



**AGENDA MEMORANDUM**

Future Item for the City Council Meeting of August 18, 2015  
Action Item for the City Council Meeting of August 25, 2015

**DATE:** August 11, 2015

**TO:** Ronald L. Olson, City Manager

**FROM:** Gabriel Maldonado, Interim Procurement Manager  
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**Lease-Purchase of Equipment for Solid Waste Operations**

**CAPTION:**

Motion approving the lease-purchase of eight compressed natural gas garbage trucks, one cab and chassis, two retriever side loaders, and two trailers from the following companies for the amounts below for a total cost of \$3,413,907.30. The award is based on the cooperative purchasing agreement with the Houston-Galveston Area Council of Government (H-GAC) and the Texas Local Government Purchasing Cooperative (TLGPC). Funding is available from the city's lease purchase financing contractor.

<u>Rush Truck Center of Texas, L.P.</u>	<u>Heil of Texas</u>	<u>Corpus Christi Freightliner</u>
Houston, Texas	Houston, Texas	Corpus Christi, Texas
\$2,737,724.84	\$188,302.00	\$291,975.00

Purchase Price - \$3,218,001.84  
Interest for Lease - \$195,905.46  
**Total Cost \$3,413,907.30**

**PURPOSE:**

Approval to lease-purchase eight compressed natural gas garbage trucks, one cab and chassis, two retriever side loaders, and two trailers for the Solid Waste Department.

**BACKGROUND AND FINDINGS:**

Financing for the lease-purchase of the eight compressed natural gas garbage trucks, one cab and chassis, two retriever side loaders and two trailers are based on a sixty-month term with an estimated interest rate of 2.35% for an annual payment of \$682,781.40. The total estimated cost over the five-year period, including principal of \$3,218,001.84 and interest of \$195,905.46 is \$3,413,907.30.

**ALTERNATIVES:**

The two retriever side loaders are not available in compressed natural gas (CNG). The cab and chassis will not be equipped with compressed natural gas (CNG) due to the dual purpose packer is not compatible.

**OTHER CONSIDERATIONS:**

All units are replacement units to the fleet. Replace units will be disposed of through standard disposal of surplus property procedures, including live auctions and/or electronic auctions.

**CONFORMITY TO CITY POLICY:**

This purchase conforms to the City’s purchasing policies and procedures and State statutes regulating procurement.

**EMERGENCY / NON-EMERGENCY:**

Non-emergency.

**DEPARTMENTAL CLEARANCES:**

Solid Waste Department

**FINANCIAL IMPACT:**

x Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2014-2015</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget		\$3,396,878.04	\$3,357,008.85	\$6,810,785.34
Encumbered / Expended Amount		\$3,066,657.01	\$0.00	\$3,066,657.01
This item		\$0.00	\$3,413,907.30	\$3,413,907.30
BALANCE		\$330,221.03	\$0.00	\$330,221.03

Fund(s): General Fund

**Comments:**

Funding for the lease purchase of the eight garbage trucks, one cab and chassis, two retriever side loaders and two trailers are approved in the FY 2014–2015 budget. However, the equipment will be delivered and paid for in FY 2015-2016 and, therefore, no funds are required in this fiscal year.

**RECOMMENDATION:**

Staff recommends approval of the motion as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Price Sheet