



AGENDA MEMORANDUM

Future Item for the City Council Meeting of September 20, 2016
Action Item for the City Council Meeting September 27, 2016

DATE: September 20, 2016

TO: Margie C. Rose, City Manager

FROM: Jim Davis, Director of Fleet Operations
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Lease-Purchase of Two Slope Tractor Mowers

CAPTION:

Motion approving the lease-purchase of two Slope Tractor Mowers from Alamo Industrial, of Seguin, Texas for a total amount of \$365,600.00. \$51,000.00 will be paid out of FY2015-2016 funds, leaving \$314,600.00 to be lease-purchased with allowing interest of \$23,706.00 for a total not to exceed \$389,306.00. The award is based on the cooperative purchasing agreement with Texas Local Government Purchasing Cooperative, dba BuyBoard.

Two Slope Tractor Mowers	
Total Non-financed:	\$51,000.00
Total Lease-Purchase:	\$314,600.00
Total Allowable Interest for Lease:	<u>\$23,706.00</u>
Not To Exceed Grand Total:	\$389,306.00

PURPOSE:

This item is to approve the lease-purchase of two slope mowers for the Parks & Recreation Department.

BACKGROUND AND FINDINGS:

This purchase will be used by Park Operations, Storm Water Mowing Division in the performance of their duties throughout the City and are replacements for units that have been taken out of service by the Fleet Maintenance Services due to rising repair cost. The two slope tractor mowers are replacements and will not increase the fleet.

ALTERNATIVES:

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

OTHER CONSIDERATIONS:

Financing for the lease-purchase portion of the two slope tractor mowers is based on a sixty month term with an estimated interest rate of 2.50% for an annual payment of \$6,488.44. The total estimated cost over the five-year period, including principal of \$314,600.00, interest of \$23,706.00, plus an outright purchase payment of \$51,000.00 for a total not to exceed \$389,306.00.

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:

Fleet Maintenance Services and Parks & Recreation

FINANCIAL IMPACT:

X Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2015-2016	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$4,106,461.49	\$338,306.00	\$4,444,767.49
Encumbered / Expended Amount		\$3,402,739.98	\$0.00	\$3,402,739.98
This item		\$51,000.00	\$338,306.00	\$389,306.00
BALANCE		\$652,721.51	\$0.00	\$652,721.51

Fund(s): Fleet Maintenance

Comments:

The department has reserved \$51,000.00 for a onetime payment in FY2017 however; all other 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