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Procurement Department

MEMO

To: Steve Szablewski, County Administrator
Todd Glover, Management Services Division Director
Kevin Lear, Construction and Maintenance Division Director
Clayton Galloway, Fleet Manager
From: Gregory Woodlief, Procurement Manager
Subject: Vehicle Purchases
Date: March 18, 2005

A number of issues have arisen recently concerning vehicle purchases. Is the County buying the right type vehicle best suited for the task?

- * Car vs truck vs SUV
* 4 cylinder vs V6 vs V8
* Small vs midsize vs large
* Regular vs extended cab
* Basic vs upgraded model
* Low vs high MPG

These factors should play a role in determining what vehicle to specify. Note the following:

Table comparing Full-size Truck (F-150) and Small-size Truck (Ranger) with columns for COST and MPG. Summary: An F-150 costs \$2,919 (25%) more & is 3 MPG (18%) less fuel efficient than a Ranger.

Table comparing Large Car (Crown Vic - Police) and Mid-size (Impala - Police) with columns for COST and MPG. Summary: A Crown Vic costs \$2,011 (11%) more & is 5 MPG (28%) less fuel efficient than an Impala.

Table comparing Large SUV (Tahoe) and Small SUV (Blazer) with columns for COST and MPG. Summary: A Tahoe costs \$6,739 (34%) more & is 1 MPG (7%) less fuel efficient than a Blazer.

Other comparables:
A Tahoe costs \$6,364 (32%) more & has the same MPG as the Crown Vic.
A Tahoe costs \$8,375 (47%) more & is 5 MPG (28%) less fuel efficient than an Impala.
A Blazer costs \$375 (2%) less & is 1 MPG (5%) less fuel efficient than a Crown Vic.
A Blazer costs \$1,636 (9%) more & is 4 MPG (21%) less fuel efficient than an Impala.

** Fuel mileage is a combined figure between city and highway

Please let me know if you have any questions.

COST TO PERFORM OIL CHANGES AND SAFETY & MAINTENANCE SERVICES

	METHOD 1	METHOD 2	METHOD 3
A Central Shop Expenditures	442,388	373,724	392,805
B Central Shop Revenue	<u>-50,000</u>	<u>-50,000</u>	<u>-26,753</u>
C Direct Cost to Operate Department	392,388	323,724	366,052
D Total Expenditures (All Funds)	67,440,298	60,598,956	53,659,578
E Central Shop's Percentage of Total (C / D)	0.00582	0.00534	0.00682
F Total Expenditures for Departments that Service Central Shop (The percentage allocated is based on the number of employees)			
Human Resources' budget	<u>401,485</u>	<u>306,052</u>	<u>384,851</u>
Central Shop's allocation (11/540*HR Budget):	8,178	6,234	7,840
G Total Expenditures for Departments that Service Central Shop (The percentage allocated is based on total budget)			
Commissioners	1,421,834	1,352,140	820,498
Finance	289,813	332,002	276,288
Purchasing	54,400	45,889	122,287
Management Information Services	747,950	864,406	946,593
County Administrator	147,146	142,339	140,753
Receiving / Distribution	128,812	133,717	142,735
Maintenance	<u>421,915</u>	<u>339,964</u>	<u>385,819</u>
	3,211,870	3,210,457	2,834,972
H Indirect Cost of Operating Central Shop (E * G + F)	26,866	23,385	27,179
Direct Cost of Operating Central Shop	392,388	323,724	366,052
Indirect Cost of Operating Central Shop	26,866	23,385	27,179
Depreciation Cost of Furniture & Equipment (200,000 / 10)	20,000	20,000	20,000
Depreciation Cost of the Building (620,000 / 30)	<u>20,667</u>	<u>20,667</u>	<u>20,667</u>
I Total Cost to Operate Central Shop	459,921	387,775	433,898
Seven mechanics, out of a total of eleven employees, actually work on the vehicles.			
Number of hours worked per year per mechanic	2,080	2,080	2,080
Number of mechanics	7	7	7
J Total billable man hours	14,560	14,560	14,560
Central Shop's cost per hour of labor per mechanic (I/J)	32	27	30
Central Shop's yearly cost of oil changes / Inspections: (See each method's attached worksheet for computations)	91,392	80,466	87,451
Low bid submitted by private sector (All Tune & Lube)	95,360	95,360	95,360
Cost to administrate contract = 5%	<u>4,768</u>	<u>4,768</u>	<u>4,768</u>
Total cost of privatizing this operation:	100,128	100,128	100,128
Net savings or (cost) of outsourcing:	<u>-8,736</u>	<u>-19,662</u>	<u>-12,677</u>

Works Payment Manager

New and innovative purchasing card payment opportunities can have a dramatic impact on your bottom line. With the Works Payment Manager solution, your organization can safely and securely expand your Bank of America Corporate Purchasing Card program beyond traditional limits, elevating purchasing cards to your payment method of choice. The simple, Web-based solution automates, streamlines and integrates your existing payment authorization and reconciliation process, resulting in enhanced efficiencies and reduced costs.

Benefits

- Increases process and spending controls
- Automates expense allocation and information management activities
- Provides a simple, effective and timely method to help you enforce your reconciliation policy by integrating with current systems and processes.

Features

- Ability to manage cards in real-time with Active Card Control™
- Active Card Integration™ automatically pays outstanding invoices by integrating card payment advice and directions into your existing accounting systems.
- Real-time or batch integration with your ERP.
- Multiple restoration of funds options
- On-demand CSV file download of reconciled transactions
- Spend monitors to track and report spending.
- Real-time reporting, online self-service and payment initiation with 24x7 global access *
- Declining balance charge cards and zero dollar cards for optimized control.
- Unlimited field validation for cost allocation.
- Customized online purchase request routing.

How the service works

The Works Payment Manager solution is available for Corporate Purchasing Card programs and requires no complex installation or costly hardware or IT investments:

- Upon contract completion, Bank of America collects your card account, system user and cost allocation information
- Once implemented, card transaction data is updated daily.

For more information

For more information about our Works Payment Manager solution, including terms and conditions that apply, contact your Global Treasury representative.

Please visit us at www.bankofamerica.com.

**System is not available for a two-hour weekly maintenance period every Thursday evening*

