T&E COMMITTEE #3
April 29, 2014
Worksession

MEMORANDUM

April 25, 2014

TO: Transportation, Infrastructure, Energy, and Environment Committee

FROM: Essie McGuire, Senior Legislative Analyst EMcGuire

SUBJECT: **Worksession – FY15 Operating Budget, Department of General Services (Facilities)**

Today the Transportation, Infrastructure, Energy, and Environment (T&E) Committee will review the County Executive's recommended FY15 operating budget for the Department of General Services (DGS), Facilities. The following individuals are expected to attend the worksession:

- David Dise, Director, DGS
- Beryl Feinberg, Chief Operating Officer, DGS
- Angela Dizelos, Division Chief, Central Services, DGS
- Richard Jackson, Division Chief, Facilities Management, DGS
- Michael Harkness, Operations Chief, Facilities Management, DGS
- Erika Finn-Lopez, Office of Management and Budget

This review does not include the Office of Procurement or Fleet Management Services. This review will include several programs funded by the General Fund and that portion of DGS' budget that is funded by the Printing and Mail Internal Services Fund.

OVERVIEW

The Executive's recommended budget for DGS is $37.5 million, an increase of $2.5 million or 7.1 percent over the approved FY14 level. The Executive's recommended budget is attached at circles 1-9. The table below shows the FY12-15 levels of funding in the program areas included in this packet:

Program	FY12 Approved	FY13 Approved	FY14 Approved	FY15 CE Rec	Amount Diff FY15-FY14
Automation	511,270	511,270	601,258	442,468	-158,790
Facilities Mgmt	15,885,600	19,036,848	20,618,427	22,812,792	2,194,365
Environmental Stewardship	8,960	8,960	101,441	101,570	129
Real Estate Program	910,570	931,728	991,975	900,523	-91,452
Administration	1,402,800	1,508,526	1,163,838	1,980,378	816,540
Printing and Mail Internal Svc Fund	8,184,150	8,503,416	8,340,516	8,070,305	-270,211

The table below shows the FY14 approved and FY15 recommended FTE for each program area.

Program	FY14 Approved	FY15 CE Rec
Automation	5.00	4.00
Facilities Mgmt	97.28	103.90
Environmental Stewardship	1.00	1.00
Real Estate Program	7.00	7.00
Administration	13.00	15.20
Printing and Mail Internal Svc Fund	29.50	30.75

FY15 Expenditure Issues

1. Consent Items

The table below summarizes the **same service adjustments** to the DGS General Fund.

FY15 Compensation Adjustment	596,171
Annualize FY14 Personnel Costs	546,276
Retirement Adjustment	56,802
Group Insurance Adjustment	30,790
Motor Pool Adjustment	12,364
Printing and Mail Adjustment	9,127
Elimination of FY14 one-time items	-95,000

- ***Project Search Interns:*** The Executive recommends an increase of $63,688 and 2 FTE for DGS to hire two Project Search graduates in entry level positions. Project Search is an intern program for young adults with intellectual and developmental disabilities.

Additional detail on the positions and other Project Search interns in DGS is attached on circle 17.

- ***Chargebacks:*** The budget includes an increase of $296,926 and 3.7 FTE associated with a decrease in chargebacks to other departments. DGS reports on circle 18 that this decrease resulted from a departmental review of chargebacks that identified several outdated charges to be addressed.

  The budget also includes a decrease of $87,379 and one FTE associated with a decrease of one Resident Supervisor position chargeback for the Department of Corrections and Rehabilitation (DOCR). The position related to supervision of DOCR work crews, and DGS and DOCR both agreed that the position was no longer necessary.

2. Office of Energy and Sustainability

The Executive's recommended FY15 budget includes $101,570 and one position for the Office of Energy and Sustainability (formerly the Environmental Stewardship Program). A position was created in FY11 to lead and coordinate the environmentally sensitive maintenance, construction, and operation of County facilities. Due to budget constraints, this position was not funded until FY14. The position was filled in November 2013.

DGS provided the update on circle 16 of the Office's charge and current focus of efforts. These include: developing a sustainable operations plan for DGS; working to identify a public private partnership to operate solar power systems on County properties and facilities; administering the Maryland Smart Energy Communities Grant; and advising the County's Energy Modernization Initiative.

Related legislative initiatives

The T&E Committee and the Council have considered four bills in recent months that have potential fiscal impact for DGS in FY15. Below, Council staff presents the bills and the fiscal impact as assessed by the Office of Management and Budget (OMB). At this time, Council staff understands that the FY15 budget does not have specifically identified funding to implement these bills; the Committee may want to consider whether funds should be placed on the reconciliation list for possible FY15 funding or whether DGS can implement the legislation through other means in the coming year.

Bill 2-14, Environmental Sustainability – Buildings – Benchmarking

The Council enacted this bill by unanimous vote on April 22. The Fiscal Impact Statement for this bill is attached on circles 19-21. According to the statement, DGS estimates that one position could spend half of its time implementing this bill. (The position would spend the other half of its time implementing Bill 6-14, below). The position cost is $47,673 (representing half of the position's full cost) and the operating dollars identified for DGS total $150,000. ***This brings the total appropriation needed as estimated by OMB to $197,673.***

Bill 5-14, Environmental Sustainability – Social Cost of Carbon Assessments

The Council enacted this bill by unanimous vote on April 22. The Fiscal Impact Statement for this bill is attached on circles 22-23. ***DGS and OMB do not estimate that any additional appropriation is necessary to implement the bill.***

Bill 6-14, Environmental Sustainability – Office of Sustainability – Created

The T&E Committee unanimously recommended approval of this bill on February 26; it has not yet been scheduled for Council action. The Fiscal Impact Statement for this bill is attached on circles 24-28. According to this statement, DGS estimates that it would require two additional County positions, one Sustainability Program Manager and one Energy Technician. The Sustainability Program Manager would spend half of its time implementing the work required by this bill and half of its time implementing the benchmarking program required in Bill 2-14, above. The total personnel costs for DGS are $116,639 (again, the cost of one position is half) and the operating dollars identified for DGS are $45,000. ***This brings the total appropriation needed as estimated by OMB to $161,639.***

Bill 8-14, Buildings – County Buildings – Clean Energy Renewable Technology

The T&E Committee unanimously recommended approval of this bill on March 24; it has not yet been scheduled for Council action. The Fiscal Impact Statement for this bill is attached on circles 29-31. According to this statement, DGS estimates that it needs two additional positions to implement the bill and the required Clean Energy Plan. The annual personnel cost is estimated at $200,654 for two grade 25 Program Manager II positions. DGS also assumes that $30,000 of energy savings will be realized in the first year of operation. ***This brings the total appropriation needed as estimated by OMB to $170,654.***

3. Facilities Management

The Division of Facilities Management is responsible for the maintenance and operations of County owned or leased facilities. This Division experienced significant reductions in the recent difficult budget years, particularly in the areas of maintenance, repair, custodial, and grounds services. Most of these services are conducted through contracts.

The Executive recommends a total of $22.8 million for the Division of Facilities Management. While this is an increase of $2.2 million over the FY14 approved level for the Division, the increase is largely due to the addition of new facilities opened in FY14 or FY15 (detailed more fully below), as well as inflationary cost increases to current contracts. **It does not represent an increased level of service.**

The table below shows the approved funding level for the Division of Facilities Management from FY09 to the FY15 recommendation. While these figures include more than just the contractual custodial and maintenance funding, they do illustrate the overall funding experience in this division.

FY09 App	FY10 App	FY11 App	FY12 App	FY13 App	FY14 App	FY15 Rec
$22.198 m	$21.610 m	$17.967 m	$15.885 m	$19.036 m	$20.618 m	$22.812 m

The budgets during this time period reflect significant decreases in the contractual services for maintenance and custodial services. In FY13 and FY14, the Council approved a total of $1.67 million to increase the level of service for maintenance and custodial services. Other budget increases reflected the addition of new County facilities, such as Edison Park Public Safety Headquarters and the Civic Building. As the chart above shows, the FY15 recommendation brings the Division funding back just over the FY09 approved level; however, the total number of buildings that the Division is responsible for has increased since that time.

In both Capital and Operating budget discussions, the T&E and GO Committees have requested comparative information and benchmarks for facility maintenance service levels. Below, Council staff has compiled information from DGS that begins to address this question of comparisons to industry standards and previous County experience.

- DGS reports that facility maintenance is budgeted at approximately $2 per square foot for custodial, grounds, and routine/preventive maintenance. Council staff requested a comparison with industry standards for these services. Compiling two measures from the International Facility Management Association (IFMA), DGS derives a comparable industry standard of $4.43 per square foot for these services.

- Council staff requested that DGS compare the current level of service supported by the budget for custodial, grounds, and maintenance services to what was previously the standard level of service. This comparison is on circles 10-11 and shows that some deep cleaning activities and preventive levels of maintenance, grounds work, and repair are not regularly conducted.

- In addition to these service levels, DGS responds to requests as needed for issues that present hazards; this unplanned work can be reflected in over-expenditures. The table on circle 12 shows the budget for maintenance in several categories since FY13, and shows the FY14 projected actual expenditures compared to the FY14 and FY15 budgeted levels. This table shows that in FY14 DGS currently projects that actual custodial and maintenance expenditures will be $2.1 million over the budgeted level. The FY15 recommended budget is $773,000 below the FY14 projected actual, even with the increases for new facilities.

In sum, the service level comparisons, budget experience, and square foot expenditures compared to industry standards suggest that while the DGS budget has improved significantly from the recession reductions, funding remains below optimal levels. **The Committee may want to discuss with Executive staff whether there are plans to address this issue and increase service levels over time.** For example, Council staff understands that because of the unique design and code requirements of the new Silver Spring Library, the budget assumes a higher per square foot maintenance cost of $4.17 per square foot for the square foot increase of that facility. This case-by-case approach would incrementally increase the overall per square foot budget for facility maintenance, but will take time to have significant impact and may not fully address the issues of existing facilities.

4. New facilities

Facilities open in FY14

The Executive's recommended budget includes an increase of just over $1 million to annualize the costs of maintenance for facilities opened (or expected to open) in FY14. DGS provided the information below on the status of these FY14 facilities.

Gaithersburg Library	Opened 1/8/2014
Olney Library	Opened 3/17/2014
Animal Services and Adoption Center	Opened 3/1/2014
Wheaton Vol Rescue Squad	Opened 11/16/2013
Travilah Fire Station #32	Opened 2/27/2014
3rd District Police Station	Estimated date: Spring 2014
Kensington Fire Station #25	Project placed on hold until FY16
Judicial Center Annex	Opening 4/28/2014

Facilities anticipated to open in FY15

The Executive's recommended budget includes an increase of $144,454 related to maintenance of new facilities opening in FY15. DGS provided the information below about the facilities, expected opening date, and increase in square foot area.

New Facility Anticipated to Open in FY15	Sq Foot Area	Expected Occupancy Date
Scotland Neighborhood Recreation Center	7,315	August 2014
Plum Gar Neighborhood Recreation Center	8,900	July 2014
Silver Spring Library	63,327	December 2014
MCPS Food Distribution Facility Snouffer School Rd. Gaithersburg, MD	58,000	November 2014
Police Outdoor Fire Arms Training Center 16680 Elmer School Rd., Poolesville, MD	Involves fence, site security with approx 1000 sf of storage space	Police to use facility during construction of fence, security and storage space

DGS staff reports that MCPS will assume responsibility for upkeep and maintenance of the Food Distribution Facility once it opens. It does not figure into the DGS budget for ongoing maintenance.

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General Services

MISSION STATEMENT

The Department of General Services proactively serves the diverse business and service requirements of all County departments, providing a single point of government-to-government service, enabling departments to successfully complete their respective missions and, thereby, adding value to the services performed by Montgomery County to County residents. In so doing, the Department of General Services contributes directly towards the County Executive's objectives of "A Responsive and Accountable County Government," "Healthy and Sustainable Neighborhoods," and "A Strong and Vibrant Economy."

BUDGET OVERVIEW

The total recommended FY15 Operating Budget for the Department of General Services is $37,478,330, an increase of $2,490,263 or 7.1 percent from the FY14 Approved Budget of $34,988,067. Personnel Costs comprise 46.7 percent of the budget for 251 full-time positions and four part-time positions, and a total of 189.75 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses and Capital Outlay account for the remaining 53.3 percent of the FY15 budget.

In addition, this department's Capital Improvements Program (CIP) requires Current Revenue funding.

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***
- ***Healthy and Sustainable Neighborhoods***
- ***Strong and Vibrant Economy***

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY14 estimates reflect funding based on the FY14 approved budget. The FY15 and FY16 figures are performance targets based on the FY15 recommended budget and funding for comparable service levels in FY16.

ACCOMPLISHMENTS AND INITIATIVES

- ***The Department of General Services added two Project Search interns in the Division of Facilities Management and Central Services to assist with customer follow up, file maintenance for Americans with Disabilities Act (ADA) Compliance, and vendor contact.***
- ***The Office of Procurement received the prestigious Achievement of Excellence in Procurement Award (AEP) from the National Procurement Institute for 2013 performance. The award recognizes organizational excellence in public procurement. Montgomery County is one of only six agencies in Maryland that received this award.***
- ***The Office of Procurement hosted Contract Administrator Forums for knowledge enrichment and contract administrator enhancement through discussions, lectures, problem-solving exercises, and practical interactive sessions. Sessions included Sustainable Purchasing: Best Practices and Practical Uses and Demystifying the Myth of Oracle and Compliance Issues in Contract Administration.***
- ***The Office of Procurement is a member of the State of Maryland's Strategic Subcommittee on green purchasing working on legislative issues, communications, and information exchange/networking. It coordinated new desktop computer modernization and copier contracts promoting green certification language and environmentally friendly disposal requirements.***
- ***The Division of Building Design and Construction (DBDC) works to ensure that all new County buildings meet LEED Silver Certification. DBDC continues to work on the Energy Services Company (ESCO) Pilot Project to save over $200,000 in energy costs per year.***

- ***The Executive Office Building/Council Office Building (EOB/COB) Garages Lighting Replacement and Update Project leveraged a grant from the U.S. Department of Energy to replace 685 energy lighting fixtures at two parking facilities with energy-efficient and long-lasting equipment. The project is expected to save over $71,000 in electricity costs annually and an additional $42,000 in maintenance costs due to the long lasting nature of the new lamps for a total cost savings of $113,000. The project will prevent the emission of over 1,037,772 pounds of carbon dioxide (CO2), save 4,746 pounds of sulfur dioxide (SO2), and save 2,729 pounds of nitrous oxides (NOx). These savings are equivalent to planting over 156 trees or removing 87 cars from roads.***

- ***The Office of Business Relations and Compliance hosted or participated in 15 outreach events to promote networking and matchmaking for key initiatives including the Silver Spring Library project and the IT Vendor Open House in support of the Local Small Businesses Reserve Program (LSBRP) and the Minority Female Disabled (MFD) Program.***

- ***DGS implemented a demand response program where small operational adjustments are made during periods of high electricity consumption. The County receives rebates while contributing to regional electricity grid reliability by reducing strain during periods of high demand. Environmental benefits also accrue as power plants need to run less, especially during hot days, improving air quality.***

- ***Productivity Improvements***

  - ***With in the Office of Business Relations and Compliance, spending on its Local Small Business program rose to 24.5% in FY13 from 23.7% in FY12.***

  - ***The Office of Business Relations and Compliance increased the contracting awards with businesses owned by Minority Female Disabled (MFD) persons to 20.08% in FY13 from 19.33% in FY12.***

  - ***The Office of Business Relations and Compliance expanded its Central Vendor Registration System enrollment which resulted in a 17% increase in MFD business with County contracts from 517 to 607 and a 13% increase in the number of businesses participating in the Local Small Business Reserve Program (LSBRP) from 1043 to 1183.***

PROGRAM CONTACTS

Contact Angela Dizelos of the Department of General Services at 240.777.6028 or Erika Lopez-Finn of the Office of Management and Budget at 240.777.2771 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Procurement

The mission of the Office of Procurement is to preserve the public trust and ensure the integrity of the public procurement process through the efficient, effective, and economical procurement of goods, services, and construction in accordance with nationally recognized best practices; resulting in the highest value for County government and its residents.

The core components of this program are to purchase goods, services, and construction required by County departments in the most timely and cost-effective manner possible. Program staff assists departments in the development of procurement strategies and documents to ensure a competitive, transparent, and fair procurement process in accordance with the County Code and the Procurement Regulations. Program staff also educates vendors about the County's procurement process and procedures.

Procurement staff also provides County departments with training, assistance and guidance of department contract administrators. Procurement works collaboratively with the Office of Business Relations and Compliance, the Office of Community Partnerships and other departments to build relationships with and provide training to local small and minority businesses and non-profit organizations interested in doing business with Montgomery County. Procurement Specialists develop contract administration procedures and research, review, and recommend revisions to County procurement policies and regulations to streamline the procurement process. In addition, testimony and other evidence regarding claims and contract disputes with contractors are reviewed to resolve issues.

Procurement staff participates with local, state, and national procurement buying associations to promote and teach continuing procurement education and learning credits; latest industry trends; latest source selection methods; and cooperative purchases. Also, staff participates in and leads recognized professional purchasing organizations at the local, state, and national levels.

Program Performance Measures	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Percent of Procurements Completed in Agreed Upon Time[1]	79.6	81.0	77.3	79.0	79.0

[1] This figure represents the average for the following: Invitation For Bid - 71%; Request For Proposals - 76.3%; and Construction: 95.50% for FY13.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	**2,784,078**	**26.30**
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-41,154	-2.40
FY15 CE Recommended	**2,742,924**	**23.90**

Business Relations and Compliance

The mission of the Office of Business Relations and Compliance (OBRC) is to plan and implement programmatic strategies to expand business opportunities for minority, female and disabled business owners and Montgomery County small businesses. The office administers the County's Living and Prevailing Wage programs as well as the Domestic Partner Benefits Law for service and construction contracts. The OBRC is solely responsible for ensuring County government contracting compliance with the socio-economic laws, programs, and policies of the County.

- Minority, Female and Disabled Persons (MFD): The MFD program objectives focus on ensuring that contracts awarded by Montgomery County include equitable participation by certified minority, female, or disabled-owned businesses. In addition, the program identifies MFD firms; encourages and coordinates their participation in the procurement process through community outreach and internal seminars; and monitors contracts subject to MFD participation to ensure compliance.

- Local Small Business Reserve Program (LSBRP): The Local Small Business Reserve Program ensures that County departments award a minimum of 20 percent of total eligible contract dollars issued for goods, services or construction to registered local small businesses. The program certifies local small businesses that meet the requirements set by law, assists County departments to identify contracting opportunities and solicitations appropriate for LSBRP competition, and provides training and networking to help local small businesses compete with businesses of similar size and resources for County contracts strengthening in the local small business sector.

- Living Wage: The Living Wage Law program ensures that County contractors and subcontractors pay employees a "living wage" in compliance with the annually adjusted rate established by the Montgomery County Wage Requirements Law.

- Prevailing Wage: The Prevailing Wage program ensures that contractors and subcontractors performing construction services over $500,000 pay prevailing wages, as established by the Maryland State Commissioner of Labor and Industry for the Montgomery County region.

- Domestic Partner Benefits: The Domestic Partner Benefits program ensures the County's contractors or subcontractors, as employers, provide the same benefits to an employee with a domestic partner as provided to an employee with a spouse.

Program Performance Measures	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Percent of Contract Dollars Awarded to Minority/Female/Disabled owned businesses	19.0	20.0	20.0	20.0	20.0
Value of County contracts awarded to local small businesses ($000)	72,500	96,750	60,000	60,000	60,000

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	**386,534**	**4.00**
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	40,836	0.00
FY15 CE Recommended	**427,370**	**4.00**

Automation

The Automation Program provides staffing, material, and support to develop and maintain information systems in support of the Department's business operations. This includes purchase and maintenance of Information Technology (IT) equipment, service and support for major end use systems on a County-wide basis. IT management of applications, databases, systems, and department website design and maintenance is included in this program as well as coordination with the County Department of Technology Services.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	**601,258**	**5.00**
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-158,790	-1.00
FY15 CE Recommended	**442,468**	**4.00**

Facilities Management

The Division of Facilities Management's mission is to provide for the comprehensive planning and delivery of maintenance services and oversight of building-related operations at County facilities used by County staff and residents. Components of these programs are routine, preventive, correctional and conditional maintenance; housekeeping; grounds maintenance; recycling; building structure and envelope maintenance; electrical/mechanical systems operations and maintenance; small to mid-sized remodeling projects; snow removal, and damage repair from snow, wind, rain, and storm events; and customer service. The Energy Management Program provides technicians to monitor and maintain heating and cooling systems to ensure the most efficient use of these services. In addition, Facilities Management manages several comprehensive Capital Improvements Program (CIP) projects aimed at sustaining efficient and reliable facility operation to protect and extend the life of the County's investment in facilities and equipment.

Program Performance Measures	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Condition of Non-critical Building Systems and Aesthetics[1]	4,324,115	4,512,148	6,335,328	7,343,395	7,343,395
Hours Offline for Critical Building Systems[2]	229.5	243	250	250	250

[1] This dollar figure represents the custodial and ground maintenance on all County properties.

[2] FY13 includes 180 hours for huricane Sandy

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	**20,618,427**	**97.28**
Increase Cost: Annualization of maintenance of new facilities opened in FY14	1,008,067	0.00
Increase Cost: Chargebacks to Other Departments	296,926	3.70
Increase Cost: Maintenance Contracts due to CPI	193,799	0.00
Increase Cost: Maintenance of new facilities opening in FY15	144,454	0.00
Increase Cost: Motor Pool Rate Adjustment	12,364	0.00
Decrease Cost: Estimated Maintenance Cost Savings from ESCO Improvements	-15,611	0.00
Decrease Cost: Chargeback from the Department of Correction and Rehabilitation	-87,379	-1.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	641,745	3.92
FY15 CE Recommended	**22,812,792**	**103.90**

Energy and Sustainability

The Energy and Sustainability (ES) is responsible for facilitating comprehensive energy and sustainability strategies across County facilities. ES specifically will reduce the environmental impacts of government operations through collaboration, leadership, special projects, innovative partnerships, and performance measurement. Areas of engagement include building energy performance; planning; water; biodiversity; clean energy; fleet and transit; purchasing; materials and resource recovery; and culture and innovation. Specific core functions include executing the County's utility purchasing strategy, monitoring day-to-day utility activities, managing data related to the environmental impacts of operations (e.g., greenhouse gas emissions), deploying renewable energy initiatives, and implementing energy efficiency projects.

Program Performance Measures	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Environmental Stewardship: Carbon Footprint of Montgomery County Government (in metric ton carbon dioxide equivalents)	151,615	154,322	161,496	161,496	161,496

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	**101,441**	**1.00**
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	129	0.00
FY15 CE Recommended	**101,570**	**1.00**

Central Duplicating, Imaging, Archiving & Mail Svcs.

This program provides timely and efficient document management through: high-speed photocopying service to all County agencies; desktop and electronic publishing; high-speed color copying; bindery; digital imaging; and electronic and physical archiving of County records. This program also serves as point of contact for County printing material produced and completed by Montgomery County Public Schools (MCPS). A print shop consolidation took effect in FY00 in which all County offset printing is provided by MCPS. This program also provides for the daily receipt, sorting, and distribution of mail deliveries from the U.S. Postal Service and inter-office mail to County agencies.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	**8,340,516**	**29.50**
Shift: Personnel Costs from General Fund to Central Duplicating Fund	22,140	0.20
Increase Cost: Annualization of FY14 Compensation Increases	19,411	0.00
Increase Cost: Printing and Mail	9,127	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-320,889	1.05
FY15 CE Recommended	**8,070,305**	**30.75**

Real Estate

This program provides for leasing, site acquisition/disposition, space management, and site evaluation. The leasing function recommends, plans, coordinates, implements, and administers the leasing of real property for both revenue and expense leases, including closed school facilities, at the best economic and operational value to the County. Site acquisition is the purchase of property for County use and disposition is the sale or lease of surplus property. The space management function provides for the efficient and aesthetic utilization of space in County-owned and leased facilities. The site evaluation function provides technical support to site evaluation committees for Capital Improvements Program (CIP) projects.

Program Performance Measures	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
County Rent vs. Average Market Rent for Leased Space[1]	19.10	20.20	21.72	22.80	23.95

[1] In FY13 the Market Rent for space was $29.08, per square foot. The savings on the rent paid by the County versus the Average Market Rent for leased space is $8.08, per square foot. FY15 and FY16 include 5% increase.

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	**991,975**	**7.00**
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-91,452	0.00
FY15 CE Recommended	**900,523**	**7.00**

Building Design and Construction

This program provides for the overall management of the Department's Capital Improvements Program (CIP) for facilities. This program includes the comprehensive, timely, economic and environmentally efficient planning, designing and construction of buildings for County use as well as public venues owned by the County. This program also provides comprehensive architectural and engineering services from planning through design. Functional elements include programming, contract administration, planning management, design management, and project management. The planning, design, and construction of facilities is accomplished in accordance with LEED Silver standards as required by County regulation, and following best practices in project design and construction estimating, and the timely delivery of facilities based on project schedules developed for and published in the County CIP. This program is fully charged to the CIP.

Program Performance Measures	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Percent of Projects Meeting Initial Design and Construction Costs	87	88	88	88	88
Percent of Projects Meeting Initial Design and Construction Timeline[1]	68	82	85	85	85

[1] Taking average of design and construction.

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

Notes: This program is funded through the Capital Improvements Program budget, not the operating budget.

Administration

Administration services in the Department are provided in three key areas:

- The Director's Office provides overall leadership for the Department, including policy development, planning, accountability, service integration, customer service, the formation of partnerships and the oversight of socio-economic programs which include the Business Relations and Compliance Program. The Director's Office also handles administration of the day-to-day operations of the Department, including direct service delivery, operating and capital budget preparation and administration, training, contract management logistics, and facilities support and human resources.

- The County Executive's Strategic Growth Initiative and other key strategic capital initiatives are also directed through the Office of Planning and Development in the Director's office.

- The Division of Central Services provides oversight and direction of the preparation and monitoring of the Operating and Capital Improvements Program (CIP) budgets for the department; fuel management; payment processing; Invitations for Bid (IFB), Requests for Proposal (RFP) and contracts; inventory and facility management; the management and administration of computer and office automation activities; oversight of all personnel activities of the Department of General Services; Strategic Planning for the Director; and oversight and management for increasing access to County facilities for residents and employees with disabilities.

Program Performance Measures	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Customer Service: DGS Function Average[1]	2.85	2.85	2.87	2.90	3.0

[1] Represents an average of Building Services, Capital Development Needs, Fleet Services, Leased Space Needs, Print/Mail/Archives Services, and Procurement Services average ratings. (Scale: 1 to 4, 1= lowest, 4= highest).

FY15 Recommended Changes	Expenditures	FTEs
FY14 Approved	**1,163,838**	**13.00**
Enhance: Project Search Interns- to assist with customer follow up and file maintenance in Central Services & Facilities	63,688	2.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	752,852	0.20
FY15 CE Recommended	**1,980,378**	**15.20**

BUDGET SUMMARY

	Actual FY13	Budget FY14	Estimated FY14	Recommended FY15	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	10,248,861	9,884,346	10,751,357	11,014,618	11.4%
Employee Benefits	3,953,658	3,901,345	4,279,472	4,091,250	4.9%
County General Fund Personnel Costs	***14,202,519***	***13,785,691***	***15,030,829***	***15,105,868***	***9.6%***
Operating Expenses	16,796,400	12,861,860	14,579,421	14,302,157	11.2%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	***30,998,919***	***26,647,551***	***29,610,250***	***29,408,025***	***10.4%***
PERSONNEL					
Full-Time	216	220	220	221	0.5%
Part-Time	6	3	3	3	—
FTEs	152.68	153.58	153.58	159.00	3.5%
REVENUES					
Clerk of the Court Business Licenses	-30	0	0	0	—
Electrical Licenses and Permits	-20	0	0	0	—
Miscellaneous Revenues	84,658	100,420	100,420	85,000	-15.4%
Other Charges/Fees	0	13,040	13,040	0	—
County General Fund Revenues	***84,608***	***113,460***	***113,460***	***85,000***	***-25.1%***
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Grant Fund MCG Personnel Costs	***0***	***0***	***0***	***0***	—
Operating Expenses	0	0	0	0	—
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	***0***	***0***	***0***	***0***	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
PRINTING AND MAIL INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	1,586,080	1,614,862	1,623,823	1,697,306	5.1%
Employee Benefits	587,835	693,398	683,533	717,108	3.4%
Printing and Mail Internal Service Fund Personnel Costs	***2,173,915***	***2,308,260***	***2,307,356***	***2,414,414***	***4.6%***
Operating Expenses	6,103,036	5,546,876	6,026,895	5,523,891	-0.4%
Capital Outlay	0	485,380	0	132,000	-72.8%
Printing and Mail Internal Service Fund Expenditures	***8,276,951***	***8,340,516***	***8,334,251***	***8,070,305***	***-3.2%***
PERSONNEL					
Full-Time	30	29	29	30	3.4%
Part-Time	1	1	1	1	—
FTEs	30.90	29.50	29.50	30.75	4.2%
REVENUES					
Imaging/Archiving Revenues	113,551	0	0	0	—
Mail Revenues	2,192,998	2,325,815	2,325,815	2,424,973	4.3%
Miscellaneous Revenues	1,470	0	0	0	—
Print Revenues	2,377,044	3,413,156	3,413,156	3,357,627	-1.6%
Other Charges/Fees	2,452,187	2,772,905	2,772,905	3,094,244	11.6%
Printing and Mail Internal Service Fund Revenues	***7,137,250***	***8,511,876***	***8,511,876***	***8,876,844***	***4.3%***
DEPARTMENT TOTALS					
Total Expenditures	**39,275,870**	**34,988,067**	**37,944,501**	**37,478,330**	**7.1%**
Total Full-Time Positions	**246**	**249**	**249**	**251**	**0.8%**
Total Part-Time Positions	**7**	**4**	**4**	**4**	—
Total FTEs	***183.58***	***183.08***	***183.08***	***189.75***	***3.6%***
Total Revenues	***7,221,858***	***8,625,336***	***8,625,336***	***8,961,844***	***3.9%***

FY15 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY14 ORIGINAL APPROPRIATION	**26,647,551**	**153.58**
Changes (with service impacts)		
Enhance: Project Search Interns- to assist with customer follow up and file maintenance in Central Services & Facilities [Administration]	63,688	2.00
Other Adjustments (with no service impacts)		
Increase Cost: Annualization of maintenance of new facilities opened in FY14 [Facilities Management]	1,008,067	0.00
Increase Cost: FY15 Compensation Adjustment	596,171	0.00
Increase Cost: Annualization of FY14 Personnel Costs	546,276	0.72
Increase Cost: Chargebacks to Other Departments [Facilities Management]	296,926	3.70
Increase Cost: Maintenance Contracts due to CPI [Facilities Management]	193,799	0.00
Increase Cost: Maintenance of new facilities opening in FY15 [Facilities Management]	144,454	0.00
Increase Cost: Retirement Adjustment	56,802	0.00
Increase Cost: Group Insurance Adjustment	30,790	0.00
Increase Cost: Motor Pool Rate Adjustment [Facilities Management]	12,364	0.00
Increase Cost: Printing and Mail [Central Duplicating, Imaging, Archiving & Mail Svcs.]	9,127	0.00
Decrease Cost: Estimated Maintenance Cost Savings from ESCO Improvements [Facilities Management]	-15,611	0.00
Decrease Cost: Chargeback from the Department of Correction and Rehabilitation [Facilities Management]	-87,379	-1.00
Decrease Cost: Elimination of One-Time Items Approved in FY14	-95,000	0.00
FY15 RECOMMENDED:	**29,408,025**	**159.00**
PRINTING AND MAIL INTERNAL SERVICE FUND		
FY14 ORIGINAL APPROPRIATION	**8,340,516**	**29.50**
Other Adjustments (with no service impacts)		
Increase Cost: FY15 Compensation Adjustment	66,847	0.00
Increase Cost: Shelving Units at Records Center	50,000	0.00
Increase Cost: New Copier Maintenance	47,867	0.00
Shift: Personnel Costs from General Fund to Central Duplicating Fund [Central Duplicating, Imaging, Archiving & Mail Svcs.]	22,140	0.20
Increase Cost: Annualization of FY14 Compensation Increases [Central Duplicating, Imaging, Archiving & Mail Svcs.]	19,411	0.00
Increase Cost: Retirement Adjustment	8,194	0.00
Increase Cost: Group Insurance Adjustment	5,738	0.00
Increase Cost: Printing and Mail	1,203	0.00
Decrease Cost: Motor Pool Rate Adjustment	-535	0.00
Decrease Cost: Annualization of FY14 Personnel Costs	-16,176	1.05
Decrease Cost: Retiree Health Insurance Pre-Funding Adjustment	-121,520	0.00
Decrease Cost: Equipment Replacement	-353,380	0.00
FY15 RECOMMENDED:	**8,070,305**	**30.75**

PROGRAM SUMMARY

	FY14 Approved		FY15 Recommended	
Program Name	Expenditures	FTEs	Expenditures	FTEs
Procurement	2,784,078	26.30	2,742,924	23.90
Business Relations and Compliance	386,534	4.00	427,370	4.00
Automation	601,258	5.00	442,468	4.00
Facilities Management	20,618,427	97.28	22,812,792	103.90
Energy and Sustainability	101,441	1.00	101,570	1.00
Central Duplicating, Imaging, Archiving & Mail Svcs.	8,340,516	29.50	8,070,305	30.75
Real Estate	991,975	7.00	900,523	7.00
Building Design and Construction	0	0.00	0	0.00
Administration	1,163,838	13.00	1,980,378	15.20
Total	**34,988,067**	**183.08**	**37,478,330**	**189.75**

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY14 TotalS	FY14 FTEs	FY15 TotalS	FY15 FTEs
COUNTY GENERAL FUND					
CIP	CIP	7,265,605	56.90	7,701,345	57.58
Fleet Management Services	Motor Pool Internal Service Fund	555,313	3.80	561,065	3.10
Liquor Control	Liquor Control	344,032	1.20	348,960	1.20
Parking District Services	8ethesda Parking District	5,268	0.05	6,165	0.05
Parking District Services	Silver Spring Parking District	5,269	0.05	6,165	0.05
Solid Waste Services	Solid Waste Disposal	97,670	0.60	105,717	0.60
Transit Services	Mass Transit	91,026	0.80	23,533	0.20
Undefined Work Orders	Undefined Fund	0	0.00	449,029	3.50
Utilities	County General Fund	195,060	0.00	0	0.00
Total		**8,559,243**	**63.40**	**9,201,979**	**66.28**

FUTURE FISCAL IMPACTS

Title	CE REC. FY15	FY16	FY17	($000's) FY18	FY19	FY20
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY15 Recommended	**29,408**	**29,408**	**29,408**	**29,408**	**29,408**	**29,408**
No inflation or compensation change is included in outyear projections.						
Labor Contracts	**0**	**152**	**152**	**152**	**152**	**152**
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
Labor Contracts - Other	**0**	**-21**	**-21**	**-21**	**-21**	**-21**
These figures represent other negotiated items included in the labor agreements.						
Annualization of New Building Maintenance	**0**	**85**	**85**	**85**	**85**	**85**
MCPS & M-NCPPC Maintenance Facilities Relocation (P361109)	**0**	**0**	**0**	**1,698**	**1,698**	**1,698**
These figures represent the impacts on the Operating Budget of projects included in the FY15-20 Recommended Capital Improvements Program.						
Subtotal Expenditures	***29,408***	***29,623***	***29,623***	***31,321***	***31,321***	***31,321***
PRINTING AND MAIL INTERNAL SERVICE FUND						
Expenditures						
FY15 Recommended	**8,070**	**8,070**	**8,070**	**8,070**	**8,070**	**8,070**
No inflation or compensation change is included in outyear projections.						
Labor Contracts	**0**	**19**	**19**	**19**	**19**	**19**
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
Labor Contracts - Other	**0**	**-3**	**-3**	**-3**	**-3**	**-3**
These figures represent other negotiated items included in the labor agreements.						
Master Lease Payments	**0**	**0**	**-320**	**-320**	**-320**	**-320**
Portions of the Master Leases will expire in the outyears reducing the cost until they all expire in FY16.						
Replacement of Printing, Mail, and Imaging Equipment per Schedule	**0**	**2**	**329**	**139**	**162**	**83**
Reflects projected need for capital outlay replacement on an annual basis.						
Retiree Health Insurance Pre-Funding	**0**	**-6**	**-14**	**-20**	**-29**	**-37**
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	***8,070***	***8,083***	***8,082***	***7,885***	***7,900***	***7,813***

Council Staff Questions
DGS FY15 Operating Budget

Facility Maintenance

1. In FY14, the Council approved a total increase of $670,000 to the Facilities Management budget to increase facility, custodial, and grounds maintenance. Please describe how the additional funds were allocated.

Custodial services received $340, 000 to support an additional 1,360 custodial hours monthly. The break down on additional hours averages out to 6 hours a month per site.

Grounds maintenance received $330, 000 and is providing two mowing sessions per month on each property.

2. Please describe what routine cleaning, grounds, and maintenance activities are not supported by the total recommended funding level.

In order to respond to this question, it is necessary to articulate what services are provided since the definition of routine is subject.

FY14 Daily Custodial Services – (Attachment A) Facility Management Custodial Services which are supported

Entrances/Lobby/Circulation	Restrooms	Offices	Miscellaneous
County properties no further then 50 feet from entrance perform trash/debris removal on exterior walkways and dump all trash containers, replace liners.	Restroom wash and waste fixtures are completely cleaned and sanitized daily. Paper and soap supplies are restocked daily.	Remove all trash, replace container liners	Clean water fountains, spot clean soiled carpet/walls as needed. Entrances/lobbies, restrooms, break/dining rooms, circulation (hallways) are swept and disinfected daily.
Clean exterior entrance doors (both sides)	Sweep, mop/disinfect floor areas. Remove trash and replace trash liners	Vacuum offices once or twice per week	Collect all recyclables and locate at the property recyclables holding bins.
Sweep, mop, and vacuum entrance lobby areas			Sweep/mop/vacuum unobstructed floor areas upon request.

Cleaning services not supported for all County facilities: daily cleaning of offices, floor restoration (stripping/waxing, carpet shampooing, refinishing hardwood floors, machine cleaning stone/ceramic floors), routine cleaning of structure, walls, doors, etc., window washing and high dusting.

Grounds services supported: (subject to service level agreements which vary by department) include mowing, debris removal, annual mulching, annual trimming of trees/brushes, and other services as requested by departments.

Grounds services not supported for all County facilities: no removal of unwanted weeds, no routine mulching, no routine trimming trees/brushes, no beatification on landscape and painting curbs/outdoor furniture.

Grounds maintenance includes: fixed grounds equipment (e.g., outdoor furniture, fencing, hardscape (paved areas), signs, decks/platforms, flag poles, etc.) if it is in need of repair

Maintenance activities supported: maintaining equipment which is broken, repairing carpet/hard floor if it presents a trip hazard.

- Electrical systems: lighting is replaced once 30% of bulbs burn out; generators, mechanical systems: heating and cooling equipment are repaired or replaced if they are broken or fail.
- Via the CIP: roofs, window, exterior envelop (fascia),

Maintenance activities not supported: maintaining equipment outside of its life cycle, no routine cosmetic refreshing, i.e., painting, carpet/hard floor replacement/repairs on interior or exterior subsystems, though it is done on an as needed basis.

- Structural: no routine maintenance for roofs, window, exterior envelop (fascia), clad systems (paint/finishes) used on walls, flooring (vinyl, carpet),
- Electrical systems: no routine maintenance for lighting, distribution panels, generators, mechanical systems: heating and cooling equipment.

3. Please provide the FY13 actual expenditures, FY14 budgeted amounts, and FY14 projected year end expenditures in the following areas of maintenance: Housekeeping; grounds; HVAC; Plumbing; Electrical; Structural; and other/misc. Please also indicate for each the funding that supports contractual work and in-house work.

		FY13 Orig Budget	FY13 Actuals	FY14 Orig Budget	FY14 Year-end Projection	FY15 CE Recommended
Personnel Costs/In-House						
SubTotal - Personnel Costs/In-H		8,453,789	**8,241,547**	**8,083,759**	**8,964,889**	**8,810,307**
Operating Expenditures (Contractural)						
60320	Maint-Housekeeping	3,663,959	3,345,849	4,605,401	5,007,390	5,613,468
60316	Maint-Grounds	1,399,927	1,166,299	1,729,927	1,818,489	1,795,612
60318	Maint-HVAC	489,132	1,142,138	489,132	742,447	568,453
60332	Maint-Plumbing	179,810	883,985	179,810	599,409	815,674
60304	Maint-Electrical	371,352	1,257,835	441,352	589,459	441,000
60302	Maint-Structural	1,399,144	615,675	1,406,244	1,259,525	653,000
General Miscellaneous *		2,213,210	2,124,970	2,267,210	2,314,336	1,824,510
SubTotal Operating Expenditure		**9,716,534**	**10,536,751**	**11,119,076**	**12,331,055**	**11,711,717**
TOTAL	**Maintenance Expenditures**	**18,170,323**	**18,778,298**	**19,202,835**	**21,295,944**	**20,522,024**

Please note that these estimates are as of 2nd quarter for FY14. 3rd quarter estimates are currently being reviewed by OMB.

4. What are the industry standards for per square foot expenditure for each of the maintenance areas above (question #3)?

DGS is not aware of any document providing industry standards based on square foot expenditures for each maintenance area. The International Facility Management Association (IFMA) provides staffing levels per square foot but doesn't break out costs by trades. Grounds maintenance per square foot is recommended at $2.83 per s/f for buildings more than 30 years old; cleaning per s/f includes variables as days per week, facilities are open, whether work is performed by in-house staff/contractors/combination, and "green" certification" status. DGS per s/f estimated at $1.60 s/f for a total IFMA recommended level of $4.43 s/f.

5. Please provide an updated inventory of buildings the County is required to maintain. Please break out by number of buildings, approximate square feet, and by owned or leased space. Please also include land.

The table below reflects our current inventory of buildings and land as of 4/4/14. DGS performs some level of maintenance on most of these facilities.

Category - BUILDINGS	**Number of Buildings**	**Building Square Footage**
Owned by MCG	153	5,126,138
Leased (MCG as Tenant)	90	1,545,125
Leased to Others (MCG as Landlord)	111	2,625,155
County Interest	56	394,109
TOTAL	410	9,690,527

*'Owned by MCG' includes County Facility on MNCPPC Park Land

**'County Interest' denotes a property that is owned by someone else without a license or lease, but the county provides some services to it.

Category - LAND	**Square Footage**	**Number of Parcels**
Owned by MCG (non-MNCPPC)	184,209,084	770
Vacant MCG Land	33,549,997	363
County Deed MNCPPC Parks	496,922,605	889
TOTAL	714,681,686	2,022

*Examples of County owned facilities on Parks land are:

- Medevac Helicopter Hangar on Norwood Rd,
- Small community Recreation Centers like Plum Gar and Good Hope.
- Germantown Indoor Pool at the Soccerplex.

**Examples of County interest facilities:

- Fire Stations owned by Volunteer Corporations but maintained by DFM,
- MCG has several communications antennas on land belonging to sister agencies like WSSC and Board of Education.

6. Last year DGS reported that facility maintenance is budgeted at $2 per square foot. What is this budget level intended to include? (I.e. custodial, grounds, maintenance, etc). Approximately how much was/is projected to be spent per square foot in FY14?

DFM budget levels supported custodial, grounds and routine/preventative maintenance. DFM's FY14 Approved budget for Facilities is $2.06 per square foot.

7. Last year DGS reported that the facilities anticipated to open in FY14 were: Gaithersburg Library; Olney Library; Animal Services and Adoption Center; Wheaton Volunteer Rescue Squad; 3rd District Police Station; Travilah FS #32; Kensington FS #25; and the Judicial Center Annex. For each, please provide the actual opening/occupancy date that occurred (or will occur) in FY14.

Gaithersburg Library	Opened 1/8/2014
Olney Library	Opened 3/17/2014
Animal Services and Adoption Center	Opened 3/1/2014
Wheaton Vol Rescue Squad	Opened 11/16/2013
3rd District Police Station	Estimated date: Spring 2014
Travilah Fire Station #32	Estimated date: Spring 2014
Kensington Fire Station #25	Project placed on hold until FY16
Judicial Center Annex	Opening 4/28/2014

8. What are the new facilities anticipated to open in FY15? Please also indicate for each facility the square foot area and expected occupancy date.

New Facility Anticipated to Open in FY15	Sq Foot Area	Expected Occupancy Date
Scotland Neighborhood Recreation Center	7,315	August 2014
Silver Spring Library	63,327	December 2014
MCPS Food Distribution Facility Snouffer School Rd. Gaithersburg, MD	58,000	November 2014
Police Outdoor Fire Arms Training Center 16680 Elmer School Rd., Poolesville, MD	Involves fence, site security with approx 1000 sf of storage space	Police to use facility during construction of fence, security and storage space

9. The budget attributes a savings of $15,611 in maintenance due to ESCO improvements. What facilities are realizing these savings, and what kind of activities is no longer needed? Given the overall funding constraints in the facilities budget, what was the rationale for reducing the budget rather than reallocating the savings to other facility needs?

The Hungerford improvements will result in energy and maintenance savings. The financial analysis provided by the ESCO contractor (Johnson Controls) for 401 Hungerford identifies on-going maintenance savings (e.g., reduced lamp replacements), estimated at $15,611 every year. The improvements were financed. Maintenance and energy savings resulting from the project are being utilized to pay for the project's financing costs.

Positions

10. Please list the vacant positions (number and type) in the Division of Facilities Management and in Administration/Central Services.

(6) Vacancies in Facilities Management:
- (2) Plumbers I - OHR extending offer to one candidate 4/15/2014
- (2) HVAC Mechanics I – Recruitment in process as of 4/15/2014
- (2) Building Service Workers II – Recruitment in process as of 4/15/2014

No Vacancies in Central Services/Administration

(3) Vacancies in Print and Mail
- (1) Printing Technician III
- (1) Imaging Operator II
- (1) Mail Clerk

11. Please provide an organizational chart for both the Division of Facilities Management and Administration/Central Services, including position detail (type and number) in each area of the chart.

Organization chart for Facilities Management and Central Services Administration is attached

12. Please provide an update on the Environmental Stewardship position. When was this position filled? What activities have been accomplished or initiated to date?

DGS filled the vacant M3 position and launched the **Office of Energy and Sustainability (OES),** formerly known as the Environmental Stewardship Program, in November 2013.

OES is responsible for facilitating comprehensive energy and sustainability strategies across County facilities. OES specifically will reduce the environmental impacts of government operations through collaboration, leadership, special projects, innovative partnerships, and performance measurement. Areas of engagement include building energy performance; planning; water; biodiversity; clean energy; fleet and transit; purchasing; materials and resource recovery; culture and innovation. Specific core functions include executing the County's utility purchasing strategy, monitoring day-to-day utility activities, managing data related to the environmental impacts of operations (e.g., greenhouse gas emissions), deploying renewable energy initiatives, and implementing energy efficiency projects.

The Office is only several months old, but has focused on the following efforts:

- Developing of a sustainable operations plan for the DGS. This plan, when completed, will identify strategies to reduce the energy and environmental impact of County operations. The plan will highlight key performance metrics (e.g., energy consumption, greenhouse gas emissions etc) to measure progress. The Sustainable Operations Plan will be completed Fall 2014.

- Launched a Request for Energy Proposals (RFEP) to identify a public private partner to install, own, operate and finance solar systems on County properties and facilities. The RFEP received many responses and is currently being evaluated. The selected vendor(s) will likely be awarded in early summer 2014.

- Administer the Maryland Smart Energy Communities Grant (MSEC) in partnership with the Division of Fleet Management Services. MSEC is a State of Maryland Program that provides grants to local communities that agree to implement specific energy saving goals and targets. The County was awarded $625,000 which will be used to bolster the Green Fleet Strategy by funding electric vehicle infrastructure, compressed natural gas vehicles, and motor pool reservation systems. OES has applied for additional funds for FY15 for additional energy and emissions reducing measures.

- Advising the County's Energy Modernization Initiative to optimize use of incentive funds and other resources.

13. How many project search interns will DGS work with in the upcoming fiscal year? How many more is that than in the current year? What will the requested $63,688 increase support, and what is the total budget for this program in DGS?

For FY14, DGS is sponsoring rotations for three Project Search interns who provide administrative support to Fleet Management, Facilities Management and Central Services Administration. In the FY15 recommended budget, DGS requested two office clerk positions (grade 5) for hiring Project Search graduates. The $63,688 is the cost for the two entry-level positions that will perform the following tasks:

Central Services Administration

- Photocopying
- Keeping paper stocked in copiers and fax
- Scan documents
- Inventory office supplies
- Enter data into spreadsheets
- Contact vendors to get updated Certificate of Insurance (COI)
- Enter updated COI information in database

Facilities Management

- Filing of invoices (alphabetically by vendor name)
- Creating new Filing folders and labeling (label maker)
- Matching packing slips with invoices and stapling together
- Delivering invoices to the Supply Room Clerk (downstairs)
- Issuing of invoice costs to work orders
- Locate and pull filed invoices

Fleet Management Services is sponsoring a third Project Search intern who provides administrative services to the Division and performs the following duties:

Fleet Management

- Performs office support tasks such as setting up folders, sorting documents, generating subtotals for invoices, and filing documents.
- Performs front desk functions which include greeting visitors, directing people to the appropriate conference or training room, handling phone calls, sorting and distributing internal and external mail, and responding to intercom calls for building entry.

Chargebacks

1. Please explain the $296,926 and 3.7 FTE associated with increased chargebacks to other departments. Does this represent an increase in level of effort for facility maintenance in some facilities? Please breakout the increase by department.

The $296,926 and 3.7 FTEs represent a **decrease** in chargebacks to other departments.

DGS conducted a comprehensive review and cleanup of all its Charges to Other Departments and discovered some outdated chargebacks. Chargebacks for personnel costs ($101,866 and 3.7 FTEs) were eliminated because Mass Transit now funds/provides janitorial services to their facilities and Motor Pool funds some maintenance services to their facilities.

The operating expenditure chargeback ($195,060 and 0.0 FTEs) for the NDA-Utilities is a technical correction to a chargeback that is not funded in the NDA.

2. Please explain the decrease of $87,379 and 1 FTE in the chargeback with the Department of Corrections. Does this represent a decreased level of effort for Corrections? The amount attributed to this change in chargeback in the DOCR budget is $64,000. Why are the amounts different?

During FY14 mid-year, DGS and DOCR agreed that only one Correctional Officer was needed to supervise the DOCR work crew. Prior to that, DOCR had been charging DGS for two positions; a Correctional Officer and a Resident Supervisor. DOCR updated Oracle's labor distribution and eliminated the Resident Supervisor chargeback position costing $87,379.

The discrepancy in chargeback dollars between DOCR and DGS is due to the fact a change in incumbent between FY14 and FY15.

Fiscal Impact Statement
Council Bill 2-14, Environmental Sustainability – Buildings - Benchmarking

1. **Legislative Summary.**

   Council Bill 2-14 specifies certain requirements and establishes energy benchmarking standards in County buildings.

2. **An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.**

   Revenues are not expected to change as a result of this bill.

   According to DEP, one new position resulting from implementation of Bill 6-14 could also implement the requirements of Bill 2-14. DEP estimates 50% of the Program Manager I, for the commercial benchmarking program, would be required to implement Bill 2-14.

   DGS estimates that 50% of the Sustainability Program Manager I needed to implement Bill 6-14 can implement the requirements of Bill 2-14.

   County expenditures related to the new positions are outlined below:

Personnel Costs

Position	Area	Grade	Salary/Benefits
Program Manager I	Commercial Benchmarking Program (DEP) [50%]	23	$47,673
Program Manager I	Sustainability Program Manager (DGS) [50%]	23	$47,673
Total Personnel Costs			***$95,346***

Operating Costs

Description	Budget
Computers & Equipment	$1,700
General program support & supplies	$16,666
Benchmarking/Energy Tracking Software	$150,000
Total Personnel Costs	***$168,366***

The functional area of each position and examples of specific duties each position will perform is described below.

Program Manager I (Grade 23) – Commercial Energy Programs

(a) Benchmarking and assessment of commercial and multi-family properties
(b) Energy efficiency retrofits
(c) Utilization of available incentives from government, utilities and the private sector, including alternative financing programs such as Property Assessed Clean Energy (PACE) programs
(d) Utilization of clean energy technologies and purchasing of clean energy

Program Manager I (Grade 23) – Sustainability Program Manager

(a) 50% of time will be spent implementing the DGS Sustainability program and 50% of time will be implementing County building benchmarking outlined in Bill 2-14

(b) Researching, developing, and launching green initiatives related to County-managed buildings and programs

(c) Communicate the results of green initiatives to internal and external customers, including communication via web, social media, and traditional media.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

Total annual costs to implement Bill 2-14 are estimated to be $112,012, or $672,072 over six years. One-time operating expenses are estimated to be $151,700 and are not assured to continue after the first year of implementation.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Not Applicable.

5. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

Not Applicable.

6. An estimate of the staff time needed to implement the bill.

A total of 1.0 FTE are required to implement this bill.

7. An explanation of how the addition of new staff responsibilities would affect other duties.

A total of 1.0 FTE are required to implement this bill. This bill would impact other DEP and DGS activities if additional staffing is not provided to implement this bill.

8. An estimate of costs when an additional appropriation is needed.

An additional appropriation of $263,712 is needed to implement this bill.

9. A description of any variable that could affect revenue and cost estimates.

Not Applicable.

10. Ranges of revenue or expenditures that are uncertain or difficult to project.

Not Applicable.

11. If a bill is likely to have no fiscal impact, why that is the case.

Not Applicable.

12. Other fiscal impacts or comments.

Not Applicable.

13. The following contributed to and concurred with this analysis:

Stan Edwards, Department of Environmental Protection
Kathleen Boucher, Department of Environmental Protection
Eric Coffman, Department of General Services
Alex Espinosa, Office of Management and Budget
Matt Schaeffer, Office of Management and Budget
Erika Lopez-Finn, Office of Management and Budget

Jennifer A. Hughes
Jennifer A. Hughes, Director
Office of Management and Budget

4/11/14
Date

Fiscal Impact Statement
Council Bill 5-14
Environmental Sustainability – Social Cost of Carbon Assessments

1. **Legislative Summary.**
   The proposed bill requires the Executive branch to transmit an analysis of the social costs of carbon (SCC) for projects in the facility planning phase in the Capital Improvements Program (CIP). The projects affected are those in facility planning that are administered by the Department of General Services (DGS) or the Parking Management Division of the Department of Transportation (DOT).[1] The scope of the proposed bill limits the scope of the analysis to include the SCC as a factor in determining the payback period of a proposed energy efficiency improvement for a building.

   The proposed bill requires OMB to use standards developed by the U.S. Environmental Protection Agency (EPA) or a standard that the OMB Director finds equivalent. The EPA and other federal agencies use the social cost of carbon (SCC) to estimate the climate benefits of rulemakings. The SCC is an estimate of the economic damages associated with a small increase in carbon dioxide (CO_2) emissions, conventionally one metric ton, in a given year. This dollar figure also represents the value of damages avoided for a small emission reduction (i.e. the benefit of a CO_2 reduction).

2. **An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.**
   No additional revenues or expenditures are expected to be generated from the proposed bill.

   OMB assumes that the bulk of the analysis work will be performed by DGS and other County departments.

   As the scope of the proposed bill is limited to factoring the SCC into the payback period of a proposed building or energy efficiency improvement, both DGS and OMB anticipate that *no additional resources* will be required to implement the bill.

3. **Revenue and expenditure estimates covering at least the next 6 fiscal years.**
   Not applicable – see item #2 above.

4. **An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.**
   The legislation does not affect retiree pension or group insurance costs.

5. **Later actions that may affect future revenue and expenditures if the bill authorizes future spending.**
   The legislation does not authorize future spending.

6. **An estimate of the staff time needed to implement the bill.**

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[1] Projects administered by DGS include, but are not limited to: libraries, police stations, fire stations, recreation centers, and other County administrative buildings.

DGS reports that no additional staff time will be required. OMB anticipates that most of its activities under the proposed bill will be limited to coordination and review with other County departments to determine the social costs of carbon and no additional staff resources will be necessary.

7. **An explanation of how the addition of new staff responsibilities would affect other duties.** DGS and OMB do not anticipate any impact on existing duties. Under the proposed bill, OMB and other County staff will engage in the following duties:
   - Initial assessment of which capital improvement projects in facility planning are applicable for SCC analysis;
   - Determining the applicable standard of analysis as adopted by the U.S. EPA (or equivalent standard);
   - Consulting and coordinating with DGS, DEP, and other affected departments to determine the appropriate assumptions for the amount of carbon generated (or reduced) due to a capital project or improvement, the payback period, and the discount rate (among other factors); and
   - Tracking changes to the project that could alter its SCC estimates, as it proceeds along the development and planning phases.

8. **An estimate of costs when an additional appropriation is needed.** Not applicable – see item #2 above.

9. **A description of any variable that could affect revenue and cost estimates.** As the scope of the analysis is limited to using the SCC as a factor in determining the payback period of a building or efficiency improvement, then there is likely to be no significant impact to cost estimates as the workload can be absorbed by existing staff resources.

10. **Ranges of revenue or expenditures that are uncertain or difficult to project.** Not applicable.

11. **If a bill is likely to have no fiscal impact, why that is the case.** Not applicable.

12. **Other fiscal impacts or comments.** OMB notes that any project that includes the SCC analysis may be more or less feasible.

13. **The following contributed to and concurred with this analysis:**
    Eric Coffman, Department of General Services
    Erika Lopez-Finn, Office of Management and Budget
    Naeem Mia, Office of Management and Budget

Jennifer A Hughes

Jennifer A. Hughes, Director
Office of Management and Budget

4/15/14

Date

Fiscal Impact Statement

Council Bill 6-14, Environmental Sustainability – Office of Sustainability - Created

1. **Legislative Summary.**

   As introduced, Council Bill 6-14 established a County Office of Sustainability in the Department of Environmental Protection.

   As recommended by the Transportation & Environment Committee, Bill 6-14 would be amended to create an Office of Sustainability in the Department of Environmental Protection (DEP), and an Office of Energy and Sustainability in the Department of General Services (DGS). The DEP office would focus on promoting sustainability in a variety of ways in the community, while the DGS office would engage in various sustainability activities related to County government operations.

2. **An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.**

   Revenues are not expected to change as a result of the bill.

   DEP estimates that implementation of Bill 6-14 would require 11 County positions. DEP has identified five current positions that address issues of sustainability. This leaves a requirement of six additional positions in order to fully implement the Bill.

   DGS estimates that implementation of Bill 6-14 would require two additional County positions, a Sustainability Program Manager and an Energy Technician. The Program Manager position would spend 50% of work time implementing the sustainability program as required by the bill and 50% of its time performing building benchmarking required in Bill 2-14.

   County expenditures related to the new positions are outlined below (each position is assumed at midpoint with 35% for benefits):

   Personnel Costs

Position	Area	Grade	Salary/Benefits
Program Manager I	Commercial Energy Programs (DEP) [50%]	23	$47,673
Program Manager I	Residential Energy Programs (DEP)	23	$95,346
Program Manager I	Green Business Programs (DEP)	23	$95,346
Program Manager I	Tree & Forest Programs (DEP)	23	$95,346
Program Manager I	Partnership Development (DEP)	23	$95,346
Program Manager II	Data Analysis/Metrics/Research (DEP)	25	$104,748
Program Manager I	Sustainability Program Manager (DGS) [50%]	23	$47,673
Technician	Energy Technician (DGS)	16	$68,966

Total Personnel Costs ***$650,444***

Operating Costs

Description	Budget
Computers & Equipment	$10,200
General program support & supplies	$100,000
Website & database development	$50,000
Intern (DGS)	$45,000
Total Operating Costs	***$205,200***

The eight new County positions will fill in various sustainability-related functions not addressed by the current DEP and DGS employees performing sustainability tasks. A detailed outline of each new position is below, including the functional area of each position and examples of specific duties these positions will perform.

Program Manager I (Grade 23) – Commercial Energy Programs

(a) Benchmarking and assessment of commercial and multi-family properties
(b) Energy efficiency retrofits
(c) Utilization of available incentives from government, utilities and the private sector, including alternative financing programs such as Property Assessed Clean Energy (PACE) programs
(d) Utilization of clean energy technologies and purchasing of clean energy

Program Manager I (Grade 23) – Residential Energy Programs

(a) Auditing and assessment of residential properties
(b) Energy efficiency retrofits
(c) Utilization of available incentives from government, utilities and the private sector
(d) Utilization of clean energy technologies and purchasing of clean energy
(e) Healthy indoor air education programs

Program Manager I (Grade 23) – Green Business Programs

(a) Expanding the Montgomery County Green Business Certification Program
(b) Evaluating and promoting other robust third party green certification and reporting programs
(c) Connecting residents and businesses to providers of green products and services
(d) Fostering green business market opportunities

Program Manager I (Grade 23) – Tree & Forest Programs

(a) Developing and disseminating information regarding the planting, care, and protection of trees and forests, serving as a unified resource for residents who want to increase tree canopy on their private property, in public spaces, in the right of way, in parks, in urban areas, in rural areas, etc.
(b) Developing and promoting planting programs created as a result of the County's tree canopy law
(c) Developing a planting program including a public engagement strategy to encourage tree planting among communities and individual citizens, and seeking new public and private partnerships to implement the program
(d) Building and managing a website that coordinates tree planting and education efforts
(e) Compiling data on the status of tree and forest resources in the County, including information on tree planting activities, and develop tree planting goals
(f) Reporting on its activities to enhance tree canopy to the County Council annually

Program Manager I (Grade 23) – Partnership Development/Civic Engagement

(a) Maintaining and leveraging partnerships with local community groups, civic organizations, HOAs and businesses to expand the County's environmental educational reach
(b) Organizing community-based environmental activities and outreach programs

(c) Promoting the environmental programming and events of Montgomery County Public Schools, local colleges and universities, and other educational institutions in the County

Program Manager II (Grade 25) – Data Analysis/Metrics/Research

(a) Maintaining data on County greenhouse gas emissions and building fuel energy consumption
(b) Reporting progress on meeting the greenhouse gas reduction goals in the 2009 Climate Protection Plan
(c) Evaluating options for a broader Countywide sustainability reporting framework
(d) Providing research on and analysis of emerging sustainability issues
(e) Providing any other data and analytical efforts in support of County's sustainability objectives

Program Manager I (Grade 23) – Sustainability Program Manager

(a) 50% of time will be spent implementing the DGS Sustainability program and 50% of time will be implementing County building benchmarking outlined in Bill 2-14
(b) Researching, developing, and launching green initiatives related to County-managed buildings and programs
(c) Communicate the results of green initiatives to internal and external customers, including communication via web, social media, and traditional media.

Technician (Grade 16) - Energy Technician

(a) Respond to energy issues in County facilities,
(b) Provide on-site repairs and coordinate with facility and property managers,
(c) Serve as a train-the-trainer to other DGS trades staff conducting work in County facilities.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

Total annual costs are estimated to be $795,444, or $4,772,664 over six years. This total does not include $60,200 in one-time startup costs. According to DGS, energy cost savings may result from the potential cost savings and the costs to implement initiatives designed to yield these savings cannot be determined at this time.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Not Applicable.

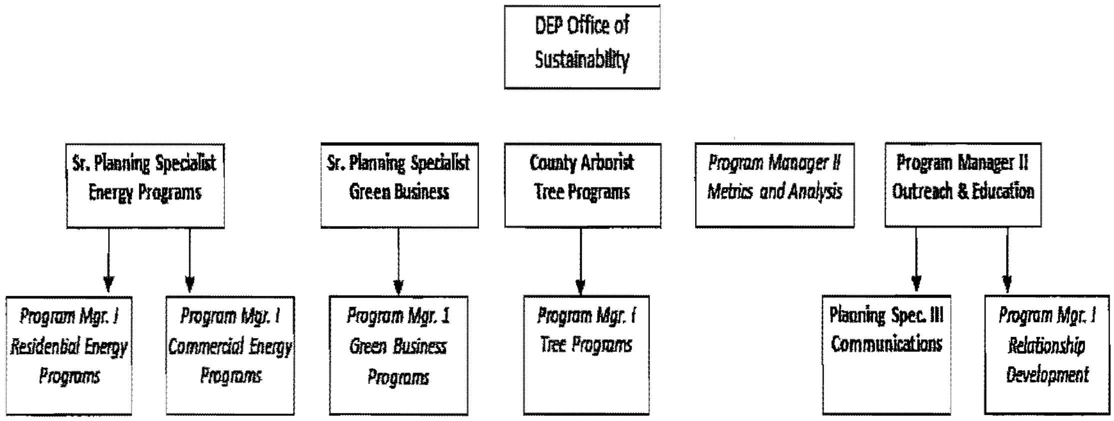
5. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

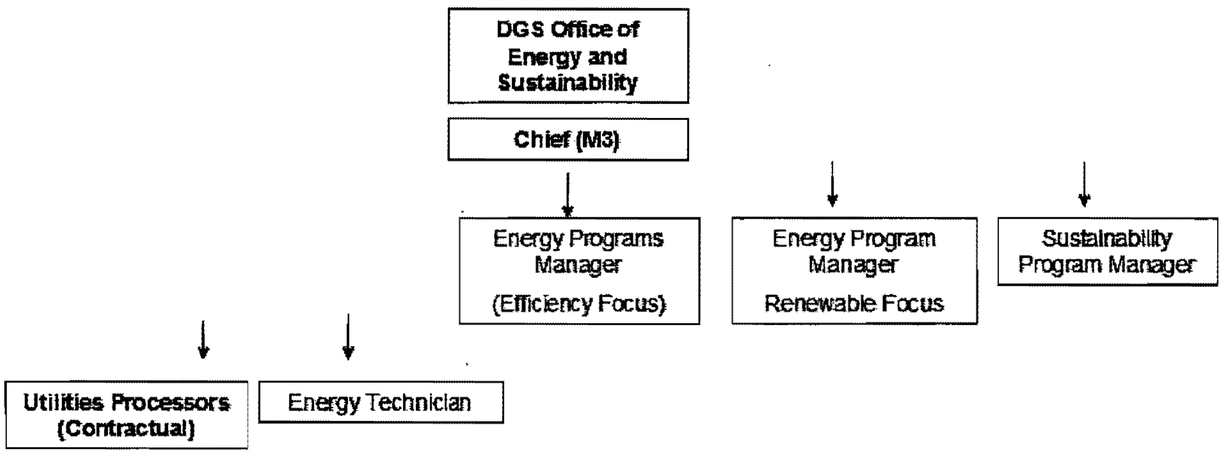
Not Applicable.

6. An estimate of the staff time needed to implement the bill.

According to DEP and DGS, 13.00 FTEs are needed to implement this bill and will require a total increase of 7.00 FTE to the current budgets of these departments.

A preliminary staff chart of DEP and DGS Office of Sustainability, including both current and new positions, is below:





7. **An explanation of how the addition of new staff responsibilities would affect other duties.**

   The bill would require an increase of 5.50 FTEs in DEP to establish the Office of Sustainability and implement its provisions. Without additional staffing, the bill's requirements cannot be implemented without significantly impacting DEP's other activities.

   The bill would require an increase of 1.50 FTE in DGS to implement its provisions. DGS' other staff would be impacted without additional staffing to implement this bill.

8. **An estimate of costs when an additional appropriation is needed.**

   DEP estimates the implementation costs of $694,005 and 5.50 FTE. This requires an additional appropriation to the DEP General Fund.

   DGS estimates implementation costs of $161,639 and 1.50 FTE. This requires an additional appropriation to the DGS General Fund.

9. A description of any variable that could affect revenue and cost estimates.

Not Applicable.

10. Ranges of revenue or expenditures that are uncertain or difficult to project.

Not Applicable.

11. If a bill is likely to have no fiscal impact, why that is the case.

Not Applicable.

12. Other fiscal impacts or comments.

Not Applicable.

13. The following contributed to and concurred with this analysis:

Stan Edwards, Department of Environmental Protection
Kathleen Boucher, Department of Environmental Protection
Eric Coffman, Department of General Services
Alex Espinosa, Office of Management and Budget
Matt Schaeffer, Office of Management and Budget
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Jennifer A. Hughes
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4/11/14
Date

Fiscal Impact Statement
Council Bill 8-14, Buildings – County Buildings –
Clean Energy Renewable Technology

1. Legislative Summary.

   This fiscal impact statement addresses the amendments to the originally introduced legislation. The amended legislation requires the County Executive to establish a Clean Energy Plan through Method 1 regulation. The plan must have certain elements, including a clean energy portfolio target for total clean energy to be installed on County facilities.

   The amended legislation allows the County to use alternative financing to meet the specified target for renewable energy, including power purchase agreements (PPAs). Under a PPA the County hosts a facility and purchases the power to avoid capital costs. PPAs serve as the focus of this analysis as they are the least costly in terms of capital and maintenance investments. This fiscal impact statement, therefore, represents the minimum estimated additional cost to the County of implementing this bill.

   PPAs have not been extensively used for new construction. In addition, PPAs are currently economically viable for investors due to federal tax credits which are scheduled to expire at the end of 2016. Once the tax credits expire, it is possible the cost of installing the PPAs will not be economically viable.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

   The legislation does not affect County revenues.

   The amended legislation allows for a portfolio approach in which the Department of General Services (DGS) can utilize existing policies and programs to implement the legislation.

   DGS estimates two additional positions are needed to implement the bill and the required Clean Energy Plan. The annual cost estimate of $200,654 assumes two grade 25 Program Manager (II) positions each at mid-point and 25% for benefits. Energy cost savings are estimated below.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

   The analysis assumes 1.29 megawatts of solar energy used to estimate the costs for facilities. DGS estimates $30,000 of energy savings for the first year of operation, with savings declining over time due to the depreciation in solar photovoltaic system's output. This $30,000 in savings represents the difference between current energy costs and the costs that PPAs can offset.

Expenditures:

FY15	FY16	FY17	FY18	FY19	FY20	Total
$200,654	$200,654	$200,654	$200,654	$200,654	$200,654	$1,203,924

Energy Cost Savings:

FY15	FY16	FY17	FY18	FY19	FY20	Total
$30,000	$28,500	$27,075	$25,721	$24,435	$23,213	$158,944

Net cost:

FY15	FY16	FY17	FY18	FY19	FY20	Total
$170,654	$172,154	$173,579	$174,933	$176,219	$177,441	$1,044,980

DGS energy cost savings estimate assumes the following:

- The PPA rate is a $0.02/kWh savings compared to the cost of standard electricity.
- Both the cost of the PPA-supplied electricity and grid supply electricity is 2% per kWh.
- The system efficiency declines 0.5% per year due to degradation of the panels.
- The expiration of the federal clean energy tax credit, scheduled for calendar year 2016, may increase the costs of PPAs since costs will rise for power generation.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

   This legislation does not affect retiree pension or group insurance costs.

5. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

   The legislation does not authorize future spending.

6. An estimate of the staff time needed to implement the bill.

   As amended, the legislation would result in the need for two FTEs (grade 25 Program Manager II positions).

7. An explanation of how the addition of new staff responsibilities would affect other duties.

   For the amended legislation, staff would oversee contractors to identify sites to implement power purchase agreements, coordinate the construction process, and verify that the final installation conforms to County requirements. Each program manager will be responsible for overseeing the construction of approximately 10 to 15 solar photovoltaic systems annually, for approximately five years. Other duties would be significantly impacted without two additional FTEs to implement this bill and the required Clean Energy Plan.

8. An estimate of costs when an additional appropriation is needed.

   An additional appropriation of $170,654 would be required to implement this bill.

9. A description of any variable that could affect revenue and cost estimates.

   The fiscal impact could be affected by the following variables.

   - Cost of solar equipment, labor, and other costs;
   - Cost of electricity under County negotiated contracts;
   - Availability and accessibility of federal and state clean energy incentives and grants; and
   - Commodity market value of renewable energy certificates and credits.

10. Ranges of revenue or expenditures that are uncertain or difficult to project.

    Not applicable.

11. If a bill is likely to have no fiscal impact, why that is the case.

    Not applicable.

12. Other fiscal impacts or comments.

There is a concern that the use of PPAs in certain circumstances could result in ineligible private use of tax exempt financed facility, since a private entity will benefit from a public use. To resolve this concern, bond counsel must review each PPA individually to ensure that the PPA is structured to prevent ineligible private use from occurring. If bonds cannot be used as the financing mechanism, other funding sources for projects would have to be utilized.

13. The following contributed to and concurred with this analysis:

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4/15/14
Date