



AGENDA MEMORANDUM

Future Item for the City Council Meeting of September 11, 2018
Action Item for City Council Meeting of September 18, 2018

DATE: September 11, 2018

TO: Keith Selman, Assistant City Manager

FROM: Jim Davis, Executive Director of Asset Management
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Lease Purchase of Six Trucks and Two Trailers for Solid Waste Operations

CAPTION:

Motion authorizing the lease purchase of four side loading refuse truck from Rush Truck Center of New Braunfels, Texas, and two rear-loading refuse trucks from Grande Truck Center of San Antonio, Texas and two transfer trailers from Rush Truck Center of New Braunfels, Texas via Houston-Galveston Area Council (HGAC) for a total amount not to exceed \$2,013,177.48.

PURPOSE:

This item is to approve the lease purchase of 2018 model trucks and trailers for Solid Waste Operations as per the following breakdown: four side loading refuse truck from Rush Truck Center of New Braunfels, Texas and two rear-loading refuse trucks from Grande Truck Center of San Antonio, Texas and two transfer trailers from Rush Truck Center of New Braunfels, Texas.

BACKGROUND AND FINDINGS:

Solid Waste Operations currently has a requirement to replace four side loading refuse trucks two rear-loading refuse trucks and two transfer trailers which are intended to perform various functions within the Solid Waste Department. The units to be replaced are all well past the end of their service lives. All six refuse trucks are replacements, the two transfer trailers are additions to the fleet. The trailers are additions to increase

efficiencies in transferring refuse to the Cefe Valenzuela Landfill. The refuse trucks will be able to unload at the Elliot Transfer Station, reducing mileage, and time to return to their routes.

Utilization of the Houston-Galveston Area Council (HGAC) provides competitive pricing for the City through competitive procurements that are in with compliance with Texas local and state procurement requirements.

ALTERNATIVES:

N/A

OTHER CONSIDERATIONS:

Financing for the lease-purchase of these vehicles is based on a sixty-month term with an estimated interest rate of 4.20% for an annual estimated payment of \$402,535.50. The total estimated cost over the five-year period, including principal of \$1,813,390.10 and interest of \$199,287.38, is \$2,012,677.48. 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

Total Lease-Purchase Price:	\$1,813,390.10
Total estimated allowable interest for Lease:	<u>\$ 199,787.38</u>
Grand Total:	\$2,013,177.48

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:

Solid Waste Operations

FINANCIAL IMPACT:

X Operating Revenue Capital Not applicable

Fiscal Year: 2017-2018	Current Year	Future Years	TOTALS
Line Item Budget	\$0.00	\$4,116,803.20	\$4,116,803.20
Encumbered / Expended Amount	\$0.00	\$0.00	\$0.00
This item	\$0.00	\$2,013,177.48	\$2,013,177.48
BALANCE	\$0.00	\$0.00	\$0.00

Fund(s): Solid Waste Operations

Comments:

Delivery of these vehicles is scheduled during the summer of 2019. Payments will begin after vehicles are delivered.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet