



AGENDA MEMORANDUM

Action Item for the City Council Meeting August 31, 2021

DATE: August 31, 2021

TO: Peter Zanoni, City Manager

FROM: David S. Lehfeldt, Director of Solid Waste Operations
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Lease-Purchase of One Excavator for Solid Waste Operations

CAPTION:

Motion authorizing the lease-purchase, via JP Morgan, of one John Deere 210G LC FT4 excavator from Doggett Heavy Machinery Services, LLC of Corpus Christi, Texas through the Sourcewell Cooperative, for a total amount of \$310,735.43 to be used by Solid Waste Operations, effective upon issuance of letter of acceptance, with FY 2021 funding in the amount of \$5,178.92 available through the General Fund and the remaining lease payments to commence in FY 2022.

SUMMARY:

This motion authorizes the lease-purchase of one excavator to be used by Solid Waste Operations to load refuse into the transfer trailers at the J.C. Elliot Transfer Station. This will be a replacement unit to existing fleet.

BACKGROUND AND FINDINGS:

Solid Waste Operations currently has a requirement for the lease purchase of one excavator. Although this purchase was initially programmed for FY 2022, the department has identified funding available within the FY 2021 budget so as not to delay in acquiring this equipment. This unit will be used to load refuse into the transfer trailers at the J.C. Elliot Transfer Station. The excavator being replaced is 8 years old with 10,887 hours, which exceeds the 8,400 hours programmed service life by 30%. The pricing from the Sourcewell Cooperative is 36% lower than the suggested list price and therefore the recommended source for this purchase.

PROCUREMENT DETAIL:

This procurement is through the Sourcewell Cooperative. Contracts awarded through the Sourcewell Cooperative have been competitively procured in compliance with Texas Local and State procurement requirements. The percentage of savings on the Sourcewell Cooperative is 36% less than MSRP. In view of these savings through the Sourcewell Cooperative, it is the recommended method of purchase for the City.

ALTERNATIVES:

An alternative is to repair the current excavator that has surpassed service life of 8,400 hours for \$17,500, adding to the \$161,000 life-to-date maintenance cost. However, even with repairs, this current excavator will likely have continual mechanical issues and excessive down time. Another alternative is to postpone replacement until FY 2022, only to avoid a marginal financial impact of \$5,178.92 for the remainder of FY 2021.

FISCAL IMPACT:

The fiscal impact for FY 2021 is estimated at \$5,178.92 available through the General Fund. Financing for the lease-purchase of one John Deere 210G LC FT4 excavator is based on a sixty-month term with an estimated interest rate of 2.00% for an annual estimated payment of \$62,147.04. The total estimated cost over the five-year period, including principal of \$295,469.80 and interest of \$15,265.63 is \$310,735.43.

Total Lease-Purchase Price:	\$295,469.80
Total estimated allowable interest for Lease:	<u>\$ 15,265.63</u>
Grand Total:	\$310,735.43

FUNDING DETAIL:

Fund: 1020
Organization/Activity: 12504
Mission Element: 033
Project # (CIP Only): n/a
Account: 530190

RECOMMENDATION:

Staff recommends approval of this motion authorizing the lease-purchase of one John Deere 210G LC FT4 excavator for Solid Waste Operations with Doggett Heavy Machinery Services, LLC as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet