



AGENDA MEMORANDUM

Action item for the City Council Meeting of January 21, 2020

DATE: January 14, 2020

TO: Peter Zaroni, City Manager

FROM: Kevin Norton, Director of Water Utilities
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<p>Lease-Purchase of Three 2021 M2-112 TRA Freightliner Crew Trucks with Service Bodies</p>
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CAPTION:F

Motion authorizing the lease-purchase of three 2021 M2-112 TRA Freightliner crew trucks with service bodies, as additions to the fleet for the Wastewater Division of the Utilities Department to be used to haul heavy equipment to jobsites throughout the City, to be purchased from Houston Freightliner, Inc., of Houston, Texas, for a total amount of \$480,643.29 through the Houston-Galveston Area Council (H-GAC) Purchasing Cooperative, effective upon issuance of letter of acceptance, with FY 2020 funding in the amount of \$64,085.77 available through the Wastewater Fund.

SUMMARY:

This motion will allow the City to lease-purchase three 2021 M2-112 TRA Freightliner crew trucks with service bodies for the Wastewater Division of the Utilities Department in support of FY 2020 Enhancement Package. The trucks will be used to haul heavy equipment to various jobsites in the City.

BACKGROUND AND FINDINGS:

The Wastewater Division of the Utilities Department has an operational need for three 2021 M2-112 TRA Freightliner crew trucks with service bodies, which will be used to perform various duties within the City. These trucks are part of the approved FY 2020 Enhancement Package that creates three new wastewater construction crews, which will allow for more efficient and timely responses to better serve the needs of citizens.

The procurement is through the H-GAC Purchasing Cooperative. Contracts awarded through the H-GAC Purchasing Cooperative have been competitively procured and are in compliance with Texas Local and State procurement requirements.

ALTERNATIVES:

An alternative is not to lease-purchase this equipment. This would result in less construction work and less 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:

The fiscal impact for the Utilities Department in FY 2020 is \$64,085.77. The remaining balance will be budgeted in future years through the annual budget process. Financing for the lease-purchase of the three 2021 M2-112 TRA Freightliner crew trucks with service bodies is based on a sixty-month term with an estimated interest rate of 3.00% for an annual estimated payment of \$96,128.66. The total estimated cost over the five-year period, including principal of \$444,888.00 and interest of \$35,755.29 is \$480,643.29. 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:	\$444,888.00
Total estimated allowable interest for Lease:	<u>\$ 35,755.29</u>
Grand Total	\$480,643.29

Funding Detail:

Fund:	4200 Wastewater Fund
Organization/Activity:	33400 Wastewater Collection System
Mission Element:	042 Wastewater Collection System
Project # (CIP Only):	N/A
Account:	530190 Lease-Purchase Payments

RECOMMENDATION:

Staff recommends approval of this motion authorizing the lease-purchase of three 2021 M2-112 TRA Freightliner crew trucks with service bodies from Houston Freightliner, Inc. as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet