



AGENDA MEMORANDUM

Action Item for the City Council Meeting of May 12, 2020

DATE: May 12, 2020

TO: Peter Zanoni, City Manager

FROM: Richard Martinez, Director of Public Works/Street Operations
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Lease-Purchase of Cold Planer Milling Machine for Public Works/Street Operations

CAPTION:

Motion authorizing a lease-purchase of one used cold planer milling machine from Holt Cat, for a total amount of \$617,032.80, to be used by Public Works/Street Operations to remove deteriorated asphalt in preparation of the new pavement surface, effective upon issuance of letter of acceptance, with FY 2020 funding in the amount of \$41,135.52 available through the Streets Fund.

SUMMARY:

This motion is to authorize the lease-purchase of one 2017 cold planer milling machine, for Public Works/Street Operations. This equipment is used for the removal of deteriorated asphalt in preparation of the new pavement surface. It is also used to excavate damaged base to a depth of 8 to 12 inches allowing for full depth repairs.

BACKGROUND AND FINDINGS:

Public Works/Street Operations has an operational need for one cold planer milling machine, which will be utilized by in-house crews to remove deteriorated asphalt in preparation of rehabilitating the pavement surface. It is also used to repair pavement failures to a depth of eight inches to twelve inches, strengthening the pavement design by a full depth repair. This machine will improve resident's quality of life by reducing potholes or pavement failures in residential areas. Additionally, it will rehabilitate 6 to 12 miles of residential streets per year. The unit will be an addition to the fleet.

Contracts awarded through the BuyBoard Purchasing Cooperative have been competitively procured, in compliance with Texas local and state procurement requirements.

ALTERNATIVES:

An alternative to not lease-purchase this equipment and place a bid for this type of service which would be much more expensive. This would result in a delay in construction work related to street maintenance; therefore, creating a loss of productivity.

FISCAL IMPACT:

The fiscal impact for Public Works/Street Operations in FY 2020 is \$41,135.52 for the lease-purchase of one cold planer milling machine. The remaining balance will be budgeted in future years through the annual budget process.

Financing for the lease-purchase of this cold planer milling machine based on a sixty-month term with an estimated interest rate of 2.00% for an annual estimated payment of \$123,406.56. The total estimated cost over the five-year period, including principal of \$586,719.58 and interest of \$30,313.22 is \$617,032.80.

Total Lease-Purchase Price:	\$586,719.58
Total estimated allowable interest for Lease:	<u>\$ 30,313.22</u>
Grand Total:	\$617,032.80

FUNDING DETAIL:

Fund:	1041 Streets Fund
Organization/Activity:	12430 Surface Preservation
Mission Element:	051 Maintain Pavement & Associated Improvements
Project # (CIP Only) :	N/A
Account:	530190 Lease-Purchase

RECOMMENDATION:

Staff recommends approval of this lease-purchase with HOLT Cat for one used Cold Planer milling machine as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet