



## AGENDA MEMORANDUM

Action item for the City Council Meeting of September 24, 2019

**DATE:** September 24, 2019

**TO:** Peter Zaroni, City Manager

**FROM:** David Lehfeldt, Interim Director of Solid Waste Services  
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**Lease Purchase of Six Automated Side Loading Refuse Trucks that are  
replacements to the Fleet for Solid Waste Services**

**CAPTION:**

Motion authorizing a lease-purchase from Rush Truck Centers of Texas, L.P., for the purchase of six Peterbilt 520 chassis with New Way side loading refuse trucks for Recycling and Refuse Collection Division of Solid Waste Services for vehicle replacement in an amount not to exceed \$2,270,890.11, effective upon issuance of a letter of acceptance, with the first-year funding in the amount of \$453,978.00 available in the General Fund, beginning in Fiscal Year 2020.

**SUMMARY:**

This motion authorizes the lease-purchase of six new Peterbilt 520 chassis with New Way side loading refuse replacement trucks for Solid Waste Services, in an amount not to exceed \$2,044,182.00 and interest in the amount of \$226,708.11 for a grand total of \$2,270,890.11, from Rush Truck Centers of Texas, L.P. These six new trucks are replacing units that are nine to 12 years, with diminishing reliability and increasing maintenance costs. Five units will be assigned for recycling collection and one unit assigned to garbage collection, which may be used interchangeably as needed.

**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 daily 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 six units being replaced range in age from nine

to 12 years, and have experienced excessive maintenance costs, averaging approximately \$530,000.00 per vehicle since their purchase dates. The trucks may be used interchangeably to collect recycling or garbage as needed.

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

**ALTERNATIVES:**

The trucks can be rented as needed. The cost may not be cost effective long term, and the trucks may not be readily available when needed.

**FISCAL IMPACT:**

The fiscal impact for Solid Waste Services in Fiscal Year 2020 is a monthly payment of \$37,831.50 beginning after equipment is received. Financing for the lease purchase of these six vehicles is based on a sixty-month term with an estimated interest rate of 4.20% for an annual estimated payment of \$453,978.00, beginning in Fiscal Year 2020. The total estimated cost over the five-year period, including principal of \$2,044,182.00 and interest of \$226,708.11 is \$2,270,890.11. Lease purchase financing has historically been utilized to acquire costly equipment for Solid Waste Services. Lease purchasing is preferred in this instance to minimize the annual expense on the General Fund. The benefits of improved reliability and lower maintenance costs outweigh the additional financing costs associated with this purchase. A not to exceed tolerance of \$1,000.00 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:	\$2,044,182.00
Total estimated allowable interest for Lease:	<u>\$ 226,708.11</u>
Grand Total:	\$2,270,890.11

**Funding Detail:**

Fund: 1020 General Fund  
Organization/Activity: 12512 Recycling Collection  
Mission Element: 032 Collect Garbage & Recycling Materials  
Project # (CIP Only): N/A  
Account: 530190 Lease purchase payments

**RECOMMENDATION:**

Staff recommends approval of this motion authorizing the lease-purchase with Rush Truck Centers of Texas, L.P. for the purchase of six Peterbilt 520 chassis with New Way side loading refuse trucks as presented as replacements to the fleet.

**LIST OF SUPPORTING DOCUMENTS:**

Price Sheet