



AGENDA MEMORANDUM

Future Item for the City Council Meeting of September 18, 2018

Action Item for City Council Meeting of September 25, 2018

DATE: September 18, 2018

TO: Keith Selman, Assistant City Manager

FROM: Jim Davis, Director of Asset Management
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Lease Purchase of Vactor Truck and Heavy Equipment for Utilities

CAPTION:

Motion authorizing the lease purchase of one Vactor combination sewer truck from Houston Freightliners of Houston, Texas, one 2019 Western Star tractor from Grande Truck Center of San Antonio, Texas; and one CPS half round end dump trailer and one 55-ton Low Boy trailer from J&B Pavelka of Houston, Texas via Houston-Galveston Area Council for \$ 694,880.30.

PURPOSE:

This item is to approve the lease purchase of one vactor truck and heavy equipment for the Utilities Department as per the following breakdown: one Vactor combination sewer truck from Houston Freightliners of Houston, Texas, one tractor from Grande Truck Center of San Antonio, Texas, and one CPS half round end dump trailer and one 55-ton Low Boy trailer from J&B Pavelka of Houston, Texas.

BACKGROUND AND FINDINGS:

The Utilities Department currently has a requirement to replace these units. The units to be replaced are all well past the end of their service lives.

Utilization of the Houston-Galveston Area Council (HGAC) provides competitive pricing for the City through competitive procurements that are in with compliance with Texas local and state procurement requirements.

ALTERNATIVES:

N/A

OTHER CONSIDERATIONS:

Financing for the lease-purchase of these vehicles is based on a sixty-month term with an estimated interest rate of 4.20% for an annual estimated payment of \$138,976.06. The total estimated cost over the five-year period, including principal of \$625,334.10 and interest of \$69,046.20, is \$694,380.30. A not to exceed tolerance of \$500.00 has been added to the interest amount to allow for the possible fluctuation of the interest rate, for a total amount not to exceed \$ 694,880.30.

Total lease-purchase price:	\$625,334.10
Total estimated allowable interest for Lease:	<u>\$ 69,546.20</u>
Grand Total:	\$694,880.30

CONFORMITY TO CITY POLICY:

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

EMERGENCY / NON-EMERGENCY:

Non-emergency

DEPARTMENTAL CLEARANCES:

Utilities

FINANCIAL IMPACT:

X Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2017-2018	Current Year	Future Years	TOTALS
Line Item Budget	\$0.00	\$694,880.30	\$694,880.30
Encumbered / Expended Amount	\$0.00	\$0.00	\$0.00
This item	\$0.00	\$694,880.30	\$694,880.30
BALANCE	\$0.00	\$0.00	\$0.00

Fund(s): Utilities

Comments: Delivery of these units is scheduled during the summer of 2019. Payments will begin after units are delivered.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet