



Department Source: City Utilities - Solid Waste

To: City Council

From: City Manager & Staff

Council Meeting Date: November 20, 2023

Re: Authorizing Amendment No.1 to a lease agreement with Seon System Sales, Inc (FleetMind Solutions) and a new lease agreement with Huntington Technology Finance Inc. for a Government Obligation Contract for a Solid Waste Route Management System

## Executive Summary

Staff has prepared for Council consideration a resolution authorizing the City Manager to execute Amendment No. 1 to a lease agreement with Seon System Sales, Inc. (FleetMind Solutions) and new lease agreement with Huntington Technology Finance Inc. for a Government Obligation Contract for a Solid Waste Route Management system.

## Discussion

On August 1, 2022, City Council authorized the City Manager to execute two separate 5-year lease agreements for the implementation of a route management system for Solid Waste Collections. The first lease agreement is with Seon System Sales, Inc. (FleetMind Solutions) which provides the software maintenance and data usage for 51 collection vehicles. The second lease agreement is with Huntington Technology Finance Inc. for a Government Obligation Contract to provide the hardware for 51 collection vehicles. The Huntington Technology Finance Inc. lease agreement also included a lease schedule which specified the equipment that was to be installed in the 51 collection vehicles.

After the two lease agreements were executed, it was determined that the manual collection of residential refuse would transition to an automated operation. The collection vehicles for an automated operation require different equipment than what was agreed upon by the original lease agreements and equipment schedules. Therefore, the route management equipment has only been installed on 40 of the 51 solid waste collection vehicles that were included in the original lease agreements. The route management equipment was not installed on the collection vehicles that are currently used for manual refuse collection operations.

The proposed Amendment No. 1 with Seon System Sales, Inc. will increase software maintenance and data usage from the 51 collection vehicles to 55 collection vehicles. To this point, the route management system has only been installed on 40 of the 51 collection vehicles that were included in the original agreement with Seon System Sales, Inc. The implementation of the automated residential refuse collection operation will require the route management system to be installed on 15 automated collection vehicles. This will bring to total number of collection vehicles equipped with the route management system to 55 vehicles.



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On October 2, 2023, City Council authorized the City Manager to execute Amendment No. 1 to the lease agreement with Huntington Technology Finance Inc. This amendment reduced the scope of the original agreement from 51 vehicles to 40 vehicles, reduced the amount of equipment leased, reduced the cost of the lease and allowed the City to initiate lease payments for the equipment that has been installed and being utilized.

Staff is now proposing to establish a new and separate 5-year lease agreement with Huntington Technology Finance Inc. to provide the hardware for 15 automated residential refuse collection vehicles. This new 5-year lease agreement with Huntington Technology Finance Inc. is necessary because the equipment for the automated collection vehicles will be installed at a much later date than the equipment included in the original agreement. The new lease agreement will include a separate payment schedule for the equipment that will be installed on the automated collection vehicles.

The combination of the two proposed actions (Amendment No. 1 with Seon System Sales, Inc. and new 5-year lease agreement with Huntington) will provide the software maintenance, data usage and hardware necessary to implement the route management system on the collection vehicles that will be utilized in the automated residential refuse collection operation.

Funding for the agreements with Seon System Sales Inc. and Huntington Technology Inc. are included in the Solid Waste Utility operating budget.

## Fiscal Impact

Short-Term Impact: Amendment No. 1 with Seon System Sales, Inc. will increase the monthly charge from \$8,134.5 to \$8,772.50 and increases the annual cost from \$97,614.00 to \$105,270.00. The Huntington Technology Finance agreement has a monthly charge of \$4,124.36 or \$49,492.32 per year.

Long-Term Impact: The total cost of Amendment to the 5-year lease agreement with Seon System Sales, Inc. and the new 5-year lease agreement with Huntington Technology Finance is \$285,741.60

## Strategic & Comprehensive Plan Impact

### Strategic Plan Impacts:

Primary Impact: Reliable and Sustainable Infrastructure, Secondary Impact: Organizational Excellence, Tertiary Impact: Not Applicable

### Comprehensive Plan Impacts:

Primary Impact: Infrastructure, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable



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## Legislative History

Date	Action
10/02/2023	R152-23 Authorizing Amendment No.1 to the agreement with Huntington Technology Finance Inc. for the lease of equipment in support of a solid waste route management system.
08/01/2022	R114-22 Authorizing an agreement with Huntington Technology Finance, Inc. for the lease of equipment in support of a solid waste route management system; authorizing a solid waste route management software system licensing, support and data agreement with Seon System Sales, Inc., d/b/a Fleetmind Solutions, Inc.

## Suggested Council Action

Approval of the resolution