

# Memo

Date:	June 6, 2014
To:	Mayor and Councilmembers
From:	Ryan Kramer, Superintendent of Vehicle Maintenance
Subject:	Agenda Item for <b>June 17, 2014</b>
Contact:	Ryan Kramer, Vehicle Maintenance, 325-657-4329 x.1651
Caption:	Consent Agenda
	<u>Consideration of authorizing City staff to negotiate a contract regarding Request for Proposal VM-05-14 – Equipment Leasing with US Bancorp and authorizing City Manager to execute.</u>
Summary:	The Vehicle Maintenance Division requested proposals for leasing options on various pieces of heavy equipment including backhoes, wheel loaders, excavators, and motor-graders. Thirteen Requests were mailed and proposals were received from seven; California First National Bank, JPMorgan Chase Bank, Suntrust Equipment Finance and Leasing Corporation, US Bancorp, Warren CAT, Welch State Bank, and Yellowhouse Machinery.
History:	<p>All efforts are made to utilize existing machines as long as possible, which allows the City to retain and repurpose them to maximize equipment life. Equipment life cycle replacement is crucial in order to reduce costly repair and maintenance expenses. However, numerous pieces have met or exceeded their life expectancy.</p> <p>Due to the amount of equipment to be replaced and with the majority of annual capital funding required for public safety vehicles replacements, the purchase of heavy equipment is not feasible. However, equipment replacement is possible through leasing. Current financing rates are extremely low and when coupled with an abnormally high resale market makes leasing a viable option.</p> <p>Equipment to be leased will benefit Street and Bridge, Parks, Lake Operations, Water Distribution, and Sewer Collection along with various other departments with occasional equipment needs. The items to be leased at this time includes ten (10) units to General Fund Departments; nine (9) units to the Water Fund Departments; and four (4) units to the Sewer Fund Departments.</p>
Financial Impact:	<p>The general leasing terms sought will include: five-year lease term with payments in arrears, no pre-payment penalties, and all equipment will be purchased with a 5 year/5000 hour or greater full warranty to align with the lease term.</p> <p>Anticipated annual lease payments are expected to be approximately \$130,000 to the General Fund, \$60,500 Water Fund, and \$43,000 to the Sewer Fund.</p>
Other Information/ Recommendation:	Staff seeks approval to enter into negotiations with highest ranked respondent, US Bancorp.
Attachments:	<a href="#">RFP Acknowledgement</a> , <a href="#">RFP Scoring Summary</a> , and <a href="#">Rate Comparison Matrix</a>
Presentation:	None

Publication:	Standard-Times, April 18, 2014 and April 24, 2014
Reviewed by Director:	Shane Kelton, Director of Operations; Ricky Dickson, Director of Water Utilites; Tina Bunell, Director of Finance

**CITY OF SAN ANGELO****Acknowledgment \* RFP: VM-05-14/Equipment Leasing****Date:** May 07, 2014

<b>Proposals Received</b>	<b>City, State</b>
1 Cal First National Bank	Irvine, CA
2 Chase	Austin, TX
3 Suntrust	Towson, MD
4 US Bank	Denver, CO
5 Warren Cat	San Angelo, TX
6 Welch State Bank	Welch, OK
7 Yellowhouse Machinery Co.	San Angelo, TX

**Invitations Sent To:**

Associated Supply Company, INC	San Angelo	TX	No Bid
Bancorp South	Hattiesburg	MS	No Bid
Cal First National Bank	Irvine	CA	
Cisco Equipment	San Angelo	TX	
Diversified Lenders	Lubbock	TX	
Government Capital Corporation	Southlake	TX	
Green Campus Partners	San Antonio	TX	
MAXIMUS Financial Services	Dallas	TX	
McLain Decision Support Systems	Lewisville	TX	
Paymentus Corporation	Atlanta	GA	
Republic First National	Manhattan	KS	
Warren Cat	San Angelo	TX	
Yellowhouse Machinery Co.	San Angelo	TX	



**Request For Proposal: VM-05-14/Equipment Leasing**  
**Date: May 07, 2014**  
**Ranking Worksheet Summary**

Committee Member Summary		Request For Proposal: VM-05-14/Equipment Leasing						
Category	Total Points	Cal First National Bank	Chase	Suntrust	US Bank	Warren Cat	Welch State Bank	Yellowhouse Machinery Co.
Financial Benefit	120	72	93	74	95	71	60	58
Experience	90	85	90	90	90	90	90	90
Adherence to Specifications	90	75	72	55	90	45	79	55
Reserved	0	0	0	0	0	0	0	0
Total Score	300	232	255	219	275	206	229	203
	Rank	3	2	5	1	6	4	7

*Attach a Written Justification for each company's ranking and forward to Purchasing*

*NOTE: Attached only Page 3 of this form and the Written Justification to your Agenda Background Memo*