



Legislation Details (With Text)

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On agenda:	9/17/2018	Final action:	9/17/2018
Title:	Approve the purchase of a replacement fire engine with South Coast Fire Equipment, Inc. and an ambulance; and, authorize the City Manager to enter into all documents and to complete any financial transactions necessary to lease finance the purchase of the fire engine and ambulance		
Attachments:	1. Att #1 Lease Documents.pdf, 2. Att #2 Amortization Schedule.pdf, 3. Att #3 Master Lease-Purchase Agreement.pdf, 4. Att #4 Certificate of Incumbency.pdf, 5. Att #5 Opinion of Counsel.pdf, 6. Att #6 South Coast Fire Quote.pdf, 7. Att #7 Braun NW Fire Quote.pdf		

Date	Ver.	Action By	Action	Result
9/17/2018	1	City Council/Public Financing Authority	approved	Pass

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Fred A. Wilson, City Manager

PREPARED BY: Gilbert Garcia, Chief Financial Officer
David A. Segura, Fire Chief

Subject:

Approve the purchase of a replacement fire engine with South Coast Fire Equipment, Inc. and an ambulance; and, authorize the City Manager to enter into all documents and to complete any financial transactions necessary to lease finance the purchase of the fire engine and ambulance

Statement of Issue:

City Council approval is requested to approve the purchase of a replacement fire engine with South Coast Fire Equipment, Inc. and an ambulance with Braun Northwest, Inc., and to authorize the City Manager to enter into any and all documents and to complete any financial transactions necessary to finance the purchase of both the fire engine and ambulance in order to enhance public safety and emergency response.

Financial Impact:

Funding for the replacement of both a fire engine and ambulance is included in the Equipment Replacement budget in the FY 2018/19 budget. The Adopted Budget includes \$250,000 for the estimated annual debt service payments for a potential lease financing arrangement to acquire both the fire engine and ambulance. This funding level was based on interest rates at the time the FY 2018/19 budget was being developed. Interest rates fluctuate on a daily basis and final lease financing rates and costs will be determined prior to the close of escrow. Staff recommends the lease purchase of the fire engine and ambulance and all related equipment totaling \$1,030,000

through a seven-year lease purchase agreement. Based on current interest rates, the estimated annual debt service payment is \$167,100.

Section 6 of City Budget Resolution 2018-34 requires that the acquisition of any capital items which exceed \$500,000 be approved by the City Council. The value of the proposed replacement fire engine of \$773,000 exceeds this amount; hence, it requires City Council approval. The replacement fire engine will be obtained from Pierce Manufacturing, Inc. through South Coast Fire Equipment, the authorized dealer for Pierce Manufacturing, Inc. for this region of the country. The ambulance purchase of \$224,000 is included in this action as Staff is recommending that both pieces of equipment be financed.

Recommended Action:

Approve the purchase of the replacement fire engine with South Coast Fire Equipment, Inc. and an ambulance; and, authorize the City Manager to enter into all documents and transactions necessary to lease finance the purchase of the fire engine and ambulance.

Alternative Action(s):

Do not approve the recommendation and direct staff accordingly.

Analysis:

The proposed fire engine purchase will replace a 22-year old fire engine with over 106,000 road miles. In addition, the standard industry conversion calculation for fire engines, as provided in Fire Mechanic best practices training, is 26 miles for each hour of operation. According to the hours to miles factor for fire engines, the 6,100 vehicle hours on this apparatus equates to an even greater impact on the apparatus of approximately 160,000 miles of driving.

This apparatus requires frequent repairs and is increasingly difficult to maintain and keep in service. Its reliability is critical because of its use in providing emergency responses, including: fire suppression, hazardous materials, rescue, and medical responses.

At this time, all of the City's front line fire engines are Pierce models. These engines are of the highest quality and maintaining consistency in the type of apparatus used provides interoperability and enables the highest level of emergency service delivery. The pricing for the engine is competitive, with bids having been obtained through an intergovernmental agency transaction with the City of Los Angeles in accordance with Municipal Code Section 3.02.190.

The following are best practices and additional information regarding the justification for replacement of the fire engine:

Industry Standards for Fire Engine Replacement

The National Fire Protection Association (NFPA) provides best practice recommendations for the fire service and recommends that the following factors be considered when replacing fire engines:

"The length of life depends on many factors, including vehicle mileage and engine hours, quality of the preventative maintenance program, quality of the driver training program, whether the fire apparatus was used within the design parameters, whether the apparatus was manufactured on a custom or commercial chassis, quality of workmanship by the original manufacturer, quality of the components used, and availability of replacement parts, to name a few." (NFPA Standard 1911-96 - Annex D, page 1)

According to the most current data available for state and locally owned fleets from the Federal Highway Administration, the average replacement age for fire apparatus is 15.8 years. A similar replacement standard has historically been adhered to by the City of Huntington Beach, based on the previously referenced NFPA factors and industry practices. The wear and tear on the vehicle, which naturally and inevitably occurs over time, reduces apparatus reliability, efficiency and performance.

The City of Huntington Beach's practice for fire engine replacement includes moving engines from front line to reserve status after 15 years and removing them from the fleet after five years in reserve, for a total of 20 years of service. This practice is consistent with the majority of fire departments in the county. When its original date of service is considered, Fire Engine 8211 has been in service for 22 years and is past due for replacement.

Fire Engine Age and Technology

Fire Engine Age: Fire Engine 8211 was purchased in 1996 and rebuilt in 2001 due to pump cavitation problems. It has the original drive train with equivalent to 160,000 miles. The vehicle housing, pump and other equipment were replaced in 2001. The original motor that operates the apparatus was not replaced and is still the original, which was acquired with this fire engine in 1996, 22 years ago.

Improved Apparatus Technology: Due to the evolution of software, parts and electronic technology, emergency response apparatus now become obsolete much sooner than in the past. In order to provide maximum operating efficiency and increase public safety service delivery, it is important to replace older vehicles, such as Fire Engine 8211.

Apparatus Maintenance Record

The maintenance record from 2013 to 2018 includes rebuilding the engine transmission; replacement of tires, gauges, meters, lights, antenna, bumper, sirens, etc.; repair to leaks in water tanks, the engine, packing, valves, etc. In addition, the cost to operate this engine is estimated at \$6.05 per mile, compared to a new engine which operates at \$3.80, a cost savings of \$2.25 per mile.

Over the past four years, this engine has been out of service a total of 180 days, including 56 days in 2017. This can also impact the timely preventative maintenance of front line emergency response apparatus.

It is important to note that if approved, a new fire engine will take approximately 15 months to be built, delivered, and put into service. Therefore, over the next year Fire Engine 8211 will add further miles and hours to its operational life. Once a new fire engine is put into service, it will push the oldest frontline fire engine into reserve status (that is, a reserve fire engine that covers for when frontline fire engines are out of service or non-operational). Fire Engine 8211 will then be surplus through the City's fiscal services process. This replacement scenario is keeping with the City's Fleet Management practices.

Ultimately, older apparatus are less dependable and the reliability of this fire engine is critical to public and fire personnel safety.

The following are best practices and additional information regarding the justification for replacement

of the ambulance:

Ambulance Replacement Standards

The Huntington Beach Fire Department annually provides over 20,000 emergency responses, including over 10,000 emergency medical transports in City ambulances. Due to the large number of transports, the wear and tear on the vehicle, which naturally and inevitably occurs, has increased and the reliability of the vehicle is reduced. Typically, the City's past practice has been to replace ambulances after eight years of service, although this timeframe has been extended for this particular apparatus.

The ambulance proposed for replacement is 12 years old with 284,000 miles. Braun Northwest, Inc. has manufactured five of the City's six frontline ambulances. These are of a very high quality and are used by several municipal agencies, including the City of Los Angeles. This manufacturer was selected by the City's Fleet Management Division following extensive research regarding the most reliable chassis and platform to provide emergency transport services. Maintaining standardization of the ambulance fleet provides interoperability and facilitates the highest level of ambulance services. The quoted price of \$224,000 for the ambulance is also competitive, with bids obtained through an intergovernmental agency transaction in accordance with Municipal Code Section 3.02.190.

Treatment Optimization and Patient Comfort

This type of ambulance is superior to other models in that its design includes an advanced suspension system that replaces outdated technology and, more importantly, increases patient comfort while transporting during critical care incidents. The design of the interior treatment area includes improved ergonomics, which allow paramedics to enhance safe and effective emergency treatment while in route to the hospital.

City Council approval is also requested for the City Manager, or his designee, to enter into any and all documents and financial transactions necessary to finance the purchase of the fire engine and ambulance and all related equipment. The City's existing Master Lease Agreement would need to be amended to include the lease-purchase of these critical pieces of public safety equipment at an estimated cost of \$1,030,000. Based on a 3.281 percent interest rate, the annual debt service payments would equal \$167,100 over the seven-year period.

The purchase of a replacement fire engine and ambulance, and all related equipment, are necessary to continue to provide reliable emergency service to the residents and visitors of Huntington Beach. As the FY 2018/19 Adopted Budget contains funding for the lease financing of this equipment, staff recommends proceeding with the replacement of these important items as soon as possible to ensure public safety.

Environmental Status:

Not Applicable.

Strategic Plan Goal:

Enhance and maintain public safety

Attachment(s):

1. Lease Documents

2. Amortization Schedule
3. Master Lease-Purchase Agreement
4. Certificate of Incumbency
5. Opinion of Counsel
6. Quote from South Coast Fire Equipment, Inc.
7. Quote from Braun Northwest, Inc.