

RELIANT FIRE APPARATUS, INC.

P.O. BOX 470 • SLINGER, WISCONSIN 53086 • PHONE (262) 297-5020



August 22, 2019

City of Waukesha Fire Department
Fire Chief Steve Howard
130 W. St. Paul Ave.
Waukesha, WI 53188

Chief Howard,

Please find the following information pertaining to the purchase of one (1) Pierce Quantum PUC Pumper with reference to the purchasing agreement dated February 27, 2018.

The purchasing agreement bases the price of new fire apparatus on the base unit price of previous apparatus purchased multiplied by the Producer Price Index Industry Data Series ID: PCU3361203361202 for Heavy Truck Manufacturers with a GVWR of 33,001 lbs. or More. With the previous apparatus purchased (Pierce Job #33152) the PPI Industry Data Series decreased since the time of previous purchase. Because of this decrease, an offer was presented to the City of Waukesha and accepted, to provide the new apparatus price at an increase of 3.00% compared to the actual Pierce price increase of 6.01% (two compounded price increases of 3.00%). This offer was made by Reliant Fire Apparatus and Pierce Manufacturing to show a commitment to the City of Waukesha and offer a savings compared to a new vehicle current price level purchase rather than discontinuing the agreement for apparatus.

The final purchase of the previous Pierce engine in 2018, Job #33152, was at a 2017 price level, which was 3.00% below the price level in effect at the time of purchase.

Since the time of the previous apparatus purchase the Bureau of Labor Statistics has discontinued reporting of the Industry Data Series ID: PCU3361203361202. The last posting of the index was May 2018, which is the same posting as the time of previous apparatus purchased. Because this Producer Price Index Industry Data Series is the base for the Agreement, and this is no longer posted by the Bureau of Labor Statistics, this can no longer be used as a base for the Agreement.

Reliant Fire Apparatus and Pierce Manufacturing value the City of Waukesha as a customer and regret that we can no longer provide this pricing structure due to the discontinuation of reporting of the index by the Bureau of Labor Statistics. However, to continue our relationship with the City of Waukesha, Pierce has agreed to continue the offer as with the previous unit purchased, which is holding pricing of the previous year price level, compared to current price level.

The following is the pricing breakdown for the new apparatus proposed for purchase:

Pierce Job #33152 Purchase Price (Prior to Advanced Payment Discount)	\$722,692.00
Less: Cost of Performance Bond for Previous Purchase	(\$1,951.00)
Add: Changes During Construction of Job #33152	\$3,248.00
Add: Changes Requested on New Apparatus Purchase	<u>\$7,708.00</u>
Total New Apparatus Cost, Prior to Performance Bond, Prior to Advanced Payment Discount, 2017 Price Level	<u>\$731,697.00</u>

Total New Apparatus Cost, Prior to Performance Bond, Prior to Advanced Payment Discount, 2017 Price Level	\$731,697.00
Add: 3.00% Price Increase for February 1, 2018 Price Increase	<u>\$21,950.00</u>
Total Apparatus Cost, 2018 Price Level, New Purchase	<u>\$753,647.00</u>

With the above pricing the new apparatus is proposed at the 2018 price level, which is 3.00% less than current 2019 price level, which equates to a savings of \$22,609.00.

In the past the City of Waukesha has paid for the apparatus at the time of contract entry, rather than the time of final receipt of the apparatus, which has led to an Advanced Payment Discount as well as a Chassis Payment Discount being earned. In addition, a Performance Bond has been required that is equal to 100% of the total apparatus cost along with the advanced payment. The following is the total purchase cost of the proposed apparatus including the Advanced Payment Discount and the 100% Performance Bond consistent with previous purchases:

Total Apparatus Cost, 2018 Price Level, New Purchase	\$753,647.00
Add: 100% Performance Bond	\$2,035.00
Less: Chassis Payment Discount	(\$12,572.00)
Less: Advanced Payment Discount	<u>(\$18,663.00)</u>
Total Apparatus Purchase Price and Contract Amount	<u>\$724,447.00</u>

Thank you for the opportunity to present this Pierce Quantum PUC Pumper to the City of Waukesha for purchase. Reliant Fire Apparatus and Pierce Manufacturing hope that this offer for apparatus purchase shows our commitment to the City of Waukesha as a valued customer. We value our relationship and look forward to the opportunity to continue working with the City of Waukesha to provide the citizens of Waukesha with the finest fire apparatus in the world.

Sincerely,

Brett Krueger

Brett Krueger
Reliant Fire Apparatus, Inc.