



To: Dr. Koultourides and Members of Council

From: Dustin Anderson – Town Manager
Stephen Gunty – Director of Public Works

Subject: Lease Purchase of Vactor Truck

Meeting: April 19, 2021

Background

Our existing Vactor Unit #466 was purchased in 2012 and is due for replacement under our 5 Year Capital Improvement Plan. The Vactor is a highly specialized vehicle that Public Works Water/Sewer Division crews are trained on that is used for both sewer cleaning and hydro-excavation on watermain breaks. We prefer staying with the “Vactor” Brand as our mechanics are trained in it, most area municipalities also use it and their service center is nearby in Elmhurst, IL.

The current Vactor Unit #466 will not be traded-in but remain operational in the fleet to use primarily in hydro-excavation, which although rough on the equipment is the preferred digging method due to the numerous conflicting underground utilities encountered on most watermain break sites. By separating duties of the new Vactor toward sewer cleaning and the old Vactor toward hydro-excavation, we will preserve the life of the new Vactor while the old Vactor serves for rougher jobs and as backup. The new Vactor 2100i Combination Sewer Cleaner will be mounted on a 2022 model year International HV tandem axle chassis and delivered to the Public Works Garage with factory training provided. It will have an extended boom arm reach and a sanitizer feature for cleaning the hose upon retraction into its reel.

Methodology

Munster Public Works received a Proposal from Standard Equipment Company for a new Vactor 2100i Combination Sewer Cleaner priced through a Purchasing Cooperative named Sourcewell, formerly National Joint Powers Alliance (NJPA). Sourcewell takes the complexity out of the solicitation/bidding process by providing procurement services to governmental units through national contracts with vendors procured through a competitive bidding process that secures the lowest competitive pricing complying with Indiana law I.C. 5-22-10-5. The Town of Munster is a tax-exempt entity and as a Sourcewell member (ID # 28145) is eligible to purchase this new specialized Vactor 2100i utilizing Sourcewell’s contract #122017-FSC without incurring any costs or fees and negating the need to conduct our own bid process.

The original RFP from Sourcewell including Vendor response, prices quoted from each Vendor and Contract Award documentation are attached as well as Indiana Legal References authorizing use of purchasing cooperatives such as Sourcewell. The utilization of Sourcewell for Vactor purchases is common among numerous Lake County municipalities shown on the attached list.

Lease Purchase Quote Summary

We were asked to explore Lease Purchase options as an alternative to a lump-sum purchase and contacted two finance companies that provided financing quotes for both a 5-year and 7-year Lease Purchase of the Vactor at the Sourcewell price of \$472,570, summarized below.

Vendor	Term	Rate in Arrears	Payment in Arrears	Rate in Advance	Payment in Advance
Public-Finance.com	5 year	2.48%; factor – 0.2151	\$101,660.00	2.39%; factor – 0.2096	\$99,035.00
Public-Finance.com	7 year	2.77%; factor – 0.1591	\$ 75,200.00	2.68%; factor – 0.1544	\$73,000.00
Tax-Exempt Leasing	5 year	2.79%; factor – 0.21705	\$102,571.32	2.79%; factor – 0.21116	\$99,787.88
Tax-Exempt Leasing	7 year	2.89%; factor – 0.15984	\$ 75,535.59	2.89%; factor – 0.15535	\$73,413.75

Note: Either lease-purchase financing arrangement above incorporates principal and interest within each annual payment made so at the end of the term, the Town will own the equipment outright.

Fiscal Note

In lieu of a lump sum purchase at the price of \$472,570, the Clerk-Treasurer's Office has recommended to spread payments out over a 7-year period via a Lease Purchase plan with Payment in Advance. At \$73,000 annually with first payment due upon delivery, the lowest quote is from Public-Finance.com. Total vehicle cost after 7 payments equates to \$511,000 with \$38,430 in total interest for this financing, or \$5,490 in annual interest. Funding is through the Sewer Fund and/or the Sewer Depreciation Fund.

Recommendation

By motion and roll-call vote, approve the attached Lease Purchase proposal dated April 19, 2021 from Public-Finance.com for the Lease-purchase of a Vactor 2100i Combination Sewer Cleaner in the amount of \$472,570.00 from Sourcewell financed over 7 years with first payment in advance upon vehicle delivery and yearly thereafter in the amount of \$73,000.