



AGENDA MEMORANDUM

Future Item for the City Council Meeting of September 19, 2017
Action Item for the City Council Meeting of October 17, 2017

DATE: September 19, 2017

TO: Margie C. Rose, City Manager

FROM: E. Jay Ellington, Director of Parks and Recreation Department
JayEll@cctexas.com
(361) 826-3464

Kim Baker, Assistant Director of Financial Services-Purchasing Division
KimB2@cctexas.com
(361) 826-3169

Lease-Purchase of Three Loaders and Two Motor Graders for Beach Operations

CAPTION:

Motion authorizing City Manager, or designee, to authorize all documents necessary for the lease-purchase of three loaders and two motor graders from Doggett Heavy Machinery Services, LLC of Corpus Christi, based on the cooperative purchasing agreement with Texas Local Government Purchasing Cooperative dba BuyBoard, with the total amount not to exceed is \$1,201,629.50.

PURPOSE:

This item is to approve the lease-purchase of three loaders and two motor graders for Parks and Recreation Beach Operations.

BACKGROUND AND FINDINGS:

The equipment is needed for everyday operations of the beach maintenance program to maintain roadways and the shoreline of the beach.

The calculated annual payment amount is \$240,125.88 for the new lease-purchase equipment compared to the annual rental cost of \$329,604.00. The lease-purchase plan includes a 5-year preventative maintenance package for each piece of equipment.

ALTERNATIVES:

None

OTHER CONSIDERATIONS:

Financing for the lease-purchase of the three loaders and two motor graders is based on a sixty-month term with an estimated interest rate of 3.65% for an annual estimated

payment of \$240,125.90. The total estimated cost over the five-year period, including principal of \$1,095,925.00 and interest of \$104,704.50 is \$1,200,629.50. 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 \$1,201,629.50. The lease-purchase financing will be pursuant to the City's agreement with Frost Bank, which was approved by City Council on February 13, 2013.

Total Lease-Purchase for all five pieces of heavy equipment:	\$1,095,925.00
Total Allowable Interest for Lease:	\$105,704.50
Grand Total for all five pieces of heavy equipment:	\$1,201,629.50

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:

Parks and Recreation Department

FINANCIAL IMPACT:

X Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2017-2018	Current Year	Future Years	TOTALS
Line Item Budget	\$489,000.00	\$1,041,545.58	\$1,530,545.58
Encumbered / Expended Amount	\$16,006.75	\$0.00	\$16,006.75
This item	\$160,217.28	\$1,041,545.58	\$1,201,762.86
BALANCE	\$312,775.97	\$0.00	\$312,775.97

Fund(s): General Fund and State HOT Beach

Comments: The Current Year column reflects only eight months of lease-purchase payments due to estimated equipment delivery in February 2018. The Future Years column includes the remaining lease-purchase of the five-year lease-purchase, for an amount not to \$1,041,545.58.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet