


T&E COMMITTEE #1  
April 27, 2016

**Worksession**

**M E M O R A N D U M**

April 25, 2016

TO: Transportation, Infrastructure, Energy & Environment Committee

FROM: Susan J. Farag, Legislative Analyst 

SUBJECT: **Worksession: FY17 Operating Budget: Department of General Services:  
Fleet Management Services (DFMS)  
Motor Pool Fund Contribution (NDA)**

*Those expected for this worksession:*

Bill Griffiths, Division Chief, Division of Fleet Management Services (DFMS)  
Peggy Lynch, DFMS  
Tammy Mulford, DFMS  
Jed Millard, Office of Management and Budget

The Executive's recommendation for Fleet Management Services is attached at ©1-5.  
The Executive's recommendation for the Motor Pool Fund Contribution (NDA) is attached at ©6.  
The FY16-21 Public Services Program: Fiscal Plan for the Motor Pool Fund is attached at ©7.

**Overview**

For FY16, the Executive recommends total expenditures of \$79,996,583 for Fleet Management Services, a \$2,166,989 increase from the FY16 Approved Budget of \$77,829,594.

	<i>FY15 Actual</i>	<i>FY16 Approved</i>	<i>FY17 Recommended</i>	<i>% Change FY16-FY17</i>
<i>Expenditures by fund</i>				
Motor Pool ISF	\$71,634,915	\$77,829,594	\$79,996,583	2.8%
<i>Total Expenditures</i>	<b>\$71,634,915</b>	<b>\$77,829,594</b>	<b>\$79,996,583</b>	2.8%
<i>Positions</i>				
Full-Time	201	200	200	0.0%
Part-Time	0	0	0	-
<i>FTEs</i>	<b>204.1</b>	<b>204.1</b>	<b>204.1</b>	0.0%

The FY17 County Executive's recommendation is a net increase of \$2,166,989, stemming from the following identified same services adjustments:

<b>Identified Same Service Adjustments</b>	
Increase Cost: Parts (Heavy and Transit)	\$1,449,550
Increase Cost: Transit Bus Service Lane to reflect actual costs	\$907,735
Increase Cost: Tires (Heavy and Transit)	\$543,672
Increase Cost: FY17 Compensation Adjustment	\$355,707
Increase Cost: Light Fleet Maintenance	\$350,380
Increase Cost: Motor Pool Adjustment	\$129,989
Increase Cost: Group Insurance Adjustment	\$127,562
Increase Cost: Annualization of FY16 Personnel Costs	\$87,681
Increase Cost: EZ Pass/Tolls	\$25,000
Increase Cost: Printing and Mail	\$3,217
<b>Total Increases:</b>	<b>\$3,980,493</b>
Decrease Cost: Retiree Health Insurance Pre-funding	(\$160)
Shift: Telecommunications to the Telecommunications NDA	(\$83,752)
Decrease Cost: Retirement Adjustment	(\$90,898)
Decrease Cost: Risk Management Adjustment	(\$489,022)
Decrease Cost: Fuel Price Reduction	(\$1,149,672)
<b>Total Decreases:</b>	<b>(\$1,813,504)</b>
<b>NET SAME SERVICES ADJUSTMENT TOTAL:</b>	<b>\$2,166,989</b>

## Motor Pool Internal Service Fund

According to the FY17-22 Fiscal Plan for the Motor Pool Internal Service Fund, the fund is projected to have a year-end fund balance of \$7.36 million at the end of FY16 (see Fiscal Plan attached at ©7). This is the fourth year in a row that the fund has operated at a surplus, following three years of operating at significant deficits. Prior deficits were primarily due to Motor Pool Rate Model errors that had gone undetected for many years, as well as an antiquated fuel management system that did not accurately monitor billing and error reporting.

When fund balance policies for the non-tax supported funds were examined in 2006, the County policy for the Motor Pool Fund stated that the vehicle replacement policy does not set a particular targeted ending balance in terms of amount or a ratio, but it does provide that there should be an ending cash "balance adequate to protect against unanticipated expenditures requirements, such as necessary involuntary upgrades, price increases, etc., for each year." The Year End fund balance in FY17 is projected to be \$6.1 million.

## FY17 Expenditure Issues

### DFMS Continues to Address Vehicle Replacement Backlog

During the recession several years ago, vehicle replacements were targeted for cuts in both the annual operating budgets as well as several mid-year Savings Plans. DFMS indicates

that entering into FY14, the County had a 1,024 vehicle/\$40 million dollar replacement backlog. DFMS has been spending \$10 million per year to address the ongoing backlog, and it plans to expend the same amount in FY17. DFMS is scheduled to replace a total of 288 vehicles in FY17. A chart depicting the current composition of the County's fleet is on ©8. Of the vehicles expected to be replaced, 70% are Public Safety, 20% are Administrative, and 10% are Heavy Equipment replacements. A break-down of vehicle replacements by department is provided on ©9.

### **Fuel Costs Decrease Again in FY17**

In FY17, total fuel costs are expected to drop by about \$1.15 million. Both projected consumption and cost per gallon for all fuel times other than E-85 Ethanol (which remains stable) are expected to decrease.

In FY16, the budget assumed the following fuel consumption rates and prices:

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

In FY17, the budget assumes the following:

<b>FY17 Projections</b>			
<b>Fuel Type</b>	<b>Gallons</b>	<b>Cost Per Gallon</b>	<b>Total</b>
<b>Unleaded</b>	2,037,969	\$2.10	\$4,279,735
<b>ULS Diesel</b>	3,515,693	\$2.50	\$8,789,233
<b>E-85 (Ethanol)</b>	26,020	\$2.39	\$62,188
<b>Compressed Natural Gas (CNG)</b>	\$1,136,401	2.39	\$2,711,580
		<b>TOTAL:</b>	<b>\$15,842,735</b>

### **Parts (Heavy and Transit Fleets) (\$1,449,550)**

This increase reflects actual costs, and in part is caused by increased costs in raw material costs. The total FY17 budget for parts is \$9,306,535.

### **Transit Bus Service Lane (\$907,735)**

This increase reflects actual historical expenditures based on an examination of historical usage and price increases. DGS also plans to resolicit its Transit Bus Service Lane Operations

and expects to have a new contract in place by July 1, 2017. Since the existing contract has been in place since 2007, DGS expects a price increase for services.

### **Tires (Heavy and Transit Fleets) (\$543,672)**

In FY15, DGS replaced its leased tire contract with a purchased tire contract. This increase is based on the estimated annual quantity contained in the solicitation for the purchase of tires, as well as actual vendor pricing in the awarded contract, as well as anticipated growth in the bus fleet.

### **Light Fleet Maintenance (\$350,380)**

This is a fix-price contract for preventive maintenance in the light fleet. The increase reflects both CPI increase as well as the scope of service provided under the contract.

### **DFMS Implements a New Telematics Program**

In the third quarter of FY16, DGS implemented a Countywide Telematics program. This program uses re-time, on-board technology to make more efficient data-driven decisions, reduce cost, and improve fleet accountability. The goals of the program include ensuring that the fleet is the appropriate size for County functions, reduce fuel costs, improve routes, manage the take-home fleet, reduce fleet risk, reduce maintenance costs, and improve County services. ***The Committee may wish to ask whether data collected to date has been used for modifying any County practices. If not, when does DFMS expect to be able to do so?***

### **Take Home Vehicles**

An updated chart is included at ©14 showing changes from at different points in 2015 and 2016. From April 2015 to April 2016, the net number of permanent take-home vehicle assignments increased from 89 to 99. The largest increase in take-home vehicles was in Permitting Services, for zoning and site plan enforcement. Total seasonal Take-home vehicles decreased from 47 to 33.

### **Green Initiatives**

DFMS made significant progress on green fleet initiatives in FY15 and FY16 that have contributed to a 7% reduction in the County's petroleum consumption (see detailed descriptions of green initiatives at ©12-13). As part of the fleet replacement strategy, DFMS has identified the most fuel efficient, lowest greenhouse gas emitting vehicles for each class. This has permitted DFMS to increase fleet fuel economic by 37% in FY15. Of the 238 vehicles this year, 84 were alternative fueled vehicles. The County-wide fleet total is now 949 vehicles or 30% of the fleet.

In FY16, DGS received \$550,000 in grants from the Maryland Energy Administration (MEA) for petroleum reduction strategies. DGS has implemented two new fleet petroleum reduction initiatives, including converting five new diesel buses to CNG, which will eliminate

over 825,000 gallons of fuel over the next 12 years; and installing idle reduction software in 30 fleet vehicles, which has helped DGS attain a 5% increase in fuel economy for those vehicles.

DGS has also installed parallel hybrid drive systems into heavy duty cargo vans, increasing fuel economy by 27%. DGS now has 20 vehicles with this technology. DGS will also install six additional level II charging stations at the Council Office Building and the Division of Facilities Management by July 2016. The total number of chargers in the County will increase to 22.

DGS eliminated 56 vehicles from the County fleet, avoiding \$1.45 million in capital replacement costs. It has also submitted a grant application to the U.S. Department of Transportation, Federal Transit Administration, for Low or No emissions vehicles. The proposal is for 10 battery electric transit buses, two transit routes in Takoma Park, and \$12.8 million in fuel and maintenance savings over the lifecycle of the buses. DGS has also submitted two other grant proposals to the State that would expand the level II EV charging network and expand idle reduction software for 100 additional vehicles.

#### **Motor Pool Fund Contribution NDA (\$0)**

This account funds the acquisition of new, additional motor pool vehicles, as opposed to replacement vehicles that are financed through an established chargeback mechanism (©6). For FY17, the budget includes no funding for additional new vehicles or equipment.

#### **Council Staff Recommendation**

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

#### **This packet contains:**

Recommended FY167Budget: Fleet Management Services	© 1-5
Recommended FY17Budget: Motor Pool Fund Contribution (NDA)	6
FY17-22 Public Services Program: Fiscal Plan for the Motor Pool Fund	7
DFMS Responses	8-14



# Fleet Management Services

## Mission Statement

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

## Budget Overview

The total recommended FY17 Operating Budget for the Division of Fleet Management Services is \$79,996,583, an increase of \$2,166,989 or 2.78 percent from the FY16 Approved Budget of \$77,829,594. Personnel Costs comprise 25.90 percent of the budget for 200 full-time position(s) and no part-time position(s), and a total of 204.10 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 74.10 percent of the FY17 budget.

## Linkage to County Result Areas

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

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

## Department Performance Measures

Performance measures for this department are included below (where applicable), with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY16 estimates reflect funding based on the FY16 approved budget. The FY17 and FY18 figures are performance targets based on the FY17 recommended budget and funding for comparable service levels in FY18.

## Initiatives

- ★ **Telematics Program** - In FY16, DFMS inaugurated this program focused on improving fleet utilization, fuel and idle reduction, take home vehicle management, and improved maintenance reliability. Telematics leverages technology to make data-driven decisions, to reduce costs and improve fleet accountability.
- ★ **Reliability Centered Maintenance (RCM)** - DFMS is improving its fleet maintenance program by leveraging maintenance data to identify and predict component and equipment failures. Successful implementation of RCM will lead to an increase in cost effectiveness, fleet vehicle uptime, and a greater understanding of the level of maintenance risk that the organization is managing.
- ★ **National Fleet Certification** - DFMS has begun a year long process to become a nationally certified fleet management operation. Fifteen industry standard performance measures will be assessed to determine if our fleet program is cost effective, efficient, competitive, and well-managed.

## Accomplishments

- ☑ **Compressed Natural Gas Infrastructure** - In 2015, the Division of Fleet Management Services (DFMS) completed construction of two new compressed natural gas (CNG) sites supporting transit, heavy, and administrative fleets. One of the new sites is open to the public. The new facilities, through an increase in CNG bus fleet size, help the County displace more than 1 million gallons of diesel fuel a year and will save \$2.2 million in operational and maintenance costs over the next 10 years.

- ✓ Fleet Rightsizing - Through its elimination of underutilized vehicles, centralized pooling, and management improvement, DFMS was able to take significant steps to right-size and optimize the County fleet over the past year. DFMS eliminated 56 vehicles from the County fleet, avoiding \$1.45 million in capital replacement costs.
- ✓ Maryland Energy Administration Petroleum Reduction Grant - DFMS was awarded \$550,000 for petroleum reduction initiatives, to convert five new diesel transit buses to CNG which eliminates over 825,000 gallons of fuel over the next 12 years, and saves the County more than \$1 million in future fuel costs.
- ✓ Hybrid Drive Conversion Program - DFMS converted ten heavy duty cargo vans to a parallel hybrid drive system. This best in industry hybrid system has increased fuel economy 27% and eliminated over 2,500 gallons of gasoline in the first year.

## Productivity Improvements

- ✱ Technician On-Boarding Program - The new enhanced technician on-boarding program directly contributed to a 5 percent increase in fleet reliability, 14 percent reduction in mechanical failures, and 4 percent reduction in unscheduled repairs. Leveraging a core training curriculum, DFMS partnered with the Office of Human Resources to create learning paths for all new Fleet employees. This program ensures accountability and gains core task efficiencies guaranteeing employees immediate success.
- ✱ Web-Based Fuel Inventory Management - DFMS has installed fuel inventory monitoring systems at countywide fuel sites. This cloud-based solution allows fuel sites to be monitored remotely from a desktop computer and improves fuel accountability, inventory, and control.

## Program Contacts

Contact Tammy Mulford of the Division of Fleet Management Services at 240.777.5733 or Jedediah Millard of the Office of Management and Budget at 240.777.2769 for more information regarding this department's operating budget.

## Program Descriptions

### Heavy Equipment and Automotive Services

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

Program Performance Measures	Actual FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
Fleet Maintenance and Operations: Mean distance between failure: Administrative light equipment (in miles)	9,182	10,065	11,000	11,000	11,000
Fleet Maintenance and Operations: Mean distance between failure: Heavy equipment (in miles)	17,140	17,587	17,140	17,140	17,140
Fleet Maintenance and Operations: Mean distance between failure: Public Safety light equipment (in miles)	25,263	26,653	25,263	25,263	25,263
Heavy equipment fleet availability	88.00	88.75	88.75	88.75	88.75
Percentage of customers satisfied with police vehicle maintenance	97.8	97.0	97.0	97.0	97.0
Percentage of fleet availability for police vehicle maintenance	98	97	97	97	97
Turnaround Time: Average amount of time equipment is unavailable for operations during each shop visit: Administrative Vehicles (in days)	2.2	1.2	2.0	2.0	2.0
Turnaround Time: Average amount of time equipment is unavailable for operations during each shop visit: Heavy Equipment (in days)	5.7	3.0	5.3	5.0	5.0
Turnaround Time: Average amount of time equipment is unavailable for operations during each shop visit: Public Safety light equipment (in days)	1.9	1.5	1.5	1.5	1.5

### FY17 Recommended Changes

	Expenditures	FTEs
FY16 Approved	11,910,240	38.00
Increase Cost: Light Fleet Maintenance (Seven Locks Contract)	350,380	0.00

<b>FY17 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	217,660	1.00
<b>FY17 Recommended</b>	<b>12,478,280</b>	<b>39.00</b>

## Transit Equipment Services

This program is responsible for the scheduled and non-scheduled maintenance and repair of the Ride-On Bus fleet at three locations.

<b>Program Performance Measures</b>	<b>Actual FY14</b>	<b>Actual FY15</b>	<b>Estimated FY16</b>	<b>Target FY17</b>	<b>Target FY18</b>
Average days out of service per bus for parts	2.96	1.50	1.40	1.40	1.40
Fleet Maintenance and Operations: Mean distance between failure: Transit equipment (in miles)	9,970	10,065	10,000	10,000	10,000
Tumaround Time: Average amount of time equipment is unavailable for operations during each shop visit: Transit equipment (in days)	1.5	1.9	1.9	1.9	1.9

<b>FY17 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY16 Approved</b>	<b>16,253,401</b>	<b>113.00</b>
Increase Cost: Transit Bus Service Lane to reflect actual costs	907,735	0.00
Increase Cost: Tires (Heavy & Transit)	543,672	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.	101,331	(1.00)
<b>FY17 Recommended</b>	<b>17,806,139</b>	<b>112.00</b>

## Management Services

This program provides policy development and planning; operational, personnel, and administrative oversight; and support for division activities. This program is also the central coordinator for the County on environmental stewardship and energy-related matters pertaining to emissions and motor fuel to include alternative fuels and applicable State and Federal legislation and fuel management oversight. Additionally, the program oversees the parts inventory, facilities management, and vehicle acquisition and disposal functions.

<b>Program Performance Measures</b>	<b>Actual FY14</b>	<b>Actual FY15</b>	<b>Estimated FY16</b>	<b>Target FY17</b>	<b>Target FY18</b>
Clean Air Commitment - Gallons of alternative fuels used	1,073,432	1,076,343	1,110,000	1,110,000	1,110,000
Clean Air Commitment - Gallons of diesel/unleaded used	5,430,482	5,092,644	5,100,000	5,100,000	5,100,000
Fiscal inventory parts turn rate	1.92	1.98	2.00	2.00	2.00
Percentage of workorders completed without delay for parts	91.3	93.4	93.0	94.0	94.0

<b>FY17 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY16 Approved</b>	<b>32,873,578</b>	<b>20.10</b>
Increase Cost: EZ Pass/Tolls	25,000	0.00
Shift: Telecommunications to the Telecommunications Non-Departmental Account	(83,752)	0.00
Decrease Cost: Fuel Price Reduction	(1,149,672)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	1,306,782	(3.00)
<b>FY17 Recommended</b>	<b>32,971,936</b>	<b>17.10</b>

## Administrative Services

This program includes the preparation and monitoring of the division operating and capital budgets. The program also oversees financial management of the Motor Pool Internal Service Fund; payment processing; solicitations and contracts; and computer and office automation system activities.



<b>FY17 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY16 Approved</b>	<b>16,792,375</b>	<b>33.00</b>
Increase Cost: Parts (Heavy & Transit)	1,449,550	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(1,501,697)	3.00
<b>FY17 Recommended</b>	<b>16,740,228</b>	<b>36.00</b>

## Budget Summary

	<b>Actual FY15</b>	<b>Budget FY16</b>	<b>Estimate FY16</b>	<b>REC FY17</b>	<b>%Chg Bud/Rec</b>
<b>MOTOR POOL INTERNAL SERVICE FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	15,079,690	15,288,773	15,276,959	15,675,208	2.5 %
Employee Benefits	4,691,846	4,953,908	4,991,253	5,047,525	1.9 %
<b>Motor Pool Internal Service Fund Personnel Costs</b>	<b>19,771,536</b>	<b>20,242,681</b>	<b>20,268,212</b>	<b>20,722,733</b>	<b>2.4 %</b>
Operating Expenses	51,863,379	46,405,663	57,801,098	48,030,140	3.5 %
Debt Service G.O Bonds	0	0	0	62,460	—
Capital Outlay	0	11,181,250	0	11,181,250	—
<b>Motor Pool Internal Service Fund Expenditures</b>	<b>71,634,915</b>	<b>77,829,594</b>	<b>78,069,310</b>	<b>79,996,583</b>	<b>2.8 %</b>
<b>PERSONNEL</b>					
Full-Time	201	200	200	200	—
Part-Time	0	0	0	0	—
FTEs	204.10	204.10	204.10	204.10	—
<b>REVENUES</b>					
Insurance Recoveries	1,367,972	1,510,000	1,510,000	1,388,655	-8.0 %
Investment Income	36,633	113,070	82,830	118,330	4.7 %
Miscellaneous Revenues	1,461,270	665,000	665,000	0	-100.0 %
Motor Pool Charges/Fees	76,299,370	74,851,362	74,851,362	77,201,207	3.1 %
Other Charges/Fees	1,349	0	0	0	—
<b>Motor Pool Internal Service Fund Revenues</b>	<b>79,166,594</b>	<b>77,139,432</b>	<b>77,109,192</b>	<b>78,708,192</b>	<b>2.0 %</b>

## FY17 Recommended Changes

	<b>Expenditures</b>	<b>FTEs</b>
<b>MOTOR POOL INTERNAL SERVICE FUND</b>		
<b>FY16 ORIGINAL APPROPRIATION</b>	<b>77,829,594</b>	<b>204.10</b>
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: Parts (Heavy & Transit) [Administrative Services]	1,449,550	0.00
Increase Cost: Transit Bus Service Lane to reflect actual costs [Transit Equipment Services]	907,735	0.00
Increase Cost: Tires (Heavy & Transit) [Transit Equipment Services]	543,672	0.00
Increase Cost: FY17 Compensation Adjustment	355,707	0.00
Increase Cost: Light Fleet Maintenance (Seven Locks Contract) [Heavy Equipment and Automotive Services]	350,380	0.00
Increase Cost: Motor Pool Adjustment	129,989	0.00
Increase Cost: Group Insurance Adjustment	127,562	0.00
Increase Cost: Annualization of FY16 Personnel Costs	87,681	0.00
Increase Cost: EZ Pass/Tolls [Management Services]	25,000	0.00
Increase Cost: Printing and Mail	3,217	0.00
Decrease Cost: Retiree Health Insurance Pre-funding	(160)	0.00
Shift: Telecommunications to the Telecommunications Non-Departmental Account [Management Services]	(83,752)	0.00
Decrease Cost: Retirement Adjustment	(90,898)	0.00
Decrease Cost: Risk Management Adjustment	(489,022)	0.00
Decrease Cost: Fuel Price Reduction [Management Services]	(1,149,672)	0.00

	Expenditures	FTEs
FY17 RECOMMENDED	79,996,583	204.10

## Program Summary

Program Name	FY16 APPR		FY17 REC	
	Expenditures	FTEs	Expenditures	FTEs
Heavy Equipment and Automotive Services	11,910,240	38.00	12,478,280	39.00
Transit Equipment Services	16,253,401	113.00	17,806,139	112.00
Management Services	32,873,578	20.10	32,971,936	17.10
Administrative Services	16,792,375	33.00	16,740,228	36.00
<b>Total</b>	<b>77,829,594</b>	<b>204.10</b>	<b>79,996,583</b>	<b>204.10</b>

## Future Fiscal Impacts

Title	CE RECOMMENDED (\$000s)					
	FY17	FY18	FY19	FY20	FY21	FY22

### MOTOR POOL INTERNAL SERVICE FUND

#### EXPENDITURES

<b>FY17 Recommended</b>	<b>79,997</b>	<b>79,997</b>	<b>79,997</b>	<b>79,997</b>	<b>79,997</b>	<b>79,997</b>
No inflation or compensation change is included in outyear projections.						
<b>Retiree Health Insurance Pre-funding</b>	<b>0</b>	<b>(36)</b>	<b>(76)</b>	<b>(97)</b>	<b>(119)</b>	<b>(119)</b>
These figures represent the estimated cost of pre-funding retiree health insurance costs for the County's workforce.						
<b>Labor Contracts</b>	<b>0</b>	<b>253</b>	<b>253</b>	<b>253</b>	<b>253</b>	<b>253</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
<b>Subtotal Expenditures</b>	<b>79,997</b>	<b>80,214</b>	<b>80,174</b>	<b>80,153</b>	<b>80,131</b>	<b>80,131</b>

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This is the private non-profit corporation established by Council Bill 25-15 that serves as Montgomery County's lead economic development organization. The Economic Development Corporation is responsible for implementing the County's economic development strategic plan and related programs that include marketing, business retention and attraction, entrepreneurship, and promoting the development of the County's economic base.

<b>FY17 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY16 Approved</b>	<b>0</b>	<b>0.00</b>
Shift: Operating Support of MCEDC from Department of Economic Development	4,180,750	0.00
<b>FY17 Recommended</b>	<b>4,180,750</b>	<b>0.00</b>

## Montgomery County Employee Retirement Plans

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

<b>FY17 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY16 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY17 Recommended</b>	<b>0</b>	<b>0.00</b>

## 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.

<b>FY17 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY16 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY17 Recommended</b>	<b>0</b>	<b>0.00</b>

## Municipal Tax Duplication

The Montgomery County Tax Duplication Program, authorized by Chapter 30A of the Montgomery County Code, reimburses municipalities for those public services they provide that would otherwise be provided by the County. This goes beyond State law, Section 6-305, which requires the County to provide to municipalities only the Property Tax funded portion of those costs. County Council Resolution No. 9-1752, enacted April 27, 1982, increased the scope of program coverage from street-related expenditures to include other public services, such as police supplemental aid; animal control; elderly transportation; parks maintenance; Board of Appeals; and Human Rights.

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

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

FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Motor Pool			
FISCAL PROJECTIONS	FY16 ESTIMATE	FY17 REC	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION	FY22 PROJECTION
<b>ASSUMPTIONS</b>							
Indirect Cost Rate	15.98%	16.45%	16.45%	16.45%	16.45%	16.45%	16.45%
CPI (Fiscal Year)	0.8%	1.8%	2.3%	2.5%	2.7%	2.7%	2.7%
Investment Income Yield	0.35%	0.50%	1.00%	1.50%	2.50%	2.50%	3.00%
Rate Adjustment			0.0%	6.8%	2.9%	2.8%	2.7%
<b>BEGINNING FUND BALANCE</b>	<b>8,311,384</b>	<b>7,351,267</b>	<b>6,062,876</b>	<b>2,678,093</b>	<b>2,593,370</b>	<b>2,658,830</b>	<b>2,773,530</b>
<b>REVENUES</b>							
Charges For Services	76,361,362	78,589,862	78,589,862	83,933,973	86,368,058	88,786,364	91,183,596
Miscellaneous	747,830	118,330	236,660	354,990	473,320	591,650	709,980
<b>Subtotal Revenues</b>	<b>77,109,192</b>	<b>78,708,192</b>	<b>78,826,522</b>	<b>84,288,963</b>	<b>86,841,378</b>	<b>89,378,014</b>	<b>91,893,576</b>
<b>TOTAL RESOURCES</b>	<b>85,420,576</b>	<b>86,059,459</b>	<b>84,889,398</b>	<b>86,967,056</b>	<b>89,434,748</b>	<b>92,036,844</b>	<b>94,667,106</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(78,069,310)	(79,996,583)	(81,993,791)	(84,196,382)	(86,619,514)	(89,129,310)	(91,729,094)
Labor Agreement	n/a	0	(253,164)	(253,164)	(253,164)	(253,164)	(253,164)
Retiree Health Insurance Pre-funding	n/a	n/a	35,650	75,860	96,760	119,160	119,160
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(78,069,310)</b>	<b>(79,996,583)</b>	<b>(82,211,305)</b>	<b>(84,373,686)</b>	<b>(86,775,918)</b>	<b>(89,263,314)</b>	<b>(91,863,098)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(78,069,310)</b>	<b>(79,996,583)</b>	<b>(82,211,305)</b>	<b>(84,373,686)</b>	<b>(86,775,918)</b>	<b>(89,263,314)</b>	<b>(91,863,098)</b>
<b>YEAR END FUND BALANCE</b>	<b>7,351,267</b>	<b>6,062,876</b>	<b>2,678,093</b>	<b>2,593,370</b>	<b>2,658,830</b>	<b>2,773,530</b>	<b>2,804,008</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>8.6%</b>	<b>7.0%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Assumptions:</b> 1. Motor Pool rates are adjusted to achieve cost recovery and maintain a fund balance of approximately 3.0 percent of resources. 2. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.							

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## Fleet Management Services Operating Budget Questions FY17

1. Last year you provided a chart showing the fleet composition. Could you provide an updated chart for FY16?

FY16 Montgomery County Fleet Totals (4/15/2016)									
Vehicle Type	Quantity of Vehicles	Average Age of Vehicle	Unleaded Gallons	Diesel Gallons	E-85 Gallons	CNG (GGE)	Electric (kWh)	Gasoline Gallon Equivalents (GGE)	Total liquid Gallons
Sedan	196	7	99,218				15,256	457	99,218
Public Safety Sedan	1,203	5	1,007,837		7,032				1,014,869
SUV	169	7	101,751		1,392				103,143
Public Safety SUV	323	4	321,188		191				321,379
Pickup	269	7	169,845	772	444				171,061
Public Safety Pickup	39	5	69,550		0				69,550
Van	204	8	224,775	903	217				225,895
Public Safety Van	81	7	114,970	1,861	321				117,152
Medium Duty Truck	33	6	1,127	26,679		240			27,806
Heavy Duty Truck	185	8		365,141					365,141
Public Safety Heavy Duty Truck	18	8		31,643					31,643
Off Road vehicle/Equipment	165	11	305	31,225					31,530
Transit	343	8		2,169,487		1,571,911		1,066,343	2,169,487
<b>Total All</b>	<b>3,228</b>	<b>7.00</b>	<b>2,110,566</b>	<b>2,627,711</b>	<b>9,597</b>	<b>1,572,151</b>	<b>15,256</b>	<b>1,066,800</b>	<b>4,747,873</b>

kWh - Kilowatts Hours

GGE - Gasoline Gallon Equivalents

2. By the end of FY15, the backlog for replacement vehicles was projected to be 686. In FY16, you were slated to replace another 296 vehicles and equipment, at a cost of about \$10 million. The approximate break-down across types of vehicles was to be:

- 73% Public Safety Vehicle Replacements;
- 2.5% Administrative Fleet Replacements; and
- 24% Department of Transportation Replacements.

Please provide an update for FY16 (to date) regarding how many vehicles have been replaced and the approximate break-down by types of vehicles. How many do you expect to replace for the remainder of the year? (Please include break-down by vehicle type).

DGS projected to replace 296 vehicles in FY16. To date, we have replaced 238 and we will replace an additional 134 by year-end for a total of 372 vehicles. A breakdown of replacement vehicles by type is listed below.

FY16 Replacements to Date-4/13/2016		
Fleet	Number of Replacements	Total Replacement Funds
Public Safety	209	\$4,042,636
Administrative	29	\$656,420
Heavy Equipment	0	\$0
<b>Totals</b>	<b>238</b>	<b>\$4,699,056</b>

The remaining 134 replacement vehicles are broken down in the chart below:

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Remaining FY16 Replacements		
Fleet	Number of Replacements	Estimated Replacement Funds
Public Safety	83	\$2,071,857
Administrative	8	\$255,825
Heavy Equipment	43	\$2,973,916
<b>Totals</b>	<b>134</b>	<b>\$5,301,598</b>

Once the remaining 134 vehicles are purchased, the final percentage of replacement vehicle types will be;

- 78% Public Safety
- 10% Administrative
- 12% Department of Transportation

3. What is the current replacement vehicle backlog?

Entering into FY17, there is an anticipated backlog of 788 vehicles which is a 167 vehicle reduction from FY16 and a three-year reduction of 236 vehicles from the original backlog of 1,024. Below is a summary of the calculations.

FY16 Backlog Summary									
FY15 Backlog		FY16 Age Eligible		FY16 Backlog		FY16 Replacement		FY16 Backlog	
686	+	269	=	955	-	372	=	583	
								583	+
								205	=
									788

4. What is the recommended replacement plan for FY17? Number, types of vehicles, and projected cost?

The approved fleet replacement methodology considers, age, mileage, maintenance, reliability, mission criticality, and condition. DGS expects to replace 288 vehicles in FY17. Below is the projected replacement summary by type and the associated charts outlining how replacement funds will be allocated by fleet type and Department;

- 70% Public Safety Replacements
- 20% Administrative Replacements
- 10% Heavy Equipment Replacements

FY17 Fleet Replacements by Fleet Type			
Fleet	Number of Replacements	Total Replacement Funds	Percentage of Funds
Public Safety	202	\$5,465,730	54.66
Administrative	55	\$1,224,162	12.24
Heavy Equipment	31	\$3,310,108	33.1
<b>Totals</b>	<b>288</b>	<b>\$10,000,000</b>	<b>100</b>

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FY17 Fleet Replacements by Department			
Department	Number of Vehicles	Total Replacement Funds	Percentage of Funds
DEP	6	\$77,928	0.78
DHCA	4	\$66,865	0.67
DLC	1	\$16,962	0.17
DPS	9	\$176,270	1.76
DTS	1	\$28,359	0.28
Fire & Rescue	24	\$772,998	7.73
General Services	17	\$476,150	4.76
HHS	7	\$115,085	1.15
MCPD	169	\$4,628,115	46.28
Recreation	2	\$60,387	0.60
Sheriff	3	\$96,737	0.97
Transportation	45	\$3,484,144	34.84
<b>Totals</b>	<b>288</b>	<b>\$10,000,000</b>	<b>99.99</b>

5. Please provide an updated chart of projected FY17 fuel costs and consumption:

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

Updated:

FY17 Projections			
Fuel Type	Gallons	Cost Per Gallon	Total Cost
Unleaded	2,037,969	2.10	4,279,735
ULS Diesel	3,515,693	2.50	8,789,233
E-85 Ethanol	26,020	2.39	62,188
Compressed Natural Gas	1,136,401	2.39	2,711,580
		<b>TOTAL COST:</b>	15,842,735

6. Please provide updated chart of actual FY15 fuel costs and consumption.

(10)

FY15 Actual:

FY15 Actual			
Fuel Type	Gallons	Average Cost Per Gallon	Total Cost
Unleaded	2,380,439	2.30	5,479,542
ULS Diesel	3,496,307	2.32	8,116,191
E-85 Ethanol	1,730	-	-
Compressed Natural Gas	1,204,106	2.35	2,830,479
		TOTAL COST:	16,426,212

7. Please describe the \$1,449,550 increase for parts.

The DGS budgeted amount for FY16 for all replacement parts is \$7,856,985. This increase of \$1,449,550 based on internal examination of historical usage and parts price increases. The Division has worked diligently over the past several years to reduce waste in the parts room; however raw material costs have continued to rise. This adjustment in the parts budget will better match actual parts expenditures, which in turn allows end users to better manage their motor pool budgets.

8. Please describe the Transit Bus Service Lane increase of \$907,735.

DGS is in the process of resoliciting for Transit Bus Service Lane Operations and expects to have a new contract in place by July 1, 2017. Additionally, because the existing contract was executed July 1, 2007, DGS expects a price increase for services. The DGS budgeted amount for FY16 for Transit Bus Service Lane is \$1,973,941. The increase of \$907,735 is based on an examination of historical usage and price increases. This adjustment in the transit bus service lane budget will better match actual expenditures, which will help end users to more accurately manage their motor pool budget.

9. Please describe the increase for tires (heavy and transit).

In FY15, DGS replaced its leased tire contract with a tire purchase contract. Because the new services had not been in place for a full year at the time of the FY16 budget submission, this increase is based on the Estimated Annual Quantity (EAQ) contained in the solicitation for the purchase of tires, the vendor pricing included in the awarded contract, and anticipated growth in the bus fleet.

10. Please describe the light fleet maintenance increase of \$350,000.

DGS currently utilizes a contracted vendor for its light fleet maintenance services. This is a fixed-price, not-to-exceed contract for preventive maintenance (target services) with a provision for "as-needed, non-preventive maintenance" services (non-target).

DGS estimates the total contract pricing for FY17 to be \$7,083,764.59, which is \$350,000 above the FY16 approved budget, as based on price calculation provisions contained in the current contract. The increases address both CPI and scope of service provided under the contract.

11. Please give a brief overview of the new telematics program.

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In 3<sup>rd</sup> quarter FY16, DGS began implementation of the Countywide Telematics program. Telematics leverages real-time, on-board technology to make data-driven decisions, reduce cost, and improve fleet accountability.

The goals of the program include:

- Improve fleet utilization – Right-size fleet
- Official Use
- Reduce fuel costs
- Improve Routing
- Validate and manage take-home fleet
- Reduce fleet risk
- Reduce maintenance cost
- Improve County services

12. Please provide an update on the Fuel Management Services CIP project. What has fuel management experience been to date? Has there been any progress in partnering with other county entities, such as MCPS or Park and Planning?

The CIP has progressed very well. DGS has installed the system hardware and software, Fuel Master, in all of its vehicles and fuel sites. The final integration process of interfacing fuel transactions, FASTER, and the billing of each vehicle to our customers is expected to be complete within this fiscal year (FY16).

The tank monitoring system, Inform, is functioning exceptionally well at all County fueling sites and is now being monitored remotely by the fuel staff. This real-time access helps tremendously with improved fuel delivery schedules and allows for system alerts and notifications to be addressed quickly. This, in turn, will greatly improve environmental compliance with all federal, state and local mandates. We are in the final process of adding FRS sites to the Inform system.

FRS is using Fuel Master with Pro Keys and is expected to have the RIFD rings installed in its vehicles within the next six months. DGS has initiated a partnership with MCPS at three County depots and has begun discussions with M-NCPPC. The Countywide, all-inclusive system implementation is expected to be completed by the end of FY17.

To date, Fuel Master and Inform function as great tools for the acquisition, dispensing, monitoring, compliance, and billing of fuel to all of our customers. We have made great progress and believe these can be used to integrate other entities for future partnering.

13. Please provide an update on your green initiatives.

In FY16, DGS made significant progress on green fleet initiatives contributing to a 7 percent reduction in the County's petroleum consumption over the past two years. As part of the fleet replacement strategy, DGS has identified the most fuel efficient, lowest greenhouse emitting vehicle for each class. Using this approach, fleet fuel economy increased 37 percent in FY15. Additionally, of the 238 vehicles purchased to date, 84 were alternative fueled vehicles (AFV). This brings the Countywide fleet total to 949 or 30 percent of the fleet.

In FY16, DGS received \$550,000 in grants from the Maryland Energy Administration (MEA) for petroleum reduction strategies. Using these funds, DGS implemented two fleet petroleum reduction initiatives;

- Converted five new diesel powered buses to CNG which will eliminate over 825,000 gallons of fuel over the next 12 years, and save the County more than \$1 million in future fuel costs.
- Installed idle reduction software in 30 fleet vehicles. This software reduces idle speed and adjusts shift points to improve fuel efficiency. DGS has realized a 5 percent increase in fuel economy in these vehicles.

**Expanded hybrid drive conversion program:** This program installs a parallel hybrid drive system into heavy duty cargo vans increasing fuel economy by 27 percent. In FY16, DGS converted 12 additional fleet vans bringing the total XL hybrid fleet to 20 vehicles. The additional vans will eliminate over 2,500 gallons of fuel annually.

**Expanded electric vehicle (EV) charging network:** DGS will install six additional level II charging stations at the Council Office Building and the Division of Facilities Management by July 2016. This brings the total number of chargers to 22 across the County.

**Fleet Rightsizing:** Through elimination of underutilized vehicles, centralized pooling, and management improvements, DGS was able to take significant steps to right-size and optimize the County fleet over the past year. DGS eliminated 56 vehicles from the County fleet, avoiding \$1.45 million in capital replacement costs.

DGS has submitted a grant application to the U.S. Department of Transportation, Federal Transit Administration (FTA) for Low or No emissions vehicles. The details of this proposal include:

- 10 Battery Electric Transit Buses
  - In Route and Depot Charging Infrastructure
- 2 transit routes in Takoma Park
- Completed Comprehensive Route Analysis and Simulations
- \$6.4M in fuel savings over the lifecycle of the buses
- \$6.4M in maintenance savings over the lifecycle of the buses

DGS has also submitted two additional grant proposals to the MEA for consideration in FY17:

- Expand the level II EV charging network
- Expand idle reduction software to 100 additional vehicles

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

**Take Home Vehicle Report - as of 04/13/2016 - Totals by Program  
Comparison of 04/06/2015 to 04/13/2016 (One Year)**

Dept Name	Program	TH 04/06/15	TH 04/13/16	TH CHG		TH-S 04/06/15	TH-S 04/13/16	TH-S CHG
<b>Community Use of Public Facilities</b>								
	Community Use of Public Facilities	1	1	0				0
<b>Corrections</b>								
	Director Of Corrections	1	1	0				0
	DOCR/PRC	1	1	0				0
	MCCF	0	1	1				0
<b>DEP (Env. Protection)</b>								
	Pol. & Compl.	1	3	2				0
	Solid Waste	12	12	0				0
	Watershed Mgt.	2	7	5		1	1	0
<b>DGS</b>								
	Facilities					5	4	-1
	Capital Development	0	3	3				0
	DBDC	5	2	-3				0
	Fleet Management					2	0	-2
<b>DHCA</b>								
	Code Enforcement	5	7	2				0
	Comm. Dev.	2	0	-2				0
	Rehab. Assist.	0	1	1				0
<b>DOT</b>								
	Director Office - DOT	0	1	1				0
	Div of Highway Services	4	5	1		35	25	-10
	Div of Parking					2	1	-1
	Div of Traffic Engineering & Ops	8	10	2		2	2	0
	DTE - DOT	2	1	-1				0
<b>Liquor Control</b>								
	BLC	7	7	0				0
<b>Permitting Services</b>								
	Building Construction	28	19	-9				0
	Land Devel.	10	10	0				0
	Zoning and Site Plan Enforcement	0	7	7				0
<b>Totals</b>		<b>89</b>	<b>99</b>	<b>10</b>		<b>47</b>	<b>33</b>	<b>-14</b>
<b>Key: TH Take Home - THS Take Home Seasonal</b>								