



AGENDA MEMORANDUM

Future Item for the City Council Meeting of July 19, 2016
Action Item for the City Council Meeting July 26, 2016

DATE: July 12, 2016

TO: Margie C. Rose, City Manager

FROM: Jim Davis, Director of General Services
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Lease-Purchase of Four Peterbilt 367 Trucks

CAPTION:

Motion approving the lease-purchase of four Peterbilt 367 trucks from Rush Truck Centers of Texas, L.P., of Houston, Texas for a total amount not to exceed \$855,000.00. Two trucks will be truck tractors used to pull large refuse trailers and two trucks will be equipped with Heil low lift 22 ft. roll-off beds to carry roll-off refuse containers. The award is based on the cooperative purchasing agreement with the Houston-Galveston Area Council (H-GAC).

(2) Peterbilt 367 Haul Truck Tractor	(2) Peterbilt 367 with Roll-Off
\$343,922.00	\$456,350.00
Total Lease-Purchase Price:	\$800,272.00
Total Allowable Interest for Lease	\$54,728.00
Grand Total:	\$855,000.00

PURPOSE:

This item is to approve the lease-purchase of four Peterbilt 367 trucks.

BACKGROUND AND FINDINGS:

Two Peterbilt 367 trucks will be equipped with hydraulic kits and function as truck tractors to the support operations of the J.C. Elliott Transfer Station. These two truck tractors will haul large refuse trailers from the J.C Elliott Transfer Station to the Cefe Valenzuela Landfill. The remaining two units will be outfitted as roll-off trucks to be

used by the Transfer Station, but may be utilized interchangeably to support the Wastewater sludge hauling program, a service managed by the Solid Waste Operations Department. The purpose of these two trucks is to haul roll-off containers from the Transfer Station. This purchase allows for the replacement of haul trucks that have been in service since 2007 and roll-off units acquired in 2004.

ALTERNATIVES:

The equipment identified is the optimum choice for the tasks to be performed. The power configuration for these trucks is not compatible with a CNG fuel application.

OTHER CONSIDERATIONS:

Financing for the lease-purchase of the four trucks is based on a sixty month term with an estimated interest rate of 2.50% for an annual payment of \$170,432.64. The total estimated cost over the five-year period, including principal of \$800,272 and interest of \$51,890.99, is \$852,162.99. A not to exceed tolerance of \$2,837.01 has been added to allow for the possible fluctuation of the interest rate.

CONFORMITY TO CITY POLICY:

This purchase conforms to the City's purchasing policies and procedures and State statutes regulating procurement.

EMERGENCY / NON-EMERGENCY:

Non-emergency.

DEPARTMENTAL CLEARANCES:

Solid Waste

FINANCIAL IMPACT:

☐ Operating ☐ Revenue ☒ Capital ☐ Not applicable

Fiscal Year: 2015-2016	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$506,203.00	\$855,000.00	\$1,361,203.00
Encumbered / Expended Amount		\$392,483.93	\$0.00	\$392,483.93
This item		\$0.00	\$855,000.00	\$855,000.00
BALANCE		\$113,719.07	\$0.00	\$113,719.07

Fund(s): General Fund

Comments:

The department has reserved \$14,202.72 for a 1 month payment in FY2016 however; delivery of the trucks is scheduled during FY2016-2017. 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.