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OFFICE OF THE COUNTY AUDITOR
INTEROFFICE MEMORANDUM

TO: All Council Members

FROM: Lauren M. Smelkinson, County Auditor LMS

DATE: September 30, 2014

SUBJECT: Addendum to Council Meeting Notes

Please find attached an addendum (Bill 50-14, FM-1 and FM-10) to the Council Meeting Notes issued September 25, 2014.

These items will be discussed at the September 30, 2014 work session for the October 6, 2014 Council meeting.

Attachment

cc: notes distribution list

Keith Dorsey | **Fiscal Note** | October 6, 2014

Bill 50-14 (Supplemental Appropriation) | **Council District(s) All**

Mrs. Bevins (By Req.)

Office of Budget and Finance

Fire and Corrections Bonus Pay

The Administration is requesting a supplemental appropriation of General Fund Balance (Surplus) funds totaling $93,972 to the Fire Department, Field Operations Program to fund bonuses for 112 recently hired sworn Fire personnel ($60,974) and to the Department of Corrections, Corrections Program to fund bonuses for 43 recently hired sworn Corrections personnel ($32,998). The bonuses will compensate these employees for making higher-rate Retirement System contributions than those made by recently hired sworn members of the Police Department from July 1, 2011 to June 30, 2014. See Exhibit A.

Fiscal Summary

Program	Supplemental Appropriation [1]	Current Appropriation	Total Appropriation
Fire Department – Field Operations Program	$ 60,974	$ 78,906,155	$ 78,967,129
Department of Corrections - Corrections Program	32,998	35,719,393	35,752,391
	$ 93,972	$ 114,625,548	$ 114,719,520

[1] General Fund Balance (Surplus).

Analysis

Prior to July 1, 2011, bargaining groups representing Fire Fighters, Correctional Officers, and Deputy Sheriffs agreed that sworn personnel hired on or after July 1, 2011 would have their retirement contribution rate set at 10% of their earnable compensation, an increase from the

previous rate of 8.5%. Because the Fraternal Order of Police did not agree to this increase until much later, the 10% contribution rate took effect for sworn Police Officers hired on or after July 1, 2014. The Office advised that in order to provide some equity to the sworn Fire, Corrections, and Sheriff personnel who were hired during this 3-year period, the County will provide a bonus equivalent to the difference in retirement contributions at the 10% rate versus the 8.5% rate. One hundred and fifty-five employees qualify for this bonus, including 112 sworn Fire personnel and 43 sworn Corrections personnel; no sworn Sheriff personnel qualify. The amount of the bonus will range from $22.89 to $1,798.20, and it will be incorporated in an October paycheck for each employee.

The cost of these bonuses will be charged to the employees' respective departments. All employee contributions will remain in the Retirement System. Funds totaling $60,974 are needed in the Fire Department – Field Operations Program to fund the bonuses for Fire personnel, and funds totaling $32,998 are needed in the Department of Corrections – Corrections Program to fund the bonuses for Corrections personnel.

This bill appropriates $93,972 from Surplus to the Field Operations Program ($60,974) and Corrections Program ($32,998), increasing the FY 2015 Program budgets from $78,906,155 to $78,967,129 and from $35,719,393 to $35,752,391, respectively.

The Office estimates that the County's Surplus as of June 30, 2014 totaled $277,532,401, including $78,055,771 assigned for the FY 2015 budget. The County also maintains a separate (designated) General Fund "Rainy Day Fund" known as the Revenue Stabilization Reserve Account, which the Office advised totaled $85,186,783 as of June 30, 2014.

Due to the one-time nature of the bonus payments, the proposed supplemental appropriation will not affect ongoing spending subject to the Spending Affordability Committee's FY 2015 guideline.

With the affirmative vote of five members of the County Council, Bill 50-14 will take effect October 19, 2014.

Executive Summary

Pursuant to Bill 25-14, sworn officers on Pay Schedule IV (members of the Fraternal Order of Police) who are hired on or after July 1, 2014 will have a retirement contribution rate set at 10% of their earnable compensation rather than the previous 8.5%. Unlike the Fraternal Order of Police, sworn members of other bargaining groups (Fire Fighters, Correctional Officers, Deputy Sheriffs) previously cooperated in labor negotiations which resulted in the rate increase to 10%, but effective July 1, 2011. In order to provide some equity to those Fire, Corrections & Sheriff Department employees hired during this three year period, the County Administrative Officer has authorized a bonus equivalent to the differential in retirement contributions at 10% versus 8.5%.

