

BALTIMORE COUNTY
FISCAL YEAR 2016 BUDGET ANALYSIS

PROPERTY MANAGEMENT (025)

BUDGET SUMMARY

\$ in Thousands

PROPOSED CHANGE	GENERAL	SPECIAL	TOTAL	% Change Prior Year
FY 2015 - 2016 Change	\$ 1,152.6	-	\$ 1,152.6	3.5%
Potential Reduction	228.6	-	228.6	
 BUDGET TRENDS				
FY 2014 Actual	\$ 31,113.2	-	\$ 31,113.2	
FY 2015 Approp.	32,776.0	-	\$ 32,776.0	5.3%
FY 2016 Request	33,928.6	-	33,928.6	3.5%
With Potential Reduction	\$ 33,700.0	-	\$ 33,700.0	2.8%

PERSONNEL

PROPOSED CHANGE	GENERAL		SPECIAL	
	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME
FY 2015 - 2016 Change	(42)	33	0	0
Potential Reduction	0	0	0	0
 BUDGET TRENDS				
FY 2014 Actual	269	22	0	0
FY 2015 Approp.	268	20	0	0
FY 2016 Request	226	53	0	0

VACANCY DATA

Total positions vacant as of April 22, 2015*	12	5
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*Provided by the Office of Budget & Finance

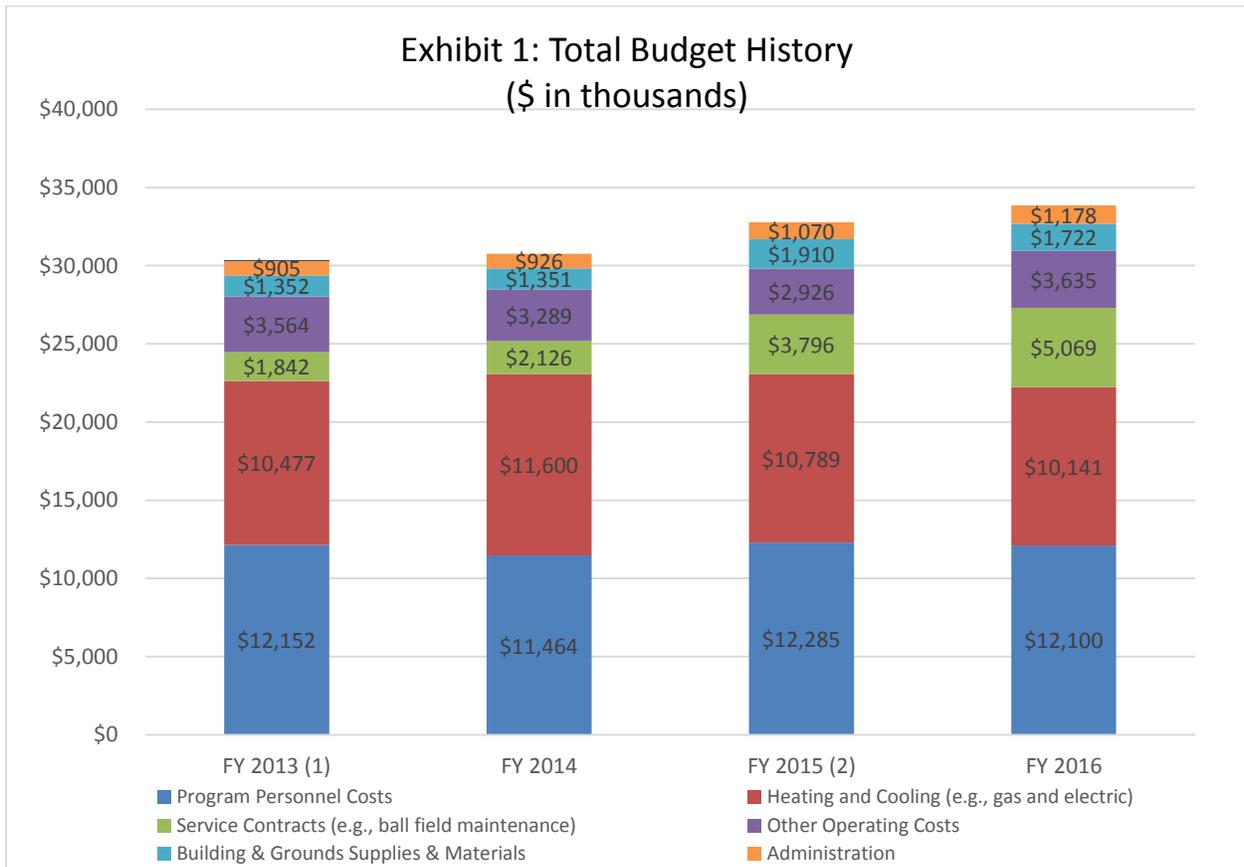
For further information contact: Office of the County Auditor

Phone: (410) 887-3193

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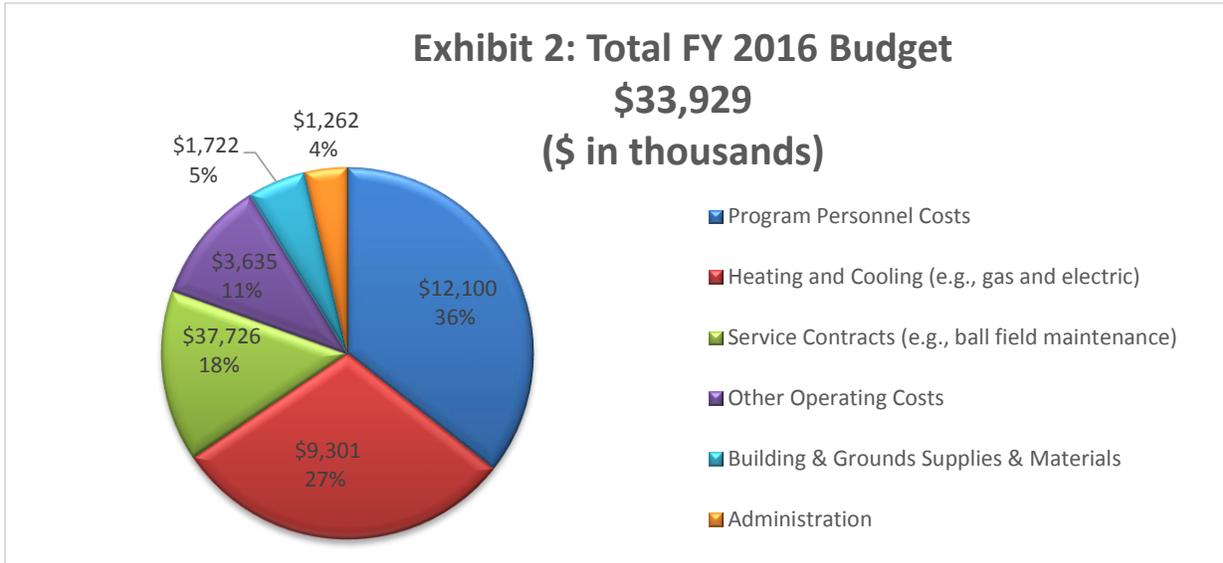
BUDGET SUMMARY:

The proposed FY 2016 budget for the Office of Budget and Finance, Property Management Division totals \$33.9 million, an increase of \$1.2 million, or 3.5%, over the FY 2015 budget. The increase is primarily attributable to service contracts, including enhancements to ball field maintenance (\$583 thousand), additional janitorial costs (\$222 thousand), and new carpet cleaning services (\$200 thousand). **See Exhibits 1-3 for additional detail.**



- (1) Property Management Division created to consolidate property maintenance functions from various other agencies including the Departments of Public Works, Recreation and Parks, Aging, Police, Health, and the Office of Budget and Finance.
- (2) Assumption of maintenance responsibilities from the Baltimore County Public Library (BCPL).

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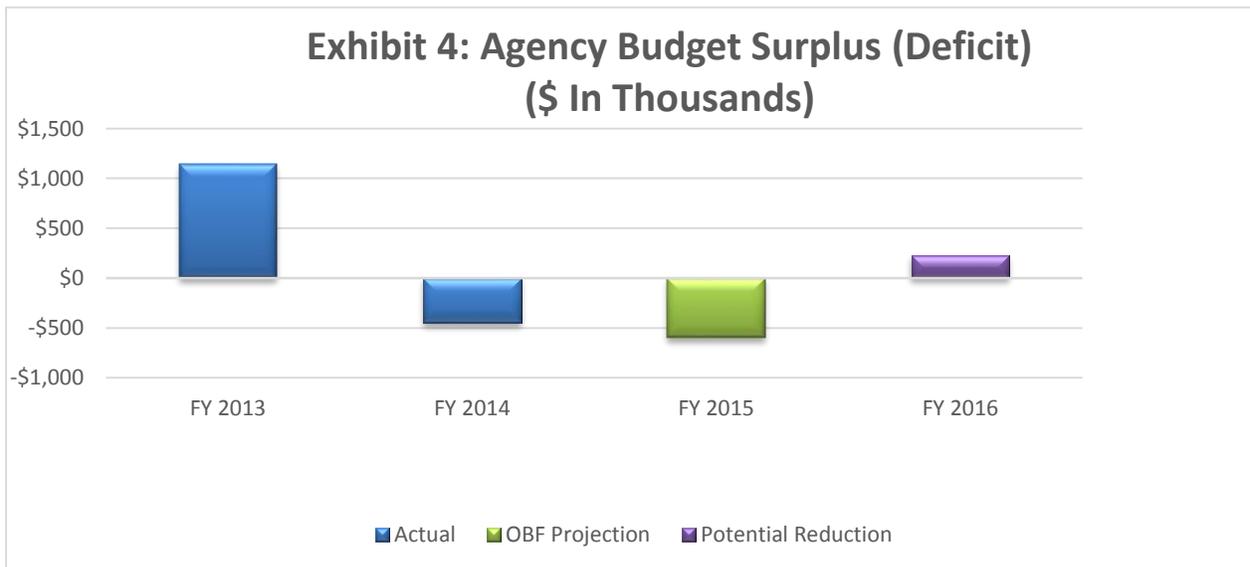
Exhibit 3 FY 2016 Proposed Budget (\$ in 000's)

How Much it Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Total</u>
2015 Appropriation	\$32,776	--	\$32,776
2016 Request	<u>33,929</u>	--	<u>33,929</u>
\$ Increase	\$ 1,153	--	\$ 1,153
% Increase	3.5%	--	3.5%
 Where it Goes:			
Personnel Expenses.....			\$250
3% COLA.....			385
Other Salary Adjustments			288
Increments & Longevities			141
Personnel Annual Review			139
Turnover (2.7% to 2.9%)			(42)
9 Deleted Positions (8 FT, incl. 6 Grounds Maintenance, & 1 PT)			(293)
FY 2015 Bonus			(368)
Operating Expenses.....			903
Service Contracts.....			1,272
Ball Diamond Maintenance.....			583
Custodial Services (Animal Services 5 to 7 days).....			222
Carpet Cleaning and Floor Services (40 locations).....			200
Mowing Services (e.g., new mowing sites)			139
Other Contractual Services (e.g., snow removal)			128
Operational Supplies (increased material costs and ball diamond mix) ...			247
Grounds Maintenance Supplies			90
Operational Equipment Maintenance (e.g., elevators, overhead doors) ...			88
Improvements (cont. svcs. for mowing, tree trimming, streetscapes)			23
Motor Pool – Cars & Trucks			(11)
Footwear/Cleaning Allowance & Uniforms			(12)
Facilities Rental.....			(21)
Misc. Building Services Repairs (e.g., plumbing, broken glass).....			(33)
Motor Fuel.....			(58)
Janitorial Supplies.....			(90)
Heat – Fuel Oil (rate decrease)			(171)
Gas – Electric Charges (rate decrease)			(477)
Other Changes.....			56
 Total			 \$1,153

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POTENTIAL BUDGET REDUCTIONS:

This analysis identifies a potential budget reduction totaling \$228,573, which represents 0.7% of the Division's proposed FY 2016 General Fund budget. In FY 2013, the Division ended the fiscal year with approximately \$1.1 million. In FY 2014, the Division required an inter-agency transfer of funds totaling more than \$500,000 to cover unbudgeted costs (e.g., BCPL buildings and grounds maintenance costs). In FY 2015, the Office of Budget and Finance projects that the Division will require another inter-agency budget transfer approximating \$600,000. Again, the reason for the Division's budget deficit is the assumption of responsibilities that were not authorized as part of the adopted budget (e.g., decision to outsource ball diamond maintenance).



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1. Reduce Operational Equipment Maintenance \$228,573

The proposed FY 2016 budget includes \$719,458 for operational equipment maintenance (e.g., HVAC, sprinkler systems, overhead doors). However, an analysis of actual spending over the past 2 years and projected spending for the current year indicates that this line item has been over-budgeted in each year, with actual expenditures averaging 68.2% of the budget. Accordingly, this potential reduction reduces funding for this line item to \$490,885 based on the 3-year average spending as a percentage of the budget amount. This potential reduction provides for an increase of more than \$145,000 over the FY 2015 projected expenditure of \$345,359.

Schedule of Historical Spending -Operational Equipment Maintenance				
Fiscal Year	Budget/ Request	Actual/ Estimated/ Reduced Amount	% of Budg/Req.	Over/(Under) Appropriation/ Reduction
2013	\$482,305	\$323,704	67.1%	(\$158,601)
2014	\$390,000	\$356,934	91.5%	(\$33,066)
2015	\$631,430	\$345,359 ⁽¹⁾	54.7%	(\$286,071)
Average	\$501,245	\$341,999	68.2%	(\$159,246)
2016	\$719,458	\$490,885 ⁽²⁾	68.2%	(\$228,573)
Notes:				
(1) OCA's projection.				
(2) Based on the 3-year average of actual/estimated spending as a percentage of budget amount.				

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SIGNIFICANT PROGRAM/POLICY INITIATIVES AND/OR CHANGES

2. Increased Reliance on Service Contracts \$1,272,140

The proposed FY 2016 budget includes \$5,068,875 for service contracts, an increase of \$1,272,140, or 33.5%, over the FY 2015 appropriation. The increased costs are distributed as follows:

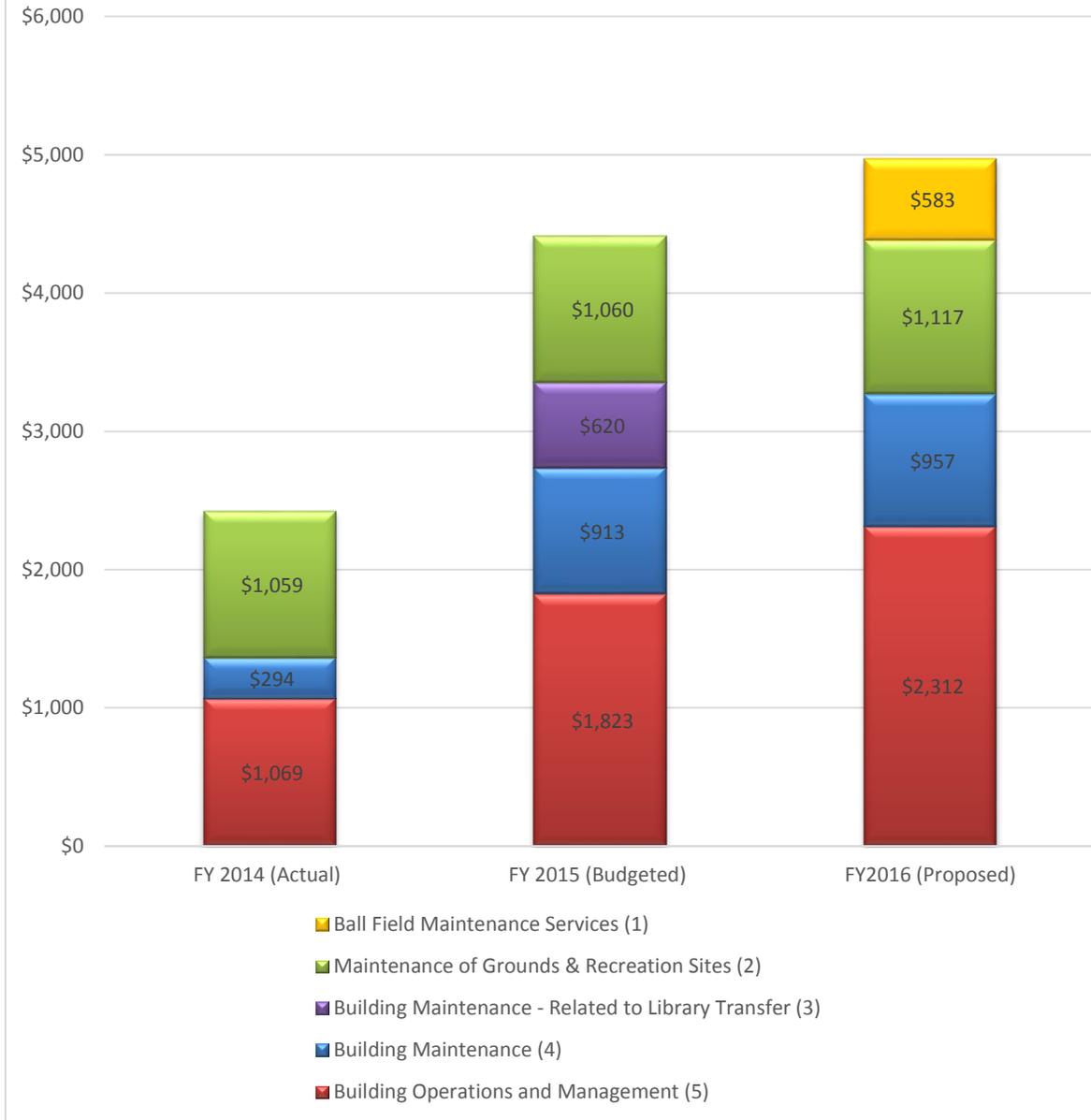
- \$583,000 for ball diamond maintenance;
- \$221,963 for janitorial services;
- \$200,000 for floor cleaning services;
- \$62,400 for additional mowing services;
- \$50,000 for overhead high dusting services;
- \$20,957 for snow removal; and
- \$133,820 for various other services (e.g., tree trimming, window cleaning).

The Division advised that changes in service contract costs reflect corresponding changes in staff composition and responsibilities. For example, the proposed FY 2016 budget reflects the Division's new responsibility of providing enhanced ball diamond maintenance services; in September 2014, the Division increased the use of its Lorenz Lawn & Landscape, Inc. on-call athletic field maintenance contract to provide enhanced services at both County parks and various school recreation (primarily elementary school) sites. These services are expected to improve the quality of the playing surface at 395 ball diamonds, reduce refurbishment costs, and minimize safety issues. Although the ball diamond services commenced in September 2014, they were not anticipated as part of the FY 2015 budget and are estimated to cost \$583,000 annually. The proposed FY 2016 budget also includes funding for carpet cleaning and floor services at various County-owned and/or operated buildings; on April 6, 2015, the Council approved the associated contract.

Since the Division's establishment in FY 2013, the proportion of the Division's budget devoted to service contracts has steadily increased:

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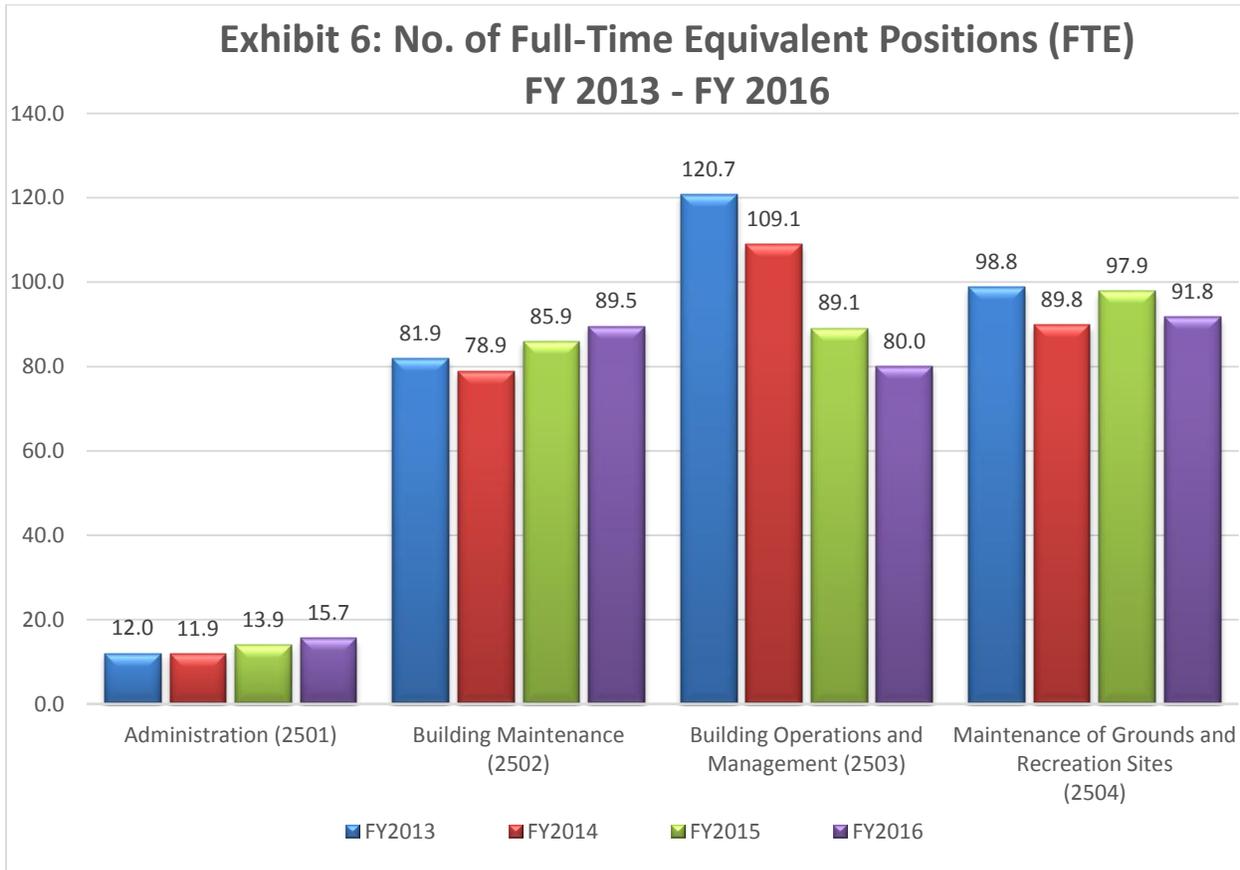
Exhibit 5: Service Contract Costs FY 2014 - FY 2016 (\$ in thousands)



(1) New ball diamond maintenance services within the Maintenance of Grounds & Recreation Sites program
 (2) Mowing, Snow Removal, Tree & Stump Removal, Portable Toilet Rental, Artificial Turf Maintenance, Well and Water Testing
 (3) Additional maintenance costs in connection with assumption of maintenance responsibilities for Libraries
 (4) Boiler Maintenance, Fire Extinguisher Services
 (5) Janitorial, Pest Control, Termite Treatment, required BGE testing, Glen Arm Facility - MD Environmental Service, Procurement Card Supplies

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While the Division has increased its reliance on contractors, it has also eliminated numerous vacant positions, including 6 vacant grounds maintenance positions at a savings of \$193,544 in salaries (plus an additional \$84,463 in fringe benefit savings in FY 2016):



The Division advised that its decision to outsource is based on an analysis of “what is in the best interest of the County.” Cost savings are considered in addition to several other factors, including whether or not the work is of a routine or special nature, if the work is required only at peak times, and how the quality of contractor work compares to work performed in-house. For example, the Division contracted out ball diamond maintenance in FY 2015 because it believes the level of quality the contractor provides can meet the demands of County constituents at a reduced cost. In order to ensure quality performance and customer satisfaction, the Division assigns administrative staff for the oversight of all contracts (see issue #3).

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The Division should be prepared to discuss:

- *The potential additional use of existing on-call contracts;*
- *Customer satisfaction to date with the outsourced ball diamond maintenance;*
- *How the cost per square foot compares for insourced versus outsourced janitorial services; and*
- *Why its standard operating procedures for janitorial work do not address the County's "Green at Work" and onsite recycling initiatives.*

3. Administration Expenses \$1,178,183

The proposed FY 2016 budget includes \$1,178,183 for salaries for 16 staff within the Division's Administration Program. The purpose of the program is to provide engineering design, technical advice, and overall project management for new construction and renovation of public buildings to County agencies in order to provide the public with safe, efficient, and functional buildings.

The program is headed by a County Property Manager who oversees all Division responsibilities and is assisted by various other staff, including the following positions: Engineer III (2), Engineering Associate III (1), Property Management Specialist (8), Property Manager PT (1), and Office Administrator (1).

An analysis of the program's costs, since inception of the Division in FY 2013, disclosed that both staffing levels and salaries have increased significantly, with the number of positions increasing by 4, or 33.3%, and salaries increasing by \$273,417, or 30.2%, as noted in the following chart:

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	Budgeted Salaries	Increase in Salaries	% Increase in Salaries	Budgeted Positions	Increase in Positions	% Increase in Positions
FY 2013	\$ 904,766	--	--	12	--	--
FY 2014	925,772	\$ 21,006	2.3%	12	0	0.0%
FY 2015	1,069,659	143,887	15.5%	14	2 ⁽¹⁾	16.7%
FY 2016	1,178,183	108,524	10.1%	16	2 ⁽²⁾	14.3%
FY 2013 - 2016		\$ 273,417	30.2%		4	33.3%

The Division should be prepared to discuss the significant increases in administrative staffing levels and salaries since FY 2013.

4. Artificial Turf Maintenance (Savings) \$ (193,003)

The proposed FY 2016 capital budget includes approximately \$2.1 million for large scale athletic field and ball diamond renovations, including the installation of four new artificial turf fields at the Carver Technical High School Recreation Center, Towson High School Recreation Center, Merritt Point Park, and the Spring Grove redevelopment site (which will become a County park). These locations were identified for the installation of turf fields through interaction with the community. The proposed FY 2016 operating budget includes \$62,707 for supplies (\$28,385) and personnel costs (\$34,322 for the salary of one employee) to maintain the fields.

In FY 2014, the Division brought artificial turf maintenance in-house in order to reduce costs, since services require specialized training and require weekly maintenance, including grooming, deep cleaning, testing, and repairs (as needed). Maintenance for the County's 13 artificial turf fields, which was previously contracted out, is performed by one full-time employee (Grounds Maintenance Specialist II) in accordance with current field guidelines. The Division anticipates cost savings of \$203,075 for FY 2015 and \$193,003 for FY 2016.

The Division should be prepared to discuss artificial turf maintenance requirements and associated costs.

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OTHER ISSUES:

5. Transfer of Maintenance Responsibilities from Baltimore County Public Library

Effective April 2014, the Division assumed responsibility for the maintenance of the County's Library branches, including all service and maintenance contracts, building repairs, and grounds maintenance, in order to consolidate functions and create operational efficiencies in maintenance work for both County staff and contractors. The FY 2015 budget transferred \$1.4 million in personnel and operating costs to the Division. As part of this transfer, certain functions, such as janitorial services, continued to be contracted out; others, such as building repairs and grounds maintenance, were brought in-house.

The Division advised that the transfer has allowed it to provide 24-hour property management services which were not previously provided, to standardize the custodial work performed, and to improve quality control. The Division anticipates savings from this transfer will approximate \$130,000 in FY 2015; no further savings are expected in FY 2016.

The Division should be prepared to discuss communication with the Library regarding responsibilities and any current or planned cost sharing.

6. County Facility Maintenance and Management

The Division is responsible for maintaining over 900 County facilities including office buildings, senior centers, police and fire stations, community centers, recreational facilities, historic sites, pumping stations, and Library branches. In addition to routine maintenance, the Division handles all necessary repairs, replacements, and preventive maintenance and responds to customer service requests related to County facilities and equipment.

The Division's budget has included a strategic result of reducing the need for unanticipated major repairs by 75% through the development and implementation of preventive maintenance schedules for each County facility since the Division's inception in FY 2013. The Division advised to help accomplish this goal it started a program to inspect every building twice per year in FY 2014. Based upon the results of the regular inspections, both the Division's staff (currently utilizing 6 people) and its contractors make all necessary repairs that

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are identified as part of a preventative maintenance program.

While preventative maintenance program costs have increased by approximately \$132,000, between FY 2014 and FY 2015, the average number of emergency calls and the average cost of emergency work orders have decreased as follows:

	FY 2014	FY 2015 (through April 2015)	(Decrease)
Emergency Calls	100	73	(27)
Emergency Work Orders	\$26,388	\$25,280	(\$1,100)

The Division is also responsible for maintaining the cleanliness of buildings and facilities throughout the workday while not interfering with day-to-day operations. In FY 2014, the Division shifted custodial service schedules, created standard operating procedures, and implemented a routine cleaning and maintenance schedule, including determining the types of services that should be provided on a daily, weekly, or monthly basis. The Division advised that these changes have increased accountability and reduced the number of custodial service-related complaints.

Additionally, the Division advised that three building projects will be in different stages of construction during FY 2016, including the Towson Fire station, the westside shelter, and the new Animal Shelter. In addition, the Division identified 6 new County facilities for which it will be responsible in FY 2016, including the Eastfield Community Center, Eastern Family Resource Center (EFRC), Fullerton Utility Shop, Lake Roland Educational Center, and both of the Animal Services east and west satellite locations.

The Division should be prepared to discuss:

- ***Plans for measuring its progress in reducing the need for unanticipated major repairs by 75%;***
- ***Planned renovation projects for FY 2016; and***
- ***Plans to handle maintenance for the new buildings and buildings under construction in FY 2016.***

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7. Responsiveness to Customer Service Requests

In FY 2013, the Division revised its approach to responding to customer service requests by establishing a central hub, which handled all requests and allowed the Division to determine the priority of each request and to provide a higher quality of service in less time. Since that time, the Division has installed GPS units in its vehicles which have enabled it to efficiently dispatch employees to handle calls based on location. This approach also provides liaisons for each County agency, minimizing multiple calls for the same request, and provides email alerts to employees affected by a service request, enhancing communication. The Division advised that this approach has allowed for a shift in focus to preventive maintenance, thereby reducing the costs associated with emergency repairs and an increased quality of services.

The Department advised that it has taken further steps to encourage County agencies and citizens to communicate County property management concerns, including expanding the distribution of business cards by the grounds inspector and other grounds staff, and the creation of a customer survey for feedback regarding services provided. The Department advised that all requests are addressed as quickly as possible and follow-up is conducted regularly until the issue is resolved. These steps have resulted in a 33.7% decrease in requests, from 819 to 543, between FY 2013 and FY 2014; in FY 2015 (through April 2015), the Division has received 476 requests.

In order to meet constituent demands, one of the Division's goals is to establish and maintain a 10-day mowing cycle at 80% of active-use recreation and parks facilities. The Division advised that during FY 2014 and FY 2015 (to date), it achieved a 7-day mowing cycle at all active sites (mowing height of 3") and that it intends to maintain a 7-day mowing cycle at all active sites in FY 2016. Harford County also utilizes a 7-day mowing cycle (mowing height of 3"), whereas Anne Arundel County has a 10-day mowing cycle (mowing height of 3"). The Division's mowing cycle is published on its website.

The Division should be prepared to discuss:

- ***How it prioritizes its responses to customer service requests;***
- ***Policies and procedures in place for communicating with County agencies and constituents about the status of customer service requests;***

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- **Reports available that summarize the nature of the customer service requests;**
- **Results of customer surveys regarding Division response performance; and**
- **Any planned or future initiatives or projects related to providing enhanced customer service.**

8. Controlling Park Vandalism and Graffiti

The Division's proposed FY 2016 budget includes \$105,613 for graffiti removal and vandalism repairs in County parks and recreation centers, including \$90,853 for two positions, \$8,760 for motor pool charges for one truck, and \$6,000 for supplies. The County's efforts to reduce incidents of vandalism and graffiti in County parks include the installation of 24-hour remote video surveillance cameras in six of the County's regional parks that have been targeted by vandals through a partnership between the Division, the Police Department, and the Office of Information Technology (OIT). The Division advised that cameras are currently installed at:

- Robert E. Lee Park – 10
- Agricultural Center – 9
- Reisterstown Regional Park – 6
- Benjamin Bannaker Museum – 6
- Sollers Point Community Center – 6
- Meadowood Regional Park – 7
- Randallstown Community Center – 10

Division and Police personnel are able to view the output of the cameras over the Internet and rely on the motion detecting and automatic alarm features of the surveillance systems to detect suspicious and/or criminal activity. The Division advised that vandalism in County parks has decreased since the installation of the cameras. Specifically, 281 reports of vandalism and graffiti incidents were received in the first 9-1/2 months of FY 2015 compared to 429 and 373 that were reported in FY 2013 and FY 2014, respectively.

The Department also advised that it continues to prioritize and respond promptly to any incidents and coordinates with the Department of Recreation and Parks to ensure that all issues are properly addressed.

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The Division should be prepared to discuss:

- ***Any plans (i.e., number, location) to install cameras at other sites in FY 2016; and***
- ***Any additional proactive steps to reduce incidents of vandalism.***

9. On-call Contract Management

Because of its responsibility for maintaining County facilities, the Division manages a number of the County's large dollar value on-call service contracts, including those for HVAC system repair/maintenance, boiler repair/maintenance, carpentry, painting, plumbing, and electrical work. Such contract costs are often billed to bulk capital projects such as "New Buildings, Repair, Renovations, Minor Additions." In most cases, for each type of on-call work, the County has established contracts with multiple vendors. While these contracts establish hourly rates, they are by nature unable to lock a contractor into a price for a specific job. Therefore, it is necessary for the managing County agency to evaluate an on-call contractor's price proposal for specific work to be performed and negotiate as necessary to obtain a fair and reasonable price for the given job.

Many public agencies have policies and procedures that govern their use of on-call contracts. For example, Baltimore County Public Schools (BCPS) has a policy that limits the use of on-call contractors to projects valued less than \$200,000. BCPS also procedurally requires on-call vendors to provide project-specific proposals/quotes, and it maintains documentation to support its methodology for selecting a given contractor to perform a specific job. Such documentation can provide assurance that an agency has made a good-faith effort to ensure that the job is being performed by the responsive on-call contractor offering the lowest price. While formal bid procedures are not necessary since on-call contracts are in place, a gathering of two or three bids for each job as a matter of practice serves to discourage on-call vendors from overpricing their work.

Despite the advantages of establishing policies and procedures to govern the use of on-call contracts, the Office of Budget and Finance advised that it has not taken such a step on behalf of the County. The Division advised that its practice is not to encourage or require the

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solicitation of multiple bids for on-call work; instead, it relies on its individual project managers to ensure that jobs are not overpriced.

The Division should be prepared to discuss if/when it plans to establish written policies and procedures over on-call contracts.

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APPROPRIATION DETAIL						
		FY 2014 ACTUAL	FY 2015 APPROP	FY 2016 REQUEST	NET CHANGE	
					AMOUNT	%
2501	Administration	1,050,444	1,159,284	1,261,479	102,195	8.8%
2502	Building Maintenance	6,660,298	7,913,104	8,436,682	523,578	6.6%
2503	Building Operations & Management	17,363,037	17,292,055	17,064,607	-227,448	-1.3%
2504	Maintenance of Grounds & Recreation Sites	<u>6,039,426</u>	<u>6,411,549</u>	<u>7,165,790</u>	<u>754,241</u>	<u>11.8%</u>
	General Fund Total	<u><u>31,113,205</u></u>	<u><u>32,775,992</u></u>	<u><u>33,928,558</u></u>	<u><u>1,152,566</u></u>	<u><u>3.5%</u></u>

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PERSONNEL DETAIL

	FY 2014 ACTUAL		FY 2015 APPROP		FY 2016 REQUEST		NET CHANGE	
	FULL	PART	FULL	PART	FULL	PART	FULL	PART
2501 Administration	10	2	12	2	5	11	(7)	9
2502 Building Maintenance	75	4	82	4	71	19	(11)	15
2503 Building Operations & Management	103	7	84	6	68	13	(16)	7
2504 Maintenance of Grounds & Recreation Sites	81	9	90	8	82	10	(8)	2
General Fund Total	269	22	268	20	226	53	(42)	33