



## 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  
**FROM:** Christela Morales, Procurement Manager  
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### Purchase and Lease Purchase of Backhoes

#### **CAPTION:**

Motion approving the purchase of two (2) Series III Tractor Loader Backhoes and Lease Purchase of three (3) Series IV Tractor Loader Backhoes from Doggett Machinery of Corpus Christi, Texas, based on lowest responsible bid in accordance with Bid Invitation BI-0237-14 for a total amount of \$364,353. The backhoe will be used by the Gas, Park & Recreation, Water and Wastewater Department. These units are replacement to the fleet. Funds for the purchase of (2) two tractor loader backhoes are available in the FY 2013-2014 Capital Outlay Budget of the Maintenance Services. Funds for the lease purchase of three (3) tractor loader backhoes will be provided through the City's lease/purchase financing program.

#### **PURPOSE:**

The backhoes will be used for excavation and backfilling of materials. All units are replacement units 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:**

Not applicable.

#### **ALTERNATIVES:**

Not applicable.

#### **OTHER CONSIDERATIONS:**

Not applicable.

#### **CONFORMITY TO CITY POLICY:**

This supply agreement conforms to the City's purchasing policies and procedures and Texas State procurement laws.

#### **EMERGENCY / NON-EMERGENCY:**

Non-Emergency.

**DEPARTMENTAL CLEARANCES:**

Utilities Department  
Fleet Maintenance Services

**FINANCIAL IMPACT:**

Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2013-2014</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget		\$7,805,535.31	\$241,245.60	\$8,046,780.91
Encumbered / Expended Amount		\$5,163,058.60	0.00	\$5,163,058.60
Purchase		\$136,951.00	0.00	\$136,951.00
Lease Purchase		0.00	\$241,245.60	\$241,245.60
<b>BALANCE</b>		<b>\$2,505,525.71</b>	<b>0.00</b>	<b>\$2,505,525.71</b>

**Fund(s):** Fleet Maintenance Services Fund, Gas Fund, Park & Recreation Fund

**Comments:**

Funding for the purchase of the two (2) backhoes, in the amount of \$136,951.00, are available in the Capital Outlay Budget of the Fleet Maintenance Services Fund for FY 2013-2014. Funding for the lease purchase of the remaining three (3) backhoes are approved in the FY 2013-2014 budget. However, the backhoes 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 \$48,249.12. Total estimated cost over the sixty-month period, including principal of \$227,402.00 and interest of \$13,843.60, is \$241,245.60.

**RECOMMENDATION:**

Staff recommends approval of the motion as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Bid Tabulation - Sheet attached.