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## Capital and Apparatus Purchase Plan

The Pocatello Fire Department would like the Mayor and Councils approval for budget authority to purchase three Type 1 Fire Engines.

This summary;

1. Explains the rationale for purchasing 3 Fire Engines
2. Identifies the costs and rationale for the proposed purchase
3. Sole Source Purchase rationale and recommendation
4. The Capital and Apparatus Purchase Plan

### 1. Rationale for 3 Fire Engines:

- a. Our current Front-line fire engine fleet is aging, 2005(13y/o) Pierce, 2006 (12y/o) Pierce, 2008 (10y/o) Pierce, and while still reliable they each are incurring increasing maintenance and repair cost. The age of the fleet and recent maintenance history predisposes us to an untimely failure.
- b. Industry Standard is 10 years frontline and 10 years' reserves, for a total life of 20 years. All 3 of our frontline need to be placed in reserve status.
- c. Reserve pumper fleet 1993 Pierce is nearing 26 years in age, significantly past the industry standard.
- d. The purchase of 3 Fire Engines allows;
  - i. Replacing all frontline fire engines and moving them to reserve status
  - ii. Disposing (Sell or Donate) of all 1993 Pierce Engines
  - iii. Establishes a standardized frontline unit allowing for operational consistencies
  - iv. Improves ease of maintenance
  - v. Places the City and the Department in a solid future capital replacement plan for these units.
- e. Replacement of these 3 Fire Engines is the department's 1<sup>st</sup> priority in capital needs

### 2. Cost and Rationale:

- a. The Fire Engines as specked will cost approximately \$600k each.
- b. While there are cheaper options the units offer the following important benefits the department strongly believe are very important;
  - i. Durability – do to our steep surrounding benches, the department strongly believe the Arrow Chassis with the heavier duty engine, turbo, transmission and brakes are essential
  - ii. REPTO (Pump and Roll Capability) – this feature is highly desirable and greatly enhance our Wildland Urban Interface (WUI) firefighting effectiveness



- iii. Tak4 Suspension – Independent front-suspension which provides improved handling, reduced turning radius and greatly enhance safety
- iv. E-Coating – Greater corrosion resistance than galvanization, important in our snowy climate

### 3. Sole Source Purchase Rational and Recommendation:

- a. The Department's entire Fire Engine Fleet is Pierce
  - i. Remaining with Pierce Manufacture will offer improved efficiencies in maintenance and repairs
  - ii. Reduces the specialty training and tools required to support maintenance and repairs
- b. Pierce is the only manufacture that provides the REPTO, TAK4 and E-Coating. Manufactures have verbally indicated that they cannot offer a truly equivalent option, and to even make the effort is cost prohibitive
- c. Pending Legal Department approval

### 4. Capital and Apparatus Purchase Plan:

- a. Currently Capital Situation
  - i. Capital Reserve Beginning Balance with no planned expenditures FY17 - \$127K
  - ii. FY17 Budget Authority \$121k capital debt services
  - iii. FY 17 Budget Authority \$85k capital equipment replacement
- b. Proposed Capital Purchase Plan
  - i. Add \$81K from capital equipment to the \$121K capital debt for a total capital debt of \$202K
  - ii. Purchase 3 pumpers on a 10-year lease at current market rates (3.5% through Pierce Financing) with an annual payment of approximately \$202K per year.
  - iii. 13-month build process with actual delivery and purchase executing in February 2019
  - iv. Roll the \$121K and \$85K into the Capital Reserve Fund, for a total FY19 balance of approximately \$333.
  - v. The plan is approved by the CFO with the exception that she will review financing (Pierce is not the committed leasing agent at this point)
  - vi. **Timeliness is important as our desired vendor will have a 3% increase on February 1<sup>st</sup>, 2018, which will add an additional \$17k per Fire Engine.**
- c. Capital Contingency
  - i. Capital Reserve Beginning Balance FY19 - \$333K
  - ii. Fund additional capital needs such as radios, wildland engines, command vehicle and other light vehicles
  - iii. This fund would grow by a minimum of \$5K per year and potentially more. If the General Fund reaches their required reserve level, departments who have reached their revenue expectations and have unspent budget authority will be allowed to transfer these savings to capital reserves.
  - iv. While the department will have additional capital needs in the future such as replacing the Tower, Ladder, Rescue and Haz Mat Apparatus these needs are currently secondary to the Fire Engines and it is hoped that the cities and department's financial position will improve enough to afford their purchase when the need arises.

The Fire Department Staff recommends this capital and apparatus purchase plan and we are asking the Mayor and Council to provide guidance and support to proceed with the process. It is the department's desire to formally request authority to execute this plan at the next earliest council meeting. Subject to legal and finance department approval.

Sincerely,

Travis Smith, Pocatello Fire Department Assistant Chief of Operations



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