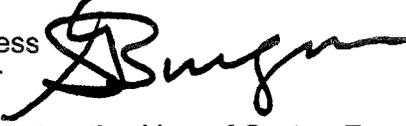


# Memorandum



**Date:** January 20, 2005  
**To:** Honorable Chairman Joe A. Martinez  
and Members, Board of County Commissioners  
**From:** George M. Burgess  
County Manager   
**Subject:** Resolution Approving the Use of Surtax Funds for Small Purchase Orders Used by Miami Dade Transit for Purchases in Support of Operations for the People's Transportation Plan for the Month of September, 2004

Agenda Item No. 7(J)(1)(F)

## RECOMMENDATION

It is recommended that the Board approve the attached resolution approving the use of Surtax Funds for small purchase orders used by Miami Dade Transit (MDT) for purchases in support of operations for the People's Transportation Plan (PTP) for the month of September, 2004.

## BACKGROUND

On October 18, 2004, the Transportation Committee was presented with an item containing a listing of small purchase orders administered by MDT. The item explained that these departmental contracts for goods and services supporting day-to-day operations were typically handled internally and not submitted to the Board. These are contracts under certain dollar thresholds purchasing routine services, equipment, software, lubricants, etc. (as per existing Administrative Orders delegating certain purchasing authorities to the Manager), representing necessary purchases in support of the implementation of the PTP. As such, MDT sought to amend the funding source on these existing County contracts to pay for the goods and services offered with Surtax Funds for that portion of the charges attributable to the costs incurred by MDT since the passage of the Surtax in November, 2002, and through August 31, 2004. The PTP legislation states that the use of any contract involving Surtax Funds must be approved by both the Board and the Citizens' Independent Transportation Trust (CITT); Surtax funding was not listed as one of the approved funding sources at the time of award of these contracts.

At that time, the Board was advised that it would receive a similar item every six months. However, MDT has since learned from the County Attorney's Office that in order to comply with monthly billing and reimbursement cycles, it is necessary for the item to become a monthly submission. As such, both the Board and the CITT will begin receiving monthly updates seeking approval for the department's small purchase orders. This item covers the month of September, 2004.

As described in the previous item, the costs associated with these contracts are handled by MDT by distribution through an allocation model. For many years, MDT has shared the practice of transit properties throughout the nation of expressing its total operational costs in a "cost per mile" dollar figure for each of its four modes of transportation (Metrorail, Metromover, Metrobus and Special Transportation Services). This cost per mile indicates the "real cost" to

the department, capturing all administrative, contract, labor and other departmental costs, to operate each mile of service run by the four modes that comprise our transit system. This cost per mile is arrived at through the use of an allocation model. This allocation model provides a formula that has been used by Miami-Dade Transit (MDT) since the 1980's. The model distributes all of the department's costs across the four modes of transportation and yields a fully allocated cost per mile without distinguishing between the various funding sources that contribute to MDT's budget. Certain costs are directly attributable to one mode or another (for example, bus purchases and bus operator salaries can be fully charged to the bus allocation model) and as such are charged directly and are not allocated among all modes. However, other costs cannot be charged exclusively to one mode. For example, charges related to customer service, warehouse personnel, human resources personnel, etc., cannot be charged to one specific mode because these services support all four modes. The allocation model distributes those costs that are not specific to one mode but support the business of MDT's total activities.

This model has been used to charge the State of Florida and occasionally the Federal government for services and commodities rendered by the department; it is also used as a tool to help in the reports mandated for submission to the Federal government. It is important to note that all transit agencies use some sort of allocation model for distributing their costs. While the specific model is not uniform throughout the country, it is a standard practice to arrive at a cost per mile per mode. It must be noted that this cost per mile is independent of the funding source; the cost per mile is the same for a new mile funded out of Surtax revenues vs. an existing mile funded out of the other MDT Operating revenues. This measurement of cost per mile is a standard measurement used for federal allocations and comparison purposes.

