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DEPARTMENT OF
ADMINISTRATIVE SERVICES

PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO
CALIFORNIA

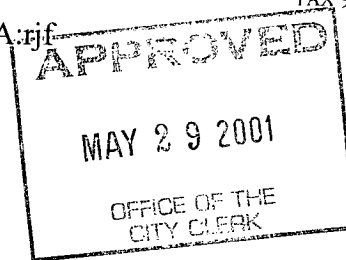
5730 24TH STREET
BUILDING FOUR
SACRAMENTO, CA
95822-5699

May 23, 2001

PH 916-433-6240
FAX 916-399-0263

PS:Admin:01-22:RBH:SA:rjf

City Council
Sacramento, California



Honorable Members in Session:

SUBJECT: PURCHASE OF REPLACEMENT FIRE APPARATUS & ASSOCIATED FUNDING

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

This report recommends that City Council:

- Authorize the City Manager to execute the purchase of 11 replacement fire engines and 3 replacement fire trucks from Golden State Fire Apparatus, Inc., 1301 Doker Drive, Building A, Modesto, CA 95351-1598 in the amount of \$5,679,507.00.
- Adopt the attached Resolution authorizing the transfer of \$2.0 million from the General Fund reserves to the Fleet Fund and borrowing \$3,679,507.00 from the Risk Fund until debt financing is completed.

In addition, this report recommends that the Sacramento City Financing Authority:

- Adopt the attached Resolution authorizing reimbursement of expenditures advanced from City funds from bond proceeds for the purchase of fire trucks and engines.

CONTACT PERSONS:

Dennis Smith, Fire Chief, 264-5266

Robert Summersett, Fleet Management Superintendent, 433-6309

Steve Alstrom, Senior Buyer, 433-6343

FOR COUNCIL MEETING: May 29, 2001

SUMMARY:

On January 16, 2001, based on the results of a study of City fire fighting apparatus, the City Council authorized the City Manager to informally competitively bid and/or negotiate for the purchase of 14 replacement fire fighting vehicles, for a total amount not to exceed \$5.7 million. Quotations were solicited from three fire apparatus manufacturers/vendors whose equipment has a demonstrated positive track record in City service. This report recommends that the City Council approve the purchase of 11 Pierce fire engines and 3 Pierce fire trucks from Golden State Fire Apparatus, Inc., Modesto, CA, in the total amount of \$5,679,507.00. This report authorizes budget and financing actions related to the purchase.

BACKGROUND:

This report is in response to the results of a study that was initiated jointly by Fire Department Administration and Fleet Management in the fall of 1999 (Fire/Fleet study), and a request by the City Council for detailed information regarding City fire fighting apparatus. The Fire/Fleet study recommended the replacement of City fire apparatus that is 20 years old or older. On January 16, 2001, the City Council approved a Resolution suspending formal competitive bidding and authorizing the City Manager to informally competitively bid and/or negotiate for the purchase of 14 replacement fire vehicles, including loose equipment for those vehicles, in a total amount not to exceed \$5.7 million. These new units would be placed in the City fleet to replace existing fire vehicles that are 20 years old and older.

Staff developed specifications for fire engines and trucks, including all loose equipment necessary to support the operation of the units. The specifications call for complete units, which will be turnkey and, therefore, will require little processing by Fleet staff prior to being placed into service for the Fire Department. Informal quotations were solicited from three manufacturers/vendors of fire apparatus. These manufacturers/vendors are known by staff to provide quality fire apparatus and to manufacture the complete fire vehicle units, including cab and chassis, body, and aerial ladder assemblies.

Quotations were received from representatives of two manufacturers, while the third vendor declined the opportunity to provide a quotation. When the quotations were analyzed, the two vendors' quotations were within \$10,000 of each other. Each quotation, however, was in excess of the \$5.7 million expenditure cap.

Provisions in the quotation solicitation package allowed representatives of the manufacturers/vendors the opportunity to make presentations up to two hours in length to a panel of staff from the Fire Department, Procurement Services Division, City Manager's Office, and Fleet Operations to address specific fire apparatus criteria. At the conclusion of the presentations, the unanimous consensus of the panel was that Golden State Fire Apparatus, Inc., representatives for Pierce Manufacturing, offered the products and proven after-the-sale service and support that is most responsive to the City's needs.

Based on negotiations with Fire Department and Fleet Operations staff, which included discussions of the City's needs and budgetary constraints, Golden State Fire Apparatus, Inc. provided a revised quotation offering prepayment discounts and other pricing revisions. The total cost of the 14 fire apparatus units, after discounts, is \$5,679,507.00. Golden State Fire Apparatus, Inc. is certified as a Small Business by the City of Sacramento Office of Small Business Development.

A delivery schedule has been negotiated that will provide for a staggered delivery of all units between 11 and 14 months after Golden State receives the City's purchase order. This schedule will allow for smooth processing of the units into the City fleet and Fire operations.

Based on the above considerations, staff recommends that the City Council authorize the City Manager to execute the purchase of 11 Pierce fire engines and 3 Pierce fire trucks from Golden State Fire Apparatus, Inc., Modesto, CA, in the total amount of \$5,679,507.00.

FINANCIAL CONSIDERATIONS:

The cost to purchase the fire apparatus totals \$5,679,507.00. The Treasurer's office will arrange for this purchase to be debt financed.

At the last Midyear Review, City Council reserved \$2 million to offset the cost of equipment purchases. This \$2 million reserve can be used, in all or part, to lower the amount borrowed and therefore lower interest costs. Short-term borrowing from the Risk Fund is authorized until debt financing is completed. Debt service costs would range from approximately \$600,000 to \$1,300,000 depending on the total amount financed and the length of the debt. The General Fund currently pays into the Fleet Management Fund approximately \$840,000 per year for fire engine, fire truck, and other fire apparatus replacement.

The debt may be included in the next City debt issue or with the City's existing leasing company. City Treasurer's staff will return to the City Council with a report to approve the final debt financing documents. At that time staff will recommend the exact amount to be financed and the corresponding debt service payments.

ENVIRONMENTAL CONSIDERATIONS:

Ongoing administrative and maintenance activities, such as purchases of supplies, equipment or materials which are not made for purposes of a public works construction project, do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA). CEQA Guidelines, Sections 15061(b)(1), 15378(b)(3).

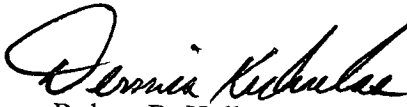
POLICY CONSIDERATIONS:

The recommendations in this report are consistent with the requirements of City Code Chapter 3.56 for the purchase of supplies and non-professional services. The City Council previously suspended formal competitive bidding for the subject purchase, in accordance with City Code Section 3.56.230(C) (Resolution No. 2001-045).


ESBD CONSIDERATIONS:

Golden State Fire Apparatus, Inc. is certified as a small business by the City of Sacramento Office of Small Business Development.

Respectfully Submitted,


for Robert B. Holbrook
Procurement Services Manager

RECOMMENDATION APPROVED:


ROBERT P. THOMAS
City Manager

Attachments

RESOLUTION NO. 2001-002

ADOPTED BY THE SACRAMENTO CITY FINANCING AUTHORITY

ON DATE OF _____

RESOLUTION OF OFFICIAL INTENT OF THE SACRAMENTO CITY FINANCING AUTHORITY TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS

WHEREAS, the Sacramento Financing Authority (the "Authority") intends to purchase fire trucks and engines (the "Project");

WHEREAS, the Authority expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project prior to insurance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis;

WHEREAS, the Authority reasonably expects that debt obligations in an amount not expected to exceed \$6,200,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Authority to declare it's reasonable official intent to reimburse prior expenditures for the projects with proceeds of subsequent borrowing;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SACRAMENTO CITY FINANCING AUTHORITY DECLARES AS FOLLOWS:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 2. This resolution is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This resolution does not bind the Authority to make any expenditure, incur any indebtedness or proceed with the Project.

Section 3. The Authority hereby declares its official intent to use proceeds in indebtedness to reimburse itself for Reimbursement Expenditures.

Section 4. This resolution shall take effect from and after its adoption.

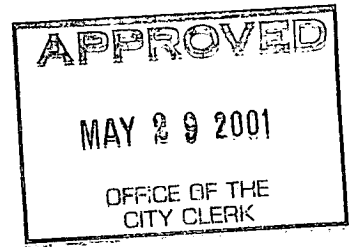
PASSED AND ADOPTED this _____ day of _____, 2000.

Chairman

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____



RESOLUTION NO. 2001 334

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

PURCHASE OF REPLACEMENT FIRE APPARATUS

Be It Resolved By the Council of the City of Sacramento that:

1. The City Manager is authorized to spend \$5,679,507 million for fire apparatus.

2. Funds for this purchase are:

Fund Sources

Transfer in from general fund

\$2,000,000

Borrowing

Long term debt borrowing to be arranged in FY02; short-term borrowing from Risk Fund at Pool A interest rates is authorized until debt financing is completed.

\$3,679,507

\$5,679,507 TOTAL

General Fund Source

Release of general fund equipment reserves

101-750-7110-4386

(2,000,000)

Transfer into Fleet Fund

420-310-3XXX-4376

2,000,000

3. Amend operating budget for fleet purchases.

420-310-3XXX-XXXX \$5,679,507

FOR CITY COUNCIL USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____