



**Contra
Costa
County**

To: Board of Supervisors

From: Jeff Carman, Chief, Contra Costa County Fire Protection District

Date: January 23, 2018

Subject: Fire Apparatus Acquisition and Lease-Purchase Program

RECOMMENDATION(S):

1. APPROVE and AUTHORIZE the Fire Chief, or his designee, to execute a purchase contract with Pierce Manufacturing, Inc. for the manufacture and sale of four (4) Type I fire engines and one (1) 100-foot aerial ladder truck in an amount not to exceed \$3,900,000, including indemnity by the Fire District.

2. APPROVE and AUTHORIZE the Fire Chief, or his designee, to execute the fourth lease schedule to Master Lease Agreement with PNC Equipment Finance, LLC for an amount not to exceed \$4,600,000, including finance charges, with annual payments not to exceed \$460,000 and a term not to exceed 10 years for the lease-purchase of the Pierce fire engines and ladder truck.

3. APPROVE and AUTHORIZE the Fire Chief, or his designee, to execute a three party agreement among PNC Equipment Finance, LLC, Pierce Manufacturing, Inc., and the Fire District regarding delivery of the engines and initiation of the lease.

FISCAL IMPACT:

The proposed order of five fire apparatus is valued at approximately \$3,900,000,

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **01/23/2018** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II
Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 23, 2018

David Twa, County Administrator and Clerk of the Board of
Supervisors

Contact: Aaron McAlister, Asst
Fire Chief (925) 941-3503

By: June McHuen, Deputy

cc:

FISCAL IMPACT: (CONT'D)

including sales tax and all associated charges. The purchase price for the five fire apparatus will be paid by PNC Equipment Finance, LLC under the Master Lease Agreement.

The first payment in this lease schedule will be due in August 2018 and will be included in the District's FY 2018-19 recommended budget. The annual payment amount will be approximately \$453,500 and the lease schedule term is ten years. The total cost of financing will not exceed \$710,000. The annual interest rate is 3.5%. This rate is higher than in previous lease-purchase schedules in the MLA due to the elimination of tax exempt municipal financing.

BACKGROUND:

On December 9, 2014, the Board approved and authorized the Fire Chief to enter into a Master Lease Agreement with PNC Equipment Finance, LLC ("PNC"), and on December 23, 2014, the Contra Costa County Fire Protection District ("District") entered into the Master Lease Agreement (the "MLA") with PNC. The MLA was used in 2014 and 2015 to finance the purchase of engines and ladder trucks from Pierce Manufacturing.

The District now desires to finance the purchase of additional apparatus from Pierce by entering into a fourth lease schedule to the MLA.

While the District has made significant capital purchases of fire apparatus in recent years, the need exists to continue replacement of front line engine and trucks. As the District has re-opened closed stations and projects to re-open additional stations, the demand for an expanded Type 1 engines fleet has increased.

The District has a fleet of 35 Type I engines. Those engines are distributed as 21 frontline engines for primary response, two cross-staffed engines at fire stations staffed with aerial apparatus, and 11 reserve and training engines. The average age of the Type I engine fleet is 9.28 years. All engine 10 years and older average over 100,000 miles.

The four engine targeted for replacement exceed 125,000 miles. The District spends a tremendous amount of resources in terms of time and dollars maintaining older, high mileage apparatus. In fact, one of these older engines targeted for replacement suffered a catastrophic motor failure while responding to Southern California on a mutual aid response.

The District has a fleet of nine aerial apparatus. Four are "quint" apparatus, which are ladder trucks equipped with a fire pump, hose, and water. Five aerial apparatus are "truck" apparatus that do not have water, a pump, or hose. These aerial apparatus are distributed as five frontline aerals for primary response and four spares. The average age of the quint fleet is now just over 15 years. Adding one additional aerial apparatus will allow the District to remove from service a 75-foot ladder that does not have the same

capability of all other aerial apparatus and place a 2012 aerial into reserve status in order to extend its lifespan.

The National Fire Protection Association (NFPA) Standard 1901 (Standard for Automotive Fire Apparatus) and 1911 (Standard for the Inspection, Maintenance, Testing, and Retirement of In-Service Automotive Fire Apparatus) both recommend front-line apparatus be retired into a reserve status after 15 years of service. This is primarily for safety reasons. Older apparatus do not afford firefighters the same level of safety as modern apparatus due to cab designs, inherent safety features incorporated into modern fire apparatus design such as airbags, modern braking systems, and other considerations. The standards further recommend that all reserve apparatus be removed from service after no more than 25 years of total service. The standards comment on high use, mileage, and other factors as additional determinants to retire front-line apparatus sooner than 15 years.

In our District the high use and mileage of our front-line apparatus suggest retirement sooner than 15 years.

The acquisition of the apparatus in this order will accomplish several objectives. The new apparatus will have a direct and immediate impact on our ability to provide increased reliability for emergency response, as compared to our existing fleet, with reduced out-of-service time for maintenance and repairs. The new apparatus will have a direct and immediate impact on reducing our maintenance costs now and into the future as a result of not only the age of the apparatus but also the quality of apparatus being acquired. The new apparatus will enable the Fire District to comply with the recommendations of NFPA 1901 and 1911, increasing firefighter safety and fleet reliability.

This additional investment in capital, on an annual basis, over the next ten years will enable the District to take another significant step forward in meeting one of the recommendations of the Fitch study, which identified the need to invest at least 4% of our budget into facilities and equipment each year. The need for safe, reliable, and modern fire apparatus is paramount to fulfilling the mission of the District.

The funds needed for this lease-purchase schedule have been considered in future year budget planning. The annual payments represent less than half of one percent of the District's annual General Fund budget. The lease-purchase agreement allows the District to acquire a moderate order of apparatus with payments spread out over 10 years. The District has used this type of financing arrangement in the past for large orders of apparatus.

The District relies on a diverse fleet of engine, truck, quint, squad, and rescue vehicles to fulfill our mission of providing safe, reliable, and efficient emergency services. This order will replace approximately 29% of our frontline engines and 20% of our frontline aerial apparatus.

If approved, new fire apparatus will begin arriving in January 2019 and will be in service shortly after delivery to stations throughout the District. Older apparatus will be removed from service or placed in reserve status. The integration of new apparatus into the fleet and the subsequent removal of older apparatus from frontline service will have a positive impact on reducing maintenance and repair costs, which will assist in offsetting a portion of the annual lease-purchase payments.

Under the three party agreement, if Pierce does not deliver an engine to Golden State Fire Apparatus (GSFA) within the time set forth in the purchase contract between GSFA and the Fire District, Pierce will make certain payments under the lease.

Under the purchase contract, the Fire District shall indemnify GSFA for losses arising out of the Fire Districts use of the engines after delivery.

CONSEQUENCE OF NEGATIVE ACTION:

The District will not be able to acquire this new apparatus. The current age and condition of the fleet will continue to deteriorate and negatively impact our ability to provide safe, reliable, and effective emergency response. Maintenance costs would continue to increase having an adverse impact on the operational budget. Increases in out-of-service time for fire crews will increase as a result of mechanical breakdowns.

ATTACHMENTS

Pierce Engine Proposal

Pierce Engine Drawing

Pierce Ladder Truck Proposal

Pierce Ladder Truck Drawing