



AGENDA MEMORANDUM

Action for the City Council Meeting of August 11, 2020

DATE: August 11, 2020

TO: Peter Zaroni, City Manager

FROM: Bill Mahaffey, Director of Gas Operations
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Lease-Purchase of Two Crew Cab Trucks for Gas Operations

CAPTION:

Motion authorizing the lease-purchase of two F550 crew cab trucks from Silsbee Ford, Inc., in an amount of \$141,642.79, one truck will be an addition to the fleet and the other truck will be a replacement for Gas Operations, effective upon issuance of letter of acceptance with FY 2020 funding available through the Gas Fund in the amount of \$4,721.43.

SUMMARY:

This motion authorizes a lease-purchase from Silsbee Ford through the GoodBuy Cooperative for two F550 crew cab trucks to be used by Gas Operations. One truck will have a welding body for use in the Maintenance of Lines Division for repairs and installation of new lines. It will be an addition to the department's fleet. The second F550 crew cab truck with KUV service body is a replacement. It will be used to transport personnel and tools, plus pull trailers to and from the worksites. This truck is replacing a unit that has passed its expected service life of 7 years, it is 15 years old.

BACKGROUND AND FINDINGS:

The pickup trucks are used by Gas Operations' staff to perform various duties by Maintenance of Lines Division and other areas of operation within the department. These two trucks allow for a more efficient and timely response by Gas Operations staff to better serve the needs of citizens. One truck will be an addition to the fleet and the other truck will be a replacement,

This procurement is through the GoodBuy Cooperative. Contracts awarded through the GoodBuy Cooperative have been competitively procured and are in compliance with Texas Local and State procurement requirements.

ALTERNATIVES:

An alternative is to lease the trucks as needed. However, this would result in less construction work and slower response to emergency repairs, therefore creating a loss of service to City customers if equipment is not readily available.

FISCAL IMPACT:

The fiscal impact for Gas Operations in FY 2020 is an amount of \$4,721.43 from the Gas Fund. The remaining cost of \$136,921.36 will be funded through the annual budget process.

Financing for the lease-purchase of the two crew cab trucks is based on a sixty-month term with an estimated interest rate of 2.00% for an annual estimated payment of \$28,328.56. The total estimated cost over the five-year period, including principal of \$134,684.25 and interest of \$6,958.54 is \$141,642.79.

Total Lease-Purchase Price:	\$134,684.25
Total estimated allowable interest for Lease:	<u>\$ 6,958.54</u>
Grand Total:	\$141,642.79

Funding Detail:

Fund:	4130	Gas Fund
Organization/Activity:	34190	Gas Engineering Design
Mission Element:	022	Gas Distribution System
Project # (CIP Only):	N/A	
Account:	530190	Lease-Purchase Payments

RECOMMENDATION:

Staff recommends approval of this motion authorizing the lease-purchase with Silsbee Ford for two crew cab trucks as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet