



**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: April 27, 2021

Subject: Fire Apparatus Acquisition and Lease-Purchase Program

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**RECOMMENDATION(S):**

1. APPROVE and AUTHORIZE the Fire Chief, or designee, to execute a purchase contract with Golden State Fire Apparatus for the manufacture and sale of four (4) Type I Pierce fire engines in an amount not to exceed \$3,331,866 including indemnity by the Contra Costa County Fire Protection District.
2. APPROVE and AUTHORIZE the Fire Chief, or designee, to execute a new lease schedule to the Master Lease Agreement with PNC Equipment Finance, LLC for an amount not to exceed \$3,331,866, including finance charges, with annual payments not to exceed \$400,000 and a term not to exceed ten (10) years for the lease-purchase of the Pierce fire engines.
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 Contra Costa County Fire Protection District regarding delivery of the Pierce engines and initiation of the lease.

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☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY  
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD  
COMMITTEE

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Action of Board On: **04/27/2021** ☒ 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: April 27, 2021

Monica Nino, County Administrator and Clerk of the Board of Supervisors

Contact: Assistant Fire Chief  
 Michael Quesada, (925) 941-3300

By: June McHuen, Deputy

cc:

## RECOMMENDATION(S): (CONT'D)

### FISCAL IMPACT:

The proposed order of four (4) fire apparatus is valued at approximately \$3,331,866 including sales tax and all associated charges. The purchase price for the four (4) 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 2021 and is budgeted for in the Contra Costa County Fire Protection District's FY 2020-2021 Recommended Budget. The annual payment amount is currently estimated at \$387,000, and the lease schedule term is ten (10) years. The total cost of financing will not exceed \$550,000. The annual interest rate is 2.81%.

### 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 has been used multiple times to finance the purchase of engines and ladder trucks from Pierce Manufacturing.

While the District has made significant capital purchases of fire apparatus in recent years, the need exists to continue replacement of front line engines and trucks. As the District has re-opened closed stations and projects to re-open additional stations, the demand for an expanded Type I engine fleet has increased. The District has a fleet of forty (40) Type I engines. Those engines are distributed as twenty-six (26) frontline engines for primary response, two (2) cross-staffed engines at fire stations staffed with aerial apparatus, and fourteen (14) reserve and training engines.

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 frontline 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 and 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 frontline apparatus sooner than 15 years.

Within the District, the high use and mileage of frontline 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 the District's 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 maintenance costs now and into the future due to the age of the apparatus and the quality of apparatus being acquired. The new apparatus will enable the 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 the annual budget into facilities and equipment. 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 the mission of providing safe, reliable, and efficient emergency services. If approved, new fire apparatus will begin arriving in or around July 2022 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 District, Pierce will make certain payments under the lease.

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

#### CONSEQUENCE OF NEGATIVE ACTION:

The District will not acquire the new fire apparatus at this time. The current age and condition of the fleet will deteriorate and negatively impact the District's ability to provide safe, reliable, and effective emergency response. Maintenance costs and out-of-service times will increase due to mechanical breakdowns.