



## AGENDA MEMORANDUM

Future Item for the City Council Meeting of September 16, 2014  
Action Item for the City Council Meeting of September 23, 2014

**DATE:** September 16, 2014  
**TO:** Ronald L. Olson, City Manager  
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### Purchase and Lease Purchase of Excavator(s)

#### **CAPTION:**

Motion approving the purchase of four (4) excavators and the lease purchase of one (1) excavator from Doggett Machinery, Corpus Christi, TX for the total amount of \$221,674.00. The award is based on the lowest responsible bid in accordance to Bid Invitation BI-0223-14. Funding for the purchase of excavators is available in the Fleet Maintenance Services Fund in FY 2013-2014. Funds for the lease purchase of excavator will be provided through the City's lease purchase financing program.

#### **PURPOSE:**

The equipment will be used for excavation of underground utilities while performing leak repairs, replacements, and new construction by the Gas, Water and Wastewater Department. Four units are additions and one (1) unit is a replacement to the fleet. Replaced units will be disposed of through standard disposal of surplus property procedures, including live auctions and/or electronic auctions.

#### **BACKGROUND AND FINDINGS:**

Not applicable.

#### **ALTERNATIVES:**

Not applicable.

#### **OTHER CONSIDERATIONS:**

Not applicable.

#### **CONFORMITY TO CITY POLICY:**

This purchase conforms to the City's purchasing policies and procedures and Texas State procurement laws.

#### **EMERGENCY / NON-EMERGENCY:**

Non-Emergency.

**DEPARTMENTAL CLEARANCES:**

General Services

**FINANCIAL IMPACT:**

Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2013-2014</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget		\$7,940,418.84	\$24,960.57	\$7,965,379.41
Encumbered / Expended Amount		\$5,073,283.60	0.00	\$5,073,283.60
Purchase		\$197,747.00	0.00	\$197,747.00
Lease Purchase		\$423.06	\$24,960.57	\$25,383.63
<b>BALANCE</b>		<b>\$2,668,965.18</b>	<b>0.00</b>	<b>\$2,668,965.18</b>

Fund(s): Fleet Maintenance Services Fund and Gas Fund

**Comments:**

Funding for the purchase of excavators, in the amount of \$197,747.00, is available in the Fleet Maintenance Service Fund FY 2013-2014. The \$423.06 financial impact shown above represents one (1) month of expenditures that will be encumbered through the end of this fiscal year, for the lease/purchase excavator. The remaining \$24,960.57 will be requested during the normal FY 2014-2015 budget approval process.

Funding is provided through the City's lease/purchase financing agreement for a sixty-month period. The estimated interest rate is 2.35%. The actual interest rate will be determined after acceptance of the equipment. The estimated annual payment is \$5,076.72. Total estimated cost over the sixty-month period, including principal of \$23,927.00 and interest of \$1,456.63, is \$25,383.63.

**RECOMMENDATION:**

Staff recommends approval of the motion as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Bid Tabulation – Attached