the Seven Locks location. Maintenance includes preventive, repair, and vehicle preparation services. Fleet's

estimated annual cost for FY10 is \$4,378,630. The current contract is in the process of being re-solicited and DFMS cannot give exact contract costs at this time.

C. Urea Dispensing Equipment for Diesel Fuel to Meet 2010 Federal Emission Standards: \$15,000

This item reflects the purchase of equipment used to dispense urea in diesel fuel to reduce the amount of nitrogen oxide in engine exhaust emissions. The federal Environmental Protection Agency is requiring diesel powered vehicles to emit no more than .2 grams of mono-nitrogen oxides (NOx) per brake horsepower per hour by 2010. Brake horsepower is a measure of power produced by an engine at the wheel or driveshaft recorded by a dynamometer or similar braking device.

Transit Equipment Services

Program Summary	Expenditures	Workyears
FY09 Approved	\$17,766,220	125.1
FY10 Recommended	\$17,798,440	116.5

This program is responsible for the maintenance and repair of the transit equipment fleet, which includes Ride On buses and trolleys. Program expenditures increase minimally in FY10, by \$32,220; however, workyears assigned to the program decrease by 8.6. DFMS states these changes include the RIP and abolished term position described below. **The Committee may want to ask DFMS to clarify the remaining reduction of 6.1 workyears under this program.**

A. Term Position Abolished: -\$53,300

This term position ended in FY09 when Transit Services Division ended its contract that provided maintenance for small buses and assumed the responsibility in-house.

B. Retirement Incentive Program (RIP) Savings: -\$172,440

These changes reflects the abolishment of two positions under the RIP. This reduction, along with an internal reorganization, have resulted in duties being distributed to remaining staff. DFMS does not anticipate any increase of compensatory time or overtime because of these changes.

Management Services

Program Summary	Expenditures	Workyears
FY09 Approved	\$1,095,340	5.6
FY10 Recommended	\$1,349,140	7.6

This program provides policy development, personnel and administrative oversight, and support for division activities. Program staff is responsible for coordinating energy-related matters pertaining to emissions and motor fuel issues, including alternative fuel use and the evaluation of applicable state and federal legislation. Increased expenditures total \$253,800 for FY10 and represent miscellaneous adjustments, including personnel costs. This program lost one workyear due to the transfer of a Manager III position to the DGS Director's Office. The duties of the position have been divided among the remaining Section Chiefs and the Division Chief Section. DFMS states that three additional workyears were reassigned to the Management Services Section as the result of an internal realignment.

Administrative Services

Program Summary	Expenditures	Workyears
FY09 Approved	\$40,343,990	35.3
FY10 Recommended	\$35,465,800	38.4

This program includes: the preparation and monitoring of the operating and CIP budgets; financial management of the Motor Pool Internal Service Fund; fuel management; payment processing; the preparation and monitoring of specifications, Invitations for Bids (IFB), and contracts; inventory and facility management; and the management and administration of computer and office automation system activities. In addition, the program replaces and disposes of the County's Fleet, which includes automobiles and heavy equipment.

A. Contract CPI Increases: \$211,580

DFMS has hundreds of contracts for parts and services in support of its operation. This increase is an across-the-board increase for the contracts, including: office supplies, parts (transit/heavy), bulk fluids, shop equipment, tools, uniforms, and hazardous waste handling. The increase is to account for inflation and the rate used was provided by OMB.

B. Insurance Premium Expenditures: -\$18,140

This expenditure is decreasing because the Division of Transit Services will be reducing its overall mileage. The reduction reflects a mileage decrease and not an actual premium rate decrease.

C. Adjustment to Match Replacement Schedule: \$-23,850

This adjustment shows projected savings resulting from the delay in replacing vehicles.

D. Use Ultra-Low Sulfur Diesel Fuel Rather than Biodiesel Fuel: -\$250,820

DFMS states it has chosen to discontinue the use of biodiesel at this point for two reasons. Given current fiscal constraints, DFMS recognizes the potential to save money by switching back to ultra-low sulfur fuel, which is on average about 8 cents per gallon cheaper than biodiesel. Secondly, DFMS has encountered quality issues with its supply of biodiesel. **The Committee**

may want to ask DFMS to elaborate on fuel quality issues and whether it thinks these can be corrected in the future.

**E. Fuel and Parts Expenditures Related to Ride On Service Reductions:
-\$1,528,210**

This savings was derived by applying a calculated cost per mil (\$2.66/mile for FY10) to the dollar amount that was to be eliminated by the Division of Transit Services as a result of their FY10 submission. The figure accounts for fuel, parts, labor, insurance, and other related items.

Under the CE Recommended Budget Amendments issued April 20, 2009, Transit Services is partially restoring Ride-On Service on Routes 53, 93, and 7 (© 7). DFMS states this restoration will have a budgetary impact on it as well, which could be calculated based on platform miles. **The Committee may want to ask DFMS if this impact has been determined.**

F. Vehicle Replacements: -\$1,602,530

When the FY10 budget was prepared, there were 200 administrative vehicles that would potentially be up for replacement in FY10 (due to age). DFMS calculated approximately 80-85 units could be replaced by using other underutilized vehicles. Therefore, approximately 140-145 vehicles will potentially be ready for replacement. DFMS makes this determination in late spring/early summer and evaluates each vehicle on a case-by-case basis (taking into account mileage, age, and maintenance costs). DFMS anticipates that many of these vehicles will not be replaced due to low mileage.

G. Fuel Adjustment: -\$1,660,620

The overall estimated cost for fuel in FY10 is \$14,839,280. This amount is calculated by projecting future fuel usage by reviewing historical actual purchasing and usage data and trends, then applying a projected per-gallon cost for the following fiscal year.

FY10 Fuel Rate Comparison

Fuel Type	Gallons Projected	Average Cost	Total Cost
Unleaded	2,744,909	\$2.10	\$5,764,310
Diesel	2,800,036	\$2.50	\$7,000,090
Ethanol	22,064	\$2.79	\$61,560
CNG	1,029,865	\$2.07	\$2,131,820
Total	6,596,874		\$14,957,780

The projected average fuel costs have fallen significantly from last year’s estimate. **The Committee may want to ask DFMS to discuss how price-per-gallon is estimated, and whether wide price fluctuations like what we experienced last summer are accounted for in this average cost estimate.**

Fuel Type	FY09 Cost Estimate	FY10 Cost Estimate	Difference
Unleaded	\$2.68	\$2.10	-\$0.58
Diesel	\$2.76	\$2.50	-\$0.26
Ethanol	\$3.05	\$2.79	-\$0.26
CNG	\$1.97	\$2.07	-\$0.10

H. MC CarShare Pilot Project

The MC CarShare program is a pilot project that officially started the first week of January 2009. DFMS currently has 28 vehicles available and 22 employees have registered for the service. Through April 14, CarShare has been used seven times for a total of 27.25 hours. Each vehicle costs the County \$1,100 per month, which is an all-inclusive charge to cover use, fuel, maintenance, and insurance.

DFMS has met resistance from employees who are accustomed to having their own County assigned vehicle at their disposal rather than a shared vehicle. DFMS however, is confident that the program will be a success once employees become more accustomed to the shared vehicle idea. In addition, as DFMS reduces the size of the administrative fleet through the re-assignment of underutilized vehicles, the CarShare alternative will become a more attractive option for County employees.

Since the program is being significantly underutilized, Council staff recommends cutting the MC CarShare fleet size by half, eliminating 14 of the 28 vehicles. With 28 vehicles, total program costs are approximately \$369,600 in FY10. Reducing the fleet size by half would reduce expenditures by \$184,800. As employees start using the program more, DFMS could increase the size of the fleet incrementally.

Motor Pool Fund Contribution NDA

Program Summary	Expenditures	Workyears
FY09 Approved	\$1,332,650	0
FY10 Recommended	\$0	0

This account funds the acquisition of new, additional motor pool vehicles, as opposed to replacement vehicles that are financed through an established chargeback mechanism (© 6). Generally, expenditures for new and upgraded fleet vehicles are recommended in individual department budgets and are reconciled at the conclusion of the budget cycle. The FY10 recommended amount is \$0. No new vehicle purchases are proposed for FY10.

Council Staff Recommendation

Council Staff recommends approval of the FY10 budget as submitted by the Executive with one change: reducing the size of the MC CarShare fleet from 28 to 14 vehicles. If this action is approved by the Committee, DFMS FY10 expenditures would decrease by \$184,800.

This packet contains:

Recommended FY10 Budget: Fleet Management Services	© 1-5
Recommended FY10 Budget: Motor Pool Fund (NDA)	6
The CE Recommended Budget Amendments (April 20, 2009)	7
Motor Pool Fund Balance	8

F:\John_FY10 Budget - Operating and CIP\Operating Budget Packets - Committee\Fleet 1.doc

Fleet Management Services

MISSION STATEMENT

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

BUDGET OVERVIEW

The total recommended FY10 Operating Budget for the Division of Fleet Management Services is \$63,349,400, a decrease of \$4,325,380 or 6.4 percent from the FY09 Approved Budget of \$67,674,780. Personnel Costs comprise 29.6 percent of the budget for 202 full-time positions for 202.0 workyears. Operating Expenses and Capital Outlay account for the remaining 70.4 percent of the FY10 budget.

LINKAGE TO COUNTY RESULT AREAS

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

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

DEPARTMENT PERFORMANCE MEASURES

This table presents the department's headline measures or submeasures that relate to multiple programs including projections from FY09 through FY11. These estimates reflect funding based on the FY09 savings plan, the FY10 budget, and funding for comparable service levels in FY11.

Measure	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Headline Measures					
Average Days Out of Service per Bus for Parts	6.0	4.9	4.0	3.8	3.8
Mean Miles Between Service Interruptions - Heavy Equipment ¹	NA	1,469	1,600	1,600	1,600
Mean Miles Between Service Interruptions - Administrative Vehicles	NA	1,943	2,800	2,800	2,800
Mean Miles Between Service Interruptions - Public Safety Vehicles	NA	2,517	3,200	3,200	3,200
Mean Miles Between Service Interruptions - Transit	NA	2,721	2,850	2,850	2,850
Turnaround Time - Average Days Out of Service for Repair - Heavy Equipment ²	NA	NA	NA	16	16
Turnaround Time - Average Days Out of Service for Repair - Administrative Vehicles	NA	NA	NA	2.1	2.1
Turnaround Time - Average Days Out of Service for Repair - Public Safety Vehicles	NA	NA	NA	2.5	2.5
Turnaround Time - Average Days Out of Service for Repair - Transit	NA	NA	NA	6.5	6.5

¹ Data regarding mean miles between service interruptions will be collected for all classes of vehicles.

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

ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Implemented new Information Technology disaster recovery plan to prevent data loss in the event of an emergency situation.*
- ❖ *Continuing to increase use of hybrid and other alternative fuel technology in both the light and heavy fleets to increase fuel economy while reducing vehicle emissions.*
- ❖ *Successfully executed Montgomery County's first online auction services contract with GovDeals.com to expedite equipment disposal, while realizing a potential increase in disposal revenues.*

- ❖ **Piloting a "carshare" hourly rental program featuring hybrids and Federal Environmental Protection Agency (EPA) Certified "SmartWay" cars to maintain customer service while reducing fleet size.**
- ❖ **Continuously developing standard operating procedures (SOP's) for various environmental and safety program including, fall arrest and protection, hazard communication, spill prevention and control, emergency action plan, mobile column lift operation, and personal protective equipment use.**
- ❖ **Productivity Improvements**
 - **Overseeing an outside audit on the Transit Equipment Section which will identify ways to improve efficiency while maintaining service and maximizing cost savings.**
 - **Leading a joint procurement, reverse auction for the purchase of unleaded gasoline with the potential of saving the County thousands of dollars over current gasoline contract pricing.**
 - **Revising preventive maintenance (PM) procedures for various Fleet equipment and implementing a comprehensive mechanic PM training program.**
 - **Working towards an overall reduction in fleet size through assessment of under-utilized administrative vehicles.**
 - **Participating in a Federal EPA grant program to retrofit selected heavy duty diesel trucks owned by the County with emerging emission reduction technology to demonstrate application of emerging technologies and reduce truck diesel emissions.**

PROGRAM CONTACTS

Contact Maggie Orsini of the Division of Fleet Management Services at 240.777.5759 or Adam Damin of the Office of Management and Budget at 240.777.2794 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Heavy Equipment and Automotive Services

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

Program Performance Measures	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Heavy Equipment Fleet Availability	95.43	94.41	95.00	95.00	95.00
Percentage of Customer Satisfaction for Police Vehicle Maintenance ¹	99.0	98.5	99.0	99.0	99.0
Percentage of Fleet Availability for Police Vehicle Maintenance	96.4	97.5	98.0	98.0	98.0
Mean Miles Between Service Interruptions - Heavy Equipment ²	NA	1,469	1,600	1,600	1,600
Mean Miles Between Service Interruptions - Administrative Vehicles	NA	1,943	2,800	2,800	2,800
Mean Miles Between Service Interruptions - Public Safety Vehicles	NA	2,517	3,200	3,200	3,200
Turnaround Time - Average Days Out of Service for Repair - Heavy Equipment ³	NA	NA	NA	16	16
Turnaround Time - Average Days Out of Service for Repair - Administrative Vehicles	NA	NA	NA	2.1	2.1
Turnaround Time - Average Days Out of Service for Repair - Public Safety Vehicles	NA	NA	NA	2.5	2.5

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

² Data regarding mean miles between service interruptions will be collected for all classes of vehicles.

³ Turnaround data for all classes of vehicles will be collected.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	8,469,230	39.5
Increase Cost: Personal Patrol Vehicle program expansion	237,000	0.0
Increase Cost: Contract with First Vehicle Services	124,080	0.0
Increase Cost: Urea dispensing equipment for diesel fuel to meet 2010 Federal Emission Standards	15,000	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-109,290	0.0
FY10 CE Recommended	8,736,020	39.5

Transit Equipment Services

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

Program Performance Measures	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Average Days Out of Service per Bus for Parts	6.0	4.9	4.0	3.8	3.8
Mean Miles Between Service Interruptions - Transit	NA	2,721	2,850	2,850	2,850
Turnaround Time - Average Days Out of Service for Repair - Transit	NA	NA	NA	6.5	6.5

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	17,766,220	125.1
Increase Cost: Service Lane Contract	74,140	0.0
Increase Cost: Leased Tire Contract	26,550	0.0
Increase Cost: Transit Bus Enhanced Cleaning Contract	4,740	0.0
Decrease Cost: Term Position Abolished	-53,300	-0.5
Decrease Cost: Retirement Incentive Program (RIP) Savings	-172,440	-2.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	152,530	-6.1
FY10 CE Recommended	17,798,440	116.5

Management Services

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

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	1,095,340	5.6
Shift: Manager III Position moved from Fleet Management Services to Department of General Services - Director's Office	-166,450	-1.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	420,250	3.0
FY10 CE Recommended	1,349,140	7.6

Administrative Services

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

Program Performance Measures	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Clean Air Commitment - Gallons Alternative Fuels Used ¹	1,105,433	1,337,182	3,442,832	4,233,507	4,233,507
Clean Air Commitment - Gallons Diesel/Unleaded Used	5,156,280	4,924,531	2,818,881	2,028,207	2,028,207
Fiscal Inventory Parts Turn Rate ²	NA	NA	2.4	2.8	2.8
Percentage of workorders completed without delay for parts	NA	88.8	89.5	90	90

¹ Alternative fuels include E-85 Ethanol, Compressed Natural Gas (CNG), and Bio-diesel. FY08 thru FY10 projections are based on a bio-diesel pilot project which began spring of 2008.

² Does not include seasonal parts

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	40,343,990	35.3
Increase Cost: Contract CPI Increases	211,580	0.0
Decrease Cost: Central Duplicating Deficit Recovery Charge	-2,690	0.0
Decrease Cost: Insurance Premium Expenditures	-18,140	0.0
Decrease Cost: Adjustment to match replacement schedule	-23,850	0.0
Decrease Cost: Use Ultra-Low Sulfur Diesel Fuel in all Diesel Applications rather than Bio-Diesel	-250,820	0.0
Decrease Cost: Fuel and parts expenditures related to Ride On service reductions	-1,528,210	0.0
Decrease Cost: Vehicle Replacements	-1,602,530	0.0
Decrease Cost: Fuel Cost adjustment	-1,660,620	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-2,910	3.1
FY10 CE Recommended	35,465,800	38.4

BUDGET SUMMARY

	Actual FY08	Budget FY09	Estimated FY09	Recommended FY10	% Chg Bud/Rec
MOTOR POOL INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	12,977,082	14,014,420	13,786,620	13,852,750	-1.2%
Employee Benefits	4,131,792	4,843,300	4,619,100	4,888,050	0.9%
Motor Pool Internal Service Fund Personnel Costs	17,108,874	18,857,720	18,405,720	18,740,800	-0.6%
Operating Expenses	42,191,447	39,184,810	40,585,640	36,587,730	-6.6%
Capital Outlay	8,577,559	9,632,250	8,209,020	8,020,870	-16.7%
Motor Pool Internal Service Fund Expenditures	67,877,880	67,674,780	67,200,380	63,349,400	-6.4%
PERSONNEL					
Full-Time	206	206	206	202	-1.9%
Part-Time	0	0	0	0	—
Workyears	191.0	205.5	205.5	202.0	-1.7%
REVENUES					
Charges For Services	58,986,936	64,853,290	64,275,100	63,450,510	-2.2%
State Fuel Tax	-2,329	0	0	0	—
Warranty Claims	29,512	80,000	80,000	50,000	-37.5%
Disposal of Fixed Assets Gain/(Loss)	0	300,000	300,000	300,000	—
Enterprise Rental Vehicles	436,557	0	110,000	200,000	—
Insurance Recoveries	1,013,962	1,000,000	1,000,000	1,000,000	—
Other Revenue	484,400	130,000	130,000	0	—
Take Home Vehicle Charges	12,605	0	20,000	20,000	—
Interest Income - Pooled Investments	230,445	160,000	60,000	50,000	-68.8%
Motor Pool Internal Service Fund Revenues	61,192,088	66,523,290	65,975,100	65,070,510	-2.2%

FY10 RECOMMENDED CHANGES

	Expenditures	WYs
MOTOR POOL INTERNAL SERVICE FUND		
FY09 ORIGINAL APPROPRIATION	67,674,780	205.5
Other Adjustments (with no service impacts)		
Increase Cost: Personal Patrol Vehicle program expansion [Heavy Equipment and Automotive Services]	237,000	0.0
Increase Cost: Contract CPI Increases [Administrative Services]	211,580	0.0
Increase Cost: Contract with First Vehicle Services [Heavy Equipment and Automotive Services]	124,080	0.0
Increase Cost: Service Increment	117,140	0.0
Increase Cost: Risk Management Adjustment	95,030	0.0
Increase Cost: Service Lane Contract [Transit Equipment Services]	74,140	0.0
Increase Cost: Group Insurance Adjustment	63,650	0.0
Increase Cost: Motor Pool Rate Adjustment	58,200	0.0
Increase Cost: Retirement Adjustment	55,170	0.0
Increase Cost: Master Lease Truck/Bus Lift	47,450	0.0
Increase Cost: Annualization of FY09 Service Increment	39,310	0.0
Increase Cost: Leased Tire Contract [Transit Equipment Services]	26,550	0.0
Increase Cost: Urea dispensing equipment for diesel fuel to meet 2010 Federal Emission Standards [Heavy Equipment and Automotive Services]	15,000	0.0
Increase Cost: Transit Bus Enhanced Cleaning Contract [Transit Equipment Services]	4,740	0.0
Increase Cost: Printing and Mail Adjustments	3,770	0.0
Decrease Cost: Central Duplicating Deficit Recovery Charge [Administrative Services]	-2,690	0.0
Decrease Cost: Insurance Premium Expenditures [Administrative Services]	-18,140	0.0
Decrease Cost: Occupational Medical Services Adjustment	-19,140	0.0
Decrease Cost: Adjustment to match replacement schedule [Administrative Services]	-23,850	0.0
Decrease Cost: Term Position Abolished [Transit Equipment Services]	-53,300	-0.5
Shift: Manager III Position moved from Fleet Management Services to Department of General Services - Director's Office [Management Services]	-166,450	-1.0
Decrease Cost: Retirement Incentive Program (RIP) Savings [Transit Equipment Services]	-172,440	-2.0
Decrease Cost: Use Ultra-Low Sulfur Diesel Fuel in all Diesel Applications rather than Bio-Diesel [Administrative Services]	-250,820	0.0
Decrease Cost: Fuel and parts expenditures related to Ride On service reductions [Administrative Services]	-1,528,210	0.0
Decrease Cost: Vehicle Replacements [Administrative Services]	-1,602,530	0.0
Decrease Cost: Fuel Cost adjustment [Administrative Services]	-1,660,620	0.0
FY10 RECOMMENDED:	63,349,400	202.0

PROGRAM SUMMARY

Program Name	FY09 Approved		FY10 Recommended	
	Expenditures	WYs	Expenditures	WYs
Heavy Equipment and Automotive Services	8,469,230	39.5	8,736,020	39.5
Transit Equipment Services	17,766,220	125.1	17,798,440	116.5
Management Services	1,095,340	5.6	1,349,140	7.6
Administrative Services	40,343,990	35.3	35,465,800	38.4
Total	67,674,780	205.5	63,349,400	202.0

FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY10	FY11	FY12	(\$000's)		
	FY13	FY14	FY15			
This table is intended to present significant future fiscal impacts of the department's programs.						
MOTOR POOL INTERNAL SERVICE FUND						
Expenditures						
FY10 Recommended	63,349	63,349	63,349	63,349	63,349	63,349
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	58	58	58	58	58
These figures represent the estimated cost of service increments and associated benefits.						
Master Lease Truck/Bus Lift	0	0	0	0	-47	-47
Retiree Health Insurance Pre-Funding	0	625	937	1,007	1,081	1,159
These figures represent the estimated cost of the multi-year plan to pre-fund retiree health insurance costs for the County's workforce.						
Subtotal Expenditures	63,349	64,032	64,344	64,415	64,441	64,519

5

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	18,455,210	0.0
Add: Build-out cost for new location of Outpatient Addiction Services (OAS)	2,281,250	0.0
Increase Cost: Lease increases	889,030	0.0
Add: MC311 Constituent Resource Management Call Center Lease at 51 Monroe Street	255,260	0.0
Add: Prorated six month cost of new location for Sixth District Police Station	208,160	0.0
Decrease Cost: Close Piney Branch Road Police Satellite Facility	-75,000	0.0
Decrease Cost: Adjustment for a 2% inflation factor	-290,860	0.0
FY10 CE Recommended	21,723,050	0.0

Montgomery Coalition for Adult English Literacy (MCAEL)

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

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	745,000	0.0
FY10 CE Recommended	745,000	0.0

Motor Pool Fund Contribution

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

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	1,332,650	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY09	-1,332,650	0.0
FY10 CE Recommended	0	0.0

Notes: No new vehicle purchases are proposed for FY10

Municipal Tax Duplication

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

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

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

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	7,488,240	0.0
FY10 CE Recommended	7,488,240	0.0

Prisoner Medical Services

This NDA provides reimbursements to physicians and hospitals for medical care provided to individuals in the custody of any Montgomery County law enforcement agency, with the exception that offenders committed to the custody of the Department of Correction and Rehabilitation (DOCR) receive medical treatment paid for by the budget of that department (to the degree not paid for

budgetary purposes. All County agencies except Montgomery College calculate the available beginning fund balance as the amount estimated to be available after the end of the previous fiscal year. Montgomery College calculates the fund balance available for the next fiscal year as the amount available at the end of the fiscal year two years ago. For example, the ending FY08 fund balance is considered the amount available for FY10, whereas, Montgomery County Government, Montgomery County Public Schools, and the Maryland-National Capital Park and Planning Commission calculate the estimated ending FY09 fund balance as the amount available for FY10. This recommended change would put the calculation of the College fund balance on the same basis as the other agencies.

Other

RELEASE OF FY09 SET ASIDE 2,203,700

When the Executive recommended the FY 10 Budget, \$11,584,070 was retained as a set aside for snow and storm removal costs and other unanticipated cost increases. Snow/Storm removal costs are estimated to be approximately \$2.2 million below estimates and this amount is recommended to be released and used to offset State Aid Reductions referenced above.

Total Tax Supported Resources -25,665,821

EXPENDITURE AMENDMENTS

DOT-Transit Services

RESTORE: RIDE-ON SERVICE 600,000

Restore weekday service on route 53 and Saturday service on route 29; restore route 93 with less frequent service and less span; restore route 7 with same frequency of service and span, but eliminate part of the route.

Environmental Protection

ADD: SUPPORT FOR THE MARYLAND CLEAN ENERGY CENTER 270,000

To provide support for staffing the new Maryland Clean Energy Center, which will be located in Montgomery County at the Camille Kendall Academic Center at the Universities at Shady Grove. Under the joint proposal by the University of Maryland System and the County, Montgomery County pledged to provide funds for staffing the Center: \$270,000 in FY10 and \$286,200 in FY11. The FY10 total breaks down as follows:

- Executive Director: \$130,000
Senior Program Manager: \$90,000
Analyst and Administrative: \$50,000
TOTAL: \$270,000

NDA - Conference and Visitors Bureau

INCREASE COST: ALLOCATION TO CONFERENCE AND VISITORS BUREAU 7,840

The Executive recommends an additional \$7,840 for the Conference and Visitor's Bureau to make the total amount of that Non-departmental Account 3.5 percent of total Hotel Motel tax revenues as required by the County Code.

NDA - Productivity Enhancements and Personnel Cost Savings

DECREASE COST: FY10 RETIREMENT INCENTIVE PROGRAM -1,241,170

This represents additional projected tax supported savings, based on information from the County Executive's actuary. Details are provided in the Fiscal Impact Statement related to Expedited Bill 10-09, Personnel - Retirement Incentive Program.

NDA - Retiree Health Benefits Trust

7

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN

Motor Pool

FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	4.1%	3.3%	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	1.10%	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	2,252,620	1,027,340	2,435,830	190,410	1,912,980	2,135,460	2,084,680
REVENUES							
Charges For Services	64,275,100	63,450,510	66,519,830	66,460,240	67,198,450	67,945,890	68,702,670
Miscellaneous	1,700,000	1,620,000	1,693,960	1,784,310	1,845,670	1,908,060	1,971,510
Subtotal Revenues	65,975,100	65,070,510	68,213,790	68,244,550	69,044,120	69,853,950	70,674,180
TOTAL RESOURCES	68,227,720	66,097,850	70,649,620	68,434,960	70,957,100	71,989,410	72,758,860
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(67,200,380)	(63,349,400)	(64,373,860)	(65,314,160)	(66,277,970)	(67,265,880)	(68,278,490)
Master Lease Truck/bus lift	n/a	n/a	0	0	0	47,450	47,450
Equipment vehicle Replacement	n/a	n/a	(5,402,810)	(213,160)	(1,478,510)	(1,547,120)	171,070
Retiree Health Insurance Pre-Funding			(624,840)	(936,960)	(1,007,460)	(1,081,480)	(1,159,200)
Labor Contracts	n/a	n/a	(57,700)	(57,700)	(57,700)	(57,700)	(57,700)
Subtotal PSP Oper Budget Approp / Exp's	(67,200,380)	(63,349,400)	(70,459,210)	(66,521,980)	(68,821,640)	(69,904,730)	(69,276,870)
OTHER CLAIMS ON FUND BALANCE	0	(312,620)	0	0	0	0	0
TOTAL USE OF RESOURCES	(67,200,380)	(63,662,020)	(70,459,210)	(66,521,980)	(68,821,640)	(69,904,730)	(69,276,870)
YEAR END FUND BALANCE	1,027,340	2,435,830	190,410	1,912,980	2,135,460	2,084,680	3,481,990
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	1.5%	3.7%	0.3%	2.8%	3.0%	2.9%	4.8%

Assumptions:

1. This projection for the Motor Pool Fund represents the County Executive's Recommended Fiscal Plan for the purchase, maintenance, and replacement of the County's fleet in light and heavy equipment and the maintenance of transit equipment and buses.
2. Fleet Management Services operates the Motor Pool Fund, an Internal Services Fund, to account for the financing of services it provides other Departments or agencies of the County on a cost reimbursement basis.
3. PSP/Operating Budget Expenditures are based on major known commitments.
4. A one-time increase in replacement charges of \$1.5 million is assumed in FY11 to maintain a positive fund balance.

9