



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT

STAFF REPORT

Board Meeting Date: January 21, 2020

DATE: January 9, 2020

TO: Truckee Meadows Fire Protection District Board of Fire Commissioners

FROM: Alex Kukulus, Deputy Chief
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THROUGH: Charles A. Moore, Fire Chief
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SUBJECT: Authorization for the District to purchase five Type I structural fire engines through Superior Equipment for a total cost of \$3,495,000 in accordance with NRS 332.115, Exemptions to Requirements for Competitive Bidding. (All Commission Districts) FOR POSSIBLE ACTION

SUMMARY

Authorization for the District to purchase five Type I structural fire engines through Superior Equipment for a total cost of \$3,495,000 in accordance with NRS 332.115.1(d), "for Equipment which, by reason of the training of the personnel or of an inventory of replacement parts maintained by the local government is compatible with existing equipment".

PREVIOUS ACTION

In December 2019, the District sought preliminary approval of debt financing for the purpose of acquiring this fire apparatus. The debt financing process is ongoing with final issuance expected in late February to early March. Upon final approval, funds will be utilized for the purchase of the eight apparatus (these five engines, plus three Type V engines in February). No payments toward the apparatus will be made until after successful issuance of the debt financing is complete. In the event current debt financing does not come to fruition, the District would fulfill the purchase obligation through other financing or use of reserve funds.

BACKGROUND

The District fleet currently consists of nearly 50 fire apparatus and an additional 100 other vehicles (light duty, trailers, etc.). In previous years, the District has adopted an apparatus replacement schedule of 10 years front-line status for Type I engines and 15 years for front-line Type III/V apparatus. Following these periods, apparatus is moved to reserve status for a period of an additional 10 years. Under this replacement schedule, the District has incrementally purchased 1-3 apparatus per year to maintain an operational and adequate fleet. The fleet has ongoing apparatus specification development, build inspections, in-servicing, and equipment use and maintenance training.

As District service requirements continue to grow, the prior fleet replacement schedule must be updated. The District is proposing a "bulk purchase" program where apparatus needed to maintain this schedule are procured in larger quantities, every three to five years. This has the advantage of consolidated

procurement includes bulk purchase pricing discounts, identical apparatus for consolidated maintenance, no additional training for operations and maintenance.

As part of the ongoing specification development and single apparatus purchases, the fleet of Type I and Type V apparatus are almost exclusively Pierce and Pierce subsidiary apparatus. To maintain apparatus consistency, a sole source was executed on January 13, 2020 ensuring new fleet compatibility with existing parts, training, and operations. An additional purchase request for three Type V fire engines to be funded from the same debt financing is anticipated to be brought before the Board in February 2020.

The District has been informed of a 3% pricing increase scheduled for February 1, 2020 for the Type I fire engines. The total impact of that increase to this purchase would be approximately \$105,000 if no action is taken. Therefore, the District is requesting approval to enter into a contract for the purchase of five apparatus prior to February 1, 2020 to avoid that increase, with initial payments due no earlier than March 13, 2020.

Furthermore, a pre-payment discount of approximately 4% has been negotiated with an additional savings of over \$100,000. The purchase agreement includes a Performance and Payment Bond for 100% of the contract cost. If approved, the cumulative savings of avoiding the February 1, 2020 price increase and pre-payment of the purchase, will be approximately \$205,000.

FISCAL IMPACT

The total estimated cost is \$3,495,000. This amount is proposed to be financed through medium term bonds. It is anticipated that the approval for the medium-term bond issuance will be brought to the Board of Fire Commissioners in February 2020 along with a resolution to augment the budget from bond proceeds. Placing the order prior to February 1 avoids a price increase and saves the District approximately \$100,000.

RECOMMENDATION

Staff recommends the Board give authorization for the District to purchase five Type I structural fire through Superior Equipment for a total cost of \$3,495,000 using the sole source exemption as allowed by NRS 332.115.1(d), "for Equipment which, by reason of the training of the personnel or of an inventory of replacement parts maintained by the local government is compatible with existing equipment.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion could be:

"I move to approve the purchase of five Type I structural fire engines through Superior Equipment for a total cost of \$3,495,000 using the sole source exemption as allowed by NRS 332.115.1(d), "for Equipment which, by reason of the training of the personnel or of an inventory of replacement parts maintained by the local government is compatible with existing equipment and authorize the Fire Chief to execute the contract and related documents."