



AGENDA MEMORANDUM

Future Item for the City Council Meeting of September 22, 2015
Action Item for the City Council Meeting of September 29, 2015

DATE: September 22, 2015

TO: Ronald L. Olson, City Manager

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Lease-Purchase of Heavy CNG Trucks

CAPTION:

Motion approving the lease-purchase of four heavy compressed natural gas (CNG) trucks from Corpus Christi Freightliner of Corpus Christi, Texas for a total cost of \$641,491.90. The award is based on the cooperative purchasing agreement with the Houston-Galveston Area Council of Governments (H-GAC). Funding is available from the city's lease-purchase financing contractor.

Purchase Price: \$602,429.36
Interest for Lease: \$39,062.54
Total Cost: \$641,491.90

PURPOSE:

To approve the lease-purchase of four heavy CNG trucks for the Street Department.

BACKGROUND AND FINDINGS:

Financing for the lease-purchase is based on a sixty-month term with an estimated interest rate of 2.5% for an annual payment of \$128,298.38. The total estimated cost over the five-year period, including principal of \$602,429.36 and interest of \$39,062.54 is \$641,491.90.

ALTERNATIVES:

None.

OTHER CONSIDERATIONS:

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.

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:

Fleet Maintenance
Street Operations

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2014-2015	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$559,363.03	\$641,491.90	\$1,200,854.93
Encumbered / Expended Amount		\$545,720.25	\$0.00	\$545,720.25
This item		\$0.00	\$641,491.90	\$641,491.90
BALANCE		\$13,642.78	\$0.00	\$13,642.78

Fund(s): Streets Fund, Storm Water Fund

Comments:

Funding for the lease purchase of the four heavy CNG trucks is approved in the FY 2014–2015 budget. However, the equipment will be delivered and paid for in FY 2015-2016, therefore no funds are required in this fiscal year.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet