Government of the District of Columbia
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO:	**The Honorable Philip H. Mendelson** **Chairman, Council of the District of Columbia**
FROM:	**Natwar M. Gandhi** **Chief Financial Officer**
DATE:	**July 3, 2012**
SUBJECT:	**Fiscal Impact Statement – "Employee Transportation Act of 2012"**
REFERENCE:	**Bill 19-354, Draft Committee Print Shared with the Office of Revenue Analysis on June 19, 2012**

Conclusion

Funds are not sufficient in the FY 2013 through FY 2016 budget and financial plan to implement significant provisions of the bill. These provisions will cost $865,000 in FY 2013 and $3,251,400 in the four year financial plan. Implementation of these provisions is subject to their inclusion in an approved budget and financial plan.

Other provisions, which impose fewer burdens on the District's resources, can be implemented with existing resources in various agency budgets and will be effective October 1, 2012.

Background

The bill creates formal guidelines and a management structure for the District's vehicle fleet under the Department of Public Works' (DPW) Fleet Management Administration (FMA). The bill establishes goals for a fleet program that include improving fleet costs and energy efficiency, encouraging the use of alternative modes of transportation for work related travel, facilitating the availability and use of alternative fuels in the District, and reassessing the real cost of ownership for vehicle purchases.

Specifically, the bill requires DPW to provide greater oversight over all District agencies that use vehicles and to centralize acquisition, expansion, and lifecycle management activities. The bill exempts the following fleets from DPW's centralized fleet oversight: the Metropolitan Police Department for all vehicles, Fire and Emergency Medical Services for emergency and specialized vehicles,[1] the Office of the State Superintendent of Education for special education vehicles, and the Department of Corrections (DOC), Office of the Chief Medical Examiner (OCME), and Homeland Security and Emergency Management Agency (HSEMA) for their specialized vehicles.

A component of DPW's increased responsibilities is to ensure that no agencies have passenger vehicles outside of the District's Fleet Share program. Currently, there are nearly 1,500 vehicles outside of the 80 vehicle program. Agencies may receive a waiver to maintain vehicles outside of the program, but DPW must submit a written explanation to the Council of why a waiver is being granted.

Two components of the bill require DPW to increase its oversight of all District agencies which utilize government vehicles. First, in order to request additional passenger vehicles, DPW must evaluate each agency's existing operations and determine if the need is related to an increase in the agency's responsibilities. Once the need is determined, DPW must justify that the need cannot be met through additional Fleet Share licenses, the use of transit or Capital Bikeshare,[2] or that no other cost effective transportation options are feasible. Second, the bill requires DPW to submit a report annually which identifies opportunities to reduce the District's overall fleet size and identify strategies to increase the number of compact vehicles in the fleet.

Additionally, the bill requires the Mayor to develop and implement a plan to allow for the fueling of government vehicles at private fuel stations in the District. Stations that participate in the District fueling program will also have to offer one alternative fuel.[3]

The bill also allows OCME, HSEMA, and DOC to each assign one District resident employee as eligible for driving a government vehicle between work and home if that employee is on-call 24 hours per day.

Lastly, the bill requires the Mayor to submit to Council a report that analyzes how District employees travel for work-related needs and whether or not the use of alternative transportation modes, such as Capital Bikeshare or WMATA[4] transit services, can be increased.

Financial Plan Impact

Funds are not sufficient in the FY 2013 through FY 2016 budget and financial plan to implement significant provisions of the bill. These provisions will cost $865,000 in FY 2013 and $3,251,400 in the four year financial plan. Implementation of these provisions is subject to their inclusion in an approved budget and financial plan.

There are two major cost components associated with the bill's implementation. The first is the required personnel to oversee the expanded fleet program. While DPW does maintain most of the District's vehicles, it is not currently required to evaluate other agencies to the extent needed to make various decisions required in the bill. These include making decisions as to whether an

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1 Specialized vehicles are defined in the bill as those uniquely outfitted for service based on the agency's mission.
2 Capital Bikeshare is the District's and Arlington County, Virgina's 1,500 plus bike sharing program.
3 Alternative fuels are those as defined in the Energy Policy Act of 1992, approved October 24, 1992 (106 Stat. 2891, 42 U.S.C. § 13257).
4 Washington Metropolitan Area Transit Authority.

agency's operations are changing in a way that demands additional vehicles. Also, DPW will be required to evaluate how vehicles are being used District-wide to make fleet reductions. Additional personnel resources are required to manage an expanded Fleet Share program and the waiver requests for agencies that need to maintain vehicles outside of the Fleet Share program.

The second is the expansion of the Fleet Share program itself. Because agencies are not allowed to have passenger vehicles outside of the program, an additional 450 vehicles currently managed by individual agencies will be transitioned into the program. This will require funds necessary for installing the necessary technology and running monthly program operations. While there are approximately 1,500 passenger vehicles outside of the Fleet Share program, it is expected that DPW will issue waivers to the remaining two-thirds because those vehicles are ineligible[5] for the program.

Estimated Fiscal Impact of Bill 19-354 Employee Transportation Act of 2012 FY 2013 through FY 2016					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Total**
Personnel [a]	$262,700	$274,100	$286,200	$298,800	$1,121,800
Expanded Fleet Share [b]	$602,300	$509,100	$509,100	$509,100	$2,129,600
Total Costs	$865,000	$783,200	$795,300	$807,900	$3,251,400

Table Notes
[a] Includes 3 FTE's (1 Program Manager and 2 Analysts) to oversee and manage the program's components.
[b] Includes the cost of installing technology, monthly program operations, and a regular maintenance contract.

According to the DPW, a program to allow the fueling of government vehicles at private fuel stations could result in increased fueling costs for the District. However, the magnitude of those increased fuel costs is unknown and the Office of Revenue Analysis is unable to assign a cost to this provision.

Additional provisions, which will be implemented on October 1, 2012, are the goals of the program; they include regular reporting of vehicle inventory to Council and online, ensuring DPW has the sole authority enter into agreements to acquire vehicles, and transmitting a report to Council which analyzes employees' work related travel needs. These provisions can be absorbed in the District's existing budget.

[5] A vehicle could be ineligible for a number of reasons including the age of the vehicle, its lack of power locks as required for retrofitting, or legal requirements for an agency to maintain a dedicated fleet.