

CITY COUNCIL ACTION REPORT

July 3, 2012

TO: Michael W. Culpepper, Acting City Manager

FROM: Susan A. Leirstein, Purchasing Director
William S. Nelson, Fire Chief

SUBJECT: Waiver of Bid for Purchase of Fire Apparatus

Background

The Fire Department operates a fleet of nine pumping engines to accomplish the mission of providing fire protection and related services to the citizens of Troy. Six of these engines are classified as rescue pumpers because, in addition to carrying fire suppression and related equipment, they also carry rescue equipment to effect vehicle and similar extrications at traffic crashes and industrial accidents.

In order to provide for timely replacement and uniformity of apparatus, a program was developed to replace five engines over a six year period beginning with the 2008 budget year. Two replacement rescue pumpers were purchased in 2009 using funds budgeted over a two year period. The third and fourth pumpers were purchased in 2011 again using funds budgeted over a two year period. All of the pumpers purchased were manufactured by Pierce Manufacturing Inc. and utilized an innovative design called the PUC (Pump under Cab.) This design offers significant advantages compared to conventional fire apparatus design:

- Easily accessible pump location under the cab which greatly simplifies maintenance and repair.
- Larger storage capacity than comparable apparatus while maintaining a shorter wheelbase to permit maneuvering on boulevards and in apartment/business complexes.
- Power take-off pump drive which eliminates the typical pump transmission which requires maintenance and occupies space that could otherwise be utilized for equipment storage.

The last engine to be replaced is Engine 2-2 which was placed in service in 1993. As this apparatus reaches 20 years of front line service, a number of functional and performance issues have arisen:

- The electrical systems have been taxed by the addition of various components required as the operational capabilities of the rescue pumpers were increased in order to maintain the required vehicle extrication capabilities as automobile design has changed.
- The apparatus requires a disproportional amount of maintenance in order to maintain a ready to respond response status.

Bid Process

In 2011, the City of Troy participated in a group bid with six other municipalities or fire protection authorities for the purchase of eleven fire apparatus. The only bid received that met the specifications was from Pierce Manufacturing.



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June 18, 2012

City of Troy Fire Department
500 West Big Beaver Road
Troy, MI 48084

Subject: Pierce Saber PUC

Dear Chief Nelson:

Per your request, the following is pricing and terms for a tag-on duplicate Pierce Saber PUC pumper.

Based on an identical Saber PUC the pricing is \$582,174.00.

This price includes the following:

- Two (2) inspection trips (post paint and final)
- Delivery of the unit to Halt Fire
- Complete a post delivery inspection by Halt Fire
- Operational training by Halt Fire (Jim Lee)
- A complete set of progress pictures during production

To tag-on to the original group bid has expired a while ago although we were able to receive a concession of \$35,400.00 from Pierce.

If The City of Troy wishes to pre-pay for the unit with a city PO then deduct \$19,178.00 which brings the pre-pay total to \$527,596.00

Price \$582,174.00

Concession - \$35,400.00

Total \$546,774.00

Interest Disc. \$12,510.00

Chassis disc. \$6,668.00

Total \$527,596.00

50168 W. Pontiac Trail • Unit 5
Wixom, MI 48393

Office: 248.669.0800
Facsimile: 248.669.8120



6/18/2012



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We also have provided a performance bond if you decide to take advantage of the pre-payment option.

The current build time for a new truck is 7.5 months after receipt of order.

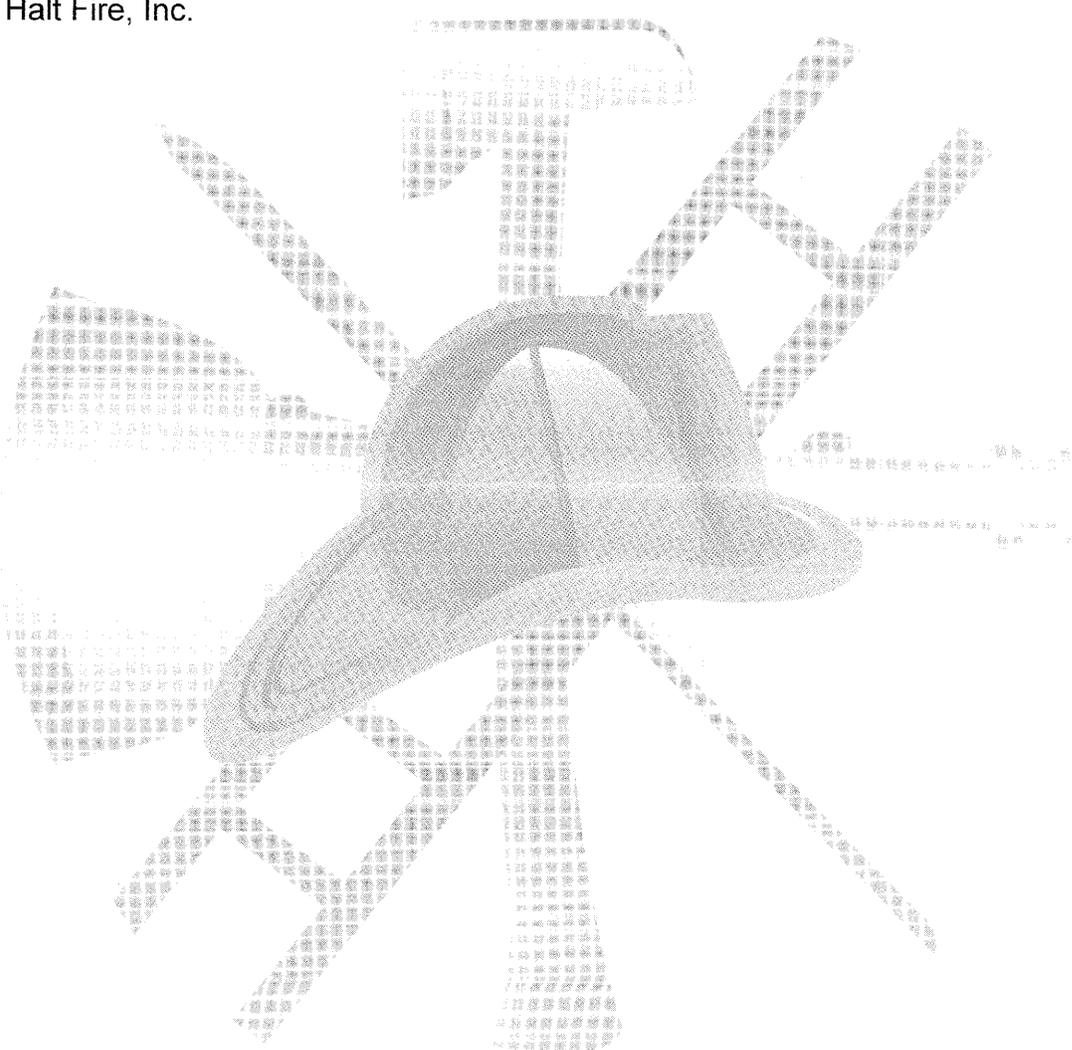
The price as quoted above is good for 60 days from the date on the quote.

If you have any questions, please do not hesitate to call.

Sincerely,

Todd L. Lincoln, President

Halt Fire, Inc.



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Wixom, MI 48393

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6/18/2012



HALT FIRE
INCORPORATED

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June 28, 2012

City of Troy Fire Department
500 West Big Beaver Road
Troy, MI 48084

Subject: Additional Price increase information

Dear Chief Nelson:

Per your request, I have provided additional information explaining the last Pierce price increase that averaged 3%.

The price increase was based on the following:

- Health care costs continue to rise at an 8% to 13% increase dependent on the type of coverage.
- Labor costs have increased 3% each year.
- Commodity prices for steel, stainless and aluminum are fluctuating as well as other supplies resulting in an overall materials increase of between 3% and 4%.
- Producer Price Index (PPI) is tracking at a 3.2% increase Year over Year (YOY) and has increased 2.9% since November 2010.

While Pierce continues to work with its supply chain to contain the effects of these historic and trended costs, this increase is inevitable. We recognize this price increase is during trying economic times and we trust you understand the economic realities of the situation.

If you have any questions, please feel free to call me.

Sincerely,



Todd L. Lincoln, President

Halt Fire, Inc.

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July 3, 2012

To: Michael W. Culpepper, Acting City Manager
Re: Waiver – Purchase of Fire Apparatus

The original cost and discount summary for two pumpers is below:

Bid price	\$1,176,990.00 (1 st unit \$591,645, 2 nd unit \$585,345)
Multi group discount	\$ -40,000.00 (5 or more municipalities)
Multi unit discount	\$ -72,000.00 (5 or more apparatus)
Prepayment discount	<u>\$ -39,645.00</u> (Interest discount)

Bid Cost \$1,025,345 (\$512,672.50 for each pumper)

Pierce has indicated that the City may purchase another unit using this bid price. However, since this proposed order is after July 1, 2012, the price will reflect a 2.9% price increase that was effective for all Pierce apparatus.

Price	\$582,174.00
Less: Discount	(\$ 35,400.00)
Prepayment discount	<u>(\$ 19,178.00)</u>
Unit cost	\$527,596.00

The 2012 unit price is \$14,923.50 (2.9%) higher than the average price of the two units purchased last year. Halt Fire, Inc, the Pierce representative, has provided documentation on the details of the price increase.

Financial Considerations

Funds are budgeted and available in the Capital –Fire Apparatus Replacement account for the apparatus.

Recommendation

City management recommends approving a contract to purchase one (1) Pierce PUC pumper directly from the manufacturer, Pierce Manufacturing Inc of Wisconsin c/o Halt Fire Inc of Wixom, MI, for an estimated total cost of \$527,596.00 utilizing the upfront payment discount option. Halt Fire Apparatus will supply a 100% performance bond to guarantee satisfactory delivery.