



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MARCH 12, 2019

FROM: FIRE DEPARTMENT WARDS: ALL

SUBJECT: MEASURE Z – APPROVE CHANGE OF VENDOR FOR THE PURCHASE OF A TRUCK COMPANY FROM PIERCE MANUFACTURING TO SOUTH COAST FIRE EQUIPMENT THROUGH THE HOUSTON-GAVELSTON AREA COUNCIL IN AN AMOUNT NOT TO EXCEED \$1,498,907 PLUS 7.5% CHANGE ORDER AUTHORITY

ISSUE:

Approve the change of vendor for the purchase of a truck company from Pierce Manufacturing to South Coast Fire Equipment through the Houston Galveston Area Council (HGAC) in an amount not to exceed \$1,498,907 plus a 7.5% change order authority.

RECOMMENDATION:

That the City Council:

1. Approve the change of vendor for the purchase of a truck company from Pierce Manufacturing to South Coast Fire Equipment through the Houston Galveston Area Council (HGAC) in an amount not to exceed \$1,498,907 plus a 7.5% change order authority;
2. Authorize the City Manager, or designee, to execute all documents necessary to complete the financing, including making minor and non-substantive changes;
3. Approve a purchase order for the purchase of the truck company from South Coast Fire Equipment through the Houston-Galveston Area Council in an amount not to exceed \$1,498,907 plus a 7.5% change order authority.

BACKGROUND:

The Fire Department customarily has a fleet of 32 vehicles that are diverse in their scope of use ranging from engines, trucks, squads, water tenders, and battalion vehicles. According to the National Fire Protection Agency (NFPA), the organization who sets the standards and best practices for fire services, identified that 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 (see attachment 1).

On May 16, 2017, City Council adopted the Measure Z Five-Year Spending Plan (see attachment 1) 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 soliciting interest from capital lease vendors in financing various equipment, the City selected Banc 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 approved the use of the Houston-Galveston Area Council (HGAC) cooperative purchasing program called HGACBuy which had been 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 vehicles and various vendors for the required equipment utilizing the \$14.5 million one-time infusion from Measure Z. RFD 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 \$1.6 million.

On November 6, 2018, City Council approved the purchase of a truck company from Pierce Manufacturing through the Houston Galveston Area Council (HGAC) in an amount of \$1,498,907 utilizing Measure Z Funds and authorized change order authority of up to 7.5% pursuant to Purchasing Resolution 23256, Section 602 (e).

DISCUSSION:

In January 2019, RFD was notified that South Coast Fire Equipment was now the exclusive dealer for all future sales of manufactured items from Pierce due to a new United States Generally Accepted Accounting Principle (US GAAP). Therefore, a Contract Assignment and Assumption Agreement has been made between HGAC and South Coat Fire Equipment. Since the change has become necessary, staff is recommending that City Council approve the change of vendor from Pierce Manufacturing to South Coast Fire Equipment in order to the complete the purchase. South Coast Fire Equipment has been identified on HGAC Buy Contract Pricing Worksheet FS12-17 as a contractor, however, a new Purchase Order will be required upon City Council approval.

The HGAC Buy Cooperative Agreement would continue to be utilized for the purchase of this truck from South Coast Fire Equipment in accordance with Purchasing Resolution No. 23256, Section 602 (e), which provides 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:

The total amount requested is \$1,498,907 with a 7.5% change order authority in the total cost of the vehicle. Upon approval, this purchase will be tracked in the Vehicle Replacement- Fire account 3510009-450058.

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

Attachments:

- 1.) Staff Report from November 6, 2018
- 2.) HGAC Buy Contract Pricing Worksheet FS12-17
- 3.) Contract Assignment and Assumption Agreement