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Title: Authorize the use of a lease-purchase agreement to purchase six fire engines in the amount of \$4,426,049.10 from Smeal Manufacturing utilizing a Cooperative Purchasing Agreement

Sponsors: Fire Department

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Attachments: 1. Charlotte Original Contract.pdf

Date	Ver.	Action By	Action	Result
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REPORT TO THE CITY COUNCIL

October 18, 2018

FROM: KERRI DONIS, Fire Chief
Fire Department

SUBJECT:
Authorize the use of a lease-purchase agreement to purchase six fire engines in the amount of \$4,426,049.10 from Smeal Manufacturing utilizing a Cooperative Purchasing Agreement

RECOMMENDATION

Authorize the use of a lease-purchase agreement to purchase fire engines from Smeal Manufacturing utilizing a Cooperative Purchasing Agreement to acquire fire engines in accordance with the department’s eight-year apparatus replacement program. This includes orders for four fire engines in Fiscal Year 2019 and two fire engines in Fiscal Year 2020.

EXECUTIVE SUMMARY

On August 17, 2017, City Council approved a request by the Fire Department to enter into an agreement with Smeal Manufacturing to lease purchase three fire engines utilizing a formal bid conducted by the City of Charlotte, NC. Charlotte purchased the same engines used by the Fresno Fire Department from Smeal Manufacturing and is allowing other public agencies to use their contract terms under the Cooperative Purchasing Program. The department seeks approval to utilize the same contract for the lease purchase of four engines in Fiscal Year 2019 and two engines in Fiscal Year 2020 as it continues with the replacement plan to replace aging apparatus.

BACKGROUND

Under a Cooperative Purchasing Agreement, a public agency conducts a formal competitive bid and awards the contract to the lowest qualified bidder. That agency may then authorize other government agencies wishing to purchase the same equipment to utilize their competitive bid and contract terms. The cooperative agreement is common practice and helps agencies save substantial time and costs from conducting their own bids for the same purpose. Smeal Manufacturing was the lowest bidder in the bid conducted by the City of Charlotte.

In 2015 the Fresno Fire Department received administrative approval to replace its aging apparatus over an eight-year period. The replacement program includes fire trucks, fire engines, and certain light vehicles. Over the past few years, the Fire Department has been purchasing its fire engines and fire trucks from Smeal Manufacturing utilizing Cooperative Purchasing Agreements from various agencies that were purchasing the same engines as Fresno.

The City of Charlotte conducted a formal competitive bid in 2014 for the same engines used by Fresno Fire and still has an existing, active contract with Smeal Manufacturing. Charlotte authorized other agencies to utilize their bid and contract terms under the Cooperative Purchasing Agreement program. Charlotte awarded a contract to Smeal Manufacturing. Their contract remains active, with its optional two-year extensions, through November 2019 which was approved by Charlotte City Council.

The total cost, including tax and outfit equipment for the four engines scheduled for order in Fiscal Year 2019 is \$2,902,324, which will be financed for over a 10-year lease period with the first lease payment not due until Fiscal Year 2020. Accordingly, no funding is requested in Fiscal Year 2019.

By authorizing the Fresno Fire Department to enter into this Cooperative Purchasing Agreement, the department will save considerable time and costs that would otherwise be incurred to conduct a formal bid. This will enable the Fresno Fire Department to have engines put into operation at a much earlier date. This factor alone is crucial given the department's call volume and the ages of many of its current fire engine fleet

In addition to savings in time and cost, the Fresno Fire Department would be acquiring its engines from a dealer that is one of the leaders in the fire apparatus industry. Smeal Manufacturing has built apparatus for the Fresno Fire Department in recent years and the department is completely satisfied with the company's overall product, service, and pricing. The department has purchased apparatus from other vendors in the past decade, but this resulted in issues of poor workmanship, multiple component failures, reduced dependability, and increased out of service time.

Approval of this request will benefit the Fire Department in the area of standardization. Standardization of apparatus is important for many reasons. Fire hose and other life-saving equipment can be tailored to fit in standardized units and compartments. Fire Engineers become familiar with the drivability and usability of the engines as well as the capabilities of various devices on the apparatus. Mechanics also become familiar with the same engine and motors making repair work more effective and timely. Repair parts in inventory can be standardized to fit all fleet. These factors reduce the down time of these large emergency apparatus - very important to a department that receives over 40,000 calls for service annually.

Given the many factors noted above, it is recommended the city council approve this request.

ENVIRONMENTAL FINDINGS

This item is not a project as defined by the California Environmental Quality Act.

LOCAL PREFERENCE

Local preference was not implemented because this purchase is using another governmental agency's contract.

FISCAL IMPACT

The lease payment is included within the General Fund's five-year projections. The first lease payment for these engines will not be due until Fiscal Year 2020.

Attachment:

Piggyback Contract - Charlotte