



AGENDA MEMORANDUM

Future Item for the City Council Meeting of December 10, 2013
Action Item for the City Council Meeting of December 17, 2013

DATE: December 10, 2013

TO: Ronald L. Olson, City Manager

FROM: Michael Barrera, Assistant Director of Financial Services
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Lease Purchase of Freightliner Truck

CAPTION:

Motion approving the lease purchase of one (1) Freightliner truck with Knapheide Forestry Body from Freightliner of Houston, Houston, Texas for a total amount of \$90,870.00 of which \$7,014.06 is required in FY 2013-2014. The award is based on the cooperative purchasing agreement with the Houston-Galveston Area Council of Governments (HGAC). Funding is available from the City's lease-purchase financing contractor.

PURPOSE:

This vehicle will be used by the Park and Recreation horticulture team to transport chipped/shredded trees and palm fronds. This unit has an enclosed cargo area to collect debris created by the tree chipper. This unit is a replacement unit to the fleet.

BACKGROUND AND FINDINGS:

Not applicable.

ALTERNATIVES:

The expected service life of this vehicle is 15 years. The table below contains the projected 15-year life-cycle-cost of each of the indicated engine types. The diesel engine proves to be the most cost effective option, costing \$45,089.60 less over the vehicle's 15-year life cycle.

Type of Engine	Purchase Price	Cost of Fuel Over 15 Years (\$1.22/diesel-gal.-equivalent for CNG & \$3.12/gal. of diesel)	15-Year Life Cycle Cost
CNG	\$142,697	\$4,326.12	\$147,023.12
Diesel	\$90,870	\$11,063.52	\$101,933.52

Difference: \$45,089.60

OTHER CONSIDERATIONS:

Financing for the lease-purchase of the Freightliner truck with Knapheide Forestry Body is based on a eighty-four month term with an estimated interest rate of 2.22% for an annual payment of \$14,028.12. The total estimated cost over the seven-year period, including principal of \$90,870.00 and interest of \$7,326.84, is \$98,196.84.

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:

Park and Recreation Department.

FINANCIAL IMPACT:

x Operating Revenue Capital Not applicable

Fiscal Year: 2013-2014	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$209,701.30	\$91,182.78	\$300,884.08
Encumbered / Expended Amount		\$57,597.67	\$0	\$57,597.67
This item		\$7,014.06	\$91,182.78	\$98,196.84
BALANCE		\$145,089.57		\$145,089.57

Fund(s): Park Operations

Comments: The \$7,014.06 financial impact shown above represents six (6) months of payments that will be encumbered through the end of this fiscal year. The remaining \$91,182.78 for the last seventy-eight (78) months of the lease-purchase payments will be requested for future fiscal years during the normal budget process.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet