



AGENDA MEMORANDUM

Future Item for the City Council Meeting of December 10, 2013

Action Item for the City Council Meeting of December 17, 2013

DATE: December 10, 2013

TO: Ronald L. Olson, City Manager

FROM: Michael Barrera, Assistant Director of Financial Services
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Lease-Purchase of Freightliner Truck with Aerial Lift Body

CAPTION:

Motion approving the lease-purchase of one (1) Freightliner truck with aerial lift body from Freightliner of Houston, Houston, Texas for a total amount of \$131,620.00. The award is based on the cooperative purchasing agreement with the Houston-Galveston Area Council of Governments (HGAC). Funding is available from the city's lease-purchase financing contractor.

PURPOSE:

To be used by Traffic Engineering to install and maintain traffic signals throughout the City.

BACKGROUND AND FINDINGS:

This unit will be a replacement to the fleet.

ALTERNATIVES:

The expected service life of this vehicle is 15 years. The table below contains the projected 15-year life-cycle-cost of each of the indicated engine types. The diesel engine proves to be the most cost effective option, costing \$13,901 less over the vehicle's 15-year life cycle.

Type of Engine	Purchase Price	Cost of Fuel Over 15 Years (\$1.22/diesel-gal.-equivalent for CNG & \$3.12/gal. of diesel)	15-Year Life Cycle Cost
CNG	\$182,740	\$23,899	\$206,639
Diesel	\$131,620	\$61,118	\$192,738

Difference: \$13,901

OTHER CONSIDERATIONS:

Financing for the lease-purchase of the Freightliner truck with aerial lift body is based on a sixty-month term with an estimated interest rate of 2.22% for an annual payment of \$27,836.28. The total estimated cost over the five-year period, including principal of \$131,620.00 and interest of \$7,561.40, is \$139,181.40.

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:

Traffic Engineering Department.

FINANCIAL IMPACT:

x Operating Revenue Capital Not applicable

Fiscal Year: 2013-2014	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$28,000.00	\$136,861.71	\$164,861.71
Encumbered / Expended Amount		\$0	\$0	\$0
This item		\$2,319.69	\$136,861.71	\$139,181.40
BALANCE		\$25,680.31		\$25,680.31

Fund(s): Street Fund

Comments: The \$2,319.69 financial impact shown above represents one (1) month of payment that will be encumbered through the end of this fiscal year. The remaining \$136,861.71 for the last fifty-nine (59) months of the lease-purchase payments will be requested for future fiscal years during the normal budget process.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet.