



DATE: April 12, 2022

CATEGORY: Consent

DEPT.: Fire and Public Works

TITLE: **Fire Department Fleet Replacement
Midyear CIP Project**

RECOMMENDATION

Approve a midyear Capital Improvement Program project, Fire Department Fleet Replacement, and transfer and appropriate \$9,000,000 from the Equipment Replacement Fund to the new project. (Five votes required)

BACKGROUND

Proactive Planning for Equipment Replacement

The City utilizes an Internal Service fund called the Equipment Replacement Reserve Fund (ERRF) to smooth out the annual funding needed for the replacement of Fire Department and other City vehicles and equipment. Annual charges, based on the cost or estimated replacement cost of the asset divided by the asset's estimated useful life, are allocated to, and contributions received from, the various City funds. The moneys are accumulated in this fund so that they are available when needed for the asset's replacement. This process is used by many cities to replace fleet and equipment as it results in budgetary stability while providing sufficient funding for the replacement of vehicles and equipment and the continuous availability of equipment that is critical to the safe and effective operation of City services. Additionally, this level of planning for replacement enables more cost-effective procurement compared to waiting until costly maintenance issues arise that may create a need for more urgent and costly purchase decisions.

Only major categories of equipment are included in the ERRF, such as vehicles, information technology equipment (e.g., computers, printers, servers, etc.), Police and Fire radios, Computer Aided Dispatch and Records Management System software and hardware, and Communications Center furniture and equipment.

Fire Fleet Replacement Approach

The City's Fire fleet replacement practice is aligned with the National Fire Protection Association's recommendation of a 15-year replacement cycle to maintain fleet reliability and the continuity of the Fire Department's response readiness to protect life and property.

In the late 1980s, the City decided to use a "fleet concept" with the purchase of new Fire Department emergency response vehicles, which were delivered in 1991. Prior to that, the Fire Department's emergency response fleet had been made up of vehicles from several different manufacturers, over many model years, which presented significant issues with regard to safety and efficiency of operation as well as compatibility and efficiency of maintenance and repairs. The delivery in 1991 included six fire engines and one ladder truck, all from the same manufacturer, which were identical in every way possible. This fleet served the City well for nearly 18 years when, in 2009, it was replaced by a new fleet of seven fire engines, one ladder truck, one rescue truck, and one hazardous materials truck, all built by Pierce Manufacturing to City specifications.

ANALYSIS

The current fleet, placed in service in 2009, will reach the end of its recommended 15-year service life in 2024. It takes up to 18 months to receive these vehicles once they are ordered. The Fire Department is working with Golden State Fire Apparatus to build the new replacement fleet of seven fire engines and an aerial-ladder truck. This entails reviewing dozens of pages of engineering blueprints and deciding on the complex systems, equipment, and features that must work effectively and dependably for Firefighters and Fire Engineers to perform the technical functions of fire suppression and emergency rescue. The specialized equipment includes, for example, a hydraulic-ladder storage system, diesel-driven fire pump, and computer-controlled fire scene lighting and emergency management system.

The design and procurement process is on track to replace Fire fleet vehicles by the first quarter of calendar year 2024. The process was conducted in accordance with the City's established Purchasing Policies and Procedures for sole-source contracts.

Council has already approved the funding needed for replacement of the Fire fleet through adoption of the EERF as part of the budget process. Additional Council action is needed at this time to approve a Capital Improvement Project (CIP) which will enable the City to establish a purchase order and make payment before May 1, 2022, to avoid an increase in the total quote value of 7%, or approximately \$630,000. The creation of a CIP and additional Council action would not normally be necessary but is recommended in this instance to expedite payment and avoid significant additional cost.

FISCAL IMPACT

The total estimated cost for the Fire Department Fleet Replacement project is \$9,000,000, provided the new vehicles are ordered before May 1, 2022. There is sufficient funding in the ERRF for the CIP project. Once the new fire engines and truck are replaced, the old vehicles will be sent to auction to recover any remaining salvage value. The proceeds received will be deposited back into the ERRF and applied toward future equipment replacements. Based on the current condition of these vehicles, it is estimated the City may receive approximately \$750,000 in proceeds from auction for these vehicles.

ALTERNATIVES

1. Do not approve funding the midyear CIP project and defer the Fire fleet replacement.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting.

Prepared by:

Amanda Slovick
Analyst II

Approved by:

Juan F. Diaz
Fire Chief

Dawn S. Cameron
Public Works Director

Audrey Seymour Ramberg
Assistant City Manager/
Chief Operating Officer

AS/CB/4/CAM
141-04-12-22CR
201892