


COUNCIL COMMUNICATION

 <p>CITY OF DES MOINES OFFICE OF THE CITY MANAGER</p>	Number: 25-127	Meeting: March 24, 2025
	Agenda Item: 46	Roll Call: 25-0465
	Submitted by: Nickolas Schaul, Finance Director	

AGENDA HEADING:

On the proposition to authorize a purchase agreement in the principal amount, not to exceed \$2,000,000, for the purpose of replacing the refuse truck fleet within the Solid Waste Enterprise operations.

SYNOPSIS:

Recommend approval of the proposition of a purchase agreement for replacing half the aging refuse truck fleet on an annual basis with the right to return each truck at the end of two (2) years, in an annual principal amount not to exceed \$2,000,000 for four (4) years within the Solid Waste Enterprise operations.

FISCAL IMPACT:

Amount: Not to exceed \$2,000,000 annually.

Funding Source: Equipment Replacement Fund, Fiscal Year (FY) 2025 Operating Budget, Page 94

ADDITIONAL INFORMATION:

- The individual truck purchases shall follow the City’s regular procurement process. Eleven (11) trucks shall be purchased each July 1 in the term of the purchase agreement. Renewal of this agreement shall be considered a continuation of the agreement for purposes of retention or surrender of the trucks.
- The purchase price of each truck shall be the contract price available from Housby pursuant to its existing contract with Sourcewell on the date of the purchase (the “Housby Sales Price”). The City shall pay 40% of the Housby Sales Price at the time of the purchase.
- The City shall maintain ownership and operation of each truck for a period of 24 months after purchase (the “Initial Purchase Period”). During the Initial Purchase Period, no further payment aside from that shall be owed from the City to Housby.
- At the end of the Initial Purchase Period, the City shall have the option to either (i) retain ownership and possession of the truck by paying the Balance Due Including Carry Cost on the truck; or (ii) surrender title and possession of the truck back to Housby with no further payment to Housby owed.

- If the City elects to surrender title and possession of the truck to Housby, Housby shall inspect the truck to confirm that the truck meets the surrender requirements. If the truck meets such requirements, the City shall be entitled to a guaranteed residual buyback in the amount of the resale of the truck minus a commission for each truck not to be less than 67.5% (the “Guaranteed Residual Factor”).

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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