



AGENDA MEMORANDUM

Action for the City Council Meeting of October 13, 2020

DATE: October 13, 2020

TO: Peter Zaroni, City Manager

FROM: Bill Mahaffey, Director of Gas Operations
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Lease-Purchase of 11 Trucks for Gas Operations

CAPTION:

Motion authorizing the lease-purchase of 11 replacement trucks consisting of nine F-550 extended cab with welding body, one F-550 crew cab with canopy service body and one F-450 crew cab with bi-fuel CNG and a canopy body for the Gas Department from Silsbee Ford, Inc., in an amount of \$756,314.00, for Gas Operations, with FY 2021 funding available in an amount of \$75,631.40 in the Gas Fund.

SUMMARY:

This motion authorizes a lease-purchase of 11 trucks for use by the Gas Department through the GoodBuy Cooperative. These trucks will be used by Gas Operations staff to perform various duties such as securely haul parts, tools and small trailers and Maintenance of Lines Division for repairs, and installation of new lines. These units are replacements to the existing Gas Operations fleet.

BACKGROUND AND FINDINGS:

Gas Operations currently has an operational requirement to replace 11 trucks. The trucks consist of nine 2020 Ford-F550s with a welding body, one 2021 F550 Crew cab with canopy service body, and one 2020 F450 Crew cab with bi-fuel CNG, and a canopy service body. These are replacement units for trucks that have met their expected service lives of seven years. The units being replaced are 10 to 21 years old.

This procurement is through the GoodBuy Cooperative. Contracts awarded through the GoodBuy Cooperative have been competitively procured in compliance with Texas Local and State procurement requirements. The percentage of savings through the GoodBuy

Cooperative contract is 14%, 17%, and 18% less than MSRP respectively. In view of these savings, it is the recommended method of purchase for these trucks.

ALTERNATIVES:

An alternative is to continue utilizing the old vehicles. However, this will result in frequent and costly repairs on the old vehicles that may lead to less construction work and slower response to emergency repairs creating loss of service to City customers if vehicles are not readily available.

FISCAL IMPACT:

The fiscal impact for Gas Operations in FY 2021 is \$75,631.40. for the lease-purchase of 11 trucks. The remaining balance in an amount of \$680,682.60 will be budgeted in future years through the annual budget process.

Financing for the lease-purchase of the eleven light duty trucks is based on a sixty-month term with an estimated interest rate of 2.00% for an annual estimated payment of \$151,262.80. The total estimated cost over the five-year period, including principal of \$719,158.25 and interest of \$37,155.75 is \$756,314.00.

Total Lease-Purchase Price:	\$ 719,158.25
Total estimated allowable interest for Lease:	<u>\$ 37,155.75</u>
Grand Total:	\$ 756,314.00

FUNDING DETAIL:

Fund:	4130	Gas Fund
Organization/Activity:	34110	Gas Maintenance and Operations
Mission Element:	022	Gas Distribution System
Project # (CIP Only):	N/A	
Account:	530190	Lease-Purchase Payments

RECOMMENDATION:

Staff recommends approval of this motion authorizing the lease-purchase with Silsbee Ford for 11 light duty trucks as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet