



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: SEPTEMBER 19, 2017

DEPARTMENT: FIRE DEPARTMENT

FROM: EDMOND A. RODRIGUEZ, FIRE CHIEF

TITLE: FIRE ENGINE DIRECT PURCHASE AND LEASE AGREEMENT

RECOMMENDED MOTION:

A motion to approve a Resolution authorizing the direct purchase of one (1) fire engine from Pierce Manufacturing, Inc. and lease/purchase agreement from Holman Capital.

RECOMMENDATION:

It is recommended that the City Council approve a Resolution authorizing the direct purchase of one (1) fire engine from Pierce Manufacturing, Inc. and lease financing from Holman Capital.

BACKGROUND:

The Fire Department has been working diligently for the last four years to bring our fleet into a state of good repair. We have a need to replace one additional fire engine to achieve this goal.

Fire Engine 4 serves our Alisal Community from the Williams Road Fire Station. The engine currently assigned to Fire Station 4 is 10 years old with over 100,000 miles on it. This is two years past the Department's apparatus replacement recommendations. The current Engine 4 has been experiencing several extended out of service periods for repairs in the last several years. Some of these mechanical issues have caused delays in emergency response. Most recently, the engine was out of service for nearly 3 months, being replaced by a 15-year-old reserve fire engine. The time is now to replace this engine.

Once Fire Engine 4 is replaced, the entire front line fleet will be less than seven years old. Barring any catastrophic events, the need to replace any additional apparatus will be a minimum of 2 years away.

Quote #40717-17 from Pierce Manufacturing, Inc. provides two options for purchase;

- 1) Option A: 100% Pre-Payment at Time of Contract signing for \$561,607.09; or
- 2) Option B: Payment at Time of Delivery/Acceptance for \$588,644.34.

Option A provides a discount of \$24,748.06.

This engine is being purchased via the HGACBuy program, contract #FS12-15, TC06. The HGAC Buy program is a purchasing cooperative that offers competitively bid apparatus and equipment to government entities throughout the nation.

The City Council has the authority to approve the direct purchase of the additional engine pursuant to Salinas City Code Section 12-27 without the need for receipt of competitive bids and Salinas City Code Section 12-28.070 without the need for application of the local purchasing preference. Moreover, there are no vendors locally that provide fire department pump apparatus.

Acquisition and equipping this engine will complete a significant goal in the process of rebuilding the Salinas Fire Department.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment.

STRATEGIC PLAN INITIATIVE:

This recommendation supports the following City Council Strategic Plan Initiatives:

- II. Safe, Livable Community
- III. Effective, Sustainable Government
- IV. Well Planned City and Excellent Infrastructure

FISCAL AND SUSTAINABILITY IMPACT:

The cost of the engine is \$561,607.09. Staff recommends a six-year lease/purchase plan for the fire engine purchase. Five banks were solicited on August 23, 2017 for lease rates and two responded. PNC responded with a rate of 2.46% and a payment of \$101,822.26 and Holman Capital responded with a rate of 2.40% and a payment of \$101,619.02. The lease payment has been budgeted in CIP 9540.

ATTACHMENTS:

1. Resolution
2. Pierce Manufacturing, Inc. Proposal 40717-17