



Meeting Date: September 12, 2016

Consent Docket Item: 2c

Report No.: SUA-16-46

Department: Waste Management

Subject: Lease/Purchase of Commercial Refuse Vehicles

Budget Impact: The purchase of the equipment will be made under the master equipment lease/purchase agreement with Bank America. Annual payments of approximately \$234,200 will be made for 5 years with the option of early payoff in 3 years. The funds for the FY17 payment will be appropriated from the Waste Management Fund and the remaining payments will be budgeted in future years from the Waste Management Fund. Waste Management is projected to generate approximately \$800,000 in surplus revenue in FY17, which will be more than adequate to cover the debt payment.

Prior Council Action or Part of an Approved Project: No

Recommendation: It is recommended that the Trustees authorize staff to lease/purchase 6 commercial refuse vehicles with an initial purchase amount of \$1,127,460 as quoted by United Engines using Oklahoma State Purchasing Contract SW197 criteria and authorize staff to enter into a buy-back agreement with the option to sell the 6 vehicles after 3 years for no less than the remaining loan value.

Prepared by: Chris Knight, Waste Management Manager

Background Information: The commercial refuse vehicles (units 5622, 5603, 5610, 5611, 5626 and 5433) recommended for replacement are at least 8 years old or older and have become high maintenance liabilities. The vehicles recommended for replacement are not under warranty and collectively cost approximately \$71,220 per year in parts replacement and \$33,700 in labor to maintain in operational condition. The proposed new commercial refuse vehicles come with a complete 3 year warranty. This warranty coverage will greatly reduce maintenance costs and downtime ensuring that the service remains reliable. The vehicles may be sold-back after 3 years at a guaranteed buy-back price provided that the vehicles meet the vendor's terms and conditions.

Upon review of the Oklahoma State Purchasing Contract SW197, it was determined that the quote submitted by United Engines met all the critical specifications.