



AGENDA ITEM ANALYSIS

Project/Issue Name: 23-R-24 A Resolution of The City Council Authorizing Execution of an Agreement with TLG Leasing, Inc. for the Lease of Dump Truck Vehicles.

Submitted By: Karen Haynes, BUILDS Administrator

Date: April 11, 2023

Issue Statement

A Resolution authorizing the execution of a Full-Service Lease Agreement for Dump Trucks.

Discussion and/or Analysis

In accordance with our Capital Improvement Plan (CIP), the BUILDS Department is requesting authorization to enter into a Full-Service Lease Agreement for four (4) Dump Trucks; three (3) Tandem-Axle Dump Trucks and one (1) Single-Axle Dump Truck. These Dump Trucks will be utilized for all City functions, including but not limited to, snow plowing, salt spreading, hauling construction materials, hauling asphalt and aggregate, and hauling trailers with equipment.

The BUILDS Department requested proposals for Full-Service Truck Leases and received two submittals, PacLease for Peterbilt Trucks and Rush Truck Center for International Trucks. The BUILDS Department Staff reviewed both submittals and determined PacLease best fit the intention of the Full-Service Lease Request. Rush was less expensive, but their submittal was for purchase only.

Staff is recommending leasing four (4) Dump Trucks versus purchasing due to current budget constraints and our needs. Our current fleet of Semi-Truck Chassis Vehicles (including Dump Trucks, Street Sweeper, Pump Trucks, and Utility Service Trucks) has an average age of just under fifteen (15) years old. In 2022, the City of Republic spent over \$48,000 in repairs of our current Semi-Truck Chassis Fleet. As our Fleet continues to age, routine maintenance and extensive repairs are expected and alternatives, such as Leasing and Lease to Purchase will continue to be explored when considering replacements.

The Lease Contract provides for all routine maintenance and repairs, except for replacement of tires. PacLease is well-equipped and stocked to handle repairs and maintenance; the BUILDS Department does not currently have the expertise or equipment to provide repairs or maintenance on our larger fleet vehicles and equipment. At the end of the seven (7) years, the BUILDS Department will have the option to buy the Dump Trucks or return to PacLease; we do have the option to purchase the Dump Trucks at any time throughout the seven-year period, as outlined on the Schedule A.



Once the Dump Trucks have been added to the fleet, we will reevaluate the condition and remaining life span of our current Dump Trucks and sell any Dump Trucks no longer needed. Replacement of our oldest Dump Trucks will reduce the average age of our Fleet from (14.9) years old, to (9.1) years old and all Dump Trucks would be less than seven (7) years old.

The Cost for the Single-Axle Dump Truck for a Seven-Year Term is \$3115 per month; the Tandem-Axle Trucks for a Seven-Year Term is \$3665 per month; the total cost over the seven (7) years is \$261,660 for the Single-Axel and \$307,860 for the Tandem-Axle, per Dump Truck. The purchase price for comparison is \$206,408 for the Single-Axel and \$238,089 for the Tandem-Axel, not including financing costs.

The Dump Trucks Leases are included in the 2023 Approved Budget and will be split between the Water, Street, and Wastewater Divisions. Due to current lead times, we are anticipating delivery in January 2024.

Recommended Action

Staff recommends approval.