



AGENDA MEMORANDUM

Future Item for the City Council Meeting of February 14, 2017
Action Item for the City Council Meeting of February 21, 2017

DATE: February 14, 2017

TO: Margie C. Rose, City Manager

FROM: Jim Davis, Director of Fleet Maintenance
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Lease-Purchase of a Valve Maintenance Trailer for Water Department

CAPTION:

Resolution authorizing the City Manager, or designee, to lease-purchase a valve maintenance trailer for the Utilities Department from E. H. Wachs Utility Products, a division of ITW, of Harvard, Illinois, based on a sole source for a total amount not to exceed \$82,280.21; and finding that the purchase of the valve maintenance trailer is necessary to preserve and protect the public health and safety of the City's residents.

Total Lease-Purchase Price:	\$75,387.35
Total Estimated Allowable Interest for Lease:	<u>\$6,892.86</u>
Grand Total:	\$82,280.21

PURPOSE:

This item is to approve the lease-purchase of a valve maintenance trailer for the water crews in the Utilities Department.

BACKGROUND AND FINDINGS:

This valve maintenance trailer is needed to assist water crews in the operation, opening and closing, of water valves throughout the City. In effort to have a successful valve maintenance program, the purchase of this unit is necessary. With the new addition of

the valve maintenance trailer, a valve maintenance team will be assembled and mobilized throughout the city to perform critical inspections of the City's water valve infrastructure. The valve maintenance trailer is a new addition to the fleet replacing a 2001 Dodge Caravan with 124,670 miles on the odometer currently flagged for disposal.

ALTERNATIVES:

Not applicable.

OTHER CONSIDERATIONS:

Financing for the lease-purchase of the valve maintenance trailer is based on a sixty month term with an estimated interest rate of 3.25% for an annual estimated payment of \$16,356.04. The total estimated cost over the five-year period, including principal of \$75,387.35 and interest of \$6,392.86, is \$81,780.21. A not to exceed tolerance of \$500.00 has been added to the interest amount to allow for the possible fluctuation of the interest rate for a total amount not to exceed \$82,280.21.

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:

Utilities

FINANCIAL IMPACT:

X Operating Revenue Capital Not applicable

Fiscal Year: 2016-2017	Current Year	Future Years	TOTALS
Line Item Budget	\$10,660.00	\$72,739.21	\$83,399.21
Encumbered / Expended Amount	\$0.00	\$0.00	\$0.00
This item	\$9,541.00	\$72,739.21	\$82,280.21
BALANCE	\$1,119.00	\$0.00	\$1,119.00

Fund(s): Water

Comments:

Delivery of the valve maintenance trailer is scheduled during FY2016-2017. The annual estimated payment for this lease-purchase is \$16,356.04 of which \$9,541.00 is budgeted in FY2016-2017 by the Utilities Department. The remaining lease-purchase payments will be requested in future years during the normal budget process.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet
Resolution