



City of Killeen

Legislation Text

File #: RS-21-143, **Version:** 1

Consider a memorandum/resolution authorizing a lease agreement for mowing equipment with Deere Credit, Inc. through the Texas Buyboard Cooperative in the amount of \$148,566.60.

DATE: **November 9, 2021**

TO: **Kent Cagle, City Manager**

FROM: **Joe Brown, Executive Director of Recreation Services**

SUBJECT: **Lease agreement for Parks and Public Grounds mowing equipment**

BACKGROUND AND FINDINGS:

Recreation Services (RS), Parks Division provides daily maintenance of public parks and greenbelts. Specialized equipment is needed and utilized to maintain 681 acres of grass land spread out among 23 parks and 4 hike and bike trails, 14 sports fields, 6 multi-purpose fields, and 91.25 acres of city facilities. Mowing routines associated with turf grass subject this equipment to excessive usage. RS mowers are utilized 900 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.

RS entered into a forty-four (44) month lease with Professional Turf Products, L.P., financed by TCF Capital Solutions for the following equipment on April 27, 2021, for a total amount of \$44,135.28:

- ∨ One (1) Toro Reelmaster 3100-D - 21.52 hp diesel,
- ∨ Two (2) Toro 26.5 HP Kohler CP EFI w/72" Turbo Force Rear Discharge Deck

As of September 14, 2021, RS had not received the equipment from Professional Turf Products, L.P. due to manufacturing delays. Because the equipment had not been delivered after a lengthy delay, the City canceled this lease before the beginning of the term which was to commence on the date the equipment would have been delivered.

RS also entered into a thirty-six (36) month lease with Professional Turf Products, financed by PNC on October 5, 2018 that ended October 5, 2021, for a total amount of \$113,828.76 for the following equipment:

- ∨ Three (3) Toro LCE 74945
- ∨ Two (2) Toro SandPro 3040
- ∨ Two (2) Toro GM7210 TIV
- ∨ One (1) Toro LCE

RS is seeking to enter in a lease with Deere Credit, Inc. for a thirty-six (36) month lease in the amount of \$148,566.60. The vendor will be Deere and Company and the delivering dealer will be Austin Turf & Tractor.

Deere and Company can deliver the products within 45 days of signed lease agreement.

- ∨ One (1) John Deere Z930M ZTrak SD with MCS 3-bag 12
- ∨ Two (2) John Deere Z997R Diesel
- ∨ Two (2) John Deere 1200 Hydro Rake
- ∨ Five (5) John Deere Z930M Z Trak RD
- ∨ One (1) John Deere 7200 A PrecisionCut

This equipment is utilized to maintain parks, trails, sports fields, multi-purpose fields and city facilities for a total cost of \$148,566.60, amounting to thirty-six (36) payments of \$4,126.85.

Leasing heavily used mowing equipment is more beneficial than outright purchasing mowing equipment. Staff will have access to modern, up-to-date equipment that is covered under warranty for the duration of the lease. Depending on repairs needed, a tech will repair the mower on-site, deliver part(s), or pick up and repair the mower off-site. In addition, the lease option allows the financial burden to be distributed over thirty-six (36) months.

THE ALTERNATIVES CONSIDERED:

Option 1 - Decline the lease and find an alternative option for mowers

Option 2 - Approve the lease and enter into the agreement

Which alternative is recommended? Why?

Option 2 - To approve the thirty-six (36) month lease with Deere Credit, Inc., for a total of \$148,566.60. This action places Recreation Services, Parks Division into a 3 year lease for all of our equipment, which will be under warranty for the duration of the lease. This lease updates our parks maintenance fleet with top of the line equipment all under one lease.

CONFORMITY TO CITY POLICY:

Deere and Company is a member of the Texas BuyBoard Purchasing Cooperative. Purchases made through a cooperative satisfy the state competitive bidding requirements as stated in Texas Local Government Code section 271.102, subchapter F; a local government that purchases goods or services under this subchapter satisfies any state law requiring the local government to seek competitive bids for the purchase of goods or services.

FINANCIAL IMPACT:

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

Fiscal year 2021-2022 financial impact would be \$49,522.20. Fiscal impact of future years will depend on maintenance of the mowers, which is covered through warranty for the 36 months.

The fiscal impact is as follows:

- ∨ FY 22 \$49,522.20
- ∨ FY 23 \$49,522.20
- ∨ FY 24 \$49,522.20

Is this a one-time or recurring expenditure?

Recurring

Is this expenditure budgeted?

Yes, funds are budgeted in the General Fund lease accounts, 010-9030-489.71-12 and 010-9030-489-72.13.

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:

Recreation Services staff recommends City Council approve the thirty-six (36) month lease with Deere Credit, Inc. as submitted in the amount of \$148,566.60 and that the City Manager or designee be authorized to execute any change orders as permitted by state and local law.

DEPARTMENTAL CLEARANCES:

Legal
Purchasing
Finance

ATTACHED SUPPORTING DOCUMENTS:

Quote
Agreement
Certificate of Interested Parties