

CITY COUNCIL MEMORANDUM

AGENDA ITEM

Authorize lease with purchase option of a wheel loader for the Solid Waste Transfer Station.

ORIGINATING DEPARTMENT

Fleet Services / Solid Waste

BACKGROUND INFORMATION

The three-year lease on one of the transfer station's existing wheel loaders expired in August 2016. Due to the environment in which this unit operates and the projected cost of maintaining this heavy equipment, staff does not feel that purchasing the existing unit would be in the best interest of the City. The Transfer Station is therefore requesting to initiate a new three-year wheel loader lease with a purchase option at the end of the lease.

This machine is used on the floor of the Solid Waste Transfer Station to move waste that is unloaded from the city's refuse trucks into the transfer trailers. These transfer trailers then haul the solid waste to the landfill.

DISCUSSION/CONCLUSION

The City of Killeen is a member of several purchasing cooperatives that are in compliance with the Texas Local Government Code section 271.102. Purchases made through a cooperative satisfy competitive bid requirements. After considering four different wheel loader manufacturers, staff recommends a three-year lease of a Caterpillar 938M provided by Holt CAT of Waco utilizing the TASB BuyBoard Purchasing Cooperative. The lease with purchase option would again be facilitated through Caterpillar Financial Services Corporation per the attached finance proposal.

Vendor	Make/Model	Mthly Cost	Purchase Option	Total Cost 3-yr + Purch.
Holt CAT	2016 Cat 938M	\$2,231.80	\$133,744.00	\$214,088.80

FISCAL IMPACT

Funding for this lease is available in account 540-3475-439.44-10. The FY17 budget for this account is \$77,258.

RECOMMENDATION

Staff recommends the procurement of the wheel loader from Holt CAT, through the TASB BuyBoard, on a three-year lease of \$2,231.80 per month, and that the City Manager or designee is authorized to approve the purchase of the equipment at the end of the three-year lease period for \$133,744.00 if the purchase is approved in the FY19 budget, and that the City

Manager or designee is expressly authorized to execute any and all change orders within the amounts set by state and local law.