



**Contra
Costa
County**

To: Contra Costa County Fire Protection District Board of Directors
 From: Lewis T. Broschard III, Chief, Contra Costa Fire Protection District
 Date: December 10, 2019

Subject: Fire Apparatus Acquisition and Lease-Purchase Program

RECOMMENDATION(S):

1. APPROVE and AUTHORIZE the Fire Chief, or designee, to execute a purchase contract with Golden State Fire Apparatus, Inc. for the manufacture and sale of two (2) Type I fire engines, and one (1) 100-foot aerial ladder truck in an amount not to exceed \$3,001,000, including indemnity by the Fire District.
2. APPROVE and AUTHORIZE the Fire Chief, or designee, to execute the fifth lease schedule to Master Lease Agreement with PNC Equipment Finance, LLC in an amount not to exceed \$3,500,000, including finance charges, with annual payments not to exceed \$349,000 and a term not to exceed 10 years for the lease-purchase of the Pierce Manufacturing, Inc. fire engines and ladder truck.
3. APPROVE and AUTHORIZE the Fire Chief, or 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.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **12/10/2019** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, Director
 Candace Andersen, Director
 Diane Burgis, Director
 Karen Mitchoff, Director
 Federal D. Glover, Director

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: December 10, 2019

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

Contact: Mike Quesada, Asst
 Fire Chief (925) 941-3300

By: June McHuen, Deputy

cc:

FISCAL IMPACT:

The proposed order of three fire apparatus is valued at approximately \$3,001,000, including sales tax and all associated charges. The purchase price for the three 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 2020 and will be included in the District's FY 2020-21 recommended budget. The annual payment amount will be approximately \$349,000 and the lease schedule term is ten years. The total cost of financing will not exceed \$500,000. The annual interest rate is 3.01%.

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, 2015, and 2018 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 37 Type I engines. Those engines are distributed as 26 frontline engines for primary response, two cross-staffed engines at fire stations staffed with aerial apparatus, and 11 reserve and training engines.

The District spends a tremendous amount of resources in terms of time and dollars maintaining older, high mileage apparatus.

The District has a fleet of 9 aerial apparatus. These aerial apparatus are distributed as 5 frontline aerials for primary response and 4 spares.

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 does 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. If approved, new fire apparatus will begin arriving in January 2021 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 is obligated to indemnify GSFA for losses arising out of the Fire District's 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

Apparatus Proposal