Legislation Details (With Text)

File #:	17-237 **Version:** 1		
Type:	Procurement Award	**Status:**	Passed
File created:	4/5/2017	**In control:**	City Council
On agenda:	4/18/2017	**Final action:**	4/18/2017
Title:	Waive the applicable provisions of the Naperville Procurement Code and Award Procurement 17-086, Fire Engine Replacements, to Fire Services, Inc. for an amount not to exceed $693,308 and for a 10 year term and to Global Emergency Products for an amount not to exceed $737,300 and for a ten year term, for a total award of $1,430,608. (Requires six positive votes.)		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Fire Engine Pricing Summary		

Date	Ver.	Action By	Action	Result
4/18/2017	1	City Council	approved	Pass

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:
Waive the applicable provisions of the Naperville Procurement Code and Award Procurement 17-086, Fire Engine Replacements, to Fire Services, Inc. for an amount not to exceed $693,308 and for a 10 year term and to Global Emergency Products for an amount not to exceed $737,300 and for a ten year term, for a total award of $1,430,608. (Requires six positive votes.)

DEPARTMENT: Fire Department

SUBMITTED BY: Mark Puknaitis, Fire Chief

BOARD/COMMISSION REVIEW:
N/A

BACKGROUND:
The Fire Department's fleet includes nine fire engines (also known as pumper trucks), which are responsible for transporting firefighter paramedics and essential firefighting and emergency medical equipment safely to the scene of fire, medical, rescue, vehicular accidents and other emergencies. Once on scene, the fire engine is responsible for providing water at the appropriate pressure to allow firefighters to effectively and efficiently extinguish fires in structures, vehicles, open spaces, and other facilities. Seven of the nine units are front line vehicles placed at the fire stations to respond to these emergencies on a daily basis. The remaining two engines are reserve vehicles used to temporarily fill in for a front-line vehicle while it is being serviced or for training purposes.

The life cycle of a fire engine is typically 10-15 years depending upon usage, condition, repair costs, and fiscal constraints. The Fire Department and Department of Public Works (DPW) evaluate the

maintenance records, vehicle condition, and the vehicle's assessed value to determine when a vehicle is ready to be replaced. The timeline for the manufacture and delivery of a fire engine is typically ten to twelve months. As a result, the planning for the purchase of a new fire engine typically begins twelve to twenty-four months in advance of when an order is placed.

DISCUSSION:

During the CY2016 budget process, the Fire Department brought forth the concept of leasing fire equipment to reduce the City's capital outlay, reduce annual maintenance and repair costs, and to replace equipment on a more consistent basis. The Mayor and City Council approved the CY16 budget, which had a placeholder for the lease of one fire engine. Based upon direction, staff from the Fire Department, DPW, Finance and the City Manager's Office evaluated the total life-cycle costs associated with purchasing and leasing models. Staff consulted with one distributor/manufacturer, Global Emergency Products/Pierce (Global) as part of the initial evaluation, which only assessed purchasing versus leasing options.

As staff did further research, the proposal was expanded to include the outsourcing of maintenance to a third-party provider. In additional to Global, staff identified another local distributor/manufacturer, Fire Services, Inc./E-One (Fire Services), who was also open to the exploration of various purchasing, leasing, and maintenance options.

Because of the unique nature of outsourcing fire vehicle maintenance in conjunction with the buying versus leasing options, the overall discussions took longer than anticipated and were not completed until the first quarter of 2017. As part of the CY2017 budget, the Fire Department budgeted funds for the replacement of a second fire engine via an outright purchase. Therefore, the Fire Department is now in the position of needing to replace two fire engines.

Engines 2 and 10, both 2005 E-One Typhoon model engines, have been identified as fitting the parameters for replacement from front line service and have been determined to be suitable for reserve status. The current reserve status engines, Engines 11 and 12, both 2003 E-One Freightliner models, will be used as trade-in vehicles for the purchase of the two new engines. Engines 11 and 12 have been budgeted for replacement in CY2016 and CY2017.

With respect to the purchase method, it was determined through staff's analysis of the total life-cycle cost of an engine that it is currently in the best interest of the City to continue to outright purchase fire -engines rather than lease. However, staff will continue to explore leasing as part of any future large equipment purchase. After accounting for the trade-in values and pre-payment discounts being offered by each vendor, the purchase price of the two equivalently specified fire engines from Fire Services and Global were within $6,000 of each other.

Staff's analysis also evaluated the potential for the City to outsource fire engine maintenance, which is currently performed in-house by Fleet Services. Fire Services and Global have two distinct cost models of maintenance, one being an upfront not to exceed lump sum model and the other being an a la carte model. Both maintenance models have similar service expectations.

Attachment 1 provides a summary of the costs associated with the engine purchase and ten years of planned and unplanned maintenance for Fire Services and Global.

Since the City is now in the position of purchasing two new engines, staff recommends purchasing one fire engine from Fire Services and Global. In addition, staff recommends entering into 10-year

maintenance agreements with both vendors to conduct a pilot study to evaluate outsourcing fire vehicle maintenance. The City has a unique opportunity with the purchase of two new fire engines to evaluate multiple aspects related to the replacement of fire engines. First, there is an opportunity to evaluate the operation of similarly specified engines from two manufacturers. Second, there is an opportunity to compare and contrast the two pricing models for outsourcing maintenance with respect to each other and with respect to performing the maintenance with in-house staff.

Waiver of Section 1-9B-4 (Methods of Source Selection) of the Naperville Code is required because the process that was conducted is not one of the enumerated methods under the Code.

FISCAL IMPACT:
CIP#: N/A

Fire engine purchases are expensed to the Automotive Equipment account below. A total of $640,000 is budgeted for the purchase of one fire engine in CY2017. Staff has negotiated with both vendors for a 50% upfront payment with the remainder due upon delivery. Therefore $570,000 will be included as part of the CY2018 budget proposal to fulfill the obligations of this award.

Account Number	Fund Description	Total Budget Amount
301-2220-422.70-87	Capital Projects Fund	$1,025,000