



## AGENDA MEMORANDUM

Future Item for the City Council Meeting of January 31, 2017  
Action Item for the City Council Meeting of February 14, 2017

**DATE:** January 31, 2017

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

**FROM:** Lawrence Mikolajczyk, Director of Solid Waste Operations  
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### Lease-purchase of Refuse and Recycle Containers (Carts)

#### **CAPTION:**

Motion authorizing City Manager, or designee, to lease-purchase from Cascade Engineering, Inc., of Grand Rapids, Michigan, 9,440 96-gallon refuse containers and 1,870 96-gallon recycle containers for a total amount of \$569,409.99, with an estimated expenditure of \$66,431.05 in FY2016-17. The award is based on the cooperative purchasing agreement with the Houston-Galveston Area Council of Government (H-GAC). The containers will be used in the City's automated collection program.

Lease-Purchase Price	\$534,736.80
Interest	\$34,673.19
Total	\$569,409.99

#### **PURPOSE:**

Approval to lease-purchase refuse and recycle containers. These containers are provided for use to Solid Waste customers to serve their refuse and recycling needs.

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

The containers will be distributed to new customers, customers requesting additional containers and customers requesting replacements for damaged and stolen carts. The

Solid Waste Department dedicates two full-time employees to the distribution, collection

and maintenance of carts for approximately 88,000 customer accounts.

The entire city is currently on the automated collection program which was first implemented in 2002. The plastic carts have standard 10 year warranties, and many of the original carts issued in 2002 remain in service today. The replacement of damaged wheels is the most common type of repair, especially to the older carts. Carts that are damaged and deemed unserviceable, are collected and recycled by the Solid Waste Department.

**ALTERNATIVES:**

N/A

**OTHER CONSIDERATIONS:**

The containers lease purchase will be funded for a sixty month period with an estimated interest rate of 2.5%. The actual interest rate will be determined after the acceptance of the containers. Seven payments, totaling \$66,431.05 are anticipated for FY 2016-2017, with the first payment in March 2017. Monthly payments of approximately \$9,490.15 will continue until the last payment is issued in January 2022.

**CONFORMITY TO CITY POLICY:**

This purchase conforms to the City's purchasing policies and procedures and Texas State procurement laws.

**EMERGENCY / NON-EMERGENCY:**

Non-emergency.

**DEPARTMENTAL CLEARANCES:**

Solid Waste Department

**FINANCIAL IMPACT:**

☐ 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	\$2,793,605.19	\$502,978.94	\$3,296,584.13
Encumbered / Expended Amount	\$2,726,881.64	\$0	\$2,726,881.64
This item	\$66,431.05	\$502,978.94	\$569,409.99
BALANCE	\$292.50	\$0	292.50

Fund(s): General Fund

**Comments:**

Funding for this lease-purchase approved for the FY 2016-17 budget.

**RECOMMENDATION:**

Staff recommends approval of the motion as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Price Sheet