



MCPB, 10/21/2004
Item # 2

October 14, 2004

TO: Montgomery County Planning Board
FROM: Michael F. Riley, Chief, Park Development Division (PDD) *MR*
SUBJECT: Parks Capital Improvement Program - Implementation Report

The purpose of this memorandum is to update the Planning Board on the implementation of the development portion of the Parks Capital Improvements Program (CIP). This update includes actual figures for FY 2004 and projections for FYs 2005 and 2006. The report includes the following sections:

- 1) **Implementation Rate** – implementation rate defined, with actual and projected figures;
- 2) **Initiatives** – actions to enhance CIP implementation;
- 3) **Challenges** – challenges to keeping CIP implementation on track; and
- 4) **Project Accomplishments** – highlights of CIP projects accomplished in FY 2004.

1) **IMPLEMENTATION RATE**

Several methods exist to calculate implementation rate dependent upon the intended use of the calculation. Implementation rates may be utilized to plan fiscal capacity to program funds within spending affordability guidelines, or alternatively to track performance. All methods divide actual financial figures by programmed figures for a reporting period to determine a percentage, however varying numerators and denominators are used dependant on the intended use of the calculation. The method utilized by Montgomery County to assess future fiscal capacity divides expenditure of selected fund sources (GO Bonds and PAYGO) by programmed current year expenditure for those fund sources. This method does not consider encumbered funding (funds committed by a contract) or carry-over (unspent funds from previous years) in the calculation. By the County's method, our implementation rate for FY 2003, the most recent year in which the County performed the calculation, was 97%, which was 3% higher than the average of seven agencies receiving County funding. (See Attachment 1: Implementation Rates presented to MFP Committee on January 22, 2004). Our five-year average of 89% is 3% below the average of all agencies. As a result of these figures, the Parks FY 2005-2010 CIP request was not constrained by the Executive or Council due to concerns over implementation.

When using implementation rate to evaluate performance, it is appropriate to look at all fund sources, both expenditure and encumbrance of funds, and also consider carry-over of unspent funds from previous years. Three methods of calculating Parks implementation rate for FY 2004 are shown in Table 1.

Method		Calculation	Implementation Rate
A	Expenditure / Current Year Expenditure	11.2 / 13.4	84%
B	Expenditure + Encumbrance / Total Expenditure	(11.2+9.7) / 22.3	94%
C	Expenditure / Total Expenditure	11.2 / 22.3	50%



The actual expenditure for FY 2004 was \$11.2 million with an additional \$9.7 million encumbered by contract. The programmed expenditure for FY 2004 from the adopted FY 2003 – 2008 CIP, which was the CIP in effect throughout FY 2004, was \$13.4 million. Our estimated FY 2004 expenditure that became effective with the adoption of the FY 2005-2010 CIP is \$22.3 million.

Method A, which is most similar to the County's method, divides actual expenditure over the adopted current year expenditure that was programmed for FY 2004 in the FY 2003-2008 CIP, which was the CIP in effect throughout FY 2004. This yields an implementation rate of 84% for FY 2004. For comparison, the Council adopted an assumed average implementation rate of 92% for the FY 2005 – 2010 CIP. Projections are 96% for FY 2005 and 167% for FY 2006. These projections do not account for potential supplemental appropriations.

Method B, which is the best indicator of performance, adds encumbered funding (\$\$ obligated by contract) to the numerator, and utilizes the estimated FY 2004 expenditure from the adopted FY 2005-2010 CIP as the denominator. The rationale for including encumbered funding is that the majority of project work (planning, design, permitting, procurement) has been completed in order to obligate funds under contract. Encumbrance can be considered a "leading indicator" of performance. Utilizing total expenditure in the denominator includes carry-over of unspent funding from prior years with the FY 2004 current year expenditure. This method yields an implementation rate of 94%. A desired target for this method would be to exceed 100% in any year. Projections are 108% for FY 2005 and 125% for FY 2006.

Method C, which produces the least favorable implementation rate of 50%, is the same as method B, without crediting encumbered funding in the numerator. It is unrealistic given the nature of construction projects to expect 100% implementation by this method, because it would require all of our projects to track exactly on schedule. Furthermore, it is important to recognize that the target expenditure utilized as the denominator in methods B and C is sometimes consciously inflated beyond expectations during budget review, with the awareness of OMB and Council staff, in order to keep the six-year CIP within SAG limits. As the FY 2005-2010 budget review occurred, nearly 2 million dollars that we originally requested in FY 2005-2010 was maintained in the estimated FY 2004 expenditure for this reason. Also, when supplemental appropriations are added to the approved CIP, it is common that the expenditure is shown in the current year due to SAG, thereby inflating the target beyond expectations. This occurred when the TIFF grant funding SMARTPARKS was placed in the CIP.

In my opinion, a target for Method C that would define success would be anything above 75%. While I do not anticipate achieving this level this year (FY 2005) after a careful review of current project schedules, I do expect to achieve it in FY 2006 with a projection of 77%.

The tables on the following page outline the method for calculation of stated implementation rates.

Table 2 is used to track actual and projected implementation rates by the three methods previously described.

Table 2 – Parks CIP Implementation Figures and Calculations: FY 2000 – FY 2006

3	A	B	C	D	E	F	G	H	I	J	K
4	Calculation	Description	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006		
5											
6			ALL FIGURES ARE MILLIONS OF DOLLARS								
7	Row 13 from previous year	Carry-over Expenditure Authority		24.5	18.2	8.8	15.5	9.7			
8	plus	Adjustment (Supplementals, Disappropriations, Shifts)		(3.2)	(8.5)	0.0	(6.6)	0.0			
9	=	Remaining Expenditure Authority		21.3	9.7	8.8	8.9	9.7			
10	plus	Current Year Expenditure Authority		17.6	13.2	15.2	13.4	13.5			
11	=	Total Expenditure Authority	45.9	38.9	22.9	24.0	22.3	23.2			
12	minus	Expenditure	21.4	20.7	14.1	8.5	11.2	13.0			
13	=	Carry-over Expenditure Authority to Next Year	24.5	18.2	8.8	15.5	11.1	10.2			
14	minus	Encumbered Carry-over	15.3	11.6	6.9	7.6	6.7	12.1			
16	Row 12 / Row 10	Method A - Implementation Rate (Expenditure / Current Year Expenditure Authority)		118%	107%	56%	84%	96%			
17	Rows (12+14) / Row 11	Method B - Implementation Rate (Expenditure + Encumbrance / Total Expenditure Authority)	80%	83%	92%	67%	94%	100%			
18	Row 12 / Row 11	Method C - Implementation Rate (Expenditure / Total Expenditure Authority)	47%	53%	62%	35%	50%				
21		CIP Expenditure for the ten year period from 1990 to 1999 averaged \$9.3 M with a low year of \$6.3 M and a high of \$13.1 M.									
22		\$5.5 M of FY 00 expenditure was for South Germantown and \$4.2 M was for the Cabin John Ice Rink. All other totalled \$11.7 M.									
23		\$8.7 M of FY 01 expenditure was for South Germantown. All other totalled \$12.0.									
24		Projected expenditure of 13 million in FY 2005 and 16 million in FY 2006 are based on review of current project schedules, available resources, and on-going initiatives to improve production.									
26	Key:	denotes actual									
27		denotes projection									
28		This \$45.9 M program in FY 00 represented unspent cumulative appropriations, prior to the Commission submitting expenditure based budgets.									

Table 3 compares actual to targeted implementation rates for FY 2004, and projected implantation rates to targets for FY 2005 and FY 2006.

Table 3 - Comparison of Actual and Projected Implementation Rates to Targets				
FY	Method	Calculation	Actual / Projected Implementation Rate	Target Implementation Rate
FY 2004	A Expenditure / Current Year Expenditure	11.2 / 13.4	84%	>92%
	B Expenditure + Encumbrance / Total Expenditure	(11.2+9.7) / 22.3	94%	>100%
	C Expenditure / Total Expenditure	11.2 / 22.3	50%	>75%
FY 2005	A Expenditure / Current Year Expenditure	13 / 13.5	96%	>92%
	B Expenditure + Encumbrance / Total Expenditure	(13+12) / 23.2	108%	>100%
	C Expenditure / Total Expenditure	13 / 23.2	56%	>75%
FY 2006	A Expenditure / Current Year Expenditure	16 / 9.6	167%	>92%
	B Expenditure + Encumbrance / Total Expenditure	(16+10) / 20.8	125%	>100%
	C Expenditure / Total Expenditure	16 / 20.8	77%	>75%

One additional method for reviewing CIP implementation is by individual projects (PDFs). In recent years, staff has reported implementation ratios for each PDF in the development program. PDF by PDF implementation rate is valuable because the County Executive makes recommendations on the Parks CIP one PDF at a time and the County Council reviews the PDFs one at a time. An implementation rate of 100 percent (or a ratio of 1) means that the actual expenditures match the programmed expenditures. An implementation rate of 110 (or a ratio of more than 1) means that actual expenditures exceeded programmed expenditures, and an implementation rate of less than 100 (or a ratio of less than 1) means that actual expenditures were less than programmed expenditures. *Attachment 2 displays* individual PDF implementation rates according to Method B. *Attachment 3 displays* individual PDF implementation rates according to Method C. Arrayed in descending order, these reports quickly show which PDFs are being implemented in a timely manner and which are not.



2) INITIATIVES

A. Reorganized Park Development Division

A partial reorganization of PDD was implemented on March 1, 2004. Three new sections titled "Design", "Project Management", and "Construction" were formed replacing the previous "Engineering" and "Project Management and Design" sections, while the existing "CIP, Procurement, and Budget" and "Land Acquisition" sections were retained. Staff charged with implementing the development portion of the capital improvements program (CIP) were allocated into the three new sections. The primary purpose of the reorganization was to create a structure more conducive to the effective implementation of the CIP.

The Design Section will strengthen our ability to produce facility plans and designs for park CIP projects with in-house staff. Patricia McManus, a landscape architect with both public and private sector experience, was promoted to manage this section. The Design Section will be multidisciplinary including capabilities in landscape architecture, civil engineering, and architecture. It will also support drafting, computer aided design, graphics, and technology. The Design Section will be the owner of park design guidelines and will review all projects that ultimately result in developed facilities in the park system for conformance with design standards.

The Project Management Section will strengthen our ability to produce facility plans and designs of CIP projects utilizing consultants. Doug Alexander will manage this section. Doug's long-standing experience and institutional knowledge will direct the process to oversee park CIP projects that require resources or expertise beyond our in-house capabilities. The Section will focus on project scope development, preparation of RFPs, and oversight of consultant contracts for quality assurance and timeliness of completion.

The Construction Section will oversee all CIP projects during the construction phase of the project. Mitra Pedoeem will manage this section. Mitra is a new hire most recently employed by the Montgomery County Office of Management and Budget and previously by the Montgomery County Department of Public Works and Transportation. The Construction Section will perform the functions of construction management, inspection, and land surveying. It will also be responsible for review of all projects that impact park property and issuance of permits for construction on park property. I ask that all Divisions involved with non-CIP projects (private sector development, mandatory referrals, public/private partnerships, etc.) that will ultimately result in park impacts or construction of park facilities inform Mitra at the earliest possible stage of the project. Mitra will coordinate the assignment of staff to review non-CIP projects.

B. Filled Vacancies

PDD has experienced an unusually high vacancy rate over the past five years. The number of vacancies peaked at 17 in 2000. PDD is presently down to 3 funded vacancies with the recent hiring of two key supervisor positions. Remaining vacancies consist of 2 project managers and an administrative position. Interviews have been conducted for the two project manager positions and I expect to fill those positions before the end of the year. Turnover, which had been relatively high in PDD throughout the 90's, has stabilized in the past few years.

C. New CIP Project Status Report

A new format for reporting status of CIP projects has been developed. PDD has created a database that tracks various information on capital projects including project description, budget, schedule, status, and staffing. The Planning Board has inquired previously about a reporting format that would allow comparison actual or projected schedules to the approved schedule. Additionally, the Council's Management and Fiscal Policy Committee studied all County-funded agencies methods of tracking capital projects this year



and requested that agencies notify the Council of pending delays or cost increases to CIP projects. PDD intends to utilize this report format for both internal management of our CIP and reporting to the Planning Board and Council. Ultimately, a version of this report will appear on the Commission's web site to keep the public informed of the status of our projects. The new report format appears as Attachment 4.

D. Park Planning, Design, Construction, and Operations (PDCO)

The Department established a committee in May 2003 titled Park Planning, Design, Construction, and Operations (PDCO). PDCO's charge was fairly broad and ambitious; to review and improve the various processes that result in the acquisition and development of parks with a goal that stakeholders would be satisfied with the end result.

The PDCO committee has met periodically for over a year and has finalized its work. A separated briefing on PDCO to the Planning Board is planned. A summary of work products and recommendations is as follows:

- Produced the "PDCO Handbook" which documents definitions and processes for facility planning, design, and construction management. It clarifies the process for identification and inclusion of internal and external stakeholders;
- Recommended establishment of a work program to produce "functional" park plans similar to the Countywide Park Trails Plan;
- Prepared recommendations to update and revise the Park Classification System; and
- Identified several processes related to park development that would benefit from further review and improvement.

Implementation of PDCO's recommendations will benefit CIP implementation in the long term.

E. Purchasing and Contracting Improvements

Contracting for design and construction services is a critical task in the schedule of many CIP projects. The Finance Department led a study throughout 2003 to evaluate and modify the Commission's procurement cycle. Many recommendations from this effort were approved by the Leadership Committee of the Commission and are in various stages of implementation. As part of the study, average times for the procurement cycle were analyzed for CIP projects. The average procurement cycle time for construction projects from origination of technical documents (construction drawings, specifications, and permits) by a project manager to the start of construction ranges from nearly 4 months in a problem free procurement to over 6 months in a problematic procurement. Exploration of opportunities to condense this time is an on-going effort.

The Executive Director has initiated quarterly procurement meetings for the purpose of advance planning for procurement activities. Two such meetings have been held with PDD on priority CIP projects. Divisions will present upcoming work programs and schedules to a group of staff from Finance, Purchasing, and Legal, to plan purchasing methods in advance, coordinate resources, and establish priorities.

PDD is increasingly looking to "ride" other governmental contracts when appropriate to shorten the procurement cycle. We recently rode a Montgomery County on-call contract for construction services to award a contract for \$530,000 to an MFD vendor for stream restoration in Long Branch Creek. We are also riding a Montgomery County contract for engineering services to design the Rock Creek Trail Bridge over Viers Mill Road.

An RFP was issued for an "on-call" contract for architectural / engineering services. Proposals are currently under evaluation. Similar contracts were utilized in the past, but efficiencies will be gained from

restructuring and improving this contract. Additionally, "on-call" contracts will be coordinated and structured to serve the needs of both Montgomery and Prince Georges' work programs.

We have successfully employed design-build on two current projects: the Restoration of the Joseph White House at the Rickman Farm Horse Park and the Renovation of the Shirley Povich Field. We will continue to seek opportunities to utilize the design-build method of project delivery when appropriate. The design-build method of project delivery will be utilized to construct the Olney Skate Park.

Lastly, we are working more closely with the Central Maintenance (CM) Division to identify appropriate projects for in-house construction. As examples, CM continues renovating several playgrounds each year, constructed the parking lots at the Woodstock Equestrian Center, and is constructing building improvements at the Rickman Farm Horse Park.

PDD will continue to work cooperatively with other Departments to seek methods to shorten the procurement cycle for CIP projects.

F. System Enhancement Teams

Throughout 2003, PDD worked with a consultant to develop a boilerplate process to enact process improvements within the Division. The process was labeled "System Enhancement Teams", or SET. The SET process entails:

- 1) Identification of a process or system to be developed or improved;
- 2) Development of project goals;
- 3) Designation of project team and timeline;
- 4) Team meetings, research, and preparation of recommendations;
- 5) Review and adoption of team recommendations; and
- 6) Implementation of recommendations.

The first SET team project was entitled "Project Files Improvements", which may seem mundane comparative to other needs, but is critical to efficient operations within the Division. PDD is the repository of records for physical assets and infrastructure that has been built in Montgomery County Parks over the past 80 years. Accurate and organized records of park assets, particularly as-built drawings, are critical to the planning of renovation and lifecycle replacement of park facilities. Shared access to records of our infrastructure is a key need of the **SmartParks** project. The SET team developed recommendations that organize such records for future use. PDD is currently in the process of implementing the file improvement project, and intends to utilize the SET process to enact future process improvements.

G. Recognition of the Value of Parks and Park Facilities Built Outside the CIP

Over the past decade, parks and park facilities are increasingly being built through non-traditional methods whereby the funding does not pass through our CIP; e.g. public private partnerships, development districts, developer requirements, special revenue funds, other agency budgets, etc. We do not capture the "value" of these improvements with the same emphasis and detail as we capture funds spent through the CIP. The table below is a **partial** list of **approximate** value of recent park improvements that did not, or will not, pass through our CIP and therefore was not, or will not, be included in expenditure reporting:



Project	Approximate Development Value
South Germantown SoccerPlex	\$15,700,000
Mathew Henson Trail	\$4,400,000
Shirley Povich Field	\$1,150,000
National Capital Trolley Musuem	\$1,000,000
Meadowbrook Stables	\$1,000,000
Hadley's Playground	\$800,000
Waters House	\$300,000
Woodstock	\$150,000
Rickman Horse Farm Park	\$80,000
Fairview Play Equipment	\$50,000
Total	\$24,630,000.00

The nearly 25 million dollars of park development represents approximately two years of "average" CIP expenditure. This expenditure is not included in calculation of implementation rates because it occurs outside the CIP. PDD must monitor the resources necessary to take advantage of these opportunities while allocating sufficient resources to the CIP.

3) **CHALLENGES**

A. **Non-CIP Work**

Staff resources in PDD have historically supported many work programs other than the design and construction efforts that result in CIP expenditure. This "non-CIP" workload, while valuable and consistent with the Department's mission, can detract from CIP implementation if resource allocation is not constantly monitored and kept in check with the adopted CIP. Significant categories of such work are as follows:

- Management and Review of Developer Built Parks and Facilities
- Management and Review of Public / Private Partnership Projects and Donations
- Management and Review of Projects funded by Other Agencies
- Engineering / Design Support to Operating Divisions for Maintenance / Repair Projects funded through Operating Budget
- Review and Issuance of Permits for Construction on Park Property
- Enforcement of the Encroachment Policy
- Review of Mandatory Referrals with Park Impacts
- Participation in Area Master Plans and Park Master Plans
- Participation in Commission-wide and Department-wide Initiatives / Committees
- Pursuit of Grant Funded Projects

It remains imperative that resources are allocated consistent with the adopted CIP, and that options and associated consequences are carefully considered when non-CIP priorities emerge that would benefit from the work of Park Development staff.



4) PROJECT ACCOMPLISHMENTS

Major CIP project accomplishments during FY 2004 listed in order of status include:

Construction Completed:

- Black Hill Maintenance Yard
- Ridge Road Recreational Park
- Meadowbrook Stables Improvements
- Boundless Playground at Martin Luther King, Jr. Park
- Parking Lots and Trail Bridge at Woodstock Equestrian Park
- Well and Septic Systems at Rickman Farm Horse Park
- Lighting of Field No. 3 at Wheaton Regional Park
- Resurfacing of Little Falls Parkway, Beach Drive from East-West Highway to the DC Line, and Beach Drive from Stoneybrook Drive to Connecticut Ave
- Vehicle Storage Building and Bulk Storage Bins at Wheaton RP
- New Softball field, Parking Lot, Tennis Court, and Playground at Flower Hill Local Park
- Shirley Povich Field Renovation at Cabin John Regional Park
- Play Equipment Replacement at Eight Parks
- Montgomery Blair Baseball Stadium Improvements
- Ten Mile Creek Bridge
- Roof Replacement at Rockwood Manor House
- Parking lot at Fountain Hills Local Park
- Off-site Water Main serving Woodlawn Cultural Park

Construction Underway:

- ~~Jesup Blair Park Renovation~~
- Montgomery Village Local Park
- Building and Site Improvements at the Rickman Farm Horse Park
- Little Falls Parkway Bridge Deck Replacement
- Crystal Rock Trail
- Stream Protection Projects in Gunners Branch, Little Falls, and Paint Branch
- Playground Renovation at Six Parks
- Retrofit of two Stormwater Management Ponds in Muddy Branch SVP
- NPDES Compliance measures at Olney Manor Park Maintenance Yard
- National Capital Trolley Museum Sitework and Car Barn
- Stabilization of Joseph White House
- Kings Crossing Local Park (West Germantown Development District)
- On-site Water and Sewer Mains serving Woodlawn Cultural Park
- Long Branch Stream Restoration
- Lighting Upgrade to Field No. 1 at Olney Manor Park

Design & Permitting Completed:

- Cross Creek Local Park
- Resurfacing of Sligo Creek Parkway from Colesville Road to Dennis Avenue
- Playground Renovation at 7 Parks

Design and Permitting Underway:

- Phases 1 and 2 of Mathew Henson Trail
- Olney Manor Skate Park
- Equestrian Trails and Greenberg Parking Lot at Woodstock Equestrian Park
- Ovid Hazen Wells Recreational Park
- Concord Local Park Renovation
- Brookside Gardens Irrigation Upgrades
- Lighting Upgrades to Fields 2-5 at Olney Manor Park
- Hoyles Mill Village Local Park (West Germantown Development District)
- Structural Stabilization of Woodlawn Barn

Facility Plans Completed:

- Rock Creek Trail Pedestrian Bridge over Veirs Mill Road
- East Norbeck Local Park Renovation
- Black Hill (Spinning Wheel Drive) Trail
- Black Hill (Waters Landing) Trail
- Park Police Special Operations Facility at Woodlawn
- Pope Farm Nursery Utilities Upgrade
- Winding Creek Local Park
- Broad Acres Local Park

Facility Plans Underway:

- Germantown Town Center Park
- Evans Parkway Local Park
- Takoma Piney Branch Local Park
- Greenbriar Local Park
- North Four Corners Local Park
- Rock Creek Maintenance Yard Reconstruction

Conclusion

Significant progress was made throughout FY 2004 toward improving CIP implementation. The Planning Board's FY 2005-2010 CIP request was approved by the Council without major reductions or cuts to priority projects and programs. Many existing priority projects were completed and several new priorities were funded. Low implementation rates, which were a persistent problem for the Parks CIP in the past, are problematic for an array of reasons including unmet commitments to our customers and partners, damage to our credibility, and jeopardizing funding requests for future priorities. Efforts to improve CIP implementation will remain the number one priority for PDD. I am optimistic that ongoing initiatives will continue to improve CIP implementation rates above and beyond satisfactory levels.

Attachments

- 1) Implementation Rates presented to MFP Committee on January 22, 2004
- 2) PDF Implementation Rates – Method B
- 3) PDF Implementation Rates – Method C
- 4) New Project Status Reports