



AGENDA MEMORANDUM

Action Item for the City Council Meeting of December 17, 2019

DATE: December 17, 2019

TO: Peter Zaroni, City Manager

FROM: Kevin Norton, Director of Water Utilities
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Lease Purchase of One Gradall Excavator for Utilities

CAPTION:

Motion authorizing the lease-purchase of one XL3100 Gradall excavator, as an addition to the fleet, from Waukesha-Pearce Industries, Inc. of Corpus Christi, Texas, for a total amount of \$474,423.00, for the Utilities Department to be used daily for construction work and emergency repairs of water and wastewater infrastructure throughout the City, effective upon issuance of letter of acceptance, with FY 2020 funding in the amount of \$94,884.60 available through the Stormwater Funds.

SUMMARY:

This motion will allow the City to lease-purchase one XL3100 Gradall excavator through the Buy Board Cooperative for the Utilities Department in support of the approved FY2020 Enhancement Package to add a new Stormwater crew and equipment. This equipment will be used daily for construction work and emergency repairs of stormwater infrastructure throughout the City.

BACKGROUND AND FINDINGS:

The Utilities Department has an operational need for one XL3100 Gradall Excavator, which will be used to dig trenches for the installation and or repair of stormwater lines. This unit will be an addition to the fleet for the approved FY2020 Enhancement Package to add a new Stormwater crew and equipment. The City currently maintains over 700 miles of stormwater pipes and ditches.

This procurement is through the Buy Board Cooperative. Contracts awarded through the Buy Board Cooperative have been competitively procured, in compliance with Texas local and state procurement requirements.

ALTERNATIVES:

An alternative is not to lease-purchase this equipment. This would result in less in-house construction work and less in-house response to emergency repairs, therefore creating a loss of service to City customers. As part of the Utilities Department's FY 2020 Budget Enhancements, the lease purchase option lowers the impact on the utility rates.

FISCAL IMPACT:

Financing for the lease-purchase of this XL3100 Gradall Excavator as an addition to the fleet for the approved FY2020 Enhancement Package to add a new Stormwater crew and equipment is based on a sixty-month term with an estimated interest rate of 4.00% for an annual estimated payment of \$94,884.60. The total estimated cost over the five-year period, including principal of \$428,440.00 and interest of \$45,983.00 is \$474,423.00. A not to exceed tolerance of \$1,000.00 has been added to the interest amount to allow for the possible fluctuation of the interest rate.

Total Lease Purchase Price:	\$428,440.00
Total estimated allowable interest for lease:	<u>\$ 45,983.00</u>
Grand Total:	\$474,423.00

Funding Detail:

Fund:	4300	Storm Water
Organization/Activity:	32005	Storm Water Maint of Lines
Mission Element:	043	Drainage Infra-Surface/Pipes
Project # (CIP Only):	N/A	
Account:	530190	Lease Purchase Payments

RECOMMENDATION:

Staff recommends approval of this motion authorizing the lease-purchase of one XL3100 Gradall Excavator from Waukesha-Pearce Industries, Inc. as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet