



Folsom City Council Staff Report

MEETING DATE:	4/26/2022
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10841 – A Resolution Authorizing the City Manager to Execute a Purchase Agreement with Golden State Fire Apparatus Inc. for a Ladder Truck from Pierce Manufacturing Inc., and the Approval of an Interfund Loan and Appropriation of Funds
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends the City Council approve Resolution No. 10841 - A Resolution Authorizing the City Manager to Execute a Purchase Agreement with Golden State Fire Apparatus, Inc for a Ladder Truck from Pierce Manufacturing, Inc., and the Approval of an Interfund Loan and Appropriation of Funds

BACKGROUND / ISSUE

The City of Folsom Fire Department's current 100-foot aerial ladder truck was purchased in 2014 and currently has 54,732 road miles. The vehicle has seen an increase in annual vehicle maintenance and repair costs causing it to be out of service for an extended period.

Staff was notified by Pierce Manufacturing, Inc. that a 7% price increase on new purchases would go into effect on April 28, 2022. In order to secure the purchase prior to the price increase staff is requesting approval for an interfund loan in a not to exceed amount of \$2.0 million.

POLICY / RULE

In accordance with Folsom Municipal Code Section 2.36.080, contracts for supplies, equipment, services, and construction with a value of \$66,141 or greater shall be awarded by City Council.

ANALYSIS

The Fire Department operates one aerial ladder truck in its fleet. The apparatus is staffed on a daily basis to support the mission and tasks it routinely performs throughout the City and region. The truck is equipped with a hydraulic aerial ladder device, which allows firefighters to reach the roofs of commercial buildings up to 100 feet in height. The aerial ladder also allows firefighters to direct water on a large fire from an elevated position which is critical in keeping large fires contained to their building of origin. The apparatus also carries a large amount of equipment to meet the fire, rescue, and emergency medical tasks that it may be assigned.

The build time for this type of apparatus is approximately two years. Due to the length of time needed for the build, the increasing annual maintenance costs, prolonged out of service time on the current truck, and the upcoming price increase staff is requesting approval for the purchase of the ladder truck in the current fiscal year. An additional appropriation for this purchase will be required.

Staff is also requesting approval for an interfund loan from the Highway 50 Improvements Fund (Fund 443) to the General Fund (Fund 010) in a not to exceed amount of \$2.0 million. The Highway 50 Improvements Fund has sufficient funds available for the loan and will be repaid with interest earnings it would have received had there not been a loan, in order to not have a loss to the fund. The loan will be for a period of no more than 10 years and the rate of interest will be the quarterly rate of return the City receives on its pooled investments.

FINANCIAL IMPACT

The purchase of the ladder truck will be for a not-to-exceed amount of \$2.0 million. This purchase will require an appropriation in the current fiscal year in the General Fund (Fund 010) Fire Department Operating Budget for the purchase of the truck and in the Highway 50 Improvements Fund (Fund 443) for the loan to the General Fund.

The loan from the Highway 50 Improvements Fund will provide the upfront funding for the purchase and the General Fund will repay the loan over no more than 10 years at a rate of interest equal to the quarterly rate of return as shown on the City's investment report each quarter. On April 12, 2022 the City Council approved the use of \$235,000 of American Rescue Plan Act funding which will be utilized for the first payment due as repayment of the interfund loan.

ATTACHMENTS

1. Resolution No. 10841 – A Resolution Authorizing the City Manager to Execute a Purchase Agreement with Golden State Fire Apparatus Inc. for a Ladder Truck from Pierce Manufacturing Inc., and the Approval of an Interfund Loan and Appropriation of Funds
2. Golden State Fire Apparatus Proposal

Submitted,



Stacey Tamagni, Finance Director

ATTACHMENT 1

RESOLUTION NO. 10841

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE AGREEMENT WITH GOLDEN STATE FIRE APPARATUS INC. FOR A LADDER TRUCK FROM PIERCE MANUFACTURING, INC., AND THE APPROVAL OF AN INTERFUND LOAN AND APPROPRIATION OF FUNDS

WHEREAS, the Fire Department staff has validated the need to acquire a replacement aerial ladder truck for use within the City; and

WHEREAS, staff reviewed and recommended participation in a cooperative purchasing agreement with the Houston-Galveston Area Council utilizing Golden State Fire Apparatus, Inc., for purchase of a new ladder truck to ensure purchase of the best product at the best price; and

WHEREAS, the current ladder truck is experiencing extended periods of down time due to maintenance and repairs; and

WHEREAS, the build time for this type of vehicle is approximately two years; and

WHEREAS, the manufacturer has notified the City that a 7% increase on new purchases will occur on April 28, 2022; and

WHEREAS, an interfund loan will allow the City to secure the production of the ladder truck prior to the cost increase; and

WHEREAS, an interfund loan would provide the upfront funding and the loan would be between the General Fund (Fund 010) and the Highway 50 Improvements Fund (Fund 443) for a not-to-exceed amount of \$2.0 million, and will be repaid over no more than 10 years; and

WHEREAS, the interest rate on the interfund loan will be at the quarterly rate of return as shown on the City's investment report each quarter to not cause any loss to the Highway 50 Improvements Fund; and

WHEREAS, sufficient funds are available in the Highway 50 Improvements Fund (Fund 443) to provide the loan to the General Fund in a not-to-exceed amount of \$2.0 million; and

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute a purchase agreement with Golden State Fire Apparatus, Inc. for a ladder truck from Pierce Manufacturing, Inc.

BE IT FURTHER RESOLVED that the City Council of the City of Folsom authorizes an interfund loan to the General Fund (Fund 010) from the Highway 50 Improvements Fund (Fund 443) in a not-to-exceed amount of \$2.0 million to be repaid over not more than 10 years at the rate

of interest equal to the quarterly rate of return as shown on the City's investment report each quarter.

BE IT FURTHER RESOLVED the Finance Director is authorized to appropriate in Fiscal Year 2021-22 in the Highway 50 Improvements Fund (Fund 443) a loan for the not-to-exceed amount of \$2.0 million and to appropriate an additional \$2.0 million in the General Fund (Fund 010) for the purchase of the ladder truck in Fiscal Year 2021-22.

PASSED AND ADOPTED this 26th day of April, 2022, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Kerri M. Howell, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

ATTACHMENT 2



**GOLDEN
STATE**
FIRE APPARATUS

PROPOSAL PREPARED FOR

City of Folsom
Pierce Manufacturing, Inc.
107' Velocity Ascendant Tiller
HGAC FS12-19, Code FS19VA11
April 15, 2022

SALES CONSULTANT

Ryan Wright
Golden State Fire Apparatus, Inc.
7400 Reese Road
Sacramento, CA 95828
209.613.3809 Cell
ryan@goldenstatefire.com

PARTS, SERVICE & SUPPORT

Golden State Emergency Vehicle Service, Inc.
7400 Reese Road
Sacramento, CA 95828
916.330.1638 Office
parts@goldenstatefire.com

PROPOSAL PREPARED FOR:

City of Folsom
535 Glenn Drive
Folsom, CA 95630

Submitted Date:	April 15, 2022
Proposal Number:	60415-22A
Expiration Date:	April 28, 2022
Sales Consultant:	Ryan Wright

We hereby propose and agree to furnish, after your acceptance of this proposal and the proper execution by the CITY OF FOLSOM, hereinafter called "Customer" and an officer of Golden State Fire Apparatus, Inc., hereinafter called "GSFA", the following fire apparatus and equipment, hereinafter called "Product":

#	Description	Unit Price
A	One (1) Pierce Manufacturing, Inc. 107' Velocity Ascendant Tiller	1,809,362.08
B	Fire Fighting Equipment	183,000.00
C	Discount for HGAC FS12-19, Product Code FS19VA11	(54,530.00)
D	Pre-Payment Discount for 100% Payment at Time of Order	(81,696.58)
E	SUBTOTAL	1,856,135.50
F	7.75% State Sales Tax	143,850.50
G	California Tire Fee	14.00
H	GRAND TOTAL	2,000,000.00



PROPOSAL SUMMARY

This proposal includes the following items in accordance with the specifications hereto attached:

- Fire apparatus and equipment
- Delivery to GSFA service center in Sacramento
- Final Delivery to Customer head quarters
- Demonstration and familiarization of the Product

PRODUCT COMPLETION

Product shall be built in accordance with the specifications hereto attached, delays due to acts of God, strikes, war, or intentional conflict, failures to obtain chassis, materials, unusual weather conditions or other causes beyond GSFA's control not preventing, within approximately 750 to 780 CALENDAR DAYS after receipt of this order and the acceptance thereof at our Sacramento, California office. Within thirty (30) calendar days after receipt of this order and acceptance thereof, GSFA shall submit to Customer a production schedule including tentative pre-construction conference, final inspection and final delivery dates.

DELIVERY LOCATION

Product shall be shipped in accordance with the specifications hereto attached and be delivered to you at FOLSOM, CALIFORNIA. Proof of insurance must be demonstrated by the Customer to GSFA prior to transferring of the Product(s).

ACCEPTING THIS PROPOSAL

In the event Customer wishes to purchase the Product described in this Proposal and the attached specifications, then, prior to the expiration date listed on page 2 of this Proposal, Customer shall sign and return this Proposal. Thereafter, GSFA and Customer will endeavor to enter into a purchase agreement incorporating this Proposal and including additional terms (a "Purchase Agreement"). If Customer returns a signed copy of this Proposal alone, GSFA will send Customer its form of Purchase Agreement for Customer's review and signature. **If Customer desires to use its standard form of purchase order as the Purchase Agreement, then Customer should return a signed copy of this Proposal along with a copy of such purchase order. All purchase orders shall be made out to GSFA.** GSFA will review such purchase order and contact the Customer regarding any required revisions. Only upon a full execution of a Purchase Agreement shall GSFA and Customer be obligated to purchase and sell the Product set forth in this Proposal.

TERMS AND CONDITIONS

The following Terms and Conditions are hereby made part of this Proposal:

- 1. Payment Terms (100% Pre-Payment at Time of Order)** – Customer shall pay the amount listed on page one of this Proposal, which includes: (i) the total price for the Product (the "Purchase Price"), (ii) the estimated state sales tax on the Product, and (iii) the California tire fee (together with the Purchase Price and estimated state sales tax, the "Grand Total") within fifteen (15) calendar days from the date on which the Purchase Agreement is fully executed. The proposed delivery timeframe for the Product, which is outlined on page one of this Proposal, shall not begin until full payment of the Grand Total is received. In the event Customer does not pay GSFA the Grand Total in the timeframe set forth in this Section 1, GSFA may, in its sole discretion, cancel the Purchase Agreement entered into between the parties.
- 2. Multiple Unit Purchase** – If the Purchase Price includes pricing for multiple units, the price stated on this Proposal shall only be valid if the quantity of Products being proposed are purchased at the same time, pursuant to the same Purchase Agreement.
- 3. Stock / Demo Units** – If applicable, any stock/demo units, including those identified by this Proposal, are available for sale on an as-is, first-come and first served-basis. Regardless of this Proposal, the first Customer to enter into a Purchase Agreement identifying any such stock/demo units shall obtain said units.
- 4. Order Changes** – The Customer may request that GSFA incorporate a change to the Product or the Specifications for the Product by delivering a written change order to GSFA, which shall include a description of the proposed change sufficient to permit GSFA to evaluate the feasibility of such change (a "Change Order"). GSFA will provide Customer a written response (a "Response") stating (i) whether GSFA will accommodate such Change Order (which GSFA may decide in its sole and absolute discretion) and (ii) the terms of the modification to the order, including any increase or decrease in the Purchase Price resulting from such Change Order, and any effect on production scheduling or Delivery resulting from such Change Order. Customer shall have seven (7) days after receipt of the Response to notify GSFA as to whether Customer desires to make the changes GSFA has approved in the Response. In the event Customer counter-signs GSFA's Response, Customer shall pay the increase (or be refunded the decrease) in the Purchase Price prior to final delivery to Customer location.

- 5. Force Majeure** – GSFA shall not be responsible nor deemed to be in default on account of delays in performance due to causes which are beyond GSFA's and manufacturer's control and which make GSFA's performance impracticable, including but not limited to wars, insurrections, strikes, riots, fires, storms, floods, other acts of nature, explosions, earthquakes, accidents, any act of government, delays in transportation, inability to obtain necessary labor supplies or manufacturing facilities, allocation regulations or orders affecting materials, equipment, facilities or completed products, failure to obtain any required license or certificates, acts of God or the public enemy or terrorism, failure of transportation, epidemics, quarantine restrictions, failure of vendors (due to causes similar to those within the scope of this clause) to perform their contracts or labor troubles causing cessation, slowdown, or interruption of work.
- 6. Cancellation/Termination** – In the event Customer and GSFA enter into a Purchase Agreement and Customer thereafter cancels or terminates the Purchase Agreement, GSFA will charge a cancellation fee as follows: (a) 10% of the Purchase Price after order is accepted and entered by GSFA; (b) 20% of the Purchase Price after completion of the pre-construction phase of the order process; and (c) 50% of the Purchase Price after the requisition of any materials or commencement of any manufacturing or assembly of the Product by either GSFA or the manufacturer of the Product. The tier of cancellation fee applicable to any cancellation shall be in the sole and absolute discretion of GSFA.
- 7. State Sales Tax** – Customer shall be responsible for the cost of state sales tax associated with, or attributable to the Product. The taxes owed by Customer for the Product is subject to adjustment for the applicable state sales tax rate in effect when the Product is delivered to the Customer. Therefore, the sales tax will be increased or decreased at the time of delivery if a change in the sales tax rate has occurred, in which case Customer shall pay GSFA (or be refunded by GSFA) the applicable change in sales tax.
- 8. Proposal Expiration** – After the Expiration Date shown on page one of this Proposal, Customer shall require GSFA's written consent to accept this Proposal.
- 9. Governing Law** – This Proposal is to be governed by and under the laws of the state of California.

Thank you for providing Golden State Fire Apparatus, Inc. with the opportunity to provide this proposal. If you have any questions regarding the options presented or need additional options, please contact me.

Sincerely,

I, _____ authorized representative of CITY OF FOLSOM agrees to purchase the proposed Product(s) and agree to the terms and conditions of this proposal and the specifications hereto attached.

Ryan Wright
Golden State Fire Apparatus, Inc.

SIGNATURE: _____
TITLE: _____ DATE: _____