



AGENDA MEMORANDUM

Future Item for the City Council Meeting of December 4, 2018
Action Item for the City Council Meeting of December 11, 2018

DATE: December 4, 2018

TO: Keith Selman, Interim City Manager

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Lease Purchase of Cone (Traffic Control) Truck for Street Operations

CAPTION:

Motion authorizing the lease purchase of one 2½ ton cone (traffic control) truck from Houston Freightliner Inc., of Houston, Texas, via Houston-Galveston Area Council for a total amount not to exceed \$128,530.84.

PURPOSE:

This item is to approve the lease purchase of one 2½ ton cone (traffic control) truck 2020 Freightliner M2-106.

BACKGROUND AND FINDINGS:

Street Operations currently has a requirement to replace one 2½ ton cone (traffic control) truck, which is essential for efficient traffic control setup. This unit is a replacement. The unit to be replaced is well past its service life.

Contracts awarded through Houston-Galveston Area Council (HGAC) have been competitively procured in compliance with Texas local and state procurement requirements.

ALTERNATIVES:

N/A

OTHER CONSIDERATIONS:

Financing for the lease-purchase of these vehicles is based on a sixty-month term with an estimated interest rate of 4.20% for an annual estimated payment of \$25,606.17. The total estimated cost over the five-year period, including principal of \$115,300.00 and interest of \$12,730.84, is \$128,030.84. A not to exceed tolerance of \$500.00 has been added to the interest amount to allow for the possible fluctuation of the interest rate, for a total amount not to exceed.

Total Lease-Purchase Price:	\$115,300.00
Total estimated allowable interest for Lease:	<u>\$ 13,230.84</u>
Grand Total:	\$128,530.84

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:

Street Operations

FINANCIAL IMPACT:

X Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2018-2019	Current Year	Future Years	TOTALS
Line Item Budget	\$500,959.91	\$2,504,799.55	\$3,005,759.46
Encumbered / Expended Amount	\$249,973.14	\$0.00	\$249,973.14
This item	\$6,426.54	\$122,104.30	\$128,530.84
BALANCE	\$244,560.23	\$2,382,695.25	\$2,627,255.48

Fund(s): Street Operations

Comments: Delivery of these units is scheduled during the Summer of 2019. Payments will begin after units are delivered.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet