

CITY OF ORLAND

CITY COUNCIL AGENDA ITEM #: 9.C.

MEETING DATE: April 19, 2021

TO: Honorable Mayor and Council

FROM: Justin Chaney, Fire Chief

SUBJECT: Replacement Engine 27

Request for authorization to replace Engine 25 with new Engine 27 in FY22/23.

BACKGROUND

The current fleet of Orland City Engines are Ladder 26, Engine 28, Engine 25, Rescue 29 and Chiefs Truck 20. Engine 25 was set to be replaced back in 2017 but was passed over for the purchase of the new ladder truck . The truck reserve account was then structured to make the purchase of the replacement engine in 5 years so it could be paid off upon receiving the engine. That time in the calendar is coming and the estimated engine build time is at 15 months from the time we have a purchase order agreement. This would still be several months from today as we still need to have an engine build committee formed and get final bids on the engine.

DISCUSSION

We are coming to the City Council to ask for permission to start the preliminary phase of building the next scheduled engine for the City fire department. We are scheduled to build this engine in the 22/23 fiscal budget and would like to get started on the project now as the build time is estimated at 15 months.

After speaking with the salesmen from Pierce it was found out that they are looking at cost going up possibly as high as 10 % this coming year. The option was presented that we could enter into a lease agreement now which would pay for the engine 100% after we have our finished build price and we would not have to pay anything on the lease until the year of completion which would be the scheduled year in the budget of FY22/23. By having the lease make this payment up front we also get a discount on the engine of a prepayment discount estimated at around \$30,000. By locking in the cost of the engine now we will save an additional \$70,000 plus more by not paying on the projected increases.

We have several options as far as length of the lease from one year up 5 years. We will have the necessary funds in the truck reserve account to pay for this engine in the 22/23 year or we can

extend the payment over three years which would not deplete the account down to zero this coming year.

This new engine will also eliminate the need to have a rescue truck in the future. This engine will be able to carry all supplies and equipment that 29 does now. This will also create the saving of not making the rescue truck purchase in the future which today is estimated at approximately \$180,000. The rescue truck was scheduled for replacement several years ago but was passed on for the build of the future fire engine.

Attachments (3) :

1. Golden State Fire Apparatus Proposal on Red Bluff truck specs. just for reference
2. Community Leasing Partners lease proposal based on R.B. engine specs.
3. Current replacement schedule updated March 2021 for Orland City Fire apparatus.

RECOMMENDATION

City Council approval to start the process of specing, bidding and building the replacement engine through Golden State Fire Appartus for the delivery in the FY 22/23.

FISCAL IMPACT OF RECOMMENDATION:

The cost to the fiscal budget year will be in FY22/23. There will be no cost to the FY20/21or FY21/22 budget. The first payment will not be until the FY22/23.



www.goldenstatefire.com
7400 Reese Road
Sacramento, CA 95828
Office 916.330.1638
Fax 916.330.1649

ORLAND VOLUNTEER FIRE DEPARTMENT

Golden State Fire Apparatus/ Pierce Manufacturing Quote Information

March 16, 2021

The following quote is for:

- One (1) Pierce Enforcer PUC Type 1 Engine.

The following quotes include the following:

- Attached vehicle option list (detailed specifications are available on request)
- 100% third party surety performance bond
- One factory pre-construction trip for three O.V.F.D. representatives
- One factory final inspection trip for three O.V.F.D. representatives
- One complete fire hose compliment per customer direction
- Delivery of vehicle from the factory to dealership.
 - Upon completion of pre-delivery inspection at dealership the vehicle will be delivered to the customer location.
- DMV registration.
- State sales tax.
- California tire fee.

Quote is contingent upon the following:

- Payment in full due within 15 calendar days from receipt of customer purchase order.
- Quote is valid for thirty (30) days from date of issuance.

100% PRE-PAYMENT AT TIME OF ORDER

#	Description	Engine
A	Enforcer PUC Type 1 Engine	761,911.25
B	Discount For Consortium Purchase	(10,870.54)
C	Discount For 100% Pre-Payment At Time Of Order	(26,337.72)
SUBTOTAL		724,702.99
7.75% State Sales Tax		56,164.48
California Tire Fee		10.50
GRAND TOTAL		780,877.97



Phone: 888.777.7850
Fax: 888.777.7875
Cell: 785.313.3154
215 S. Seth Child Road
Manhattan, KS 66502
www.clpusa.net

March 16, 2021

Customer Name: **Orland, CA**

Equipment: One New Pierce Pumper
Sales Representative: Jon Bauer @ Golden State Fire Apparatus
Delivery: Estimated 1 year

Community Leasing Partners, a Division of *Community First National Bank*, is pleased to present the following financing options for your review and consideration.

Option 1

Total Cost:	\$ 780,877.97	Payment Frequency:	Annual	
Down Payment:	\$ -	First Payment:	July 15, 2022	
Trade In:	\$ -			
Amount Financed:	<u>\$ 780,877.97</u>			
Term in Years:	<u>1</u>	<u>3</u>	<u>4</u>	<u>5</u>
Payment:	\$808,738.61	\$275,401.69	\$209,215.72	\$169,661.27
Factor:	1.035679	0.352682	0.267924	0.217270
Interest Rate:	2.79%	2.52%	2.54%	2.58%

- This financing proposal has been prepared with the expectation that the above customer will be able to provide audited financial reports, or other acceptable forms of financial statements for the years requested. If audits or other similar acceptable forms are unavailable, the above rates and terms are subject to adjustment.
- **THERE ARE NO DOCUMENTATION OR CLOSING FEES ASSOCIATED WITH THIS PROPOSAL.**
- Fixed interest rate for the terms provided unless otherwise stated.
- This financing is to be executed and funded within 30 days of the date of the proposal, or Lessor reserves the right to adjust the interest rate. The proposal is subject to credit review and approval of mutually acceptable documentation.
- This proposal has been prepared assuming the lessee is bank qualified and that the proposed lease qualifies for Federal Income Tax Exempt Status for the Lessor under Section 103 of the IRS Code.

Thank you for allowing Community Leasing Partners the opportunity to provide this proposal. If you have any questions regarding the options presented, need additional options, or would like to proceed with a financing, please contact me at 1-888-777-7850.

Respectively,

Blake J. Kaus
Vice President & Director of Leasing
blakekaus@clpusa.net

A Division of Community First National Bank - Member FDIC

OVFD Replacement Schedule Proposal-March 2021

Year, Fiscal	Description	Expenditure	Appropriated	Balance
			Opening Balance	\$200,000.00
18/19	Measure A		\$100,000.00	\$300,000.00
19/20	Measure A		\$100,000.00	\$400,000.00
20/21	Chief truck/grass truck	\$230,000.00	\$100,000.00	\$270,000.00
21/22	Measure A		\$200,000.00	\$470,000.00
22/23	Engine 27	\$750,000.00	\$200,000.00	-\$80,000.00
23/24	Measure A		\$200,000.00	\$120,000.00
24/25	Measure A		\$200,000.00	\$320,000.00
25/26	Measure A		\$200,000.00	\$520,000.00
26/27	Measure A		\$200,000.00	\$720,000.00
27/28	Measure A		\$200,000.00	\$920,000.00
28/29	Measure A		\$200,000.00	\$1,120,000.00
29/30	Measure A		\$200,000.00	\$1,320,000.00
30/31	Measure A		\$200,000.00	\$1,520,000.00
32/33	Measure A		\$200,000.00	\$1,720,000.00
33/34	Engine 25	\$900,000.00	\$200,000.00	\$1,020,000.00
34/35	Measure A		\$200,000.00	\$1,220,000.00
35/36	Chief truck/grass truck		\$200,000.00	\$1,420,000.00
36/37	Measure A		\$200,000.00	\$1,620,000.00
37/38	Measure A		\$200,000.00	\$1,820,000.00
38/39	Measure A		\$200,000.00	\$2,020,000.00
39/40	Measure A		\$200,000.00	\$2,220,000.00
40/41	Measure A		\$200,000.00	\$2,420,000.00
41/42	Ladder 26	\$2,000,000.00	\$200,000.00	\$620,000.00