
CITY OF ROCHESTER HILLS

Purchasing
Division

DATE: March 1, 2007

TO: James Rosen

RE: Dump Trucks

Jean Farris, Supervisor of Procurement
Bruce Halliday, Fleet Manager

Additional information relative to the price increase on dump trucks (heavy duty trucks).

In reviewing the bid pricing with the sales representative from Wolverine Truck, the City was advised that the normal year-to-year increases ranged from 2% to 3%. These percentages do not take into consideration the addition of 2007 emissions requirements (approximately \$10,000) and the recent surges in the price of raw materials, i.e., steel, aluminum, etc. Additionally, these increases represent only the cab and chassis and do not take into consideration the upfitting charges for the vehicles.

The Producer Price Index Industry Data (PPI) supplied by the U.S. Department of Labor, Bureau of Labor Statistics indicates from 2004 to 2007, a 10.3% increase in pricing for heavy duty truck manufacturing for the chassis alone.

The bid pricing in 2004 for a single axle dump truck was \$110,469. The comparable truck in 2007 was bid at \$133,858, which represents a 21% increase. The bid pricing in 2004 for tandem axle dump truck was \$123,695. The comparable truck in 2007 was bid at \$147,497, which represents a 19% increase. Taking into consideration the emissions requirements (9% to 10%) and the PPI (10.3%) over the last three years, the low bid pricing does not appear unreasonable.