



AGENDA MEMORANDUM

Action Item for the City Council Meeting September 22, 2020

DATE: September 22, 2020

TO: Peter Zaroni, City Manager

FROM: David S. Lehfeldt, Director of Solid Waste Services
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<p>Lease-Purchase of One Motor Grader and One Wheeled Material Handling Excavator</p>
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CAPTION:

Motion authorizing a replacement lease-purchase of one motor grader and one wheeled material handling excavator from HOLT Texas, Ltd., dba HOLT CAT, for a total amount of \$702,355.44 to be used by Solid Waste Services at the landfills to maintain roads and load refuse, respectively, on or after October 1, 2020, with funding requested in the FY 2021 Proposed Budget through the General Fund.

SUMMARY:

This motion will authorize a lease-purchase of one motor grader and one wheeled material handling excavator to be used by Solid Waste Services at the landfills to maintain roads and load refuse, respectively. These items are replacements to the fleet.

BACKGROUND AND FINDINGS:

Solid Waste currently has a requirement for one motor grader that will be used to build and maintain roads at the J.C. Elliot Brush area and the Cefe Valenzuela landfill. This unit will be a replacement unit. The motor grader being replaced is beyond 27 years old with 31,966 hours well beyond the service life of 10 years, or 4,545 Hrs. Depending on manufacturing and production schedules, it typically takes 6 to 9 months to receive this type of equipment from the date of order.

Solid Waste also currently has a requirement for one wheeled material handling excavator. This unit will be used to load refuse into the Transfer Trailers at the J.C. Elliot

Transfer Station. This wheeled material handling excavator will be replacing a unit that is 8 years old with 9,394 hours that has met its service life of 8 years, or 8,400 Hrs.

The 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. The percentage of savings on the BuyBoard Cooperative is 16% less than list price. In view of these savings through the BuyBoard Cooperative, it is the recommended method of purchase for the City.

ALTERNATIVES:

An alternative is to continue using the older motor grader and wheeled material handling excavator and struggle to meet mission requirements due to the increasing age, and increased maintenance requirements.

FISCAL IMPACT:

There will be no fiscal impact for Solid Waste Services FY 2020 for the lease-purchase of one motor grader and one wheeled material handling excavator. The remaining balance will be budgeted in future years through the annual budget process.

Financing for the lease-purchase of one motor grader and one wheeled material handling excavator is based on a sixty-month term with an estimated interest rate of 2.00% for an annual estimated payment of \$140,471.09. The total estimated cost over the five-year period, including principal of \$667,850.54 and interest of \$34,504.90 is \$702,355.44.

Total Lease-Purchase Price:	\$667,850.54
Total estimated allowable interest for Lease:	<u>\$ 34,504.90</u>
Grand Total:	\$702,355.44

FUNDING DETAIL:

Fund:	1020	General Fund
Organization/Activity:	12506	Cefe Valenzuela Landfill Operations
Mission Element:	031	Waste & Brush Collection
Project # (CIP Only):	N/A	
Account:	530190	Lease-Purchase

Fund:	1020	General Fund
Organization/Activity:	12504	J.C. Elliott Transfer Station
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 one motor grader and one wheeled material handling excavator from Holt Cat as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet