



AGENDA MEMORANDUM

Action Item for the City Council Meeting January 12, 2021

DATE: January 12, 2021

TO: Peter Zaroni, City Manager

FROM: David S. Lehfeldt, Director Solid Waste Operations
DavidL3@cctexas.com
(361) 826-1966

Josh Chronley, Interim Assistant Director of Contracts and Procurement
JoshC2@cctexas.com
(361) 826-3169

Lease-Purchase of One Diamond Z Horizontal Grinder for Solid Waste Operations

CAPTION:

Motion authorizing the lease-purchase of one Diamond Z horizontal grinder from Bane Machinery, Inc., of Dallas, Texas in an amount of \$983,781.64, for Solid Waste Operations, effective upon issuance of letter of acceptance, with FY 2021 funding in the amount of \$32,793.00 available in the JC Elliott Collection Center Fund.

SUMMARY:

This motion will allow the City to lease-purchase one Diamond Z horizontal grinder, through the BuyBoard Cooperative, for Solid Waste Operations in support of the approved FY 2021 Compost Decision Package to add a new wood grinder. This equipment will be used at the compost facility for brush grinding.

BACKGROUND AND FINDINGS:

The City of Corpus Christi generates approximately 300,000 cubic yards of brush annually; 70,000 yds are delivered to the J.C. Elliot transfer station by customers and 231,500 yards are delivered to the Gulley Hurst landfill by city trucks. The brush delivered to Gulley/Hurst is in fulfillment of a put or pay contract that we entered into in 2013, annually costing us approximately \$500,000. This contract has 3 years remaining. The brush delivered to J.C. Elliot is ground into mulch once per year by our grinding contractor (Austin Wood Recycling) for a fee of ~\$86,000.

In addition, the city generates between 40,000 and 50,000 tons of wastewater sludge each year that is hauled to the Cefe landfill for disposal. The push and pack fees next year for disposal of this sludge will be over \$485,000.

These two waste streams can be combined at a composting facility and used to create a high-quality compost that then becomes an asset instead of a liability. Towards this end we are proposing the construction of a compost facility on a portion of the 90 acres adjacent to the transfer station. One of the major requirements of the proposed facility is a grinder capable of processing approximately 300,000 cubic yards of brush each year.

Solid Waste checked references for the Diamond Z grinder. We discovered that there are over 100 Diamond Z units operating in the State of Texas. The following table lists some of the owners and the number of Diamond Z units they operate. The consensus of these owners is that the Diamond Z is a great machine with good production, ease of operation and great longevity.

Company	# Units	Company	# Units
City of San Antonio	1	Eggemeyer Land Clearing	2
City of Plano	1	Southern Star Trucking	3
City of Austin	2	Alpine Materials	2
Austin Wood Recycling	27	Razer LLC	2
TFR Enterprises	7		

ALTERNATIVES:

The alternative is not to lease-purchase this equipment. The City would continue to dispose of the brush on an annual basis for the current disposal cost of approximately \$586,000.

FISCAL IMPACT:

The fiscal impact for Solid Waste Services in FY 2021 is \$32,793.00. The remaining cost will be budgeted in future years through the annual budget process.

Total Lease-Purchase Price:	\$935,451.00
Total estimated allowable interest for lease:	<u>\$ 48,330.64</u>
	\$983,781.64

FUNDING DETAIL:

Fund:	1020 JC Elliott Collection Center
Organization/Activity:	12504 JC Elliott Transfer Station
Mission Element:	033 Manage disposal, transfer station, landfills
Project # (CIP Only):	N/A
Account:	530190 Lease-Purchase Payments

RECOMMENDATION:

Based on the needs of the City and the results of the analysis, the evaluation team of Solid Waste Services is recommending the purchase of a Diamond Z grinder model number DZH5500TKT.

LIST OF SUPPORTING DOCUMENTS: Price Sheet