



AGENDA MEMORANDUM

Action item for the City Council Meeting of August 11, 2020

DATE: July 28, 2020

TO: Peter Zaroni, City Manager

FROM: Bill Mahaffey, Director of Gas Operations
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Lease Purchase of One Dump Truck for Gas Operations
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CAPTION:

Motion authorizing the lease-purchase of one 2021 Western Star 4700SF dump truck from Lonestar Freightliner Group, LLC, in an amount of \$175,918.42, for Gas Operations as a replacement unit, effective upon issuance of letter of acceptance with FY 2020 funding available through the Gas Fund in the amount of \$5,863.95.

SUMMARY:

This motion authorizes the lease-purchase of one dump truck for Gas Operations as a replacement unit to the department's fleet through the BuyBoard Cooperative. This truck will be utilized by Gas Operations to haul dirt and materials, transport personnel and tools, plus pull trailers to and from the worksites. The current unit being replaced has exceeded its service life of seven years.

BACKGROUND AND FINDINGS:

The Gas Operations Department currently has an operational need to lease-purchase a dump truck. This unit is a replacement unit and has met the expected service life of seven years. This unit is 11 years old.

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

ALTERNATIVES:

An alternative is not to lease-purchase this truck and continue using the old equipment, and struggle to meet mission requirements due to the increasing age, repairs and increase maintenance requirements. This would result in less construction work and less response to emergency repairs, therefore creating a loss of service to City customers.

FISCAL IMPACT

The fiscal impact for Gas Operations in FY 2020 is an amount of \$5,863.95 from the Gas Fund. The remaining cost of \$170,054.47 will be funded through the annual budget process.

Financing for the lease-purchase of this 2021 Western Star 4700SF dump truck is based on a sixty-month term with an estimated interest rate of 2.00% for an annual estimated payment of \$35,183.68. The total estimated cost over the five-year period, including principal of \$167,276.00 and interest of \$8,642.42 is \$175,918.42.

Total Lease Purchase Price:	\$167,276.00
Total estimated allowable interest for Lease:	<u>\$ 8,642.42</u>
Grand Total:	\$175,918.42

Funding Detail:

Fund:	4130 Gas Fund
Organization/Activity:	34130 Gas Construction
Mission Element:	022 Maintain the Fleet
Project # (CIP Only):	N/A
Account:	530190 Lease-Purchase Payments

RECOMMENDATION:

Staff recommends approval of this motion authorizing the lease-purchase of one 2021 Western Star 4700SF dump truck with Lonestar Freightliner Group, LLC as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet