



CITY OF WAUKESHA

Administration

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Committee: FINANCE COMMITTEE	Date: 3/31/2015
Common Council Item Number: 15-2273	Date: 4/9/2015
Submitted By: Acting Chief Steve Howard/Battalion Chief Joe Hoffman	City Administrator Approval: Kevin Lahner, City Administrator KML
Finance Department Review: Rich Abbott, Finance Director RA	City Attorney's Office Review: Brian Running, City Attorney BER

Subject: APPROVAL OF NEW LADDER TRUCK PURCHASE FOR THE CITY OF WAUKESHA F.D.

Review and act on request to recommend that the Council approve the contract in the amount of \$940,526 between the City of Waukesha & Pierce Manufacturing, Inc. for the purchase of a new ladder truck and amend the 2015 CIP to include the total ladder truck purchase of \$1,016,556. This would remove the preauthorization for the purchase of the ladder truck in the 2016 CIP.

Details:

The Fire Department is requesting approval of a contract with Pierce Manufacturing, Inc. for the purchase of a 105 ft. Pierce Quantum Puck ladder truck. This item has been presented to the Common Council as part of the budget process for several years. During the 2015 budget process, the Department was authorized to purchase a ladder truck from Pierce Mfg. through Reliant Fire Apparatus, Inc. The authorization to enter into a contract in 2015 with payment and delivery of the vehicle in 2016 was done as a cost saving measure to avoid an approximate \$100,000 price increase if the purchase of this vehicle was completed in 2016 (please refer to memo to Finance Committee dated October 14, 2014). As discussed during the 2015 budget process, the Department is purchasing this vehicle as a sole source as allowed per Financial Policy F-6.0. As done with past sole source purchases from Pierce Mfg., they have provided us with comparable purchases by other Fire Departments that went through a competitive bidding process. A review of these purchases shows that our purchase is in line with other vehicles similarly equipped (see attached memo). It is not possible to do an exact side-by-side comparison, due to the fact that each vehicle is customized, but are based on similar chassis capabilities and major features. The attached contract was negotiated with Pierce Mfg. with significant input from the City Attorney's Office. The final contract has been reviewed and approved by City Attorney Brian Running and reflects changes he had requested. . The purchase of a ladder truck is needed to sustain fire suppression capabilities at its current level.

Options & Alternatives:

OPTION #1 ADVANCE PAYMENT with DISCOUNT (total project cost of \$1,016,556)

As the Department negotiated the final specifications and contract for the purchase of the ladder truck, we were made aware of an option to receive an advanced payment discount in the amount of \$39,144 if the purchase was paid in full at the time the contract is signed. The contract with discount would be \$940,526.

The discount savings would be reduce the total project and would not be applied to another vehicle or additional equipment purchases.



Additionally, by bonding for the purchase of the vehicle at this time, the City would have the ability to lock in the current interest rate and potentially saving money if the interest rate for borrowed money increases in 2016. In order to utilize the pre-payment option, the Finance Committee would need to recommend to the Common Council a modification to the approved 2015 CIP budget. The amendment to the budget would authorize the borrowing for the purchase of the ladder truck in 2015 and would remove the preauthorization to purchase the ladder truck in 2016.

This potential change has been reviewed by Baird and Associates and would not have a negative impact on bond ratings or the upcoming bond issuances.

OPTION #2 Preauthorization for 2016 CIP (total project cost of \$1,055,700)

To approve the contract with out the advance payment discount in the amount of \$979,670 which would cost the City an additional \$39,144.

Financial Remarks:

As part of the 2015 budget process, the Common Council granted the Department approval to enter into contract to purchase a new ladder truck that is to be delivered and paid for in 2016 (ID# 14-1343). The purchase of the vehicle and associated equipment is within the approved budget amount and the vehicle will be placed in service within the approved budget of \$1,055,700 for this purchase (Acct# 4320.68140. Vehicle Fund 0400).

Executive Recommendation: The City Administrator recommends approval of Option 1 for the advanced payment discount and modification to the 2015 CIP and removal of preauthorization for 2016 CIP.

Committee Recommendation: