

CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Adopt resolution and authorize the City Manager to enter into a lease purchase agreement for two (2) Pierce Quantum fire apparatus and equipment. Annual lease cost approximately \$152,000 per year total purchase price \$913,108

MEETING DATE: September 17, 2003

PREPARED BY: Michael E. Pretz, Fire Chief

RECOMMENDED ACTION: That Council adopts a resolution and authorizes the City Manager to enter into a lease purchase for two (2) Pierce Quantum fire apparatus and equipment. Approximate annual lease cost \$152,000, purchase price approximately \$913,108.

BACKGROUND INFORMATION: In June 2003 Council approved the purchase of two (2) fire apparatus during FY 2003-2005. Fire Department staff has researched various fire apparatus specifications to replace aging reserve apparatus and re-establishing an engine company at Fire Station #1 (downtown). Current City vehicle guidelines call for fire apparatus to be used 15 years for frontline service and 5 years of reserve service. The department has one reserve fire apparatus that is 27 years old, well past the City's vehicle replacement guidelines. The purchase of two fire apparatus will allow the fire department to re-establish the engine company at Fire Station #1 and place older fire apparatus in reserve. Moreover, with the anticipated lag time between apparatus purchase and delivery, Fire Department staff believes purchasing both fire apparatus at once will save additional staff time as well as savings enumerated below.

The Fire Department is proposing to purchase two fire apparatus rather than one in FY2003-04 and one during FY2004-05. Fire Department research indicates that by using a lease purchasing program for both apparatus at once, the City will realize substantial savings. The Fire Department will be able to tag on to the competitive bid process utilized by the City of Bakersfield. Recently the City of Stockton used the Bakersfield bid to purchase two Quantum Pumpers. Staff has enclosed additional information on pricing and will seek the best financial package available.

The cost savings and advantages of lease/purchasing both apparatus include:

- Improves Fire Department readiness and reserve status
- Removes cost increases due to industry regulation changes
- Reduces inspection trips from 4 to 2 saving approximately \$5,662
- Reduces purchase price by \$13,064 (multi-unit purchase discount)
- Removes annual price increase of 3% approximately \$13,950
- Additional price reduction with 100% prepayment financing approximately \$13,978
- Improves department equipment standardization

APPROVED: _____


H. Dixon Flynn -- City Manager

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FUNDING: By purchasing two engines simultaneously, The City will realize several cost reductions. During budget discussions council was apprised that the Fire Department would seek a lease/purchase agreement in order to lower annual equipment costs. Utilizing the lease option, the first payment would not be due until one year after the contract is finalized. Council has already approved funding for apparatus purchases in the 2003-2005 budgets.



Michael E. Pretz
Fire Chief



Vicky McAthie
Finance Director

APPROVED: _____

H. Dixon Flynn -- City Manager

RESOLUTION NO. 2003-171

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE CITY
MANAGER TO EXECUTE A LEASE PURCHASE AGREEMENT FOR TWO (2)
PIERCE QUANTUM FIRE APPARATUS AND NECESSARY EQUIPMENT

WHEREAS, Lodi Municipal Code Section 3.20.070 authorizes dispensing with bids for purchases of supplies, services, or equipment when it is in the best interest of the City to do so; and

WHEREAS, in June 2003 the City Council approved the purchase of two (2) fire apparatus during fiscal year 2003-2005; and

WHEREAS, Fire Department staff has researched various fire apparatus specifications to replace an aging reserve apparatus that is 27 years old, and re-establishing an engine company at Fire Station #1 (downtown); and

WHEREAS, current City vehicle guidelines call for fire apparatus to be used 15 years for frontline service and 5 years for reserve service; and

WHEREAS, staff recommends purchasing the two (2) fire apparatus at the same time in order to re-establish the engine company at Fire Station #1 and place an older fire apparatus in reserve; and

WHEREAS, because of the anticipated lag time between apparatus purchase and delivery, staff believes purchasing both fire apparatus at the same time will save additional staff time and enable the City to realize substantial savings utilizing the City of Bakersfield competitive bid process; and

WHEREAS, staff recommends that the City Manager be authorized to execute a Lease Purchase Agreement for two (2) Pierce Quantum Fire Apparatus and Equipment as necessary through Golden State Fire Apparatus of Modesto, California, with an annual lease cost of approximately \$152,000.00 per year for a total purchase price of \$913,108.00.

NOW, THEREFORE, BE IT RESOLVED, that the Lodi City Council does hereby authorize the City Manager to execute a Lease Purchase Agreement for two (2) Pierce Quantum Fire Apparatus and necessary equipment through Golden State Fire Apparatus of Modesto, California, with an annual lease cost of approximately \$152,000.00 per year for a total purchase price of \$913,108.00.

Dated: September 17, 2003

I hereby certify that Resolution No. 2003-171 was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 17, 2003 by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Howard, Land,
and Mayor Hitchcock

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



SUSAN J. BLACKSTON
City Clerk