



AGENDA MEMORANDUM

Action Item for the City Council Meeting of January 14, 2020

DATE: January 14, 2020

TO: Peter Zaroni, City Manager

FROM: Kevin Norton, Director of Water Utilities
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Close Circuit Television (CCTV) Vans for Utilities

CAPTION:

Motion authorizing a lease-purchase of four 2019 Ford E-450 Cutaway Closed Circuit Television (CCTV) vans, as additions to the fleet for the Utilities Department to inspect various wastewater lines throughout the City, to be purchased from Silsbee Ford of Silsbee, Texas, in an amount not to exceed \$1,043,654.93, effective upon issuance of letter of acceptance, with FY 2020 funding in an estimated amount of \$139,153.99 available through the Wastewater Fund.

SUMMARY:

This motion authorizes the lease-purchase of four 2019 Ford E-450 Cutaway CCTV vans for the Utilities Department. This new equipment is part of the approved FY2020 Budget Enhancement Package to add four wastewater line cleaning and inspection crews that will take over work currently performed by contractors. These new units are additions to the fleet, and the lease-purchase option lowers the impact on utility rates.

BACKGROUND AND FINDINGS:

The Utilities Department has an operational need to acquire four CCTV vans, which will be used to inspect various wastewater lines throughout the City. These new additions to the fleet are part of the approved FY2020 Budget Enhancement Package to add four wastewater line cleaning and inspection crews. The City has almost 1,400 miles of

wastewater pipes to maintain, and this equipment will be used to inspect the wastewater lines and identify any needed repairs.

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.

ALTERNATIVES:

An alternative is not to lease-purchase this equipment. This would result in less in-house capability to execute maintenance and emergency response work, therefore creating a loss of service to City customers. As part of the Utilities Department's FY2020 Budget Enhancements, the lease-purchase option lowers the impact on utility rates.

FISCAL IMPACT:

The fiscal impact for Utilities Department in FY 2020 is an estimated amount of \$139,153.99. The remaining balance will be budgeted in future years through the annual budget process. Financing for the lease purchase of four 2019 Ford E-450 Cutaway CCTV Vans is based on a sixty-month term with an estimated interest rate of 3.00% for an annual estimated payment of \$208,730.99. (The current interest rate is 2.4%.) The total estimated cost over the five-year period, including principal of \$968,030.96 and interest of \$76,623.97 is \$1,043,654.93. 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.

Total Lease Purchase Price:	\$ 968,030.96
Total estimated allowable interest for Lease:	<u>\$ 76,623.97</u>
Grand Total:	\$1,043,664.93

FUNDING DETAIL:

Fund:	4200	Wastewater Fund
Organization/Activity:	33400	Wastewater Collection System
Mission Element:	042	Wastewater Collection System
Project # (CIP Only):	N/A	
Account:	530190	Lease Purchase Payments

RECOMMENDATION:

Staff recommends approval of this motion authorizing the lease-purchase of four 2019 Ford E-450 Cutaway CCTV Vans from Silsbee Ford as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet