



Office of the City Manager

CONSENT CALENDAR
July 9, 2024

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: David Sprague, Fire Chief, Fire Department

Subject: Purchase Agreement with Pierce Manufacturing, Inc. and Contract No. 078804-1 (8068) Amendment: Banc of America Public Capital Corp. for Master Equipment Lease/Purchase Agreement for Three Fire Engines and Two Aerial Fire Trucks

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to purchase three Pierce Enforcer 1500 GPM Type 1 Fire Engines and two Pierce Enforcer Tractor Drawn Aerials by executing:

1. Purchase Agreement with Pierce Manufacturing, Inc. in an amount not to exceed \$7,353,115, providing for California sales tax of \$751,206 and pre-pay discount of \$951,353; and
2. Increase the Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp. by \$9,492,845 (prior to sales tax, equipment only) yielding an amended total NTE amount of \$26,693,305 on Contract No. 078804-1 (8068) with financing pursuant to the amendment to be paid over 7 years at an annual interest rate of 4.1438% and a first payment commencing no later than April 9, 2025.

FISCAL IMPACTS OF RECOMMENDATION

The purchase price for the three engines and two aerial fire trucks will not exceed \$9,492,845. This purchase total includes document fees, California tire fees, delivery charges and sales tax. This also includes a pre-payment discount of \$951,353.

The Purchase Agreement with Pierce Manufacturing, Inc. (Pierce) is for amount not to exceed \$7,353,115, providing for California sales tax of \$751,206, and a pre-payment discount of \$951,353.

The purchase will be financed through the Lease/purchase agreement with Banc of America Public Capital Corp for an amount NTE \$9,492,845 (this includes California tire fees, document fees, delivery charges and training), to be paid over 7 years at an interest rate of 4.1438%, with a first payment commencing no later than April 9, 2025.

The City will directly remit sales tax payments in an amount NTE \$751,206.

Payments for the lease and tax payments will be made through annual budget allocation from the General Fund (011). The annual debt service payment will be appropriated in the General Fund and transferred to the Equipment Replacement Fund (Fund 671) as part of the Lease/purchase amount including sales tax.

(2) Fire Enforcer Tractor Drawn Aerials	\$ 4,451,658
(3) Fire Enforcer Fire Engines	<u>3,652,663</u>
Total NTE Amount	\$ 8,104,351

CURRENT SITUATION AND ITS EFFECTS

This purchase will replace three fire engines and two aerial trucks that are nearing their end of useful service life as front line, initial response vehicles. The existing vehicles will be transitioned to reserve status and will be used when additional units are deployed for special events, during wildfire weather, and for larger/complex incidents. Reserve apparatus are also used when front line apparatus must be placed out of service for maintenance and repairs.

These vehicles are used 24/7 by the City’s firefighters to respond to all types of non-emergency and emergency situations including but not limited to fires of all types, medical emergencies, technical rescues, water rescues, hazardous materials incidents, fire alarms, natural gas leaks, electrical emergencies, and more. While the use of these vehicles is primarily for incidents within Berkeley, all Department resources are factored into the Statewide Mutual Aid System to support other jurisdictions when their own resources prove to be inadequate to cope with given situations. Berkeley relies on this same mutual aid system when the incidents within its jurisdiction surge beyond normal volume and/or when there are larger or more complex incidents that exceed available resources.

This purchase agreement will support the City’s Strategic Plan Goal of creating a resilient, safe, connected, and prepared City.

BACKGROUND

Contract No. 8068 is a Master Equipment/Lease Purchase Agreement between the City and Banc of America Public Capital Corp. executed in July 2009 for an initial NTE amount of \$5,530,940 for the purchase of 4 fire engines and 2 fire trucks. This Master Lease provides for additional “Leases,” defined as Schedules to the Master Lease, for the purpose of financing the acquisition of equipment by the City. The Master Lease was amended in July 2010 to finance the purchase of recycling split carts increasing the contract amount by \$2,886,852 for an amended NTE amount of \$8,417,791. In October 2015, a second amendment to the Master Lease was executed for the purchase of 3 fire engines and 1 hazmat response vehicle at an incremental value of \$2,996,400, yielding an NTE amount of \$11,414,191. In October 2019, a third amendment to the

Master Lease was executed for the purchase of 4 fire engines and 1 tiller at an incremental value of \$5,274,172 yielding an NTE amount of \$16,688,364.

