



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 6, 2018

FROM: FIRE DEPARTMENT WARDS: ALL

SUBJECT: MEASURE Z – PURCHASE OF A TRUCK COMPANY FROM PIERCE MANUFACTURING THROUGH THE HOUSTON-GAVELSTON AREA COUNCIL IN THE AMOUNT OF \$1,498,907 AND A 7.5% CHANGE ORDER AUTHORITY

ISSUE:

Approve the purchase of a truck company from the Pierce Manufacturing through the Houston Galveston Area Council (HGAC) in the amount of \$1,498,907 with a 7.5% change order authority and approve a Purchase Order in the amount of \$1,498,907 with a change order authority of 7.5%.

RECOMMENDATION:

That the City Council:

1. Approve the purchase of a truck company from the Pierce Manufacturing through the Houston Galveston Area Council (HGAC) in an amount of \$1,498,907;
2. Authorize additional change order authority for the purchase of the truck company in the amount of up to 7.5%; and
3. Authorize the City Manager, or designee, to execute all documents necessary to complete the financing, including making minor and non-substantive changes.

BACKGROUND:

The Fire Department customarily has a fleet of 32 vehicles that are diverse in their scope of use including, but not limited to, engines, trucks, squads, water tenders, and battalion vehicles. According to the National Fire Protection Agency (NFPA), the organization that sets the standards and best practices for fire services, each vehicle type has a shelf life quantified by mileage limits, hour limits and years of use.

In 2017, the Fire Department identified and relayed the severity of the need to replace vehicles as they had mostly exceeded their shelf life, mileage or hour limits and were incurring high costs in repair. Understanding the critical need, Fire Department staff worked with General Services,

the City Manager's Office, and Finance Department to develop a 20-year funding plan for vehicle replacement identifying the immediate need for 16 vehicles (attachment 1).

On May 16, 2017, City Council adopted the Measure Z Five-Year Spending Plan (attachment 2) which included an \$11.15 million allocation in Fire Department vehicle replacement costs over the first five years and identified a one-time infusion of \$14.5 million for the acquisition of the 16 immediate need vehicles. Through a Request for Proposal (RFP) process, which solicited interest rates from capital lease vendors in financing various equipment, the City selected Bank of America Public Capital Corp as their proposal resulted in the lowest cost to the City.

With the critical need to purchase the Fire Department vehicles and the duration of time it would take to have them ordered and delivered, the City Council also approved the use of the Houston-Galveston Area Council (HGAC) cooperative purchasing program, called HGACBuy, which was utilized by the City on December 6, 2016 to purchase body-worn cameras for the Police Department. With the concurrence of the Finance Department, the Fire Department determined that Pierce Manufacturing provided the best vehicles and add-on options meeting the specifications for the Fire Departments emergency response vehicles.

The Fire Department promptly placed orders with Pierce Manufacturing for the 16 immediate need vehicles and with various other vendors for the additional equipment required to operate the vehicles. Riverside Fire Department staff was able to reduce costs by purchasing in bulk and negotiating with vendors on the large purchases. Through this process, the Fire Department secured a cost savings of approximately \$1.5 million.

DISCUSSION:

Recognizing the critical need to continue to replace emergency vehicles, the Finance and Fire Departments are requesting that the \$1.5 million surplus be utilized to expedite the vehicle replacement plan and purchase an additional truck company to replenish the aging fleet. Quotes received from Pierce Manufacturing included the two purchasing options described below:

- *Option 1:* Pre-payment - Pay a total cost of \$1,498,907 at contract signing; or
- *Option 2:* Non pre-payment – Pay a total of \$1,552,457.23 upon receipt of the vehicle.

Due to the potential savings of \$53,550.23, both the Finance and Fire Departments recommend payment option 1 to pre-pay the total amount of \$1,498,907 at contract signing. If approved, this would allow \$1.5 million in Measure Z funding to be released within the next Fiscal Year to be utilized for other critical needs.

The HGACBuy Cooperative Agreement would be utilized for the purchase of the proposed truck company from Pierce Manufacturing in accordance with Purchasing Resolution No. 23256, Section 602 (e), which states an exception to competitive procurement for the acquisitions of goods when cooperative purchasing is available and undertaken or when goods can be obtained through Federal, State and/or other public entity pricing contracts or price agreements.

The Purchasing Manager concurs with the recommendation and that this purchase is in compliance the Purchasing Resolution No. 23256, Section 602 (e).

FISCAL IMPACT:

In September 2017, the City Council authorized the financing of Capital Equipment through a capital lease in the amount of \$14.5 million in order to purchase critical fire equipment immediately. Bulk purchasing and negotiating of fire trucks has left an available balance that has provided an opportunity to purchase a truck that was scheduled to be purchased in FY 19-20 according to the Measure Z Five Year Spending Plan. Over the 10 year life of the capital lease, the City will pay a total of \$16,191,817, however, this amount may decrease if the City pays the lease off earlier in full. Funding for this purchase is available in the Vehicle Replacement- Fire account 3510009-450058.

Prepared by: Michael D. Moore, Fire Chief
Certified as to
availability of funds: Edward Enriquez, Interim Chief Financial Officer/City Treasurer
Approved by: Lea Deesing, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

- 1.) Vehicle Replacement Plan
- 2.) 5-Year Measure Z Spending Plan
- 3.) Pierce Manufacturing Quote
- 4.) Photo

Fire Department Vehicle Replacement Plan

20 Years

#	Front Line Units	Year	Age	Make	Jan '17 Total Miles	Jan '17 Total Hours	1st Repl.	2nd Repl.	3rd Repl.	4th Repl.
1	Battalion 1	2014	3	Ford Exp	16321		FY 2018/19	FY 2023/24	FY 2028/29	FY 2033/34
2	Battalion 2	2013	4	Chevy Sub	28402		FY 2018/19	FY 2023/24	FY 2028/29	FY 2033/34
3	Brush 1	1995	22	IH	47,925	3,678	FY 2017/18	FY 2032/33		
4	Brush 12	2015	2	HME	8800	412	FY 2029/30			
5	BS 5	2012			5518		FY 2026/27			
6	DC 13	2013			2721	153.7	FY 2027/28			
7	Engine 1	2001	16	KME	122,343	13,241	FY 2017/18	FY 2026/27		
8	Engine 10	2005	12	KME	175,004	5,180	FY 2017/18	FY 2032/33		
9	Engine 11	2006	11	KME	77821	6069	FY 2019/20			
10	Engine 12	2008	9	KME	86,946	7,402	FY 2017/18	FY 2025/26		
11	Engine 13	2009	8	KME	67078	3876	FY 2021/22			
12	Engine 14	2006	11	KME	77290	5384	FY 2019/20			
13	Engine 2	2011	6	KME	43235	1069	FY 2026/27			
14	Engine 3	2016	1	KME	9333	825	FY 2023/24			
15	Engine 4	2016	1	KME	10090	907	FY 2023/24			
16	Engine 5	2003	14	KME	123,875	9,559	FY 2017/18	FY 2027/28		
17	Engine 6	2001	16	KME	141,330	10,534	FY 2017/18	FY 2027/28		
18	Engine 7	2001	16	KME	140,713	13,998	FY 2017/18	FY 2025/26		
19	Engine 8	2007	10	KME	106,547	9,120	FY 2017/18	FY 2025/26		
20	Engine 9	2005	12	KME	118,253	10,338	FY 2017/18	FY 2032/33		
21	Haz Mat 2	2009	8	Spartan	6427	797	FY 2023/24			
22	Patrol 1	2016	1	Ford F450	4028	190	FY 2030/31			
23	Rescue 3	2008	9	Pierce	31448	2849	FY 2021/22	FY 2036/37		
24	Squad 1	2006	11	Ford F550	90,411	N/A	FY 2017/18	FY 2022/23	FY 2027/28	FY 2032/33
25	Squad 2	2003	14	Ford F550	114,270	7,314	FY 2017/18	FY 2022/23	FY 2027/28	FY 2032/33
26	Squad 5	2016	1	Ford F550	10186	259	FY 2020/21	FY 2025/26	FY 2030/31	
27	Truck 1	1997	20	Simon LTI	41,878	11,144	FY 2017/18	FY 2031/32		
28	Truck 13						FY 2017/18	FY 2032/33		
29	Truck 2	2006	11	ALF	45596	4838	FY 2020/21			
30	Truck 3	2001	16	ALF	102,685	8,550	FY 2017/18	FY 2030/31		
31	Water Tender 4	1986	31	IH	54,557	4,490	FY 2017/18	FY 2033/34		
32	Water Tender 5	1995	22	IH	9,341	1,802	FY 2017/18	FY 2033/34		

5-Year Measure Z Spending Plan

Adopted by City Council on May 16, 2017

City Council Approved Items	Funding Request	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Measure Z Spending Plan (5 Year Totals)	Overview of Item
			FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21		
1	20% General Fund Reserve	Financial Discipline/ Responsibility	\$ 5,549,224	\$ 15,000,000	\$ 2,450,776	\$ 1,000,000	\$ 1,000,000	\$ 25,000,000	
2	Payoff of the Balloon \$32 million Pension Obligation Bond	Financial Discipline/ Responsibility	\$ -	\$ 1,900,800	\$ 1,900,800	\$ 1,900,800	\$ 1,900,800	\$ 7,603,200	February 2017 Finance Committee recommendation to utilize Measure Z funding to pay off the BAN. The General Fund portion of the POB costs is approximately 48% of the total. The revised 10-year financing reflects approximately \$40 million in total principal and interest payments. The total amounts presented are the General Fund portion only. City Council approved 10-year financing on April 25, 2017, subject to final City Council approval on May 16, 2017.
3	Funding for Workers Comp and General Liability	Financial Discipline/ Responsibility	\$ -	\$ 2,500,000	\$ 2,500,000	\$ -	\$ -	\$ 5,000,000	
4	Measure Z Spending Contingency	Financial Discipline/ Responsibility	\$ -	\$ 1,000,000	\$ 1,000,000			\$ 2,000,000	As a new sales tax, Measure Z revenues will take between 6-12 months take shape. Amounts can cover either an overage in expense or a decrease in revenue.
5	Additional Sworn Police Positions	Public Safety	\$ -	\$ 3,700,000	\$ 6,500,000	\$ 8,800,000	\$ 11,000,000	\$ 30,000,000	Year 2: Add back 17 sworn officers reduced during FY 2016-18 Two-Year Budget Year 3: Add 16 additional officers Year 4: Add 14 additional officers Year 5: Add 13 additional officers * 60 total sworn positions; all positions have an estimated 5% annual increase for salaries, benefits, etc.
6	Public Safety Non-Sworn Positions and Recruitment Costs	Public Safety	\$ -	\$ 903,500	\$ 1,040,408	\$ 1,070,778	\$ 1,127,321	\$ 4,142,008	<u>Civilian:</u> Year 2: Add back all non-sworn FY 2016-18 Two-Year Budget Reductions, including records specialist (2), sr. office specialist (2), assistant range master (0.75), sr. police records specialist (2), background investigator (1.25), custodian (1), general service worker (1), office specialist (1) * 11 total civilian (non-dispatchers); all positions have an estimated 3% annual increase for salaries, benefits, etc. <u>Recruitment:</u> Includes vacation bank accruals and testing/background expenditures. <u>HR Analyst:</u> Total salary and benefits - based on existing position. Final amounts may differ based on starting salary and CalPERS tier. Current costs anticipated 5% annual increases
7	Police Officer Lateral Hire Incentives and Recruitment Costs	Public Safety	\$ -	\$ -	\$ 344,360	\$ 344,360	\$ 344,360	\$ 1,033,080	Includes hiring and retention bonuses, vacation bank accruals, and testing/background expenditures.

Note: Annual allocations are subject to City Council approval through the biennial or mid-cycle budget process.

5-Year Measure Z Spending Plan

Adopted by City Council on May 16, 2017

City Council Approved Items	Funding Request	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Measure Z Spending Plan (5 Year Totals)	Overview of Item
			FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21		
8	Additional Dispatchers	Public Safety	\$ -	\$ 260,000	\$ 480,000	\$ 705,000	\$ 930,000	\$ 2,375,000	Year 2: Add 3 additional dispatchers Year 3: Add 2 additional dispatchers Year 4: Add 2 additional dispatchers Year 5: Add 2 additional dispatchers * 9 total dispatchers are all net "new" positions; all positions have an estimated 5% annual increase for salaries, benefits, etc.
9	Reinstatement of Fire Squad	Public Safety	\$ 450,000	\$ 792,798	\$ 832,438	\$ 874,060	\$ 917,763	\$ 3,867,058	Approved by City Council in December 2016. Estimates include 5% annual increases (salaries, benefits, etc.).
10	Reinstatement of Captains (Training and Arson)	Public Safety	\$ -	\$ 450,025	\$ 472,526	\$ 496,153	\$ 520,960	\$ 1,939,664	Estimates include 5% annual increases (salaries, benefits, etc.).
11	Reinstatement of Battalion Chief	Public Safety	\$ -	\$ 282,595	\$ 296,725	\$ 311,561	\$ 327,139	\$ 1,218,020	Estimates include 5% annual increases (salaries, benefits, etc.).
12	Revised PD Vehicle Replacement and Maintenance Plan	Public Safety	\$ -	\$ 2,704,822	\$ 2,745,119	\$ 2,786,221	\$ 2,828,146	\$ 11,064,308	Annual debt services of \$690,000 plus replacement of vehicles each year. Useful life of 3-5 years; 4 year financing (\$2.5 million)
13	Refurbish PD Vehicle (Pilot Program)	Public Safety	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000	\$25,000 per vehicle - 2 vehicle pilot program.
14	Revised Fire Vehicle Replacement and Maintenance Plan	Public Safety	\$ -	\$ 1,690,000	\$ 1,990,000	\$ 3,574,252	\$ 3,894,158	\$ 11,148,410	One-time replacement of 16 vehicle; 10-year financing (\$13.7 million). Additional layering in of vehicle replacement for remainder of vehicles.
15	Fleet Facility Capital Repairs Needed	Public Safety	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000	Facility improvements to doors, lifts and drive approach.
16	Additional Fleet Mechanics for Police Department (2)	Public Safety	\$ -	\$ 181,000	\$ 190,050	\$ 199,553	\$ 209,530	\$ 780,133	Total salary and benefits - based on existing position. Final amounts may differ based on starting salary and CalPERS tier. Current costs anticipated 5% annual increases for first 5-years with 2% increases thereafter.
17	Additional Fleet Mechanics for Fire Department (2)	Public Safety	\$ -	\$ 181,000	\$ 190,050	\$ 199,553	\$ 209,530	\$ 780,133	Total salary and benefits - based on existing position. Final amounts may differ based on starting salary and CalPERS tier. Current costs anticipated 5% annual increases for first 5-years with 2% increases thereafter.
18	Funding Gap - Existing Services (based on the FY 16-17 2nd Qtr General Fund Operating Deficit estimate)	Critical Operating Needs	\$ 3,939,526	\$ 5,482,404	\$ 10,787,847	\$ 17,266,026	\$ 10,734,277	\$ 48,210,080	Based on 5-Year Model and largely associated with union contracts and a slowing of revenue growth. Model assumes no-raises for SEIU in Year 5.
19	General Plan Update (Includes Zoning Code Changes)	Critical Operating Needs	\$ -	\$ 2,000,000	\$ 1,500,000	\$ 1,500,000	\$ -	\$ 5,000,000	Over the past 20 years, the City's regulatory environment for development has become burdensome. In order to make an investment in the future of Riverside, funding is needed for a General Plan Update, including zoning code, in the near future.

Note: Annual allocations are subject to City Council approval through the biennial or mid-cycle budget process.

5-Year Measure Z Spending Plan
 Adopted by City Council on May 16, 2017

City Council Approved Items	Funding Request	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Measure Z Spending Plan (5 Year Totals)	Overview of Item
			FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21		
20	Homeless Services	Critical Operating Needs	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 2,000,000	BEC recommended to add \$500,000 per year for Homeless Services. A comprehensive plan will return to the City Council for approval at a later date.
21	Principal Analyst - City Manager's Office	Critical Operating Needs	\$ -	\$ 165,000	\$ 173,250	\$ 181,913	\$ 191,008	\$ 711,171	Salary and Benefits: Based on Tier 2 employee. 5% increased for first four years. 2% increases thereafter.
22	Budget Engagement Commission Support	Critical Operating Needs	\$ 5,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 113,000	Supplies, printing and mailing, video and security staff.
23	New Downtown Main Library	Facility Capital Needs	\$ -	\$ -	\$ 1,867,412	\$ 2,561,824	\$ 2,561,824	\$ 6,991,059	Estimated \$30 million.
24	Eastside Library Site Selection	Facility Capital Needs	\$ -	\$ 100,000		\$ -	\$ -	\$ 100,000	6-month community outreach project to find a replacement site for the Eastside Library.
25	New Police Headquarters	Facility Capital Needs	\$ -	\$ -	\$ 2,801,118	\$ 3,842,735	\$ 3,842,735	\$ 10,486,588	Estimated \$45 million - Depending on features, liability costs will increase.
26	Museum Expansion and Rehab	Facility Capital Needs	\$ -	\$ -	\$ 1,244,941	\$ 1,707,882	\$ 1,707,882	\$ 4,660,706	Estimated \$15 million cost to construct.
27	Downtown Parking Garage	Facility Capital Needs	\$ -	\$ -	\$ 933,706	\$ 1,280,912	\$ 1,280,912	\$ 3,495,529	Estimated \$15 million for rehab and expansion.
28	Annual Deferred Maintenance (Existing Facilities) - Partial Funding	Facility Capital Needs	\$ -	\$ 1,000,000	\$ 1,500,000	\$ 250,000	\$ 1,450,000	\$ 4,200,000	
29	Maximize Roads/Streets (Pavement Condition Index)	Quality of Life	\$ -	\$ 2,875,000	\$ 2,875,000	\$ 2,875,000	\$ 2,875,000	\$ 11,500,000	After the Pavement Condition Index survey is completed early next year, Public Works will return to the City Council with a comprehensive plan for street/road/side rehabilitation.
30	Tree Trimming	Quality of Life	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 4,000,000	
31	Ward Action Team - Deputy City Attorney II (City Attorney's Office)	Quality of Life	\$ 56,250	\$ 225,000	\$ 236,250	\$ 248,063	\$ 260,466	\$ 1,026,028	Approved by City Council in February 2017.
32	Ward Action Team - City Manager's Office	Quality of Life	\$ -	\$ 165,000	\$ 173,250	\$ 181,913	\$ 191,008	\$ 711,171	
33	Technology Improvements	Technology	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 8,000,000	Includes funding for future technology projects and needs based on Citywide audit programs and other assessments. Funding may be used for hardware, new software, and cybersecurity. A comprehensive plan for use of funds will return to City Council at a later date.
			\$ 10,000,000	\$ 47,235,944	\$ 50,553,025	\$ 57,685,555	\$ 53,831,819	\$ 219,306,345	
			\$ 10,000,000	\$ 51,557,000	\$ 52,072,570	\$ 52,593,296	\$ 53,119,229	\$ 219,342,094	
			\$ (0)	\$ 4,321,056	\$ 1,519,545	\$ (5,092,260)	\$ (712,591)	\$ 35,749	
			\$ (0)	\$ 4,321,055	\$ 5,840,600	\$ 748,340	\$ 35,749	\$ 35,749	

Note: Annual allocations are subject to City Council approval through the biennial or mid-cycle budget process.

CONSENT CALENDAR

November 6, 2018

MEASURE Z-FUNDED ITEMS



1

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FIRE TRUCK COMPANY



2



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