

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: SCOTT WESTROPE, FIRE CHIEF
JIM AREND, ADMINISTRATIVE SERVICES OFFICER
FIRE DEPARTMENT
SUBJECT: APPROVAL FOR FIRE DEPARTMENT TO PURCHASE TWO
TYPE 1 PIERCE FIRE ENGINES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Fire Department that the Council, by resolution, approve the purchase by the Fire Department of two Type 1 Pierce Fire Engines up to a not-to-exceed amount of \$1,700,000 and delegate authority to the City Manager or designee to 1) utilize to the extent possible, cooperative purchasing through the Houston-Galveston Area Council (H-GAC) and H-GAC vendor Golden State Fire Apparatus, Inc., Sacramento, CA, including the issuance of any necessary purchase orders; and/or 2) negotiate and execute necessary documents and agreements for lease financing of the procurement provided staff determines such an arrangement is in the City's best financial interest and the related documents and agreements for any cooperative purchase and/or lease financing are in a form approved by the City Attorney.

EXECUTIVE SUMMARY

The Fire Department recommends the City procure two Pierce Type 1 Fire Engines up to a not-to-exceed amount of \$1,700,000. To the extent possible, staff recommends use of cooperative purchasing using the H-GAC program where the City would purchase the Fire Engines from Golden State Fire Apparatus Inc. with issuance of a City Purchase Order. Staff also recommends that Council delegate authority to the City Manager or designee to negotiate lease financing for the purchase where such an approach is in the City's best financial interest. Any documents or agreements related to cooperative purchasing or lease financing executed by the City Manager would need to be in a form approved by the City Attorney.

BACKGROUND

As part of the department's ongoing apparatus replacement schedule, the Fire Department has identified a need for two new Pierce Type 1 Fire Engines to add to the

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fire apparatus fleet. Typically fire apparatus purchases span a year or more as each apparatus is built to the department's specifications.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

This item, if approved, will authorize the purchase of two Type 1 Pierce Fire Engines from Golden State Fire Apparatus Inc. of Sacramento CA, in an amount not to exceed \$1,700,000.

Staff recommends delegation of authority to the City Manager or designee to use the Houston-Galveston Area Council (H-GAC) Interlocal Contract for Cooperative Purchasing 10-2428. H-GAC has entered into H-GAC Agreement No. FS12-19 with Golden State Fire Apparatus, Inc. of Sacramento, CA under which Golden State Fire Apparatus, Inc. makes its equipment available under competitive prices to H-GAC members. In typical cooperative purchase transactions, the City issues its purchase order to Golden State Fire Apparatus, Inc. to purchase the equipment.

The H-GAC Buy Contract No. FS12-19 agreement is a contract between H-GAC Buy and Golden State Fire Apparatus, Inc. which includes non-standard terms and conditions. The City can utilize the solicitation and access favorable pricing under H-GAC Buy Contract No. FS-12-19 to make its own purchase from Golden State Fire Apparatus, Inc. directly. The City will issue a Purchase Order Golden State Fire Apparatus, Inc. that will include the City's standard terms and conditions. The Golden State Fire Apparatus proposal does include some unfavorable provisions, including, for instance late and cancelation fees. City staff is familiar with similar terms from prior purchases under H-GAC Buy agreements and nevertheless believes that the benefits associated with the purchase that includes some non-standard terms outweigh the legal risks.

Santa Rosa City Code Section 3-08.160 allows for cooperative purchases when advantageous to the City. H-GAC Buy's procurement process includes research, specifications preparation, pre-bid and preproposal conferences, legal notice posting and advertising, bid/proposal review and contract execution available at a national level. Additional benefits to utilizing a cooperative purchase agreement is an expedited procurement process, volume purchasing discounts, on-duty professional staff assistance, research and development of technical specifications, and contract management services provided by the lead agency (H-GAC Buy). Staff has determined that a new competitive bid solicitation would not result in achieving beneficial competitive results.

In addition to authorizing the City Manager to utilize (to the extent possible) cooperative purchasing for the two Fire Engines, staff recommends that Council delegate authority

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to the City Manager or designee to negotiate and execute necessary documents and agreements for lease financing of the procurement. Staff recommends such authority be contingent on staff's determination that such a lease financing arrangement is in the City's best financial interest and that the related documents and agreements for any cooperative purchase and/or lease financing are in a form approved by the City Attorney. Staff has previously used a lease financing approach to procure other large equipment for various departments.

If the City can complete negotiation of this transaction by February 1, 2022, the City can avoid a planned vendor price increase of 7.2% or \$122,400 with 100% pre-payment at the time of order. A signed and approved Purchase Order must be received by the vendor prior to February 1, 2022 to take advantage of the discount. The alternative would be to make a payment at the time of delivery. Staff will make a decision regarding pre-payment or payment on delivery when the order is placed, evaluating trade-offs between the discount and possible recovery of pre-paid funds or other remedies, should issues arise with the equipment.

FISCAL IMPACT

Staff anticipates that the source of funds for this purchase will be through a third party lease. The Fire Department budget will be increased to cover the expected lease payments for the full term. When the lease is completed, the department will convert the established lease payments to annual contributions to the Apparatus Replacement Fund to help fund future purchases. This is consistent with past practices concerning expired leases over the past few years.

ENVIRONMENTAL IMPACT

The proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15378 in that the purchase order is not considered a project under CEQA, and no environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 (H-GAC Buy Cooperative Agreement with Golden State Fire Apparatus, Inc. (No. FS12-19)/H-GAC Interlocal Contract for Cooperative Purchasing between H-GAC and the City (No. 10-2428))
- Resolution/Exhibit A (Golden State Fire Apparatus, Inc. Sales Proposal & Vendor Special Terms)

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CONTACT

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