



Legislation Text

File #: 23-0571, **Version:** 1

Recommendation to adopt Specifications No. RFP FS22-175 and award a contract to South Coast Fire Equipment, Inc., of Ontario, CA, for the purchase of nine Pierce Enforcer Triple Combination Fire Engine pumper trucks, and one Pierce Enforcer Triple Combination Rescue Engine pumper truck, with related equipment and accessories, in a total amount not to exceed \$11,328,555; and, authorize City Manager, or designee, to execute all documents necessary to enter into the contract, including any necessary subsequent amendments; and

Authorize City Manager, or designee, to execute a lease-purchase agreement, and related financing documents, with Banc of America Public Capital Corp, of San Francisco, CA, for the financing of fire engine pumpers, payable over a 10-year period at an interest rate to be determined when the agreement is executed. (Citywide)

City Council approval is requested to enter into a contract with South Coast Fire Equipment, Inc., for the purchase of nine Pierce Enforcer Triple Combination Fire Engine pumper trucks, and one Pierce Enforcer Triple Combination Rescue Engine pumper truck, for use by the Long Beach Fire Department (LBFD), and execute a lease-purchase agreement through the City of Long Beach's (City) Master Lease Agreement with Banc of America Public Capital Corp, for the financing of fire pumper trucks payable over a 10-year period. These units are replacing ten fire pumper trucks for LBFD in the approved Fiscal Year (FY) 2020 replacement plan.

The current units are 17 years old and have exceeded their projected useful life of 15 years. These units were approved for purchase by the City Manager in the FY 20 Fleet Services Bureau (Fleet) Replacement Plan. Due to their age and condition, the risk of breakdowns is increasing, potentially interrupting critical services. Additionally, due to their age, these engines are experiencing increased downtime, maintenance, and expense. Timely replacement of fire equipment is essential to successful operations and will assist in providing public safety services to all residents and businesses in the City. Additionally, LBFD has mutual aid agreements in place and often deploys strike teams to assist during wildfire events throughout the state. This requires sending front line equipment while still having the ability to backfill equipment needs within the City limits. These purchases have very long build times and can take up to 14 months before they are placed into service, putting an extra strain on the existing fleet and potentially impacting availability.

On September 8, 2020, the City Council approved the lease-purchase and financing of ten Seagrave Model DB50-CT Capital Cab fire pumpers, from which a contract and purchase order were created. On May 23, 2022, Seagrave Fire Apparatus, LLC (Seagrave) notified the

City that it would no longer be able to fulfill the terms of the original contract, both in terms of cost and extended delivery terms beyond what was acceptable. After careful review by LBFD, Fleet, Purchasing, and the City Attorney, the City terminated the contract with Seagrave, with cause, on September 14, 2022. It was determined at the time that a new Request for Proposals (RFP) should be advertised to solicit alternative proposals for these replacements. The City will use the principal originally borrowed for the first contract, with its favorable interest rate of 1.99 percent, for funding 8 of the 10 fire pumpers. The remaining two fire pumpers will be separately lease-financed though the City's current master lease agreement under current market rates.

The new RFP was advertised in the Long Beach Press-Telegram on December 23, 2022, and 12 potential proposers specializing in fire equipment were notified of the RFP opportunity. Of those proposers, eight downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the sixth floor of City Hall, and the Division's website at www.longbeach.gov/purchasing <<http://www.longbeach.gov/purchasing>>. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 44 local, minority-owned, and women-owned business groups. There were three proposals received on January 31, 2023. Of the three, none were a Minority-owned Business Enterprise (MBE), one was a Women-owned Business Enterprise (WBE), two were certified Small Business Enterprises (SBE), and none were Long Beach vendors (Local). The selection committee determined that South Coast Fire Equipment, Inc. of Ontario, CA, was the best qualified firm to provide the engines.

The Review Committee selected the vendor based on the company's organizational capacity and experience, method of approach, communication and reporting, and reasonableness of cost.

Local Business Outreach

To align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the procurement database to download RFP specifications. Through outreach, two Long Beach vendors were notified to submit proposals, of which two downloaded and none submitted a proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Taylor Anderson on May 16, 2023, Purchasing Agent Michelle Wilson on May 15, 2023, and by Revenue Management Officer Geraldine Alejo on May 18, 2023.

SUSTAINABILITY

The new fire engine pumper trucks are exempt from regulations in the State of California and

local air quality district rules. However, the replacement units are equipped with newer clean diesel engines, and will operate on renewable diesel fuel, which significantly reduces greenhouse gas, nitrous oxides, and particulate emissions. The more environmentally friendly engines may qualify this purchase for grant offsets, which are under way but yet to be determined.

City Council action to adopt Specifications No. RFP FS22-175 and award a contract concurrently is requested on June 6, 2023, to ensure the contract is in place expeditiously.

The total amount of the contract for the ten units will not exceed \$11,328,555. Of the total units, eight units will be financed through the prior lease-purchase agreement approved by the City Council on September 8, 2020. The remaining two units will be covered under a new lease-finance agreement with Banc of America Public Capital Corp based on an indicative interest of 3.76 percent as of May 3, 2023. The total amount for the new lease-purchase agreement for the two units is estimated at \$2,849,969 to be paid over a ten-year period, which includes principal, interest, and escrow fees. The total combined annual cost for debt service payments for the two lease-purchase agreements covering all ten units is estimated at \$1,686,930, and is comprised of \$1,401,933 for the eight units and \$284,997 for the two units. The total annual cost is subject to change and will be finalized when the new agreement is executed.

The annual debt service cost of \$1,686,930 will be included in the FY 24 Fleet Memorandum of Understanding (MOU) and will be billed through charges to the General Fund Group in the Fire Department. The annual maintenance and fuel charge for each unit is estimated at \$102,825 and will also be billed through charges to the General Fund Group in the Fire Department. These units are critical to the operations of the City's fire service and response throughout Long Beach. While the Financial Management Department's Fleet Services Bureau is currently investigating potential grant funds to offset the annual cost to the General Fund Group, the costs to cover the annual debt service will be built into future general fund projections and budgets. If a grant is awarded, the department will return to the City Council for authorization to accept and appropriate grant funds for these purposes. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

KEVIN RIPER
DIRECTOR
FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER