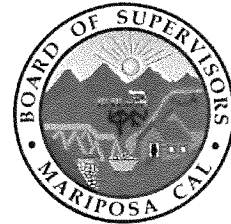




MARIPOSA COUNTY

Public Works · 209 966 5356



RESOLUTION - ACTION REQUESTED 2018-563

MEETING: November 20, 2018
TO: The Board of Supervisors
FROM: Mike Healy, Public Works Director
RE: Landfill - Lease to Own D6 Dozer Purchase - Landfill

RECOMMENDATION AND JUSTIFICATION:

Authorize the Public Works Director to enter into a "Lease to Own" purchase agreement to acquire a new CAT D6 Bulldozer for use at the Landfill.

Bulldozers are a critical part of landfill operations. The landfill has a Caterpillar D6 bulldozer that was purchased from the Roads Department after much of its useful and economic life had been exhausted. This aged equipment is no longer able to meet the operational demands of the landfill, it is potentially unsafe and it would be far more expensive to repair than to replace.

In order to meet the needs of the landfill, the County has been renting a bulldozer for approximately one year while waiting for the results of the Landfill Future Engineering Report. Concerns about the landfill having a short lifespan made it unwise to purchase a new bulldozer until the report was complete. The cost of this rental is \$13,288.00 per month.

The Landfill Future Engineering Report is now complete and shows there is more time left in the facility than previously anticipated. Accordingly, staff recommends purchasing a new bulldozer using a lease-to-own arrangement at a cost of \$452,185.84 plus interest. This purchase is expensive, though but less expensive than the current rental, and will provide a reliable piece of equipment to use for many years.

The fiscal advantage of the lease-to-own option over an outright purchase is that payments are spread out over 120 months. Payments over time for a large purchase will help the landfill, which is an enterprise fund, manage its cash flow and continue saving a portion of revenues in the Closure / Post Closure Fund without impacting operations. The lease-to-own arrangement will save the County \$100,217.80 over the current rental agreement.

Should the Board approve this item, delivery will take approximately 18 weeks. The

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current rental will be terminated at the time of delivery. The old bulldozer at the landfill will be declared surplus and the public works director will sell, auction or otherwise dispose of it in the way that is most beneficial to the County, per Mariposa County Code 3.08. The public works director will report the purchase of the equipment to the Board and keep the Board advised of any unforeseen changes in the financing after the purchase has been made.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

None

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

The Department will be unable to take advantage of monthly savings as we will be forced to continue our rental agreement. If the sale of the non-functioning equipment as surplus is not granted we will continue to store this equipment.

FINANCIAL IMPACT:

This Lease to Own Purchase Agreement will result in an annual savings of \$100,217.80, inclusive of the Down Payment of \$50,000.00 and Balloon Payment 90,240.00 to the Department when compared to the present equipment rental agreement

ATTACHMENTS:

FIN PROP - MARIPOSA COUNTY - 120MO GOVT 50K DP - D6T (2) (PDF)

RESULT: ADOPTED [UNANIMOUS]

MOVER: Marshall Long, District III Supervisor

SECONDER: Merlin Jones, District II Supervisor

AYES: Rosemarie Smallcombe, Merlin Jones, Marshall Long, Miles Menetrey

EXCUSED: Kevin Cann