



# CITY COUNCIL AGENDA STATEMENT



July 28, 2020

File ID: 20-0100

## TITLE

- A. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A SOLE SOURCE PURCHASE AGREEMENT WITH SOUTH COAST FIRE EQUIPMENT FOR THE ACQUISITION OF ONE PIERCE AERIAL LADDER TRUCK AND ONE PIERCE ARROW XT TRIPLE COMBINATION PUMPER/FIRE ENGINE ("FIRE SERVICE EQUIPMENT") AND AUTHORIZING THE CITY MANAGER OR HER DESIGNEE TO EXECUTE THE FINAL PURCHASE AND LEASE AGREEMENTS AND ANY INCIDENTAL NECESSARY DOCUMENTS IN FINAL FORMS APPROVED BY THE CITY ATTORNEY
  
- B. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT AND EQUIPMENT SCHEDULE NO. 01 THERETO WITH BANC OF AMERICA PUBLIC CAPITAL CORP. FOR THE ACQUISITION, FINANCING AND LEASING OF CERTAIN FIRE SERVICE EQUIPMENT FOR THE PUBLIC BENEFIT WITHIN THE TERMS HEREIN PROVIDED; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION, ALL IN FINAL FORMS APPROVED BY THE CITY ATTORNEY

## RECOMMENDED ACTION

Council adopt the resolutions.

## 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 fire apparatus including triple combination pumper/fire engines, aerial ladder trucks, a heavy rescue, a brush engine and battalion chief command vehicles. The Fire Department continues to replace fire apparatus as part of the initial phase of the City's 10-year Measure P Expenditure Plan specific to the Fire Department's fire apparatus replacement plan. The Finance and Fire Departments have identified a lease purchase program through Banc of America Public Capital Corp. to better leverage existing Measure P funds in order to accomplish the purchase of these fire apparatus.

With this item staff is requesting authorization to enter into a sole source purchase agreement with South Coast Fire Equipment and a 5-year lease purchase agreement with B of A for the acquisition of one (1) Aerial Ladder Truck and one (1) Triple Combination Pumper to replace an existing aerial ladder truck and pumper/engine that will be transitioned into the reserve fleet.

This item also approves a Master Equipment Lease/Purchase Agreement with B of A (“Master Agreement”). The term of the Master Agreement is for 1 year, with a maximum aggregate capital value that can be financed under that agreement of \$10 million and a maximum interest rate of 2%. The terms for financing the above-described Fire Service equipment are for up to \$2.4 million (purchase price plus a contingency) at 1% over a 5-year lease term. The Master Agreement lease financing arrangement with B of A is also being used to finance the acquisition of up to \$4.5 million of Emergency Ambulance Transport equipment. That financing is also being presented for City Council consideration on this July 28<sup>th</sup> agenda (File I.D. No. 20-0302).

### **ENVIRONMENTAL REVIEW**

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

### **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not Applicable

### **DISCUSSION**

The Fire Department responds to Fire, Rescue and Emergency Medical incidents both within the City and surrounding cities. In addition, the Fire Department provides mutual aid assistance throughout the State of California on a reimbursable basis. These emergency services are provided with the following frontline fire apparatus: eight (8) pumper/engines; two (2) aerial ladder trucks; one (1) heavy rescue truck; one (1) brush engine; and two (2) battalion chief command vehicles. Reserve apparatus consist of the following: five (5) reserve pumper/engines; one (1) reserve aerial ladder truck; one (1) reserve heavy Rescue; (1) one reserve brush rig; and two (2) reserve battalion chief command vehicles.

As part of the Fire Department’s continued execution of the City’s 10-year Measure P Expenditure Plan specific to fire apparatus and equipment replacements, the replacement of the aerial ladder truck and a pumper/engine is necessary. The replacement of these last two fire apparatus completes the initial phase of the fire apparatus replacements detailed in the Fire Department’s internal fire apparatus replacement plan in alignment with the City’s 10-year Measure P Expenditure Plan. This accomplishment is significant and provides for improved overall quality, reliability, cost effectiveness and safety of the fire apparatus fleet. The aerial ladder truck being replaced has been in frontline service for 17 years. The engine/pumper being replaced has been in frontline service for 15 years.

The next phase of the City’s 10-year Measure P Expenditure Plan specific to fire apparatus replacements includes future apparatus purchases required to bring the Fire Department apparatus fleet in alignment with the Council adopted Fire Facility Master Plan. The Fire Facility Master Plan includes an addendum that details the recommended apparatus replacement cycles to include 10 to 12 years of frontline service, plus 5 years of reserve service, for a total service life of 17 years. National Fire Protection Association (NFPA) Standard 1901 on Automotive Fire Apparatus and other National Fleet Maintenance Organizations recommend large vehicle replacements based on several criteria to include, years of service, mileage,

maintenance costs, functional obsolescence, and inability to obtain repair parts as well as technology and safety improvements.

This purchase is 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 in order 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 purchase of these new fire apparatus will continue to improve the overall quality, reliability, cost effectiveness, and safety of the City's fire apparatus fleet.

The City's Finance Department conducted a competitive process back in February 2020 for lease/purchase equipment finance services. Proposals were solicited from three banks providing such services. B of A was ultimately chosen as the City's preferred lease/purchase finance services provider because of their overall qualifications and the fact that they were offering the lowest interest rate pricing. The Master Agreement with B of A being approved by this item will also be used to finance the acquisition of equipment necessary for the City Fire Department to provide Emergency Ambulance Transport Services. That item is also before the City Council for its consideration at the July 28<sup>th</sup> meeting

The Fire Department is requesting Council approval of the agreements and any incidental necessary documents, for signature by the City Manager or designee, all of which staff is working to finalize. Staff is working to finalize the purchase agreement with South Coast Fire Equipment to include a total written quote of \$2,273,805.23. The cost for the aerial ladder truck is \$1,505,921.62, and the cost for the engine/ pumper is \$767,883.61. With all purchase agreements for fire apparatus, staff recommends a 4% overage to account for any change order needs in the manufacturing process, bringing the total to \$2,364,757.44. Staff is also working with Bank of America to finalize the lease/purchase financing agreements. Staff has secured a written rate and term lock with B of A for up to \$2,400,000 at 1.00% interest with a five-year term. The financing will be implemented on Bank of America's standard lease/purchasing documentation in final forms reviewed and approved by the City Attorney. Substantial drafts of such documents are attached to this item.

### **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.).

Notwithstanding the foregoing, it has been determined by the FPPC that Councilmember Galvez does have a disqualifying conflict of interest on this item as result of her husband's employment with an affiliate of B of A. Accordingly, Councilmember Galvez will need to recuse herself from participating on this item.

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 one (1) aerial ladder truck and one (1) triple combination pumper is \$2,364,757.44 and will be funded from the Measure P fund. Fire and Finance Departments are recommending acquiring this equipment via a 5-year lease purchase agreement with B of A. The first lease purchase payment is due at completion of the manufacturing process in August of 2021; therefore, no lease payments will be due in FY20/21.

#### **ONGOING FISCAL IMPACT**

There is no ongoing fiscal impact to the general fund. The annual lease payments for this lease agreement will be paid from the Measure P Fund specific to the Fire Vehicle Lease line item. These payments will occur on a bi-annual basis at a 1.00% locked interest rate for the next five years with full payment completed prior to the end of the ten-year Measure P Expenditure Plan in Fiscal Year 25/26

#### **ATTACHMENTS**

Master Lease/Purchase Agreement and Related Documents

*Staff Contacts:* Jeff Peter, David Bilby