



AGENDA MEMORANDUM

Future Item for the City Council Meeting of September 16, 2014
Action Item for the City Council Meeting of September 23, 2014

DATE: September 16, 2014
TO: Ronald L. Olson, City Manager
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Purchase and Lease Purchase of Mowers, Tractors and Heavy Trucks (CNG)

CAPTION:

Motion approving the purchase five (5) mowers, three (3) tractors, four (4) heavy trucks (CNG), and the lease-purchase of one (1) mower, and three (3) heavy trucks (CNG) from the following companies for the following amounts for a total amount of \$1,593,206.52. The award is based on the cooperative purchasing agreement with the Houston Galveston Area Council (H-GAC). Funding for the purchase of mowers, tractors and heavy trucks are available in the General Fund and the Capital Outlay Budget of the Maintenance Service Fund. Financing for the lease-purchase of mower and heavy trucks will be provided through the City's lease-purchase financing contractor.

John Deere Company
Cary, NC
Items 1, 2, & 3
\$118,389.52

Houston Freightliner
Houston, TX
Items 4, 5, 6, 7, 8 & 9
\$1,391,583.00

Kubota Tractor Corp.
Torrance, CA
Items 10 & 11
\$83,234.00

Grand Total: \$1,593,206.52

PURPOSE:

The mowers will be used to maintain the City Parks throughout the City, Cefé Landfill and Allison Wastewater Plant. The tractors will be used at the Cefé Landfill, Allison & Oso Wasterwater Treatment Plants. The heavy trucks will be used by Street, Stormwater, Water and Wastewater in their day to day operations. All units are replacements to the fleet. Replaced units will be disposed of through standard disposal of surplus property procedures, including live auctions and/or electronic auctions.

BACKGROUND AND FINDINGS:

The equipment will be purchased through the cooperative purchasing agreement with HGAC. HGAC acts as a purchasing agent for participating members through the Inter-local Cooperation Act and abides by all Texas statues regarding competitive bidding requirements.

ALTERNATIVES:

Not applicable.

OTHER CONSIDERATIONS:

Not applicable.

CONFORMITY TO CITY POLICY:

This purchase conforms to the City’s purchasing policies and procedures and Texas State procurement laws.

EMERGENCY / NON-EMERGENCY:

Non-Emergency.

DEPARTMENTAL CLEARANCES:

Fleet Maintenance Services, Park and Recreations, Solid Waste Department, Street Department, Stormwater Department, Wastewater Department, Water Department

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2013-2014	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$8,604,865.71	\$757,333.50	\$9,362,199.21
Encumbered / Expended Amount		\$3,868,037.09	0.00	\$3,868,037.09
Purchase		\$879,332.24	0.00	\$879,332.24
Lease Purchase		0.00	\$757,333.50	\$757,333.50
BALANCE		\$3,857,496.38	0.00	\$3,857,496.38

Fund(s): General Fund & the Capital Outlay Budget of the Fleet Maintenance Services Fund.

Comments:

Funding for the purchase of the five (5) mowers, three (3) tractors, four (4) heavy trucks (CNG), in the amount of \$879,332.24, is available in the General Fund and the Capital Outlay Budget of the Fleet Maintenance Services Fund for FY 2013-2014. Funding for the lease purchase of one (1) mower, and three (3) heavy trucks (CNG) is approved in the FY 2013-2014 budget. However, the equipment will be delivered and paid for in FY 2014 -2015 and, therefore, no funds are required in this fiscal year.

Funding is provided through the City’s lease/purchase financing agreement for a sixty-month period. The estimated interest rate is 2.35%. The actual interest rate will be determined after acceptance of the equipment. The estimated annual payment is \$151,466.76. Total estimated cost over the sixty-month period, including principal of \$713,874.28 and interest of \$43,459.22, is \$757,333.50.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet