



AGENDA MEMORANDUM

Action Item for the City Council Meeting May 11, 2021

DATE: May 11, 2021

TO: Peter Zanoni, City Manager

FROM: David S. Lehfeldt, Director of Solid Waste
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Purchase and Lease-Purchase of Three Brush Container Trucks

CAPTION:

Motion authorizing the purchase of one brush container truck and the lease-purchase via JP Morgan of two brush container trucks from Houston Freightliner, Inc. of Houston, Texas for a total amount of \$464,320.42, as replacement units for Solid Waste Services, effective upon issuance of a letter of acceptance, with FY 2021 funding of \$149,620 through the Equipment Replacement Fund and \$20,980.04 in the General Fund with lease purchase payments to commence in FY 2022.

SUMMARY:

This motion is to authorize purchase of one brush container truck and the lease-purchase of two brush container trucks, as replacement units 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 to replace three brush container trucks to meet the department's brush and bulky items collection requirements that also support post storm clean-up efforts. Two of the trucks will be funded through the lease purchase program, and one through the Equipment Replacement Fund. The replacements are for 3 units that have exceeded their 7-year (8,400 hour) expected service life. Depending on manufacturing and production schedules, equipment typically takes six to nine months to receive from the date of order. Funding was budgeted in the FY 2021

Equipment Replacement Fund and General Fund Budget and will be requested for future fiscal periods until the 60-month lease purchase obligation is paid in full.

PROCUREMENT DETAIL:

This procurement is through the Houston-Galveston Area Council (H-GAC Cooperative) Buy Cooperative. Contracts awarded through the HGAC-Buy Cooperative have been competitively procured in compliance with Texas Local and State procurement requirements. The percentage of savings on the HGAC Cooperative is 31% less than MSRP. In view of these savings through the HGAC Cooperative, it is the recommended method of purchase for the City.

ALTERNATIVES:

The alternative is continuing to use the older brush container trucks, incur increasing maintenance costs, and reduce readiness level to meet operational requirements.

FISCAL IMPACT:

The fiscal impact for FY 2021 is a total amount of \$149,620.00 for the purchase of one brush container truck to be funded through the Equipment Replacement Fund.

The fiscal impact for the General Fund in FY 2021 for Solid Waste Services is estimated at \$20,980.04. The remaining amount 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 sixty-month term with an estimated interest rate of 2.00% for an annual estimated payment of \$62,940.12. 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:	5111	Equipment Replacement Fund
Organization/Activity:	12500	Solid Waste Administration
Mission Element:	201	Manage Fleet Inventories
Project # (CIP Only):		
Account:	550020	Vehicles & Machinery

FUNDING DETAIL:

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

RECOMMENDATION:

Staff recommends approval of this motion authorizing the purchase of one brush container truck and the lease-purchase of two brush container trucks from Houston Freightliner, Inc., as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet

Picture