



AGENDA MEMORANDUM

Action item for the City Council Meeting of July 30, 2019

DATE: July 30, 2019

TO: Peter Zaroni, City Manager

FROM: Lawrence Mikolajczyk, Director of Solid Waste Operations
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Kim Baker, Director of Contracts and Procurement
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Lease Purchase of Eight Heavy Duty Trucks for Solid Waste

CAPTION:

Motion authorizing the lease purchase of three replacement 2020 model Western Star trucks consisting of two rear packing refuse trucks and one water tanker truck for an amount not to exceed \$624,276.48 from Grande Truck Center of San Antonio, Texas, and five replacement 2020 model Freightliner trucks consisting of one 18 cubic yard dump truck, three brush container trucks and one rear steer brush loader from Houston Freightliner of Houston Texas for a total amount not to exceed \$960,135.00, plus a total estimated allowable interest for lease of \$175,942.60, for a combined total amount not to exceed \$1,760,354.08 funded through the General Fund.

PURPOSE:

This item is to approve the lease purchase of eight heavy duty trucks for Solid Waste Department.

BACKGROUND AND FINDINGS:

The Solid Waste Department has a requirement to lease purchase eight heavy duty trucks. These units are all replacement units, and require replacement now that they exceed their programmed lives of 7-8 years and have excessive maintenance costs. The two refuse trucks, replacing 9 year old units, will be utilized to meet the departments' refuse collection requirement. The water tanker truck is operated by City personnel. This unit is used to control dust at the Cefe Valenzuela Landfill (landfill) haul road leading to the borrow pit area and other areas as needed. The water tanker truck will replace a 13 year old unit that is severely rusted, leaks water, and is in poor condition. The dump truck, used at the landfill, replaces a 17 year old unit. The three brush container trucks, used for

brush collection, range from 10-11 years old. The rear steer brush loader, used for brush collection, replaces a 10 year old unit.

Replacement of the landfill equipment will help assure that the department maintains effective landfill operations. The rear-loading refuse trucks are used to support daily garbage and recycling collection in applications less suited for automated collection. The replacement of brush collection equipment helps Solid Waste Services achieve its scheduled collection of brush and bulky waste, and provides essential equipment immediately during and after debris producing events.

Contracts awarded through the Buy Board Cooperative and HGAC- Houston Galveston Area Council have been competitively procured, and in compliance with Texas local and state procurement requirements.

ALTERNATIVES:

N/A

OTHER CONSIDERATIONS:

Financing for the lease purchase of these vehicles is based on sixty-month term with an estimated interest rate of 4.20% for an annual estimated payment of \$29,322.57. The total estimated cost over the five-year period, including principal of \$1,584,411.48 and interest of \$174,942.60 is \$1,759,354.08. 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 amount not to exceed.

Total Lease Purchase Price:	\$1,584,411.48
Total estimated allowable interest for Lease:	<u>\$ 175,942.60</u>
Grand Total:	\$1,760,354.08

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:

Solid Waste

FINANCIAL IMPACT:

X Operating Revenue Capital Not applicable

Fiscal Year: 2018-2019	Current Year	Future Years	TOTALS
Line Item Budget	\$705,200.00	\$1,701,675.61	\$2,406,875.61
Encumbered / Expended Amount	\$582,197.87	\$0.00	\$582,197.87

This item	\$58,678.47	\$1,701,675.61	\$1,760,354.08
BALANCE	\$64,323.66	\$0.00	\$64,323.66

Funding Detail:

Fund: 1020 General Fund
Organization/Activity: 12506 Cefe Valenzuela Landfill Operator
Mission Element: 033 Manage disposal, transfer station, landfills
Project # (CIP Only): N/A
Account: 530190 Lease Purchase Payment

Funding Detail:

Fund: 1020 General Fund
Organization/Activity: 12511 Brush Collection
Mission Element: 031 Collect brush and bulk waste
Project # (CIP Only): N/A
Account: 530190 Lease Purchase Payment

RECOMMENDATION:

Staff recommends approval of the action as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet