Memorandum

MIAMI-DADE COUNTY

Date: June 6, 2013

To: Honorable Chairwoman Rebeca Sosa and Members
Board of County Commissioners

From: Carlos A. Gimenez
Mayor

Subject: Analysis of Miami Dade Transit's Procurement of Armored Trucks

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The attached analysis was prepared by the Miami Dade Transit Department (MDT) in conjunction with the Internal Services Department (ISD) in response to a request at the Finance Committee meeting on March 12, 2013 for an analysis on whether MDT should continue renting specialized trucks for daily fare collection or whether to enter into a contractual service agreement. As a result of this analysis, MDT is working with ISD to procure the needed armored trucks as it is more cost effective for the department.

If you have any questions, please feel free to contact MDT Director Ysela Llort at 786-469-5406 or me directly at 305-375-1880.

Attachment

c: Ysela Llort, Director, Miami-Dade Transit
Lester Sola, Director, Internal Services Department
Jennifer Moon, Director, Office of Management and Budget

Memorandum

MIAMI-DADE COUNTY

DATE: May 3, 2013

TO: Alina T. Hudak, Deputy Mayor
Miami-Dade County

FROM: Ysela Llort, Director
Miami-Dade Transit

SUBJECT: Miami-Dade Transit Procurement of Armored Vehicles

During fiscal year 2009, an analysis was performed by Miami-Dade Transit (MDT) regarding the procurement of armored trucks for revenue collection services. The analysis compared MDT's internal cost to provide the service compared to outsourcing the service. The analysis also included inquiry of other transit agencies of similar size as a comparison as well. The initial analysis resulted in MDT's cost per pick-up of $59 compared to $107 if the services were to be outsourced. Total savings amounted to approximately $500,000 per year. The recommendation was to purchase four (4) armored trucks and continue providing the revenue collection service in-house. Due to unforeseen circumstances the process of procuring the armored trucks was delayed. At the request of a County Commissioner, MDT has prepared an updated analysis regarding the request for purchase of armored trucks.

Currently MDT has seven (7) armored trucks for the use of revenue collection. Two (2) of the armored trucks have been deemed unusable due to serious accidents and severe engine damage; three (3) of the armored trucks have reached their useful life, often out of service for repairs and are no longer reliable. Currently MDT is utilizing the remaining two (2) armored trucks, with two (2) leased non-armored trucks, and two (2) cargo vans which are on loan from the Internal Services Department to cover 28 locations totaling 9,155 pick-ups annually (Bus garages, Ticket Vending Machines (TVM) and Bank), plus approximately 1,000 pick-ups at approximately 100 retail sales outlets.

Miami-Dade Internal Services Department (ISD) on behalf of MDT put out a Request for Information (RFI) on March 21, 2013 to determine practicality of outsourcing the process. The specifications of the RFI included the following two options:

Option 1: A) Pick up safes from garages
B) Pick up cash boxes from the ticket vending machines

In Option 1 the vendor would transport the safes and cash boxes to the revenue room where the money would be counted by our processors.

Option 2: A) Pick up safes from garages
B) Pick up cash boxes from the ticket vending machines

In Option 2 the vendor would pick up the safes and cash boxes, count the money and make the deposit.

Three vendors received the RFI (Loomis, Brinks, and Dunbar). Loomis did not provide response to the RFI. Brinks stated that they do not provide the requested service and did not provide cost information. Dunbar was the only vendor to provide a quote. Dunbar provided a quote for option one (1) only. Dunbar's quote was $576 per pick-up which equates to $5,273,280 annually (9155 pick-ups multiplied by $576). Compared to MDTs internal cost of $96.82 per pick-up or $886,351 annually. MDT's labor and other cost were increased incrementally for the cost of living and inflation for years 2 – 10. The analysis was prepared for a ten year period which is the estimated useful life of the armored trucks. This provides an estimated average savings to MDT of $4,411,124 annually.

Based on the quote provided as detailed in the attached analysis, MDT has determined that it is not cost effective for service to be outsourced since MDT's internal annual costs are considerably lower than the quote provided.

MDT is recommending and requesting the purchase of the four (4) armored trucks. Immediately upon receipt of the four (4) armored trucks, MDT will retire the three (3) armored trucks that have reached their useful life and the two (2) unusable trucks due to accident and engine damages. This will bring MDT's armored fleet to a total of six (6) vehicles, which includes four (4) new and two (2) existing older trucks. As the two (2) older vehicles reach their useful life they will be retired.

Thank you for your consideration

ARMORED CAR SERVICES ANALYSIS

4/29/2013

MDT Internal Costs		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Labor Costs inc fringe	1	$ 393,103	$ 404,896	$ 417,043	$ 429,554	$ 442,441	$ 455,714	$ 469,385	$ 483,467	$ 497,971	$ 512,910	$ 4,506,483
Security (currently Outsourced to 50 States)	2	227,240	231,785	236,420	241,149	245,972	250,891	255,909	261,027	266,248	271,573	$ 2,488,217
Usage Costs of Capital Equipment	3	62,686	62,686	62,686	62,686	62,686	62,686	62,686	62,686	62,686	62,686	$ 626,863
Maintenance (inc fuel, insurance, etc.)	4	100,000	102,000	104,040	106,121	108,243	110,408	112,616	114,869	117,166	119,509	$ 1,094,976
Uniforms	5	2,250	2,295	2,341	2,388	2,435	2,484	2,534	2,585	2,636	2,689	$ 24,642
General Administrative Overhead	6	101,072	104,104	107,227	110,444	113,757	117,170	120,685	124,306	128,035	131,876	$ 1,158,683
MDT Total Annual Costs		$ 886,351	$ 907,766	$ 929,757	$ 952,341	$ 975,535	$ 999,354	$ 1,023,816	$ 1,048,939	$ 1,074,742	$ 1,101,243	$ 9,899,864
costs per pick up	7	$ 96.82	$ 99.16	$ 101.56	$ 104.02	$ 106.56	$ 109.16	$ 111.83	$ 114.58	$ 117.39	$ 120.29	

Labor & Overhead incremented by 3 % and other expenses by 2% to account for cost of living and inflation for yrs 2-10

Outsoucing Annual Cost												Total
Dunbar (assumes a three yr fixed rate contract)		$ 5,273,280	$ 5,273,280	$ 5,273,280	$ 5,378,746	$ 5,378,746	$ 5,378,746	$ 5,486,321	$ 5,486,321	$ 5,486,321	$ 5,596,047	$ 54,011,085
costs per pick up	7	$ 576.00	$ 576.00	$ 576.00	$ 587.52	$ 587.52	$ 587.52	$ 599.27	$ 599.27	$ 599.27	$ 611.26	

Loomis did not respond to the RFI & Brinks did not provide pricing information

**contract renewal -assumes 2% increase*

(Savings)/Costs to Outsource	$ 4,386,929	$ 4,365,514	$ 4,343,523	$ 4,426,404	$ 4,403,211	$ 4,379,392	$ 4,462,505	$ 4,437,382	$ 4,411,579	$ 4,494,804	$ 44,111,242

NOTES

Labor Costs

Personnel Costs of 4 Collectors and 1 Supervisor
based on avg salaries 288,283
Fringe @36.36% (estimated based on *ICR) 104,820
1 $ 393,103

Security Personnel Cost

Security Escort- @ $28.75per hr for 7904hrs yr
(3 guards for 312days & 1 guard for 52 days Saturdays)
50 States contract expires in 2014 2 $ 227,240

Capital Equipment

Initial Investment bid price dated 4/1/10 $608,598 for purchase of 4 Armored Cars, price increased by 3% for cost of capital & costs depreciated for 10 years ($608,598*1.03)/10) 3 $ 62,686

Maintenance

This is a cost charged to MDT ovehead. Amount is estimated based on 2012 expenses. Includes costs for preventive maintenance, repairs, fuel, insurance, etc. 4 $ 100,000

Uniforms

Based on one per employee per year @450 ea. 5 $ 2,250

General Administrative Overhead

Based on personnel costs @35.06%(estimated based on *ICR) 6 $ 101,072

**Indirect Cost Rate*
Supporting rates and times provided by Chan Lee -Treasury Services Manager

Pick up locations & quantity — **Dunbar YR 1-3**

BUS -365 days 3 locations	1095	$ 630,720	@$576 per
TVM- 312 days, 25 locations	7800	4,492,800	@$576 per
Bank-5 times per week	260	149,760	@$576 per
Total Pick Ups Per Year	9155	$ 5,273,280	

7 **Costs per pick up**- calculated as total annual costs divided by total picks ups per year

5/9/2013