



CITY COUNCIL STAFF REPORT



October 25, 2022

ITEM TITLE

Purchase Agreements: Approve a Purchase Agreement with South Coast Fire Equipment and a 10-Year Lease Purchase Agreement with JP Morgan Chase Bank for Two Pierce Fire Engine Pumper Apparatuses and one Tiller Drawn Aerial Apparatus

Report Number: 22-0253

Location: No specific geographic location

Department: Fire

Environmental Notice: The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Recommended Action

Adopt a resolution approving a sole source purchase agreement with South Coast Fire Equipment for two Pierce Fire Engine Pumper Apparatuses and one Tiller Drawn Aerial in the amount of \$3,986,966.63 and a 10-year lease-purchase agreement with JP Morgan Chase Bank for said purchase.

SUMMARY

The Chula Vista Fire Department delivers Fire, Rescue and Emergency Medical Services to Chula Vista residents, visitors, and employees daily. Emergency response service delivery is provided with several different types of apparatus, including triple combination pumper/fire engines, aerial ladder trucks, a heavy rescue, brush engines and command vehicles. With increased development, the City must expand its service delivery capability. The requested two engines and one tiller drawn aerial will be deployed at a future fire station within Otay Ranch Village 8 West and a future fire station on the Bayfront.

ENVIRONMENTAL REVIEW

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The Chula Vista Fire Department delivers Fire, Rescue and Emergency Medical Services to Chula Vista residents, visitors, and employees daily. Emergency response service delivery is provided with several different types of apparatus, including triple combination pumper/fire engines, aerial ladder trucks, a heavy rescue, brush engines and command vehicles. With increased development, the City must expand its service delivery capability. The requested two engines and one tiller drawn aerial will be deployed at a future fire station within Otay Ranch Village 8 West and a future fire station on the Bayfront. As these apparatus are required to serve new development, the purchase will be made using Public Facilities Development Impact Fee (PFDIF) funds.

The purchase of the two fire engines and one tiller drawn aerial will be a sole source purchase with South Coast Fire Equipment for the Pierce manufactured fire apparatus, pursuant to Chula Vista Municipal Code section 2.56.070.B.4 (unique compatibility requirements). The Fire Department uses Pierce Manufacturing to purchase frontline operational emergency response vehicles for several critical reasons:

1. Equipment Standardization: providing the same type of emergency response apparatus is critical to provide a standard approach to training all personnel. This ensures that our personnel can operate fire apparatus at a competent level while under duress of emergency response.
2. Safety: Fire personnel are consistently moved from one fire station to another. Maintaining a fleet of fire apparatus that operate consistently throughout our fleet ensures driver/operators and firefighters can operate and locate equipment in an efficient and timely manner while working in emergency situations.

The Fire Department has received a quote from South Coast Fire Equipment (See Attachment #1) for the purchase of two (2) Pierce Arrow XT Pierce's Ultimate Configuration (PUC) Pumpers for the quoted purchase price total of \$2,013,361.02, and one Tiller Drawn Aerial for the quoted price of \$1,783,750.06. The Fire Department is recommending a 5% overage to account for any change order needs in the manufacturing process, bringing the total to \$3,986,966.63.

A 10-year lease purchase is the recommended purchase method from staff for these fire apparatus through the City's Master Financing Agreement with JP Morgan Chase Bank. The interest rate quoted by JP Morgan is 3.805%; however, this rate is subject to change based on market conditions until the City locks the rate at the time of final agreement execution. The quoted interest rate results in an estimated biannual payment of \$273,263.75. The total purchase price, including financing charges, is estimated to total \$4,918,747.50 (assuming interest charges totaling \$931,780.87). The first lease payment for the apparatus will be made in fiscal year 2024. As a result, no appropriation is recommended at this time. Lease payments will be included in future annual PFDIF budget appropriations.

Equipment to outfit the apparatus is not included in the agreement with South Coast Fire Equipment and will be a future expense. An appropriation request for this purpose will be made once the delivery timeline for the apparatus is determined. As with the apparatus, outfitting costs will be borne solely by the PFDIF fund.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

There is no fiscal impact to the General Fund. The total cost to purchase two (2) fire engines and one (1) tiller drawn aerial will be funded from the Fire Suppression component of the PFDIF Fund. The order will be placed with South Coast Fire Equipment upon Council approval. Lead time on delivery of apparatus is approximately 28 months for the engines and 31 months for the tiller. Payment for the apparatus will be made at the time they are ordered by JP Morgan Chase Bank under the 10-year lease purchase agreement.

The first lease payment for the apparatus will be made in fiscal year 2024. As a result, no appropriation is recommended at this time. Lease payments will be included in future annual PFDIF budget appropriations.

ONGOING FISCAL IMPACT

Upon delivery and being placed into service at the Village 8 West and Bayfront fire stations annual operating and maintenance costs will need to be added to the Fire Department's budget. The Village 8 West fire station is expected to go into service in September of 2023 and the Bayfront fire station is expected to go into service in May of 2025. Both of these fire stations have been accounted for in the City's Long Term Financial Forecast including staffing, equipment, and operating costs.

ATTACHMENTS

1. South Coast Fire Equipment Fire Engine Front-Sheet/Quote
2. South Coast Fire Equipment Tiller Drawn Aerial Front-Sheet/Quote
3. City of Chula Vista – 1000149192 Equipment Finance Documents
4. JP Morgan – City of Chula Vista Master Lease Agreement

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