



## AGENDA MEMORANDUM

Future Item for the City Council Meeting of February 14, 2017  
Action Item for the City Council Meeting of February 21, 2017

**DATE:** February 14, 2017

**TO:** Margie C. Rose, City Manager

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### Lease-Purchase of Two 2017 Isuzu PipeHunter Trucks for Wastewater Department

#### **CAPTION:**

Motion authorizing the lease-purchase of two 2017 Isuzu PipeHunter trucks from Rush Truck Centers of Texas, L.P., of Houston, Texas, based on the cooperative purchasing agreement with Texas Local Government Purchasing Cooperative, dba BuyBoard for a total amount not to exceed \$239,644.19, with an estimated expenditure of \$23,914.44 in FY2016-2017.

Total Lease-Purchase Price:	\$220,450.00
Total Estimated Allowable Interest for Lease:	<u>\$19,194.19</u>
Grand Total:	\$239,644.19

#### **PURPOSE:**

This item is to approve the lease-purchase of two 2017 Isuzu PipeHunter trucks for the Wastewater Collection System crew in the Utilities Department.

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

PipeHunters are trucks equipped with very high pressure water hoses which are used to clear sewer lines. They augment vacuum combination trucks in this type work. They are heavily used on a daily basis. The two trucks to be replaced are year models 2003 and

2007. They have 15,000 hours and 22,000 hours of use respectively. Expected life usage is 8,400 hours. In both instances, the life to date maintenance costs have exceeded purchase costs by 100% and 63% respectively. Both units are beginning to experience excessive down time.

**ALTERNATIVES:**

Not applicable.

**OTHER CONSIDERATIONS:**

Financing for the lease-purchase of the two 2017 Isuzu PipeHunter trucks is based on a sixty month term with an estimated interest rate of 3.25% for an annual estimated payment of \$47,828.88. The total estimated cost over the five-year period, including principal of \$220,450.00 and interest of \$18,694.19, is \$239,144.19. 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 not to exceed of \$239,644.19.

**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:**

Utilities

**FINANCIAL IMPACT:**

X Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2016-2017</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget	\$131,940.91	\$215,729.75	\$347,670.66
Encumbered / Expended Amount	\$35,928.92	\$0.00	\$35,928.92
This item	\$23,914.44	\$215,729.75	\$239,644.19
BALANCE	\$72,097.55	\$0.00	\$72,097.55

Fund(s): Wastewater

**Comments:**

Delivery of the two 2017 Isuzu PipeHunter trucks is scheduled during FY2016-2017. The annual estimated payment for this lease-purchase is \$47,828.88 of which \$23,914.44 is budgeted in FY2016-2017 by the Utilities Department for six 6 months of payments. The remaining lease-purchase payments will be requested in future years during the normal budget process.

**RECOMMENDATION:**

Staff recommends approval of the motion as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Price Sheet