



## AGENDA MEMORANDUM

Future Item for the City Council Meeting of March 21, 2017  
Action Item for the City Council Meeting of March 28, 2017

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**DATE:** March 21, 2017

**TO:** Margie C. Rose, City Manager

**FROM:** Jim Davis, Director of Fleet Maintenance  
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<p style="text-align: center;"><b>Lease-Purchase of Two Vactor and One Vacall (Body and Chassis) Combination Sewer Trucks for Wastewater</b></p>
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**CAPTION:**

Motion authorizing the City Manager, or designee, to lease-purchase two Vactor combination sewer trucks and a Vacall chassis for combination sewer truck (for Vacall body listed below) from Houston Freightliner, of Houston, Texas, based on the cooperative purchasing agreement with Houston-Galveston Area Council, and one Vacall body for a combination sewer truck from Waukesha-Pearce Industries, Inc., of Houston, Texas, based on the cooperative purchasing agreement with Texas Local Government Purchasing Cooperative, dba BuyBoard; for a total amount not to exceed \$1,167,613.39, with an estimated expenditure of \$77,774.20 in FY2016-2017.

**PURPOSE:**

This item is to approve the lease-purchase of two Vactor and one Vacall combination sewer trucks for the Wastewater Collection System crew in the Utilities Department.

**BACKGROUND AND FINDINGS:**

This lease-purchase is for three combination sewer trucks to be replaced and auctioned. Two of the three trucks are the Vactor combination sewer trucks and will be leased-purchased from Houston Freightliner. The first truck was purchased in 2005 and has

11,000 hours of service. At this point, the life to date maintenance cost equals the original service cost of \$230,000.00. Since 2005, purchase prices have gone up. The second truck was purchased in 2008 and has 10,300 hours of service. Life to date maintenance costs are \$192,700.00. Recently maintenance costs have started to ramp up for this unit. The third truck is the Vacall combination sewer truck, and is a split lease-purchase between two vendors. The chassis will be purchased from Houston Freightliner. The body for the Vacall will be purchased from Waukesha-Pearce Industries. Waukesha-Pearce will assemble the chassis and body for a final product of one combination sewer truck. The third replaced sewer truck was purchased in 2009 and has 10,600 hours of service. Life to date maintenance costs are \$205,000.00.

It is critical to the operations of the Wastewater Division for these combination sewer trucks to be available and in reliable performing conditions 24 hours a day, year-round and generally last about six years before maintenance costs start increasing. We have operated these trucks well past that point.

**ALTERNATIVES:**

Not applicable.

**OTHER CONSIDERATIONS:**

Financing for the lease-purchase of the two Vactor and one Vacall combination sewer trucks are based on a sixty-month term with an estimated interest rate of 3.25% for an annual estimated payment of \$223,322.60. The total estimated cost over the five-year period, including principal of \$1,075,417.81 and interest of \$91,195.58 is \$1,166,613.39. A not to exceed tolerance of \$1,000.00 has been added to the interest amount to allow for the possible fluctuation of the interest rate for a total not to exceed of \$1,167,613.39.

Total Lease-Purchase from Houston Freightliner:	\$824,430.00
Total Lease-Purchase from Waukesha-Pearce Industries:	\$250,987.81
Total Allowable Interest for Lease:	\$91,195.58
Total Allowable for Interest Fluctuation:	<u>\$1,000.00</u>
Grand Total:	\$1,167,613.39

**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

<b>Fiscal Year: 2016-2017</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget	\$131,940.91	\$1,089,839.19	\$1,221,780.10
Encumbered / Expended Amount	\$35,928.92	\$0.00	\$35,928.92
This item	\$77,774.20	\$1,089,839.19	\$1,167,613.39
BALANCE	\$18,237.79	\$0.00	\$18,237.79

Fund(s): Wastewater

**Comments:** Delivery of the two Vactor and one Vacall combination sewer trucks are scheduled during FY2016-2017. The annual estimated payment for this lease-purchase is \$233,322.60 of which \$77,774.20 is budgeted in FY2016-2017 by the Utilities Department for four months of payments. The remaining lease-purchase payments will be requested in future years during the normal budget process.

**RECOMMENDATION:**

Staff recommends approval of the motion as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Price Sheet