

Worksession

MEMORANDUM

April 23, 2019

TO: Government Operations and Fiscal Policy Committee

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

SUBJECT: **FY20 Operating Budget: Department of General Services (DGS):  
Fleet Management Services (DFMS)  
Motor Pool Fund Contribution (NDA)**

PURPOSE: To vote on recommendations for Council's consideration.

*Those expected for this worksession include:*  
David Dise, Director, DGS  
Jamie Cooke, Director, DFMS  
Tammy Mulford, DFMS  
Bruce Meier, Office of Management and Budget

The Executive's recommendation for Fleet Management Services is attached at ©1-6.  
The FY20-25 Public Services Program: Fiscal Plan for the Motor Pool Fund is attached at ©7.  
The Executive's recommendation for the Motor Pool Fund Contribution (NDA) is attached at ©8.

**Overview**

For FY20, the Executive recommends total expenditures of \$84,869,295 for Fleet Management Services, an \$11,071,177 or 15% increase from the FY19 Approved Budget of \$73,798,118.

	<i>FY18 Actual</i>	<i>FY19 Approved</i>	<i>FY20 Recommended</i>	<i>% Change FY19-FY20</i>
<i>Expenditures by fund</i>				
Motor Pool ISF	\$75,130,288	\$73,798,118	\$84,869,295	15.0%
<b>Total Expenditures</b>	<b>\$75,130,288</b>	<b>\$73,798,118</b>	<b>\$84,869,295</b>	<b>15.0%</b>
<i>Positions</i>				
Full-Time	200	202	208	3.0%
Part-Time	0	0	0	-
<b>FTEs</b>	<b>204.1</b>	<b>206.1</b>	<b>212.1</b>	<b>2.9%</b>

The FY20 County Executive’s recommendation is a net increase of \$11,071,177, reflecting the addition of US 29 FLASH operating costs (\$1,934,176), as well as from the following identified same services adjustments:

<b>Identified Same Service Adjustments</b>	
Increase Cost: Vehicle Replacement	\$4,243,428
Increase Cost: Fuel Price Adjustment	\$1,908,482
Increase Cost: FY20 Compensation Adjustment	\$860,044
Increase Cost: Vehicle Replacements funded by Insurance Reimbursement	\$687,425
Increase Cost: Wage Equity Impact Study	\$546,885
Increase Cost: Bus Service Lanes	\$533,627
Increase Cost: Adjust budget for Overtime to address structural budget deficiencies	\$344,791
Increase Cost: Risk Management Adjustment	\$259,819
Increase Cost: Retirement Adjustment	\$25,251
Increase Cost: Motor Pool Adjustment	\$18,534
	<b>Total Increases:</b>
	\$9,428,286
Decrease Cost: Annualization of FY19 Personnel Costs	(\$62,895)
Decrease Cost: OPEB Adjustment	(\$228,390)
	<b>Total Decreases:</b>
	(\$291,285)
<b>NET SAME SERVICES ADJUSTMENT TOTAL:</b>	<b>\$9,137,001</b>

**Motor Pool Internal Service Fund**

According to the FY20-25 Fiscal Plan for the Motor Pool Internal Service Fund, the fund is projected to have a year-end fund balance of \$7.6 million at the end of FY19 (see Fiscal Plan attached at ©7). The year-end fund balance in FY20 is projected to be \$1.5 million. Motor Pool rates are set to achieve cost recovery and maintain a fund balance of approximately three percent of resources. The projected end-of-year balance for FY20 is estimated to be 1.7%.

**FY20 Expenditure Issues**

**DFMS Vehicle Replacement (\$4,243,428)**

There are currently 3,337 vehicles in the County fleet. The fleet composition is outlined on ©8 and provides information on type of vehicle, fuel source, and average age. DFMS has had a vehicle replacement backlog of about 1,000 vehicles each fiscal year since FY14. Vehicle replacements were significantly reduced during the Recession, and DFMS had spent about \$10 million per year to address this ongoing backlog. For FY18, that amount dropped to about \$7.8 million, and for FY19, it had dropped to about \$5.7 million. To date in FY19, DFMS has replaced 148 vehicles, and expects to replace another 34 in FY19.

For FY20, the vehicle replacement budget increases significantly. The total vehicle replacement budget is \$11 million, which represents a \$4.2 million increase over last year’s approved budget. DFMS plans to replace 263 vehicles in FY20, which includes 135 public safety vehicles, 83 administrative vehicles, and 45 heavy equipment vehicles. Charts showing a breakdown by type and agency are included on ©9-10.

**US 29 FLASH Operating Costs (\$1,934,176 and six new FTEs)**

This expenditure provides support for the new 60-foot articulated buses for the Bus Rapid Transit Route (BRT) expected to be implemented in May 2020. This will require four new lifts having six columns each, for \$273,264, specialized tools and training materials for \$536,814, and an intimal parts inventory due to the unique requirements for the 60-foot buses, for \$700,000. The remaining \$424,098 includes prorated costs for staff and include five mechanics and a crew chief.

**Fuel Costs Increase in FY20 (\$1,908,482)**

In FY20, total fuel costs are expected to increase by about \$1.9 million. Projected consumption of unleaded and ULS Diesel is expected to be higher this year. The FY19 Approved Operating Budget included \$13.8 million for fuel.

For FY18, actual fuel costs and consumption are reflected below:

<b>FY18 Fuel Costs and Consumption</b>			
<b>Fuel Type</b>	<b>Gallons</b>	<b>Cost Per Gallon</b>	<b>Total Cost</b>
<b>Unleaded</b>	2,248,568	\$2.15	\$4,615,767
<b>ULS Diesel</b>	3,323,165	\$2.30	\$7,076,378
<b>E-85 Ethanol</b>	13,221	\$1.77	\$27,367
<b>Compressed Natural Gas</b>	1,498,923	\$2.43	\$3,646,854
		<b>TOTAL:</b>	<b>\$15,366,366</b>

In FY20, the recommended budget assumes the following:

<b>FY20 Fuel Projections</b>			
<b>Fuel Type</b>	<b>Gallons</b>	<b>Cost Per Gallon</b>	<b>Total Cost</b>
<b>Unleaded</b>	2,248,511	\$2.07	\$4,654,419
<b>ULS Diesel</b>	3,418,748	\$2.50	\$8,546,872
<b>E-85 Ethanol</b>	13,221	\$2.40	\$31,730
<b>Compressed Natural Gas</b>	1,465,109	\$2.07	\$3,032,776
		<b>TOTAL:</b>	<b>\$16,265,796</b>

**Wage Equity Study (\$546,885)**

In November 2017, the Office of Human Resources (OHR) conducted a study of the Mechanic Technician classification series. This study ensured that duties and responsibilities of the classification were accurately reflected in the classification specifications, and the assigned grade (compensation) was appropriate. Because of the study, the Mechanic Technician II and the Senior Mechanic classes received a one-grade increase. The FY19 Approved Operating Budget included an additional \$382,346 for increased compensation. In addition, two new classes were created for the Transit Bus and Heavy Equipment Mechanic Leads.

The study did not address the fact that reclassifying two job classifications would result in wage compression. In October 2018, MCGEO, OHR, and DGS reached an agreement to create a new salary table for the Mechanic series. The cost of moving the mechanics to the new salary table is \$546,885.

**Overtime Increase to Address Structural Budget Deficiencies (\$344,791)**

The actual overtime costs for DFMS in FY18 exceeded the budgeted amount of \$566,960 by \$386,491. For FY19, the overtime through the 3<sup>rd</sup> quarter is \$720,451, or \$153,491 above the FY19 approved amount. The budgeted amount of overtime has not been increased since FY14. DFMS advises that it has had an ongoing problem trying to retain mechanics, and this has caused the use of additional overtime to fill vacancies. Overtime is also impacted by disability and light duty restrictions. *The Committee may wish to get more detail on the reclassification and new salary table, and whether this may favorably impact the retention challenges the division has had in the past.*

**Bus Service Lanes (\$533,627)**

The Bus Service Lane contract provides for daily bus cleaning, fueling, and safety inspections, as well as time and materials for situations such as heavy bus cleaning. The total budgeted cost for this contract in FY19 was \$2.9 million. While most contracts are multi-year and have cost escalator clauses based on the Consumer Price Index (CPI), the Fleet budget has not had any cost escalator increase for the past eight years. During that same period, the CPI increased by 16.4%. This contract was re-bid last year, and FY20 reflects an 18.3% increase over the flatlined budget.

**Motor Pool Fund Contribution NDA (\$187,861)**

This account funds the acquisition of new, additional motor pool vehicles, as opposed to replacement vehicles that are financed through an established chargeback mechanism (©8). For FY20, the budget includes \$123,861 for new patrol vehicles for new police positions added during FY19, as well as \$64,000 for two new vehicles for two housing code inspector positions in the Department of Housing and Community Affairs.

**Council Staff Recommendation**

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

**This packet contains:**

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# Fleet Management Services

**RECOMMENDED FY20 BUDGET**  
**\$84,869,295**

**FULL TIME EQUIVALENTS**  
**212.10**

☀ **DAVID DISE, DIRECTOR**

## **MISSION STATEMENT**

The mission of the Department of General Services Division of Fleet Management Services (DFMS, 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 its four shop locations and thirteen fuel sites, and operates out of six depots Countywide.

