Memorandum

MIAMI-DADE COUNTY

Supplement to
Agenda Item No. 801D

Date: April 6, 2010

To: Honorable Chairman Dennis C. Moss
and Members Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Information Requested at the March 2, 2010 Board of County Commissioners Meeting Regarding Truck Rentals for the Elections Department

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This memorandum responds to the request for information regarding competitive prices for the rental of trucks used by the Elections Department (Elections) made by Commissioner Gimenez at the March 2, 2010 Board of County Commissioners meeting. Specifically, the Commissioner inquired if the department was paying higher rates than it should for the rental of trucks.

MARKET RESEARCH

The Department of Procurement Management (DPM) conducted market research to determine the most competitive rates for renting trucks based on information provided by the Elections Department (Elections). Elections advised that during the 2008-2009 election cycle, they rented 427, 16' trucks with powered lift gates and rails (required to safely load election site equipment) and the average daily rate paid for trucks rented during that period. Staff used this historical data and the most recent Consumer Price Index to assess current market rates for truck rentals. ***The table below reflects that the average rate paid for trucks rented by Elections for the 2008/2009 election cycle are competitive as compared to the rates received during market research and confirmation by Elections.***

Company Name	2008/2009 Cycle	Current Quote
Ryder Truck Rental	$87.40/Day	$68.00/Day
Budget Leasing	$68.24/Day	$78.00/Day
Penske Truck Rental	$111.00/Day	$105.00/Day
Enterprise Leasing	$115.83/Day	$129.97/Day

Average daily rate 2008/2009 Cycle: $95.62 Current daily rate: $95.24

Rental Insurance Daily Rate: Collision and Liability - Under the advisement of General Services Administration (GSA) Risk Management, Elections purchases collision and liability insurance coverage directly from the respective vendors. GSA has advised that this approach is more feasible from an economic perspective to the department's budget than carrying and paying hundreds of dollars for a policy month after month even when trucks are not being rented.

Market Analysis Methodology: To ensure the most comprehensive and accurate market trend for the rental of these trucks, quotations were requested from vendors that are in the contract pool as well as those that are not. Of the six vendors that were invited to participate in this research, four responded. Those vendors are Budget Leasing; Ryder Truck Rental; Penske Truck Rental and Enterprise Leasing. DPM staff evaluated the proposals to verify the vendors

met all requirements for an equitable comparison. The evaluation revealed some very interesting facts about how the industry operates and uncovered fluctuations in the actual daily rates for the same truck with identical specifications. In addition to the fluctuating daily rates, the cost for Collision Coverage/Liability Coverage per day also fluctuated among vendors. These fluctuations are caused by internal industry factors that take into consideration fleet usage, availability and the age of their existing fleet. Since specific truck size usage varies from vendor to vendor, so does the rate causing the market fluctuations.

Another important factor to consider is that, in spite of receiving favorable proposals from Ryder and Budget, Elections cannot exclusively depend on these vendors to supply them with all their truck needs. Since the department is requesting an average of 100 trucks per request, a single vendor does not have the capacity to provide the number of trucks needed in an election cycle, and vendors charge a premium to relocate trucks from other states. Therefore, as forced upon by the industry and limited to the availability of trucks they can rent from one particular vendor, Elections has no choice but to award to multiple vendors in an effort to satisfy the number of trucks required for a single County-wide election. Simply stated, the department has to analytically go from the lowest priced vendor to the highest priced vendor to fulfill all of their truck needs. This simple fact is what drives the average daily truck rental cost to $95.24.

According to the Bureau of Labor Statistics/U.S. Department of Labor, the Consumer Price Index (CPI) for the southeast region indicates prices over the last 12 months in the South have increased 2.8 percent, due largely to higher prices for transportation (particularly those driven by motor fuel costs). Furthermore, energy costs jumped 17.5 percent, while other commodities remained unchanged. Based on the CPI data of February 19th 2010, transportation related costs and services are expected to continue an upward climb well into the latter part of 2010.

Based on the research, the industry's limited availability of trucks, and the latest CPI report, the Elections Department has been receiving the most current market rates available. Industry controlled circumstances such as availability, fluctuations in pricing, and the rising cost of transportation-related services, are all factors that should be considered when describing what Elections is expected to pay for this type of service now and into the coming year.

Assistant County Manager