



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** NOVEMBER 6, 2018

**DIVISION:** PUBLIC WORKS, SANITARY SEWER DIVISION

**FROM:** DAVID JACOBS, PUBLIC WORKS DIRECTOR

**BY:** RONALD PATTERSON, FLEET MAINTENANCE SUPERVISOR

**TITLE:** LEASE PURCHASE ONE 2019 CHEVROLET COLORADO 4X4 PICKUP AND TWO CHEVROLET SILVERADO 1500 PICKUPS

### **RECOMMENDED MOTION:**

It is recommended that City Council adopt a resolution

- 1) Authorizing the lease purchase of one 2019 Chevrolet Colorado 4x4 pickup and two Chevrolet Silverado 1500 pickups from MY Chevrolet in Salinas, CA at a total cost of \$81,799.47.
- 2) Authorize the Finance Director to lease finance the purchase with Banc of America Public Capital Corp.

### **RECOMMENDATION:**

It is recommended that City Council approve the recommended motion so that the Sanitary Sewer Division can proceed with lease purchasing these much needed vehicles to update and replace there worn-out high maintenance cost vehicles.

### **EXECUTIVE SUMMARY:**

The Capital Improvement Project 9274 (Wastewater Equipment) has funds to replace Wastewater vehicles through a lease financing. This report explains why staff chose the two Chevrolet Silverados and the Chevrolet Colorado and these are available from a local dealership.

### **BACKGROUND:**

The Department continues work to update and replace a very dated and worn out vehicle fleet. Capital Improvement Project 9274 has funds available to lease purchase the pickups.

The Public Works Fleet in conjunction with the Sanitary Sewer Division selected the Chevrolet's due their long-standing service history as well as the ability to get service and parts locally. The Sanitary Sewer Division has a need for a compact four wheel drive pickup to perform inspection

and maintenance along the city's retention ditches. The roads along the ditches are dirt and often muddy necessitating the use of four wheel drive to safely navigate the road. The current vehicle that is used is 17 years old and is in need of some extensive maintenance and repairs. The Chevrolet Silverado's will replace a 19 year old pickup as well a 29 year old pickup. These vehicles are used on a daily basis to perform a variety of maintenance functions throughout the City of Salinas to include occasional emergency responses to lift stations or outfalls.

The California State Contract has these vehicles priced at \$25,236.65 for the Chevrolet Silverado and \$29,101.92 for the Chevrolet Colorado. Local businesses are given the opportunity to compete against these contracts. MY Chevrolet of Salinas can provide the Silverado at a total cost of \$26,341.87 per vehicle and the Colorado at a total cost of \$29,115.73. My Chevrolet is well within the 10% local preference given local businesses per Article III-A Local Purchasing Preference of the Salinas Municipal Code. These vehicles will be leased using a City of Salinas approved agreement over a 7 year period. At the end of the Lease the City of Salinas will own the trucks.

This purchase from MY Chevrolet also satisfies the purpose and requirements of Article III-A Local Purchasing Preference of the Salinas Municipal Code.

MY Chevrolet will take approximately 10-14 weeks to receive the vehicles. At that point the trucks will be delivered and received by the City of Salinas

This report has not been reviewed by any commissions or advisory boards.

#### CEQA CONSIDERATION:

The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

#### STRATEGIC PLAN INITIATIVE:

1. Economic Diversity and Prosperity: This item does not specifically relate to one of the Council's Strategic Plans or Goals.
2. Safe, Livable Community: This item does not specifically relate to one of the Council's Strategic Plans or Goals.
3. Effective, Sustainable Government: This item does not specifically relate to one of the Council's Strategic Plans or Goals.
4. Well Planned City and Excellent Infrastructure: This item does meet one of the Council's Strategic Plans or Goals "Well Maintained City Infrastructure".
5. Quality of Life: This item does not specifically relate to one of the Council's Strategic Plans or Goals.

### DEPARTMENTAL COORDINATION:

Fleet Maintenance in coordination with the Sanitary Sewer Division had a meeting to discuss the needs of the new trucks. We concluded that the trucks in this report meets both the needs of the Sanitary Sewer Division as well as the requirements of the Fleet Maintenance Shop. We also coordinated with the Purchasing Division regarding the purchase and the Finance Director regarding the lease financing.

### FISCAL AND SUSTAINABILITY IMPACT:

Then annual lease payment of \$13,188.78 will be charged to the Sanitary Sewer Fund. The FY 2018-19 Capital Improvement Project (CIP) No. 9274 has an approved amount to cover the lease payment and projects each annual lease payment going out for each year of the lease. Sufficient funds are available for this lease purchase. The Finance Director has competitively bid the financing and is recommending Banc of America Public Capital Corp for the financing. The lease payment schedule is as follows:

# Pmts:	7				
Interest Rate:	3.12%				
Fiscal Year				Total	
End June 30,	Principal	Interest	Annual	Balance	
					\$81,799.47
6/30/2019	\$10,636.63	\$ 2,552.14	\$13,188.78		71,162.84
6/30/2020	10,968.50	2,220.28	13,188.78		60,194.34
6/30/2021	11,310.71	1,878.06	13,188.78		48,883.63
6/30/2022	11,663.61	1,525.17	13,188.78		37,220.02
6/30/2023	12,027.51	1,161.26	13,188.78		25,192.51
6/30/2024	12,402.77	786.01	13,188.78		12,789.74
6/30/2025	12,789.74	399.04	13,188.78		(0.00)
	<u>\$81,799.47</u>	<u>\$ 10,521.97</u>	<u>\$92,321.44</u>		

### ATTACHMENTS:

Council Resolution  
Vehicle and equipment quotes