## **BUDGET OVERVIEW**

The total recommended FY20 Operating Budget for the Division of Fleet Management Services is \$84,869,295, an increase of \$11,071,177 or 15.00 percent from the FY19 Approved Budget of \$73,798,118. Personnel Costs comprise 28.50 percent of the budget for 208 full-time position(s) and no part-time position(s), and a total of 212.10 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 71.50 percent of the FY20 budget.

## **COUNTY PRIORITY OUTCOMES**

While this program area supports all seven of the County Executive's Priority Outcomes, the following are emphasized:

- ❖ **Easier Commutes**
- ❖ **A Greener County**
- ❖ **Effective, Sustainable 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 FY19 estimates reflect funding based on the FY19 Approved Budget. The FY20 and FY21 figures are performance targets based on the FY20 Recommended Budget and funding for comparable service levels in FY21.

## **INITIATIVES**

- ☀ **Articulated Bus Maintenance Bay Retrofit** - DFMS is retrofitting four current maintenance bays at the Equipment



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Maintenance and Transit Operations Center (EMTOC) to allow for fleet management support of Transit's future Ride On 60-foot articulated buses. The retrofitting will not only allow Fleet to service the 60-foot buses, but will also increase capacity to meet future transit fleet levels.

- ★ **Reverse Auction Contract** - DFMS generated a Request for Proposal (RFP) which resulted in a Reverse Auction Contract. The goal of this contract is to provide reverse auction services for the procurement of fuel as well as other energy procurements. The contract is expandable to support other commodities and services throughout the County. The costs of reverse auction services are not billed to the County but are passed on to the awardee.

## **ACCOMPLISHMENTS**

- ✔ **Achieved Significant Improvements in Inventory Parts Handling** - The Parts fill rate ended the year at 88 percent and the Parts stock turns improved to 2.07. The annual Parts inventory had the best ever year-end variance at .02 percent.
- ✔ **Material Handling Upgrade (Space Saver)** - The existing material handling equipment at the Brookville Maintenance Facility (BMF) received the first phase of upgraded technology for the operating system of the Space Saver's automated parts shelving system. The upgrade allows for the continued use of this material handling equipment that provides more efficient parts storage and processing.
- ✔ **Expansion of Automated Tool Boxes, Computerized Cabinet/Locker Systems** - Due to the successful results of the initial installation of Automated Tool Boxes at the Equipment Maintenance and Transit Operations Center (EMTOC) in maximizing tool availability for repairs while minimizing tool losses, an additional automated tool box was added to the EMTOC transit operations.

## **INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS**

- ★ **Implemented a Preventive Maintenance (PM) Contractor-based Business Model** - An increased emphasis was placed on Preventive Maintenance (PM) to reduce bus repair costs and to prepare for a replacement campaign for major components, which impacted the PM scheduling. To address these areas and to increase capacity to meet PM requirements, DFMS implemented a new PM Business Model.
- ★ **Developed and Implemented a Recall Tracking Tool** - Utilizing SharePoint, DFMS developed and implemented a Recall Tracking Tool which reduced the Recall Corrective Action timeline and allowed for better information on where vehicles were in the process. This also improved the overall management of the contractor.

## **COLLABORATION AND PARTNERSHIPS**

- ★ **Acquisition of New Complements of Transit Buses for Expansion of Routes and Services**  
Montgomery County is adding new types of buses to the fleet (Rapid Transit Buses, Microbuses, Electric Buses, and 60-foot Articulated Buses). In conjunction with the Department of Transportation (DOT) Division of Transit Services, DFMS developed specifications and completed a Request for Proposals (RFP). During the build cycle, DFMS will participate in on-site inspections.

## **PROGRAM CONTACTS**

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Contact Peggy Lynch of the Division of Fleet Management Services at 240.777.5759 or Bruce Meier of the Office of Management and Budget at 240.777.2785 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, straight 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 services at the Seven Locks maintenance facility.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Fleet Maintenance and Operations: Mean distance between failure: Administrative light equipment (in miles)	20,523	11,847	12,500	12,500	12,500
Fleet Maintenance and Operations: Mean distance between failure: Heavy equipment (in miles) <sup>1</sup>	33,349	13,778	18,500	18,500	18,500
Fleet Maintenance and Operations: Mean distance between failure: Public Safety light equipment (in miles)	27,487	24,893	25,800	25,800	25,800
Heavy equipment fleet availability	90.00	89.00	89.00	89.00	89.00
Percentage of customers satisfied with police vehicle maintenance	97.0	96.0	97.0	97.0	97.0
Police vehicle fleet availability	97.0	96	97	97	97
Turnaround Time: Average amount of time equipment is unavailable for operations during each shop visit: Administrative Vehicles (in days)	0.6	0.82	1.0	1.0	1.0
Turnaround Time: Average amount of time equipment is unavailable for operations during each shop visit: Heavy Equipment (in days)	3.2	1.7	3.0	3.0	3.0
Turnaround Time: Average amount of time equipment is unavailable for operations during each shop visit: Public Safety light equipment (in days)	2.2	2.3	1.5	1.5	1.5

<sup>1</sup> The methodology for calculating mileage was changed at the end of FY17, that took into account the average fuel economy for vehicles in the same class.

FY20 Recommended Changes	Expenditures	FTEs
<b>FY19 Approved</b>	<b>13,165,751</b>	<b>39.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	984,430	0.00
<b>FY20 Recommended</b>	<b>14,150,181</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.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Average days out of service per bus for parts	2.84	2.09	3.0	3.0	3.0
Fleet Maintenance and Operations: Mean distance between failure: Transit equipment (in miles) <sup>1</sup>	17,565	14,762	12,000	12,000	12,000

Program Performance Measures	Actual	Actual	Estimated	Target	Target
	FY17	FY18	FY19	FY20	FY21
Turnaround Time: Average amount of time equipment is unavailable for operations during each shop visit: Transit equipment (in days)	1.8	1.6	2.0	2.0	2.0

<sup>1</sup> The Federal Transit Administration requirement is 12,000 miles.

FY20 Recommended Changes	Expenditures	FTEs
<b>FY19 Approved</b>	<b>18,508,109</b>	<b>112.00</b>
Enhance: US 29 FLASH Operating Costs	1,934,176	6.00
Increase Cost: Bus Service Lanes	533,627	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.	(421,207)	0.00
<b>FY20 Recommended</b>	<b>20,554,705</b>	<b>118.00</b>

## ☀ Management Services

This program provides policy development and planning; operational, personnel, and administrative oversight; and support for division activities. Management Services is 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 coordination, and vehicle acquisition and disposal functions.

Program Performance Measures	Actual	Actual	Estimated	Target	Target
	FY17	FY18	FY19	FY20	FY21
Clean Air Commitment - Gallons of alternative fuels used <sup>1</sup>	1,499,289	1,479,278	1,500,000	1,600,000	1,600,000
Clean Air Commitment - Gallons of diesel/unleaded used	4,976,010	4,942,973	5,000,000	4,900,000	4,900,000
Fiscal inventory parts turn rate	2.27	2.07	2.0	2.0	2.0
Percentage of workorders completed without delay for parts	85.0	88.0	85.0	85.0	85.0

<sup>1</sup> The measurement for gallons of alternative fuels used is in Gasoline Gallon Equivalents.

FY20 Recommended Changes	Expenditures	FTEs
<b>FY19 Approved</b>	<b>31,659,813</b>	<b>19.10</b>
Increase Cost: Fuel price adjustment	1,908,482	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.	1,697,878	0.00
<b>FY20 Recommended</b>	<b>35,266,173</b>	<b>19.10</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.

FY20 Recommended Changes	Expenditures	FTEs
<b>FY19 Approved</b>	<b>10,464,445</b>	<b>36.00</b>
Increase Cost: Vehicle Replacement	4,243,428	0.00
Increase Cost: Vehicle Replacements funded by Insurance Reimbursement	687,425	0.00



FY20 Recommended Changes	Expenditures	FTEs
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(497,062)	0.00
<b>FY20 Recommended</b>	<b>14,898,236</b>	<b>36.00</b>

## BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	%Chg Bud/Rec
<b>MOTOR POOL INTERNAL SERVICE FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	16,349,546	17,033,601	16,427,533	18,478,221	8.5 %
Employee Benefits	5,034,894	5,291,786	5,142,791	5,712,231	8.0 %
<b>Motor Pool Internal Service Fund Personnel Costs</b>	<b>21,384,440</b>	<b>22,325,387</b>	<b>21,570,324</b>	<b>24,190,452</b>	<b>8.4 %</b>
Operating Expenses	47,373,247	46,586,497	47,666,218	50,588,492	8.6 %
Capital Outlay	6,372,601	4,823,774	4,823,774	10,027,891	107.9 %
Debt Service Other	0	62,460	62,460	62,460	—
<b>Motor Pool Internal Service Fund Expenditures</b>	<b>75,130,288</b>	<b>73,798,118</b>	<b>74,122,776</b>	<b>84,869,295</b>	<b>15.0 %</b>
<b>PERSONNEL</b>					
Full-Time	200	202	202	208	3.0 %
Part-Time	0	0	0	0	—
FTEs	204.10	206.10	206.10	212.10	2.9 %
<b>REVENUES</b>					
Insurance Recoveries	1,601,658	1,587,425	1,800,000	1,787,425	12.6 %
Investment Income	159,331	157,780	314,130	157,780	—
Miscellaneous Revenues	2,025,272	1,203,000	1,203,000	203,000	-83.1 %
Motor Pool Charges/Fees	77,672,207	72,950,295	72,950,295	77,032,289	5.6 %
<b>Motor Pool Internal Service Fund Revenues</b>	<b>81,458,468</b>	<b>75,898,500</b>	<b>76,267,425</b>	<b>79,180,494</b>	<b>4.3 %</b>

## FY20 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>MOTOR POOL INTERNAL SERVICE FUND</b>		
<b>FY19 ORIGINAL APPROPRIATION</b>	<b>73,798,118</b>	<b>206.10</b>
<b><u>Changes (with service impacts)</u></b>		
Enhance: US 29 FLASH Operating Costs [Transit Equipment Services]	1,934,176	6.00
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: Vehicle Replacement [Administrative Services]	4,243,428	0.00
Increase Cost: Fuel price adjustment [Management Services]	1,908,482	0.00
Increase Cost: FY20 Compensation Adjustment	860,044	0.00
Increase Cost: Vehicle Replacements funded by Insurance Reimbursement [Administrative Services]	687,425	0.00
Increase Cost: Wage Equity Study impact	546,885	0.00

**FY20 RECOMMENDED CHANGES**

	Expenditures	FTEs
Increase Cost: Bus Service Lanes [Transit Equipment Services]	533,627	0.00
Increase Cost: Adjust budget for Overtime to address structural budget deficiencies	344,791	0.00
Increase Cost: Risk Management Adjustment	259,819	0.00
Increase Cost: Retirement Adjustment	25,251	0.00
Increase Cost: Motor Pool Adjustment	18,534	0.00
Decrease Cost: Annualization of FY19 Personnel Costs	(62,895)	0.00
Decrease Cost: OPEB Adjustment	(228,390)	0.00
<b>FY20 RECOMMENDED</b>	<b>84,869,295</b>	<b>212.10</b>

**PROGRAM SUMMARY**

Program Name	FY19 APPR	FY19 APPR	FY20 REC	FY20 REC
	Expenditures	FTEs	Expenditures	FTEs
Heavy Equipment and Automotive Services	13,165,751	39.00	14,150,181	39.00
Transit Equipment Services	18,508,109	112.00	20,554,705	118.00
Management Services	31,659,813	19.10	35,266,173	19.10
Administrative Services	10,464,445	36.00	14,898,236	36.00
<b>Total</b>	<b>73,798,118</b>	<b>206.10</b>	<b>84,869,295</b>	<b>212.10</b>

**FUTURE FISCAL IMPACTS**

**CE RECOMMENDED (\$000S)**

Title	FY20	FY21	FY22	FY23	FY24	FY25
<b>MOTOR POOL INTERNAL SERVICE FUND</b>						
<b>EXPENDITURES</b>						
<b>FY20 Recommended</b>	<b>84,869</b>	<b>84,869</b>	<b>84,869</b>	<b>84,869</b>	<b>84,869</b>	<b>84,869</b>
No inflation or compensation change is included in outyear projections.						
<b>BRT support - net annualization and one-time</b>	<b>0</b>	<b>(155)</b>	<b>(155)</b>	<b>(155)</b>	<b>(155)</b>	<b>(155)</b>
<b>Retiree Health Insurance Pre-funding</b>	<b>0</b>	<b>(3)</b>	<b>(10)</b>	<b>(69)</b>	<b>(110)</b>	<b>(140)</b>
<b>Labor Contracts</b>	<b>0</b>	<b>231</b>	<b>231</b>	<b>231</b>	<b>231</b>	<b>231</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
<b>Subtotal Expenditures</b>	<b>84,869</b>	<b>84,942</b>	<b>84,935</b>	<b>84,876</b>	<b>84,835</b>	<b>84,805</b>

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FY20-25 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Motor Pool					
FISCAL PROJECTIONS	FY19 ESTIMATE	FY20 CE REC	FY21 PROJECTION	FY22 PROJECTION	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION
<b>ASSUMPTIONS</b>							
CPI (Fiscal Year)	2.2%	2.3%	2.5%	2.7%	2.7%	2.7%	2.7%
Investment Income Yield	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Rate Adjustment			9.5%	2.4%	0.6%	1.9%	2.3%
<b>BEGINNING FUND BALANCE</b>	<b>6,609,158</b>	<b>7,557,019</b>	<b>1,481,429</b>	<b>1,735,920</b>	<b>2,779,487</b>	<b>2,829,467</b>	<b>2,926,936</b>
<b>REVENUES</b>							
Charges For Services	74,750,295	78,819,714	86,307,587	88,378,969	88,909,243	90,598,519	92,682,285
Miscellaneous	1,517,130	360,780	360,780	360,780	360,780	360,780	360,780
<b>Subtotal Revenues</b>	<b>76,267,425</b>	<b>79,180,494</b>	<b>86,668,367</b>	<b>88,739,749</b>	<b>89,270,023</b>	<b>90,959,299</b>	<b>93,043,065</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To Debt Service Fund	(1,000,000)	(190,000)	(190,000)	(190,000)	(190,000)	(190,000)	(190,000)
Long Term Leases	0	(190,000)	(190,000)	(190,000)	(190,000)	(190,000)	(190,000)
Transfers To The General Fund	0	(190,000)	(190,000)	(190,000)	(190,000)	(190,000)	(190,000)
<b>TOTAL RESOURCES</b>	<b>81,876,583</b>	<b>86,547,513</b>	<b>87,959,796</b>	<b>90,285,669</b>	<b>91,859,510</b>	<b>93,598,766</b>	<b>95,780,001</b>
<b>PSP OPER. BUDGET APPROP/ EXPS.</b>							
Operating Budget	(74,122,776)	(84,869,295)	(85,954,661)	(87,243,566)	(88,826,138)	(90,706,023)	(92,987,020)
Labor Agreement	n/a	0	(231,000)	(231,000)	(231,000)	(231,000)	(231,000)
Annualizations and One-Time (BRT)	n/a	n/a	155,283	155,283	155,283	155,283	155,283
Retiree Health Insurance Pre-funding	0	0	3,290	9,890	68,600	109,910	139,880
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(74,122,776)</b>	<b>(84,869,295)</b>	<b>(86,027,088)</b>	<b>(87,309,393)</b>	<b>(88,833,255)</b>	<b>(90,671,830)</b>	<b>(92,922,857)</b>
<b>OTHER CLAIMS ON FUND BALANCE</b>	<b>(196,789)</b>	<b>(196,789)</b>	<b>(196,789)</b>	<b>(196,789)</b>	<b>(196,789)</b>	<b>0</b>	<b>0</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(74,319,565)</b>	<b>(85,066,084)</b>	<b>(86,223,877)</b>	<b>(87,506,182)</b>	<b>(89,030,044)</b>	<b>(90,671,830)</b>	<b>(92,922,857)</b>
<b>YEAR END FUND BALANCE</b>	<b>7,557,019</b>	<b>1,481,429</b>	<b>1,735,920</b>	<b>2,779,487</b>	<b>2,829,467</b>	<b>2,926,936</b>	<b>2,857,144</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>9.2%</b>	<b>1.7%</b>	<b>2.0%</b>	<b>3.1%</b>	<b>3.1%</b>	<b>3.1%</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 percent of resources.							
2. The projected future expenditures, revenues, and fund balance may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors.							
3. The other claims on fund balance represents the OPEB liability five year allocation (GASB 75).							



## ☀ **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>FY20 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY19 Approved</b>	<b>876,939</b>	<b>0.00</b>
Increase Cost: Additional Police Vehicles for Positions New in FY19	123,861	0.00
Enhance: Cars for Two Housing Code Inspector Positions in Housing and Community Affairs	64,000	0.00
Increase Cost: Elimination of One-Time Items Approved in FY19	(876,939)	0.00
<b>FY20 Recommended</b>	<b>187,861</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. The current reimbursement policy current reimbursement policy 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 were 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."

Also budgeted here are payments to municipalities of a share of the net revenues from County operated speed cameras in their jurisdictions. Payments are based on Memoranda of Understanding with each municipality.

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

8

**Fleet Management Services Operating Budget Questions FY20**

1. Last year you provided a chart showing the fleet composition. Could you provide an updated chart for FY19?

FY19 to Date

<u>Vehicle Type</u>	<u>Count</u>	<u>Average Age</u>	<u>Unleaded</u>	<u>Diesel</u>	<u>E85</u>	<u>CNG (GGE)</u>	<u>Electricity (kWh)</u>	<u>Total by Class</u>
CUV	34	2	13,432	-	-	-	-	13,432
Heavy Duty	173	7	-	198,405	-	-	-	198,405
Medium Duty	37	8	-	27,206	-	-	-	27,206
Off Road Vehicle\Equipment	91	8	620	23,269	-	-	-	23,889
Pick Up Trucks	306	7	103,750	78,269	1,725	-	-	183,744
Public Safety CUV	91	5	78,705	-	663	-	-	79,368
Public Safety Heavy Duty	4	14	-	199	-	-	-	199
Public Safety Pick Up Trucks	55	7	35,093	-	1,706	-	-	36,799
Public Safety Sedan	1273	5	813,511	-	4,186	-	-	817,698
Public Safety SUV	193	6	117,040	-	1,747	-	-	118,787
Public Safety Van	95	8	50,397	-	-	-	-	50,397
Sedan	270	8	42,023	-	-	-	24,930	66,953
SUV	160	9	55,113	-	-	-	-	55,113
Transit Bus	377	7	-	1,389,358	-	868,437	-	2,257,795
Van	178	8	72,837	802	-	-	-	73,639
<b>Totals</b>	<b>3337</b>	<b>6.379</b>	<b>1,375,522</b>	<b>1,717,508</b>	<b>10,026</b>	<b>868,437</b>	<b>24,930</b>	<b>4,003,424</b>

2. Please provide an update for FY19 (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).

Vehicles Purchased in FY19			
<u>Fleet</u>	<u>Number of Replacements</u>	<u>Total Replacement Funds</u>	<u>Percentage</u>
Public Safety	123	\$ 3,697,400.07	85.20%
Administrative	14	\$ 329,879.67	7.60%
Heavy Equipment	11	\$ 312,471.10	7.20%
<b>Total</b>	<b>148</b>	<b>\$ 4,339,750.84</b>	

Remaining Vehicles to be Purchased in FY19			
<u>Fleet</u>	<u>Number of Replacements</u>	<u>Total Replacement Funds</u>	<u>Percentage</u>
Public Safety	16	\$ 516,974.61	14.94%
Administrative	0	\$ -	0.00%
Heavy Equipment	18	\$ 2,943,274.55	85.06%
<b>Total</b>	<b>34</b>	<b>\$ 3,460,249.16</b>	

- 76% Public Safety Vehicle Replacements by count, 54% by \$s;
- 8% Administrative Fleet Replacements by count, 4% by \$s; and
- 16% Department of Transportation Replacements by count, 42% by \$s.

2. What is the current replacement vehicle backlog?

The vehicle backlog represents the vehicles in the County Fleet that are age eligible for replacement that haven't been replaced. Actual replacement decisions also include mileage and condition of vehicle.

FY19 Replacement Summary														
FY18 Backlog		FY19 Eligible		FY19 Backlog		FY19 Replacements		FY19 Ending Backlog		FY19 Ending Backlog		FY20 Age Eligible		FY20 Backlog
846	+	187	=	1033	-	182	=	851		851	+	165	=	1016

4. What is the recommended replacement plan for FY20? Number, types of vehicles, and projected full cost?

The charts below are projections based on the current condition of the County Fleet and the projected spending allocation for vehicles. Changes in these allocations may be modified to reflect changes in the two previously mentioned areas.

<b>Fleets</b>	<b># of Vehicles</b>	<b>Cost</b>	<b>%</b>
Public Safety	135	\$ 4,371,967.39	39.75%

Administrative	83	\$ 1,958,172.61	17.80%
Heavy Equipment	45	\$ 4,669,860.00	42.45%
<b>Total</b>	<b>263</b>	<b>\$11,000,000.00</b>	<b>100.00%</b>

Department	# Light Duty Vehicles	Cost	# Heavy Vehicles	Cost	Total Vehicles	Total Cost	%
CUPF	1	\$16,608.61	0	\$ -	1	\$16,608.61	0.15%
COR	4	\$109,857.00	0	\$ -	4	\$109,857.00	1.00%
DEP	10	\$242,407.00	0	\$ -	10	\$242,407.00	2.20%
DGS	14	\$288,340.00	8	\$522,134.00	22	\$810,474.00	7.37%
DOT	16	\$499,983.00	36	\$4,116,258.00	52	\$4,616,241.00	41.97%
DTS	4	\$90,208.00	0	\$ -	4	\$90,208.00	0.82%
Environmental Protection	1	\$19,699.00	0	\$ -	1	\$19,699.00	0.18%
FRS	18	\$511,232.00	0	\$ -	18	\$511,232.00	4.65%
HHS	12	\$205,454.00	0	\$ -	12	\$205,454.00	1.87%
Housing and Community Affairs	5	\$116,734.00	0	\$ -	5	\$116,734.00	1.06%
DLC	2	\$36,339.00	0	\$ -	2	\$36,339.00	0.33%
Permitting Services	10	\$205,115.00	0	\$ -	10	\$205,115.00	1.86%
MCPD	111	\$3,666,362.39	0	\$ -	111	\$3,666,362.39	33.33%
Recreation	3	\$105,915.00	0	\$ -	3	\$105,915.00	0.96%
SAO	1	\$21,513.00	0	\$ -	1	\$21,513.00	0.20%
Sheriffs	6	\$194,373.00	0	\$ -	6	\$194,373.00	1.77%
Library	0	\$ -	1	\$31,468.00	1	\$31,468.00	0.29%
<b>Total</b>	<b>218</b>	<b>\$6,330,140.00</b>	<b>45</b>	<b>\$4,669,860.00</b>	<b>263</b>	<b>\$11,000,000.00</b>	<b>100.00%</b>

5. Please provide an updated chart of projected FY20 fuel costs and consumption:

FY20 Projections			
Fuel Type	Gallons	Cost Per Gallon	Total Cost
Unleaded	2,248,511	\$2.07	\$ 4,654,419
ULS Diesel	3,418,748	\$2.50	\$ 8,546,872
E-85 Ethanol	13,221	\$2.40	\$ 31,730
Compressed Natural Gas	1,465,109	\$2.07	\$ 3,032,776
	7,145,590	<b>TOTAL COST:</b>	\$ 16,265,796

6. Please provide updated chart of actual FY18 fuel costs and consumption.

FY18 Actuals			
Fuel Type	Gallons (from Faster Report)	Cost Per Gallon (from Fuel tracking sheet)	Total Cost (from Oracle BI)
Unleaded	2,248,568	\$2.15	\$ 4,615,767
ULS Diesel	3,323,165	\$2.30	\$ 7,076,378
E-85 Ethanol	13,221	\$1.77	\$ 27,367
Compressed Natural Gas	1,498,923	\$2.43	\$ 3,646,854
	7,083,877	<b>TOTAL COST:</b>	\$ 15,366,366

7. Please describe the US 29 FLASH Operating Costs, for \$1,934,176 and six new FTEs.

The 60' articulated buses for the new BRT route currently expected to be implemented May 2020 will be entirely new vehicles for Fleet to maintain. For FY20, one-time costs include four lifts having six columns each for \$273,264, specialized tools and training materials for \$536,814 and initial parts inventory due to unique requirements for the 60' buses for \$700,000. The remaining \$424,098 for FY20 includes partial year prorated costs for personnel projected at five mechanics and a crew chief allowing for two months lead time for training and new bus familiarization, an estimated increase to fuel costs and an estimated increase to service lane costs as these buses are not currently covered by the existing contract.

8. Please provide a summary of the \$546,885 increase due to the wage equity study.

The recruitment and retention of mechanics has been an on-going issue. In 2017, after an OHR study of Mechanic Technicians, two job classes were retitled and increased by one grade as reflected in the FY19 budget. This did not address the wage compression that occurred. An agreement was reached between OHR, DGS and MCGEO and approved by the CAO in October 2018, to create a salary table for the Mechanic series. The cost of moving the mechanics to the new salary table is \$546,885.

9. Please describe the \$533,627 increase for bus service lanes. What is the full cost for FY20?

The Bus Service Lane contract was budgeted at \$2.9M for FY19. Contractors perform work for these services with oversight by County employees. The contract is a combination of fixed-price per unit for daily bus cleaning, fueling and safety inspections and time and materials for incidents such as heavy bus cleaning. Most contracts are multi-year and have escalators based on the CPI. The Fleet budget has not been increased for the escalators for at least eight years during



which time the CPI increased by 16.4% compounded. This contract was re-bid last year. At current cost, FY20 will be \$533,627 (18.3%) above the flatlined budget.

10. Please describe the overtime increase to address structural budget deficiencies. What are overtime costs to date? (Do you have them to March 30?) What are the total projected overtime costs for FY20? What types of positions earn the most overtime?

The overtime costs for Fleet in FY18 exceeded the budgeted amount of \$566,960 by \$386,491. The budgeted amount for overtime has not been increased since FY14. The retention of mechanics has been an on-going problem and has necessitated overtime to fill vacancies and outages due to disability and light duty restrictions. The overtime costs through period nine are \$720,451, \$153,491 above the FY19 budget. The overtime hours worked in MCtime for FY18 through March were 16,500, while for the same period in FY19 the overtime hours worked were 14,854.

### **Motor Pool Fund NDA**

1. Please describe the \$123,861 for additional police cars. How many, what make/model, and a breakdown of vehicle costs (i.e. does the cost include additional equipment like light bars, etc.?)

There will be 4 vehicles purchased; 3 marked at \$31,041 each and 1 unmarked \$30,738 for a total of \$123,861. The vehicles purchased will be Ford Interceptor Utility Hybrids. The cost listed above is for the vehicles only.

2. Please describe the \$64,000 for two housing code inspector positions.

This is an estimate for the purchase of two 4WD vehicles.