The fire apparatus supply chain has not yet recovered from the pandemic and the lead time for vehicle delivery after an order is placed is currently 48 months. Fire apparatus can be used in a front-line status for approximately 10 years. Beyond this service life the vehicles are placed in reserve status as the maintenance and repair costs escalate dramatically along with the amount of time the vehicle is out of service.

By the time these vehicles are delivered the engines that will be replaced will have been in front line service for 11 years and the trucks for 19 years, one (1) and nine (9) years longer than desirable, respectively. Additionally, the current fleet of reserve engines and truck is 15 years old and are no longer in good working condition.

The City of Berkeley has been a no cost member of the Houston-Galveston Area Council (HGACBuy), a Cooperative Purchasing Program that has offered inter-local purchasing since 2008. HGACBuy provides procurement services that make the government procurement process more efficient by establishing competitively priced contracts for good and services made available to local governments nationwide.

All products and services offered through HGACBuy have been subjected to a public competitive bid process. Houston-Galveston Area Council selected Pierce Manufacturing, Inc. as one of the best responsive and responsible proposers and awarded Contract No. FS12-23. The Pierce Manufacturing, Inc. authorized dealer for the state of California including the City of Berkeley is Golden State Fire Apparatus, Inc.

HGACBuy charges an order processing charge for each sale successfully completed through their contract. For this purchase a flat fee of \$4,000 will be paid directly to HGACBuy by Golden State Fire Apparatus, Inc.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The Department would like to transition its fleet of front-line fire apparatus to electric. This is likely to not be financially feasible until all firehouses are remodeled/rebuilt to include the appropriate infrastructure (see next section) and/or the price of electric fire apparatus decreases or additional revenue is identified.

However, modern Pierce fire apparatus do have an exhaust aftertreatment system which reduces harmful exhaust emissions from internal-combustion engines. In other words, it is a device that cleans exhaust gases to ensure the engines meet emission regulations.

First the Diesel Particulate Filter (DPF) collects and oxidizes carbon to remove particulate matter (PM) by more than 90%; the Diesel Oxidation Catalyst (DOC) aids in this process and is also contained in the particulate filter. The exhaust passes from the turbo through the DOC and enters the DPF.

After collecting the particles from the gases in the DOC and DPF, there is still nitric oxide (NO) and nitrogen dioxide (NO₂) left in the exhaust. In order to reduce the NO_x levels a light mist of urea Diesel Exhaust Fluid (DEF) is injected into the hot exhaust stream in the Decomposition Reactor.

The exhaust progresses from the Decomposition Reactor into the SCR system which converts the toxic NO_x and urea mixture into harmless nitrogen gas (N₂) and water vapor (H₂O), which effectively eliminates harmful emissions resulting in near zero emissions from the exhaust.

RATIONALE FOR RECOMMENDATION

These vehicles represent the core of how the Department delivers service. The vehicles that are in-service now will be well past their useful life by the time these vehicles are manufactured and delivered. The new apparatus come with exciting new features that will help the Department navigate a transportation network that increasingly presents with more congestion. These units adopt the shorter wheelbase the Department transitioned to in 2016 and implement a new dual front and rear axle steering feature which improve maneuverability and reduce wide swing turns with a tighter turning radius.

ALTERNATIVE ACTIONS CONSIDERED

The Department would like to transition its fleet of front-line apparatus to electric, which has recently emerged in the emergency response apparatus marketplace. In collaboration with Public Works the Department investigated switching to electric fire apparatus. Unfortunately, there are major financial hurdles that stand in the way of that goal. Specifically, each apparatus is approximately \$500,000 more expensive, which would equate to an additional commitment of at least \$2.5m for this purchase. In addition, each of the City's seven (7) fire stations would need to be retrofitted with 3-phase power and charging infrastructure at an estimated cost of at least \$2.9 million. Given the current state of fire facilities and the pending re-build/renovations that we know have to occur in the next ten (10) years according to the Fire Facilities Master Plan, these investments do not seem fiscally prudent.

CONTACT PERSON

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Henry Oyekanmi, Director of Finance, (510) 981-7300
Terrance Davis, Director of Public Works, (510) 981-6300

Attachments:
1: Resolution

RESOLUTION NO. ##,###-N.S.

PURCHASE AGREEMENT WITH PIERCE MANUFACTURING, INC., AND
CONTRACT NO. 078804-1 (8068) AMENDMENT FOR MASTER EQUIPMENT LEASE /
PURCHASE AGREEMENT: BANC OF AMERICA PUBLIC CAPITAL CORP. FOR
PURCHASE OF THREE FIRE ENGINES AND TWO AERIAL FIRE TRUCKS

WHEREAS, this purchase will replace fire apparatus that are nearing their end of useful service life as front line, initial response vehicles. The existing vehicles will be transitioned to reserve status and will be used when additional units are deployed for special events, during wildfire weather, and for larger/complex incidents. Reserve apparatus are also used when front line apparatus must be placed out of service for maintenance and repairs; and

WHEREAS, these vehicles are used 24/7 by the City's firefighters to respond to all types of non-emergency and emergency situations including but not limited to fires of all types, medical emergencies, technical rescues, water rescues, hazardous materials incidents, fire alarms, natural gas leaks, electrical emergencies; and

WHEREAS, the five fire engines are factored into the California Disaster and Civil Defense Statewide Mutual Aid System; and

WHEREAS, the fire apparatus supply chain has not yet recovered from the pandemic and the lead time for vehicle delivery after an order is placed is currently 48 months. Fire apparatus can be used in a front-line status for approximately 10 years. Beyond this service life the vehicles are placed in reserve status as the maintenance and repair costs escalate dramatically along with the amount of time the vehicle is out of service; and

WHEREAS, by the time these vehicles are delivered the engines that will be replaced will have been in front line service for 11 years and the trucks for 19 years, one and nine years longer than desirable, respectively; and

WHEREAS, these vehicles represent the core of how the Department delivers service. The vehicles that are in-service now will be well past their useful life by the time these vehicles are manufactured and delivered. The new apparatus come with exciting new features that will help the Department navigate a transportation network that increasingly presents with more congestion. These units adopt the shorter wheelbase the Department transitioned to in 2016 and implement a new dual front and rear axle steering feature which improve maneuverability and reduce wide swing turns with a tighter turning radius; and

WHEREAS, City Charter XI Section 67.2 may, by resolution, authorize the City to purchase goods without undergoing a competitive bid process if the City uses pricing obtained by another entity through a competitive bid process; and

WHEREAS, HGACBuy bid procedures satisfy the procurement requirements of the City of Berkeley; and

WHEREAS, funding is subject to appropriation in the FY 2025 budget via; and

WHEREAS, the Purchase Agreement with Pierce Manufacturing, Inc will be entered into the contracts database via Contract No. 078804-1 (8068).

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Council hereby accepts the proposals of Pierce Manufacturing, Inc., for three fire engines per Proposal Number 20509-24AP dated May 9, 2024 and two aerial fire trucks per Proposal Number 20509-24A2 dated May 9, 2024.

BE IT FURTHER RESOLVED that the City Manager is authorized to enter into a Purchase Agreement with Pierce Manufacturing, Inc., in an amount not to exceed \$7,353,115, providing for California sales tax of \$751,206, and pre-pay discount of \$951,353 for the purchase three engines and two aerial fire trucks.

BE IT FURTHER RESOLVED that the City Manager is authorized to increase the Master Lease contract amount with Banc of America Public Capital Corp. by \$9,492,845 (prior to sale tax, equipment only) yielding an amended total NTE amount of \$26,693,305 on Contract No. 078804-1 (8068) with financing pursuant to the amendment to be paid over 7 years at an interest rate of 4.1438% and a first payment commencing no later than April 9, 2025.

BE IT FURHTER RESOLVED that the City Manager is authorized to execute a purchase order for direct payment of sales tax in an amount not to exceed \$751,206.