The allocation formula itself is a mathematical formula derived from a thorough review of MDT's total activities and assigns differing weights to the agency's expenditures. Again, all costs are included – from specific contracts and commodity purchases to labor and administration. Once all direct and related costs for operating all modes are condensed into the allocation formula (for example, rail charges would include facilities maintenance, utilities, security, customer service, marketing, administrative and operating salaries, etc.), the model determines a dollar cost that accounts for all of these costs and gives us a "real" cost for operating each mile by each mode. The cost per mile for each of the four modes can vary from year to year and is based on the department's approved budget for that year.

At any given point, it is possible that the Surtax could be used towards payment for a portion as small as .0001% of any one of these purchases. Although some of these purchase orders may not be paid for by Surtax funds, MDT was advised by the County Attorney's Office that it was preferable to compile this listing for the BCC and CITT's approval in the event that the mechanics of the distribution of these costs through the allocation formula at some point tap the Surtax for these purchases. The attached listing represents small purchase orders for the month of September, 2004 totaling approximately \$50,000. Any amount charged to the Surtax will be based only on the increase in operating miles experienced since the passage of the PTP. For example, mandates in the PTP include increasing bus service from 27 million annual miles to approximately 44 million annual miles. As additional service miles are implemented over the years, the sum total of annual charges will also increase.

**FISCAL IMPACT**

Any amount charged to the Surtax is based on the increase in operating miles experienced since the passage of the PTP as dictated by the distribution of charges through the allocation formula. As additional service miles are implemented over the years, the sum total of charges will also increase. Again, MDT will present a similar report each month to capture subsequent small purchase orders.

The amount and number of purchase orders to be used by MDT in a given month is determined by the department's approved yearly budget. For example, depending on existing inventories and operational needs, there may be no purchases from a particular vendor in any given month. MDT's yearly budget includes funding for this galaxy of goods and services necessary to its daily operations. It is the sum total of these charges, along with internal administrative and labor expenses, that make up the cost per mile.

MDT is currently working with the Office of Strategic Business Management in an effort to obtain a consultant to update the allocation model that is currently used in determining the cost per mile. MDT has developed bid specifications in conjunction with this Office. Although selection of a consultant was imminent, the Court ruling affecting the County's Black Business Enterprise, Hispanic Business Enterprise, and Women's Business Enterprise programs will necessitate the readvertisement of this bid. However, once a consultant is selected, a full report on an updated allocation formula will be presented. Please note that the results of this updated formula will likely be a different cost per mile per mode.

  
\_\_\_\_\_  
Surface Transportation Manager



# MEMORANDUM

(Revised)

**TO:** Honorable Chairman Joe A. Martinez  
and Members, Board of County Commissioners

**DATE:** January 20, 2005

**FROM:** Robert A. Ginsburg  
County Attorney

**SUBJECT:** Agenda Item No. 7(J)(1)(F)

Please note any items checked.

- "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Bid waiver requiring County Manager's written recommendation
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- Housekeeping item (no policy decision required)
- No committee review

Approved \_\_\_\_\_ Mayor  
Veto \_\_\_\_\_  
Override \_\_\_\_\_

Agenda Item No. 7(J)(1)(F)  
01-20-05

**RESOLUTION NO.** \_\_\_\_\_

RESOLUTION APPROVING THE USE OF SURTAX FUNDS FOR SMALL PURCHASE ORDERS USED BY MIAMI-DADE TRANSIT (MDT) FOR PURCHASES IN SUPPORT OF OPERATIONS FOR THE PEOPLE'S TRANSPORTATION PLAN (PTP) FOR THE MONTH OF SEPTEMBER, 2004

**WHEREAS**, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA**, that this Board approves the use of surtax funds for Small Purchase Orders used by Miami-Dade Transit (MDT) for purchases in support of operations for the People's Transportation Plan (PTP) for the month of September, 2004, in substantially the form attached hereto and made a part hereof.

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The foregoing resolution was offered by Commissioner  
who moved its adoption. The motion was seconded by Commissioner  
, and upon being put to vote, the vote was as  
follows:

Joe A. Martinez, Chairman	
Dennis C. Moss, Vice-Chairman	
Bruno A. Barreiro	Dr. Barbara Carey-Shuler
Jose "Pepe" Diaz	Carlos A. Gimenez
Sally A. Heyman	Barbara J. Jordan
Dorin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 20<sup>th</sup> day of January, 2005. This resolution shall become effective as follows: (1) ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board, and (2) either i) the Citizens' Independent Transportation Trust (CITT) has approved same, or ii) in response to the CITT's disapproval, the County Commission re-affirms its award by two-thirds (2/3) vote of the Commission's membership and such reaffirmation becomes final.

MIAMI-DADE COUNTY, FLORIDA  
BY ITS BOARD OF COUNTY  
COMMISSIONERS

HARVEY RUVIN, CLERK

Approved by County Attorney as  
to form and legal sufficiency. B.L.

Bruce Libhaber

By: \_\_\_\_\_  
Deputy Clerk

**Miami-Dade Transit  
Small Purchase Order  
September 2004**

ADPCS PO#	DATE	REQUISITION #	VENDOR	DESCRIPTION	TOTAL \$AMOUNT
POMT0301127	9/2/2003	RQ162979	Cubic Transportation System Inc.	Fare Collection Equipment & Replacement Parts	\$8,347.55
POMT0301159	9/8/2003	5-60474	Kresse Valdes-Prieto & Associates	Transcription of cassette tapes, Inv. #1009809	\$973.50
POMT0301167	9/12/2003	5-58787	Theodore D Pugh / Infosource Int'l. of Fl.	Operator performance audit services	\$6,539.00
POMT0301169	9/15/2003	5-63821	Wysiwyg Enterprises Corp. / Wysiwyg the Computer Ctr.	JAWS Version, professional edition & software upgrade agreement	\$2,698.00
POMT0301170	9/15/2003	5-63818	Wysiwyg Enterprises Corp. / Wysiwyg the Computer Ctr.	Crystal reports 9 standard software	\$747.30
POMT0301185	9/16/2003	RQ131857	Cleveland Track Material Inc.	Heel Block Assy.	\$8,364.00
POMT0301191	9/17/2003	4-270672	HY VIX Incorporated	Hi intensity, white post HY-Lighters 20" sign post	\$599.00
POMT0301188	9/17/2003	5-61242	Whirpool Corp.	Microwave, Model #MT4110SKQ	\$82.00
POMT0301189	9/17/2003	5-56942	Whirpool Corp.	Microwave, Model #MT4110SKQ	\$82.00
POMT0301193	9/17/2003	RQ169864	Pyramid Paper Co. / Pyramid School Products	Broom	\$502.56
POMT0301201	9/19/2003	RQ178982	Hegenscheidt MFD Corp.	Inserts grade K40 Kendex wheel trueing machine	\$2,115.00
POMT0301168	9/19/2003	RQ165846, 164634, 165847	Cubic Transportation System Inc.	Fare Collection Equipment & Replacement Parts	\$4,399.79
POMT0301205	9/22/2003	5-65813	K & K Service Inc. DBA K & K Trailer Supplies	Vanity light bulbs, toilet tissue holder	\$92.97
POMT0301207	9/22/2003	5-58939	Fence Connection Inc.	Replace damaged 4' brown fabric	\$600.00
POMT0301208	9/22/2003	5-65870	Stertil Koni USA Inc.	Replacement cable assy.	\$604.00
POMT0301190	9/24/2003		Ikon Office Solutions Inc.	Maintenance & repair of copy machines, covers 9 invoices	\$4,235.98
POMT0301215	9/24/2003	5-61468	Artistic Bronze Inc.	Plaque, bronze	\$5,675.00
POMT0301217	9/24/2003	5-63820	ABC Computers Inc. Void - Vendor can not supply @ quoted price of @27.00	Windows 2000 Terminal Server	\$1,350.00
POMT0301225	9/29/2003	5-65030	Global Industries South Inc. Bid #1072-2/04	Chair, model #2237-3, multi-filter	\$633.60
POMT0301223	9/29/2003	5-65032	Liberty Tire & Rubber Inc.	Disposal of tires	\$1,360.30