



Office of the City Manager

## Time Critical Item

**Meeting Date:** September 24, 2019

**Item Number:** ##

**Item Description:** 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 four Fire Engines and one 107' Tiller (Ladder Truck)

**Time Critical Item Submitted By:** Phil Harrington, Public Works Director

### **“Good of the City” Analysis:**

*The analysis below must demonstrate how accepting this supplement/revision is for the “good of the City” and outweighs the lack of time for citizen review or evaluation by the Council.*

It is urgent and critical that the City replace four existing fire engines, which are ten years old and past their service life, and a ladder truck that is 22 years old and significantly past its existing service life. The continued reliance on these emergency service vehicles poses a danger to the community. This council item will allow for the purchase of these new and critical emergency vehicles.

Because of the significant cost to purchase these vehicles, finance reviewed three financing offers and selected the best offer to the City. Staff received final credit approval for this purchase from Banc of America on September 19, 2019, by which time the September 24, 2019 council agenda was printed. There is a purchase signing commitment deadline of September 30, 2019 to lock in the quote. Not signing by that deadline will increase the price by \$128,000. For those reasons, staff is bringing this urgent and time critical item for the September 24, 2019 City Council meeting.

***Consideration of supplemental or revised agenda material is subject to approval by a two-thirds roll call vote of the City Council. (BMC 2.06.070)***

A minimum of **42 copies** must be submitted to the City Clerk for distribution at the Council meeting. This completed cover page must accompany every copy.

Copies of the supplemental/revised agenda material may be delivered to the City Clerk Department by 12:00 p.m. the day of the meeting. Copies that are ready after 12:00 p.m. must be delivered directly to the City Clerk at Council Chambers prior to the start of the meeting.



Office of the City Manager

CONSENT CALENDAR  
September 24, 2019

To: Honorable Mayor and Members of the City Council  
From: Dee Williams-Ridley, City Manager  
Submitted by: Phil Harrington, Director, Public Works  
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 four Fire Engines and one 107' Tiller (Ladder Truck)

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to purchase four Pierce Quantum Pumpers and one Pierce Quantum 107' Tiller by executing:

1. Purchase Agreement with Pierce Manufacturing, Inc. in an amount not to exceed \$5,582,101 that includes a contingency amount of \$638,479 providing for California sales tax of \$457,281, and a pre-pay discount of \$181,198; and
2. Increase the Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp. by \$4,943,624 (prior to sales tax, equipment only) yielding an amended total NTE amount of \$17,200,459 on Contract No. 078804-1 (8068) with financing pursuant to the amendment to be paid over 7 years at an interest rate of 1.75% and a first payment commencing no later than March 30, 2020; and
3. Purchase Order for direct payment of sales tax in an amount not to exceed \$457,281.

FISCAL IMPACTS OF RECOMMENDATION

The Purchase Agreement with Pierce Manufacturing, Inc. ("Pierce") is for an amount not to exceed ("NTE") \$5,582,101, inclusive of a contingency amount of \$638,479 for California sales tax of \$457,281, and a pre-pay discount of \$181,198.

The purchase will be financed through the Lease/purchase agreement with Banc of America Public Capital Corp ("the bank") for an amount NTE \$4,943,624 (including California tire fees, document fees, delivery charges, and training), to be paid over 7 years at an interest rate of 1.75%, with a first payment commencing no later than March 30, 2020.

The contingency pre-pay discount of \$181,198 is conditional on the absence of pre-payment discounts (\$117,430 on the price of the fire engines, and \$63,768 on the price of the Tiller).

The City will directly remit sales tax payments in an amount NTE \$457,281.

Payments for the lease and tax payments will be made via the Equipment Replacement Fund (671), but are fully covered by transfers in from the General Fund (011). The proportionate amount of approximately \$270,000 for funding for lease and tax payments for FY 2020 will be appropriated in the General Fund and transferred to the Equipment Replacement Fund (Fund 671) as part of the First Amendment to the FY 2020 Annual Appropriations Ordinance. Funding for lease payments is subject to appropriation in the FY 2021 through FY 2027 budgets from the General Fund and transfer to the Equipment Replacement Fund.

Lease/purchase amount including sales tax, and contingency:

(4) Fire Engines .....	\$3,780,329
(1) 107' Tiller.....	\$1,620,574
<u>Contingency NTE.....</u>	<u>\$ 181,198</u>
Total NTE Amount	\$5,582,101

**CURRENT SITUATION AND ITS EFFECTS**

The new purchase is for four fire engines that have reached their 10 year frontline service life, and to replace an aging ladder truck that has been in service since 1997. The cost of maintenance for these vehicles has skyrocketed as they continue to age. Additionally, this vintage fleet of fire apparatus lacks the current safety features and guidelines dictated by national auto manufacturer's safety and National Fire Protection Association guidelines.

**Fire Engines and 107' Tiller**

The engines are first responder vehicles for emergencies, including but not limited to all types of fires, medical emergencies, rescue, hazardous situations, alarms, and any other situation or event that requires an emergency response 24/7 (excluding law enforcement emergencies). While the primary use of these vehicles is concentrated within the City of Berkeley, all fire resources are factored into the California Disaster and Civil Defense Statewide Mutual Aid System to support other jurisdictions in the event their resources prove inadequate and or insufficient to fully address a given situation.

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

## BACKGROUND

Contract No. 8068 (ERMA) 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 \$2,868,851 for an amended NTE amount of \$8,399,791. 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 \$2,789,241, yielding a NTE amount of \$11,618,358.

### **Fire Engines and 107’ Tiller:**

The normal frontline life expectancy is 10 years of service, after which there is a dramatic increase in maintenance and repair costs. Currently, there are four frontline fire engines that have reached this threshold and Tiller truck that has greatly exceeded it.

When replacement vehicles are purchased, Public Works Equipment Maintenance determines which of the aging apparatuses are cost-effective to place into reserve status. This reserve fleet policy ensures that the Fire Department is able to maintain the required number of first responder vehicles in the event of mechanical or service issues with frontline equipment. The reserve fleet also provides enhanced emergency response capacity, staffed with recalled firefighter personnel during major emergencies and disasters. At this time the following 2009 Pierce Engines will be placed in reserve – Units 1948, 1949, 1950, and 1951. Additionally, the following 2009 Pierce Tiller truck will be placed in reserve – Unit 1952.

The City of Berkeley has been a no-cost member of National Purchasing Partners<sup>1</sup> (NPPGov) a national cooperative procurement organization since 2012. All NPPGov contracts have been publically solicited by a Lead Public Agency. The Request for Proposals contains provisions that allows members of NPPGov to piggyback off established Master Price Agreements without the need for a formal solicitation process.

The Public Procurement Authority (PPA) is a public entity in the State of Oregon. The PPA was formed to provide procurement opportunities to its members as well as members of NPPGov. On October 22, 2014, PPA served as lead agency and released Request for Proposal Number 1420 for Fire Apparatus. The solicitation was released for eighty-three days and on February 12, 2015 five proposals were submitted. Upon their review PPA selected Pierce Manufacturing, Inc. as the best most responsive proposer to meet the specifications thusly awarding Contract Number VH11574.

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<sup>1</sup> <https://nppgov.com/>

There is no fee for the City of Berkeley to utilize the contracts. All associated fees are paid by the Contractors directly to NPPGov and are not passed on to their members.

ENVIRONMENTAL SUSTAINABILITY

Public Works Equipment Maintenance works to procure the most fuel-efficient vehicles and equipment that are suitable for the required tasks. Hybrid heavy trucks are just starting to be developed and are not yet available for the Fire Services Industry.

The replacement equipment is state of the art diesel that meets 2018 EPA and California Air Resources Board (CARB) requirements. No other fuel or electric options exist at this time.

RATIONALE FOR RECOMMENDATION

There are currently four frontline fire engines and one 107' Tiller truck that are 10 years old or older and require replacement. The City requires safe and reliable fire vehicles to respond to all emergencies and function in mutual response circumstances.

ALTERNATIVE ACTIONS CONSIDERED

None. Listed vehicles have reached the end of their frontline service life.

CONTACT PERSON

Henry Oyekanmi, Director of Finance, Finance, 981-7300  
Phil Harrington, Director of Public Works, 981-6300  
David Brannigan, Fire Chief, 981-5500

Attachment:

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 FOUR FIRE ENGINES AND ONE 107' TILLER

WHEREAS, four fire engines and one 107' tiller are needed by the City of Berkeley Fire Department to replace existing vehicles and to maintain safe and dependable emergency response vehicles; and

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

WHEREAS, the City of Berkeley has been a no-cost member of NPPGov a national cooperative procurement organization since 2012; and

WHEREAS, on October 22, 2014, the Public Procurement Authority served as lead agency and released Request for Proposal Number 1420 for Fire Apparatus. The solicitation was released for eighty-three days and on February 12, 2015 five proposals were submitted. Upon their review PPA selected Pierce Manufacturing, Inc. as the best most responsive proposer to meet the specifications and thusly awarding Contract Number VH11574; and

WHEREAS, NPPGov contract procedures satisfy the procurement requirements of the City of Berkeley; and

WHEREAS, funding is subject to appropriation in the FY 2020 budget via the First Amendment to the Annual Appropriations Ordinance in the General Fund and transfer to the Equipment Replacement Fund (Fund 671) and is subject to appropriation in the FY 2021 – FY 2027 budgets from the General Fund (011) and transfer to the Equipment Replacement Fund (671); 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 proposal of Pierce Manufacturing, Inc., for 4 fire engines per Proposal Number 90820-19P and for 1 107' tiller per Proposal Number 90820-19T, both Proposals dated August 20, 2019.

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 \$5,582,101 that

includes a contingency amount of \$638,479 providing for California sales tax of \$457,281, and a pre-pay discount of \$181,198 for the purchase of 4 fire engines and 1 107' tiller.

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 \$4,943,624 (prior to sales tax, equipment only) yielding an amended total NTE amount of \$17,200,459 on Contract No. 078804-1 (8068) with financing pursuant to the amendment to be paid over 7 years at an interest rate of 1.75% and a first payment commencing no later than March 30, 2020.

BE IT FURTHER RESOLVED that the City Manager is authorized to execute a purchase order for direct payment of sales tax in an amount not to exceed \$457,281.