



AGENDA MEMORANDUM

Future Item for the City Council Meeting of May 30, 2017
Action Item for the City Council Meeting of June 13, 2017

DATE: May 30, 2017

TO: Margie C. Rose, City Manager

FROM: Jim Davis, Director of Fleet Maintenance
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<p>Lease-Purchase of One Peterbilt 320 Chassis with Roll-Off and Three Peterbilt 367 Transfer Tractors for the Solid Waste Operations Department</p>

CAPTION:

Motion authorizing the City Manager, or designee, to lease-purchase one Peterbilt 320 chassis, with a roll-off and three Peterbilt 367 transfer tractors from Rush Truck Centers of Texas, L.P., of Houston, Texas, based on the cooperative purchasing agreement with Houston-Galveston Area Council, for a total amount not to exceed \$799,455 of which \$13,274 is budgeted in General Fund for FY2016-17. Remaining payments will be requested in future years during the normal budget process.

PURPOSE:

This item is to approve the lease-purchase of one Peterbilt 320 chassis, with a roll-off and three Peterbilt 367 transfer tractors for the Solid Waste Operations Department.

BACKGROUND AND FINDINGS:

Roll-off trucks haul waste to the Cefe Valenzuela Landfill on a daily basis. The truck will haul large containers which roll on and off its chassis via a cable hauling system. This roll-off truck is replacing an existing roll-off truck that is 10 years old with 13,650 hours.

Tractor trucks are used to haul large trailers that contain refuse from the transfer station to the Cefe Valenzuela Landfill. They are used on a daily basis, and because of the short run between the transfer station and the Cefe Valenzuela Landfill, they do not accumulate many miles. However, they are operating virtually constantly and the hours on the

machines accumulate rapidly. The first tractor to be replaced has 10,000 hours and ten years' service. The second tractor to be replaced has 10,179 hours and ten years' service. The third tractor to be replaced has 13,700 hours and ten years' service. The current tractor trucks have been used extensively and the three intended replacements will allow us to continue this important solid waste service. The purchase of three tractor trucks for the Solid Waste Department is intended to replace three aging tractor trucks that are well past their service lives.

ALTERNATIVES:

Not applicable.

OTHER CONSIDERATIONS:

Financing for the lease-purchase of the Peterbilt 320 truck with roll-off and the three Peterbilt 367 transfer tractors is based on a sixty-month term with an estimated interest rate of 3.75% for an annual estimated payment of \$159,291. The total estimated cost over the five-year period, including estimated principal of \$725,210 and estimated interest of \$71,245 is \$796,455. A not to exceed tolerance of \$3,000.00 has been added to the interest amount to allow for the possible fluctuation of the interest rate for a total not to exceed of \$799,455.

Total Lease-Purchase:	\$725,210.00
Total Allowable Interest for Lease:	<u>\$74,245.00</u>
Grand Total:	\$799,455.00

CONFORMITY TO CITY POLICY:

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

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Solid Waste Operations

FINANCIAL IMPACT:

X Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2016-2017	Current Year	Future Years	TOTALS
Line Item Budget	\$550,193.12	\$786,181.00	\$1,336,374.12
Encumbered / Expended Amount	\$521,307.24	\$0.00	\$521,307.24
This item	\$13,274.00	\$786,181.00	\$799,455.00
BALANCE	\$15,611.88	\$0.00	\$15,611.88

Fund(s): General

Comments: Delivery of the Peterbilt 320 roll-off truck and the three Peterbilt 367 transfer tractors are not scheduled during FY2016-2017. However, one payment of \$13,274 is

funded in FY2016-17. The annual estimated payment for the lease-purchases is \$159,291 which will be requested in future years during the normal budget process by the Solid Waste Operations Department.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet

Informal Staff Report – Fleet Replacement Program

Informal Staff Report – Ten Year Fleet Replacement Plan