



AGENDA MEMORANDUM

Action Item for the City Council Meeting September 15, 2020

DATE: September 15, 2020

TO: Peter Zaroni, City Manager

FROM: David S. Lehfelddt, Director of Solid Waste Services
DavidL3@cctexas.com
(361) 826-1966

Kim Baker, Director of Contracts and Procurement
KimB2@cctexas.com
(361) 826-3169

Lease-Purchase of Two Brush Container Trucks

CAPTION:

Motion authorizing the lease-purchase of two replacement brush container trucks from Houston Freightliner, Inc., for a total amount of \$314,700.42 to be utilized by Solid Waste Services for brush and bulky items collections to be lease-purchased on or after October 1, 2020, with funding requested in the FY 2021 Proposed Budget through the General Fund.

SUMMARY:

This motion is to authorize the lease-purchase of two brush container trucks for Solid Waste Services through the Houston-Galveston Area Council (H-GAC Cooperative). This equipment will be used in support of the department's brush and bulky items collection requirements.

BACKGROUND AND FINDINGS:

Solid Waste Services has a need for two brush container trucks to meet the department's brush and bulky items collection requirements that also support post storm clean-up efforts. The units will be funded through the lease purchase program. The replacements are for units that have met their 7-year (8,400 hour) expected service life. Replaced units are an eight (8) year old 2012 FREIGHTLINER with 14,356 hours and over \$109,000 in maintenance cost and an 11-year-old 2009 FORD F-750 with 16,465 hours and over

\$100,000 in maintenance cost.

Depending on manufacturing and production schedules, equipment typically takes six to nine months to receive from the date of order. Funding has been requested in the FY 2021 Proposed Budget.

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

ALTERNATIVES:

The alternative of continuing to use the older brush container trucks would increase the maintenance costs due to the increasing age of the vehicles being replaced and trigger an increased struggle to meet mission requirements.

FISCAL IMPACT:

There will be no fiscal impact for Solid Waste Services FY 2020 for the lease-purchase of two brush container trucks. The balance will be budgeted in future years through the annual budget process.

Financing for the lease-purchase of two brush container trucks is based on a 60-month term with an estimated interest rate of 2.00% for an annual estimated payment of \$62,940.08. The total estimated cost over the five-year period, including principal of \$299,240.00 and interest of \$15,460.42 is \$314,700.42.

Total Lease-Purchase Price:	\$299,240.00
Total estimated allowable interest for Lease:	<u>\$ 15,460.42</u>
Grand Total:	\$314,700.42

Funding Detail:

Fund:	1020	General Fund
Organization/Activity:	12511	Brush Collection
Mission Element:	031	Waste & Brush Collection
Project # (CIP Only):	N/A	
Account:	530190	Lease-Purchase

RECOMMENDATION:

Staff recommends approval of this motion authorizing the lease-purchase of two brush trucks from Houston Freightliner as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet