



City Council Meeting and Public Hearing STAFF REPORT

Submitting Department: Public Safety
Submitted By: Tom Patton, Police Captain
Meeting Date: February 1, 2016

I. AGENDA ITEM TITLE: FIRE ENGINE ACQUISITIONS (REPLACEMENT OF FIRE ENGINES #4 AND #6)

II. RECOMMENDATION:

Approve acquisition of two replacement fire engines (Pierce) through Ten-8 Fire and Safety Equipment of Georgia at a cost of \$992,808.00.

Adopt the attached Resolution authorizing the Mayor to execute a lease agreement, and all associated documents, with Banc of America Public Capital Corporation for the purposes of funding the fire engine acquisitions.

III. BUDGET IMPLICATIONS:

BUDGETED ITEM: NO

FISCAL IMPACT: YES

INCLUDED IN CURRENT FY CPTL BUDGET: NO

INCLUDED IN CURRENT FY OPRT. BUDGET: NO

TOTAL PROJECT COST:

\$109,196.28 ANNUAL CAPITAL LEASE PAYMENT
(\$992,808.00 CAPITAL LEASE FINANCING)

APPROPRIATIONS:

<u>ACCOUNT TITLE/NUMBER</u>	<u>DOLLAR AMOUNT</u>
Fire Truck Acquisitions: 30131150-542200-C1241	\$992,808.00
Capital Lease (Principal Expense): 10031100-581200	\$96,123.38
Capital Lease (Interest Expense): 10031100-582200	\$13,072.90

EXTERNAL FUNDING SOURCES:

<u>ACCOUNT TITLE/NUMBER</u>	<u>DOLLAR AMOUNT</u>
Fire Truck Capital Lease Proceeds: 30131150-393500-C1241	\$992,808.00
-	\$0.00
-	\$0.00

IV. REPORT IN BRIEF:

This request is for the purchase of two new Pierce Fire Engines (a.k.a. Fire Pumpers) to replace the existing HME Fire Engines #4 and #6, both of which are 2005 models acquired in the spring of 2006. Fire Engine #4 has over 80,000 miles and Fire Engine #6 has over 72,000 miles. While the mileage is not unreasonable for the age of the trucks, the vehicles have poor maintenance and safety records. Both have been returned to the factory for supplemental structural bracing in the cab and have had rear axles replaced. Other repairs over the last three years have exceeded \$34,000 for Engine 4 and \$32,000 for Engine 6.

The requested Pierce Fire Engines have been designed to ensure compatibility with new development in Alpharetta. The new engine is shorter and narrower to aid in navigating roundabouts as well as the unique needs of Avalon and City Center (e.g. streets with on-street parking).

This request was originally slated to be included as part of the FY 2017 budget process. However, Pierce has a 3% inflationary cost increase scheduled for April 1, 2016. Purchasing the replacement Fire Engines now saves the City over \$30,000. The preliminary FY 2017 budget includes an allocation for the lease payment. Assembly and construction will take a minimum of 10-months with delivery estimated in late

2016/early 2017.

Fire Engine Replacement

Pierce is the City's approved single source provider of fire engines/trucks. Pricing for the Pierce Fire Engines quoted herein is in accordance with the competitively bid contract (Bid 15-11-0116) awarded to Pierce by the Florida Fire Chiefs' Association, Florida Sheriffs' Association, and Florida Association of Counties. Bid 15-11-0116 became effective February 2, 2015 and is valid until March 31, 2016. Under the Procurement Code, the City is authorized to piggy-back off of competitively procured contracts provided through other governmental entities. Ten-8 and Pierce representatives have stated that the pricing under this contract is the most competitive and forms the basis of what would be provided to the City under a standalone bid scenario.

- Acquisition Cost (vehicles and factory-installed equipment): \$992,808.00

Capital Lease Program

The Finance Department solicited quotes for the fire engine financings from seven financial institutions and obtained the following results: Banc of America (1.835%); Whitney Bank (1.864%); BB&T (2.52%); SunTrust (2.63%); PNC (2.681%); State Bank & Trust (no quote); and Wells Fargo (no quote). Banc of America provided the most competitive interest rate and is the recommended partner for this transaction. Transaction terms include:

- Loan amount: \$992,808.00
- 10-year term;
- 1.835% fixed interest rate;
- no closing costs;
- no prepayment penalty; and
- \$109,196.28 annual payment.

The Public Safety Department has sufficient appropriations programmed within the preliminary FY 2017 Budget to fund the annual lease payment.

The City of Alpharetta has 8 fire apparatus including 6 fire engines/pumpers, 1 fire ladder truck, and 1 air/light truck. The Finance and Public Safety Departments have developed a funding plan to ensure all fire apparatus are built into the annual operating budget under 10-year capital lease programs that (1) ensure highly functional equipment to aid the Department in meeting its service needs to our citizens and to (2) eliminate periodic impacts to the capital budget. Upon approval of this transaction, all fire apparatus will have been built into the annual operating budget under a capital lease program.

V. ALTERNATIVES:

VI. ATTACHMENTS:

Ten-8 Quote (Fire Trucks), Resolution, Opinion Letter, Master Equipment Lease Agreement (BOA), GA Lease Rider