



City of Killeen

Legislation Text

File #: RS-17-111, **Version:** 1

Consider a memorandum/resolution authorizing a lease agreement with Professional Turf Products, L.P./PNC Finance for parks, athletic fields, and greenbelt mowers for Parks and Public Grounds via the BuyBoard.

DATE: October 17, 2017

TO: Ronald L. Olson, City Manager

FROM: Brett Williams, Executive Director of Community Services

SUBJECT: Lease agreement for Parks and Public Grounds mowing equipment

BACKGROUND AND FINDINGS:

Parks and Public Grounds provides daily maintenance of public parks and greenbelts. The maintenance of turf grass is done utilizing specialized equipment. Mowing routines associated with turf grass subject this equipment to excessive usage. Parks and Public Grounds mowers are utilized in more than 3,100 hours per year. Due to the high amount of usage placed on these specialized pieces of equipment, they are subject to maintenance issues at a greater frequency than typical mowing equipment.

Parks and Public Grounds staff identified cost savings related to maintenance by changing the approach taken to procure mowing equipment. The change involved leasing mowing equipment as opposed to the traditional method of procurement via outright purchase. This change in approach results in staff having access to modern, up-to-date equipment that is covered via warranty for the duration of the lease. In addition, the lease option allows the financial burden to be distributed over three years. The proposed lease option features three riding mowers and one walk behind mower. The annual lease amount is \$14,711.76.

THE ALTERNATIVES CONSIDERED:

Staff could utilize the outright purchase method to procure mowing equipment. The outright purchase approach would result in a fiscal impact of \$54,079.24 for the current fiscal year. The City would own the equipment and would have a warranty for three years. The FY17-18 budget features funding in the amount of \$14,711.76 for mowing equipment. This method would require a budget increase for parks and public grounds in the amount of \$39,367.

Which alternative is recommended? Why?

Staff is recommending that the City utilize the lease method to procure mowing equipment for Parks and Public Grounds via the BuyBoard. The BuyBoard provides municipalities with goods at pricing that has been vetted among various product providers in the industry and is accepted as fair value. The lease method allows the City to spread the financial burden over the duration of the agreement. This method also allows for

Parks and Public Grounds staff to have access to modern, up-to-date equipment that is covered via a maintenance warranty for the duration of the lease. The lease method also allows staff the flexibility to change the various pieces of equipment at the conclusion of the agreement due to altered maintenance needs and technological advances within the mowing profession. In addition, the City has an option to buy the equipment if they no longer desire to continue on the lease program.

If staff utilized the outright purchase method, there would be no options to change / upgrade equipment every three years. Purchasing mowing equipment via an outright purchase often results in the City having a surplus of underperforming / malfunctioning equipment that has no value. The lease approach ensures equipment remains up to date and functioning for the duration of its existence in the City's inventory.

CONFORMITY TO CITY POLICY:

The City's Purchasing Policy allows departments / divisions to utilize the BuyBoard to make qualifying purchases.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

The fiscal impact for FY17-18 is \$14,711.76.

Is this a one-time or recurring expenditure?

The City will incur monthly payments in the amount of \$1,225.98 for 36 months.

Is this expenditure budgeted?

Yes. Funds in the amount of \$14,711.76 are available in account 010-3025-425.44-10 (Parks and Public Grounds Lease/Rental) for the leasing of mowing equipment for Parks and Public Grounds.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes.

RECOMMENDATION:

Staff recommends City Council authorizes the City Manager to execute a contract with Professional Turf Products, L.P. / PNC Equipment Finance for the lease of mowing equipment for Parks and Public Grounds in the amount of \$44,135.00, and that the City Manager is expressly authorized to execute any and all change orders within the amounts set by state and local law.

DEPARTMENTAL CLEARANCES:

City Attorney

Purchasing
Finance

ATTACHED SUPPORTING DOCUMENTS:

Quote
Lease Agreement
Certificate of Interested Parties