There are 155 employees who qualify for this bonus at a total cost of $93,972. There are 112 sworn Fire personnel, 43 sworn Corrections personnel, and no sworn Sheriff personnel who qualify. The amount of the bonuses will range from $22.89 to $1,798.20 and will be incorporated in one of the employee's October paychecks. Payment for the bonus will be charged to the employees' respective departments, rather than the Retirement System. Therefore, a budget supplement of $93,972 is requested to appropriate funds to the Fire Department ($60,974) and the Department of Corrections ($32,998).

Prepared by: Office of Budget and Finance

FM-1 (Contract Amendment) **Council District(s) All_**

Department of Public Works

Transportation Services for Solid Waste

The Administration is requesting an amendment to the County's existing solid waste transportation contract with WB Services, LLC, which commenced October 1, 2012. The amendment will expand the contract's scope of services to include trailer jockey services (for filling a trailer with municipal solid waste for later disposal) at the Central Acceptance Facility and hydraulic dumping trailer services for the hauling of recycled glass also at the Texas Landfill site. The amendment increases the estimated compensation of the contract by $1,928,864 for the additional services, from $76,649,329 to $78,578,193, for the entire approximate 21-year and 9-month term, including the renewal periods.

Fiscal Summary

Funding Source	Contract Amendment	Current Total Compensation	Amended Total Compensation
County (1)	$ 1,928,864	$ 76,649,329	$ 78,578,193
State	--	--	--
Federal	--	--	--
Other	--	--	--
Total	$ 1,928,864 (2)	$ 76,649,329	$ 78,578,193 (3)

(1) General Fund Operating Budget.
(2) Additional estimated compensation for the entire approximate 21-year and 9-month term, including the renewal periods.
(3) Estimated compensation for the entire approximate 21-year and 9-month term, including the renewal periods. Compensation may not exceed the amount appropriated.

Analysis

The contractor currently transports municipal solid waste (MSW) from County transfer facilities in Cockeysville (Central Acceptance Facility (CAF) formerly known as the Baltimore County

Resource Recovery Facility) and White Marsh (Eastern Sanitary Landfill) to waste disposal sites in York, Pennsylvania (Modern Landfill), Baltimore City (Baltimore Refuse Energy System Company (BRESCO Waste-to-Energy facility), and Harford County (Harford Waste-to-Energy Facility). The contractor maintains a fleet of tractors and a minimum of 31 trailers with tarps. In addition, the contractor conducts dispatch operations from an office located at the CAF. The contractor operates a trucking terminal with sufficient parking spaces and shop facilities for its fleet maintenance and maintains automated records on the management, maintenance, and upkeep of the fleet. The Department estimates that the contractor will transfer 178,260 tons of MSW in FY 2015.

Under the proposed amendment, the contractor will provide trailer jockey services at the CAF for the movement of MSW trailers from the CAF transfer facility to the CAF trailer parking lot and will provide a hydraulic dumping trailer for the hauling of recycled glass also at the Texas Landfill site. Jockey services typically allow the MSW to be transferred to a disposal facility during off-peak hours when rates are cheaper.

Currently, Maryland Environmental Service (MES) provides jockey services at the CAF at an annual cost of $88,564, including $76,461 for the trailer jockey services and $12,103 for a jockey truck provided by the County. WB Services, LLC will take over the jockey services at the same annual cost not to exceed $88,564 and will provide their own trailer. Additionally, WB Services, LLC will provide a hydraulic dumping trailer to haul recycled glass at the Texas Landfill at an annual cost not to exceed $9,100. Under the terms of the existing contract, the contractor may purchase fuel from the County and pay the County's cost per gallon (currently $3.36) plus a 5-cent-per-gallon administrative fee. All other contract terms and conditions remain the same.

The proposed amendment is necessary to increase the estimated compensation limit for the additional services to be provided by the contractor. The Department advised that the proposed amendment is in the best interest of the County as it was not considered practical, efficient, or cost effective for another contractor to provide these services. The Department advised that as of September 10, 2014, expenditures and encumbrances under this contract for FY 2015 totaled $2,648,298.

On September 5, 2012, the County entered into a short-term contract not to exceed $25,000 with WB Services, LLC as an emergency purchase because the previous contractor unexpectedly ceased operations on August 15, 2012. (The short-term contract was terminated upon the approval of the current long-term contract.) On October 1, 2012, the Council approved the current contract with estimated compensation totaling $76,649,329 for the approximate 21-year and 9-month term. Compensation is limited to the amount appropriated. The proposed amendment increases the estimated compensation by $1,928,864, from $76,649,329 to $78,578,193, for the entire approximate 21-year and 9-month term, including the renewal periods. The County may terminate the agreement by providing 30 days prior written notice.

As noted, the original contract was awarded to WB Services, LLC after the previous contractor ceased operations. WB Services, LLC was the third lowest bidder of three bids received to the initial solicitation; the second lowest bidder did not have the necessary equipment at the time to meet the County's immediate demand for transportation services.

County Charter, Section 715, requires that "any contract must be approved by the County Council before it is executed if the contract is...for services for a term in excess of two years or involving the expenditure of more than $25,000 per year...."

FM-10 (Contract) **Council District(s) 5**

Office of Budget and Finance

Consulting Services – Parking Garages at County Buildings

The Administration is requesting approval of a contract with Walker Parking Consultants/ Engineers, Inc., d/b/a Walker Parking Consultants; Walker Restoration Consultants to provide consulting services to evaluate options to address both the significant deterioration of and the need for increased parking capacity for the parking garages at the Drumcastle Government Center and the Public Safety Building. The contract commences upon Council approval and will continue through the completion of the study and delivery of the final report for each garage project. Compensation may not exceed $25,000 unless approved by the Council. Additionally, compensation may not exceed $25,530 for the Public Safety Building project and $31,950 for the Drumcastle Government Center project for the entire term of the contract.

Fiscal Summary

Funding Source	Maximum Compensation	
County (1)	$ 57,480	
State	--	
Federal	--	
Other	--	
Total	$ 57,480	(2)

Notes

(1) Capital Projects Fund.

(2) Maximum compensation for both garage projects combined.

Analysis

The contractor will provide consulting services to evaluate options to address the significant deterioration of the parking garages at the Drumcastle Government Center and the Public Safety Building. The contractor will provide conceptual parking structure design services including preparing multiple parking garage functional schemes, evaluating various garage alternatives, and providing anticipated construction costs and schedules for each parking

garage layout. Additionally, the contractor will perform a condition appraisal of the existing garages and a feasibility study to determine an optimum solution to the parking demand.

The Public Safety Building is located at 700 East Joppa Road and includes a two-level concrete parking structure beneath the building which is deemed to be in a deteriorated condition. The County is considering constructing a new parking deck within the exterior employee lot and then closing both the below building and plaza parking levels. This concept would gain 200-300 parking spaces and allow the below-building parking levels to be more economically reconstructed in order to address the support and structure issues of the building. Compensation may not exceed $25,530 for these services, including $10,350 for the conceptual parking structure design and $15,180 for the condition appraisal. Compensation will consist of a lump sum payment of $19,750 and up to $5,780 in reimbursable expenses. The contract specifies that all reports must be submitted by September 26, 2014.

The Drumcastle Government Center is located at 6401 York Road and includes a 3-½ level concrete parking structure which is deemed to be in a deteriorated condition. The Center additionally shares parking with the adjacent shopping center. The County also leases 75 parking spaces for Drumcastle Center employees and visitors from the Kingdom Worship Center, Inc., which is located at 6419 York Road. The County is evaluating options to address the deterioration of the existing Drumcastle Center garage and to address the parking demand at the Center. The County is considering four options including restoration or demolition to increase available parking by 600 to 750 spaces all within a structured parking garage. Compensation may not exceed $31,950 for these services, including $22,100 for the conceptual parking structure design and $9,850 for the condition appraisal. Compensation will consist of a lump sum payment of $29,750 and up to $2,200 in reimbursable expenses. The contract specifies that all reports must be submitted by September 19, 2014; however, the Office advised that the reports would be submitted by September 26, 2014.

The contract commences upon Council approval and continues through the completion of the study and final report for each project. Compensation may not exceed $25,000 unless approved by the Council. Additionally, compensation may not exceed $25,530 for the Public Safety Building and $31,950 for the Drumcastle Government Center garage projects. The Office advised that the studies commenced approximately at the beginning of September 2014 and that the County had incurred costs totaling $25,000 under this contract as of September 19, 2014. The Office further advised that no additional costs will be incurred unless this contract is

approved by the Council. The County may terminate the agreement by providing 30 days prior written notice.

The contract was awarded on a non-competitive basis through an emergency justification. The Office advised that the structural deterioration in both garages is a safety issue.

County Charter, Section 715, requires that "any contract must be approved by the County Council before it is executed if the contract is...for services for a term in excess of two years or involving the expenditure of more than $25,000 per year...." As previously mentioned, it is expected that the contractor will have completed its work and submitted the final reports to the County prior to Council approval of the contract. Since the contractor is to be paid in lump sum payments totaling $49,500 (plus expenses) for the work, it appears that the County will have incurred costs greater than $25,000 prior to Council approval. We believe this situation may constitute a violation of the aforementioned section of the County Charter.