



AGENDA MEMORANDUM

Action Item for the City Council Meeting September 15, 2020

DATE: September 15, 2020

TO: Peter Zaroni, City Manager

FROM: David S. Lehfeldt, Director of Solid Waste Services
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<p>Lease-Purchase of 10 Replacement Side Loading Refuse Trucks for Solid Waste Services</p>
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CAPTION:

Motion authorizing a lease-purchase of 10 replacement side loading refuse trucks from Grande Ford Truck Sales, Inc. for a total amount of \$3,536,856.59 to be utilized by the Solid Waste Services in the Refuse Collections Division, to be purchased on or after October 1, 2020, with funding requested in the FY 2021 Proposed Budget.

SUMMARY:

This motion will authorize a lease purchase of 10 side loading refuse trucks through the Houston-Galveston Area Council (H-GAC Cooperative) to replace units that have met their expected service life of 7 to 10 years old.

BACKGROUND AND FINDINGS:

The reliability of the Solid Waste Services collection fleet is imperative to the department's mission to effectively collect, dispose and recycle solid waste. The cyclical replacement of collection trucks helps assure that sufficient quantity of safe and operable equipment is available to meet the workload, provide spare units that are usable when front line units are downed for repairs and scheduled maintenance, and helps level out the annual financial impact on the General Fund. The trucks may be used interchangeably to collect recycling or garbage as needed. The 10 units being replaced range from 7 to 10 years old and have experienced excessive maintenance costs totaling over \$3.88 million in aggregate, since their purchase dates. The table below has information related to the replacement units.

<i>Unit #</i>	<i>Age</i>	<i>Hours</i>
1769	10.4	13,259
1770	10.4	18,641
1771	8.8	13,624
1773	7.7	10,932
1774	7.7	13,315

<i>Unit #</i>	<i>Age</i>	<i>Hours</i>
1775	7.7	10,454
1776	7.7	11,761
1777	7.3	12,729
1778	7.2	12,729
1779	7.2	11,052

Depending on manufacturing and production schedules, refuse trucks typically take 9 to 12 months to receive from the date of order. Funding is available and programmed into the FY 2021 Proposed Budget.

The procurement is through the H-GAC Cooperative. Contracts awarded through the H-GAC Cooperative have been competitively procured in compliance with Texas Local and State procurement requirements.

ALTERNATIVES:

An alternative is to continue using the older refuse trucks and struggle to meet mission requirements due to the increasing age, and increased maintenance requirements.

FISCAL IMPACT:

There will be no fiscal impact for Solid Waste Services in FY 2020 for the lease-purchase of 10 side loading refuse trucks to be purchased on or after October 1, 2020, with funding requested in the FY 2021 Proposed Budget. The remaining balance will be budgeted in future years through the annual budget process.

Financing for the lease-purchase of 10 side loading refuse trucks is based on a sixty-month term with an estimated interest rate of 2.00% for an annual estimated payment of \$707,371.32. The total estimated cost over the five-year period, including principal of \$3,363,100.00 and interest of \$173,756.59 is \$3,536,856.59.

Total Lease-Purchase Price:	\$3,363,100.00
Total estimated allowable interest for Lease:	<u>\$ 173,756.59</u>
Grand Total:	\$3,536,856.59

FUNDING DETAIL:

Fund:	1020	General Fund
Organization/Activity:	12510	Refuse Collection
Mission Element:	031	Waste & Brush Collection
Project # (CIP Only):	N/A	
Account:	530190	Lease-Purchase

RECOMMENDATION:

Staff recommends approval of this motion authorizing the lease purchase of 10 side loading refuse trucks from Grande Ford Truck Sales, Inc. as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet