



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6819
November 18, 2025
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6819: Fire Apparatus Acquisition and Financing (Ordinance No. 25-34, First Reading and Adoption)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Adopt Ordinance No. 25-34 authorizing the acquisition and lease purchase financing of one Pierce Enforcer Pumper.	

DEPARTMENT:	Finance & Administrative Services
STAFF:	Matt Mornick, Finance Director Ali Spietz, Chief of Administration Carson Hornsby, Management Analyst II
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 25-34 including Exhibit A - Joint Purchase Agreement with Eastside Fire & Rescue and Hughes Fire Equipment, Inc. and Exhibit B - Master Tax-Exempt Installment Purchase Agreement with Municipal Asset Management, Inc.
CITY COUNCIL PRIORITY:	4. Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to authorize the purchase and financing of a replacement fire apparatus.

- One of the City's type 1 fire apparatus purchased in 2008 is overdue for replacement.
- Eastside Fire and Rescue (EF&R) is the City's provider of fire and emergency medical services. EF&R's Technical Analysis Group began the design specifications process to replace the apparatus in Summer 2024.
- In February 2025, the City Council authorized the City Manager to enter into a purchase agreement to acquire two new fire apparatus. The City and Huges were unable to agree to the price escalator clauses and the City Manager put the acquisition on hold.
- In September 2025, EF&R recommended the City purchase a semi-custom (rather than fully custom) type 1 fire apparatus built by Pierce Manufacturing, Inc. EF&R notified the City that they intended to purchase an additional three semi-custom type 1 apparatus for their fleet.
- Hughes Fire Equipment ("Hughes"), the Pierce Manufacturing dealer for Washington State, provided a joint price quote to EF&R and the City for one semi-custom type 1 apparatus for the City and three

for EF&R on November 14, 2025. The purchase price of the City's apparatus is \$1,267,470 including discounts and sales tax.

- Ordinance No. 25-34 (Exhibit 1) authorizes the City Manager to acquire the new semi-custom type 1 apparatus, (also known as an "Enforcer Pumper," which is the formal name of this Pierce model) via a lease purchase financing agreement.
- In September, the City and EF&R drafted a joint purchase agreement to enter with Hughes for the purchase of four Enforcer Pumper apparatus. All parties agree to the terms outlined in the joint purchase agreement (Exhibit 1A).
- To secure financing for the apparatus, staff requested financing proposals from two banks and received the most competitive terms from Municipal Asset Management, Inc. with a 4.76% interest rate and nine-year term outlined in the Master Tax-Exempt Installment Purchase Agreement (Exhibit 1B).
- Staff recommends suspending the City Council Rules of Procedure Section 6.2 to adopt Ordinance No. 25-34 on first reading due to the timing of the quote and financing proposals.

BACKGROUND

Eastside Fire and Rescue (EF&R) is the City of Mercer Island's provider of fire and emergency medical services (EMS). The current interlocal agreement between EF&R and the City was executed on January 1, 2024. Per the interlocal agreement, the City will finance and own its fleet while EF&R will manage the fleet's maintenance and operation.

In early 2025, the City Council approved [Ordinance No. 25-04](#) with [AB 6624](#), authorizing the purchase of two replacement fire apparatuses from Hughes Fire Equipment ("Hughes"), the exclusive dealer of Pierce Manufacturing in Washington State. The City and Hughes were unable to agree to the price escalator clauses and the City Manager put the acquisition on hold.

In September 2025, EF&R's Technical Analysis Group renewed efforts to develop design specifications to replace a total of four full-size type-1 fire engines, as three of EF&R's engines and one of the City's have reached the end of their useful life. EF&R again recommended the City purchase a Pierce manufactured engine to ensure the City's engines are consistent with EF&R's standardized fleet of Pierce engines. This creates efficiencies in training and certification of EF&R's first responders as well as fleet maintenance and operation. At the time, EF&R and the City notified Hughes of their intent to acquire a total of four apparatus.

On November 14, 2025 Hughes provided a joint quote to EF&R and the City for one semi-custom type 1 apparatus for the City and three for EF&R. The purchase price of the City's apparatus is \$1,267,470 including discounts and sales tax.

The price of Pierce manufactured engines has risen 3-4% per quarter in recent years, with no indication prices will stabilize in the foreseeable future. City staff and EF&R believe the quotes from Hughes contain the lowest price the City is likely to receive based on the engine specifications.

ISSUE/DISCUSSION

Fire Apparatus

The City currently has four type 1 fire engines, two at each fire station. Two of the four type 1 engines are reserve apparatus used when the primary engines are out of service or have been called off-island to provide mutual aid. One of the City's reserve type 1 engines is overdue for replacement.

Pierce Enforcer Pumper

The Pierce Enforcer Pumper manufactured is a type 1 fire engine also known as an “engine company, engine pumper, maxi pumper, or structural firefighting truck.” The type 1 engine is designed to carry 3-4 firefighters and support urban, rural, and suburban departments because they carry all the required National Fire Protection Association (NFPA) firefighting equipment and support both structural firefighting and initial EMS response. As a result, they are the most common type of fire apparatus in use today.

Every type 1 engine is required to have a pump with a minimum tank size of 300 gallons and must offer a minimum of 1,000 Gallons Per Minute (GPM) of water transfer. In addition, type 1 engines must include a full complement of ground ladders, nozzles, forcible entry equipment, rear access and egress, some level of first aid equipment and other unique items depending on the local jurisdiction.

The Pierce Enforcer Pumper meets these NFPA requirements, and it is recommended to replace one of the City’s reserve type 1 engines. The apparatus that is being replaced was originally purchased in 2008 and has a lifespan of 20 years.

Fire engines typically serve as primary engines for the first ten years of their useful life and as reserve engines for the last ten years of their useful life. The apparatus being replaced currently serves as the reserve engine at Station 91. The new Enforcer Pumper will become the primary fire truck at Station 92, bumping the current primary truck to reserve status.

Joint Purchase Agreement

On November 14, 2025 Hughes provided a joint proposal to EF&R and the City for one Pierce Enforcer Pumper for the City and three Enforcer Pumps for EF&R. The purchase price of the City’s apparatus is \$1,267,470 including discounts and sales tax, as shown in the Joint Purchase Agreement with EF&R (see Exhibit 1A). The agreement stipulates Hughes may increase the purchase price based on the Producer Price Index of Components for Manufacturing (PPI). The City and EF&R agree to pay a price increase equal to a PPI increase above 5.0% from the signed purchase agreement date to 14 months prior to the delivery date. Any price increases tied to major fire apparatus components built by third parties (e.g., engine, transmission, and fire pump) may not exceed 10% of the original purchase price.

The specifications of the Enforcer Pumper fall within Pierce Manufacturing’s “Build My Pierce” (BMP) Program for semi-custom apparatus, which reduces the total price and manufacturing lead time compared to a fully custom apparatus. The manufacturing lead time for the Enforcer Pumper under the BMP Program is estimated at 31 to 36 months.

Financing

Staff requested financing proposals from two banks: Municipal Asset Management, Inc. and Holman Capital. Municipal Asset Management, Inc. provided the most favorable proposal to the City with a 4.76% interest rate and nine-year term.

The City has previously financed several fire apparatus acquisitions with Municipal Asset Management, Inc. with the most recent acquisition in 2018. All new fire apparatus purchased by the City since 2007 have been financed through a lease purchase agreement except for one Fire Rescue Truck which was financed by a LTGO bond issue in 2013.

Master Tax-Exempt Installment Purchase Agreement with Municipal Asset Management, Inc.

Municipal Asset Management, Inc. offered the most competitive financing terms to the City for the acquisition of the Enforcer Pumper apparatus. The Master Tax-Exempt Installment Purchase Agreement proposal from Municipal Asset Management, Inc. (see Exhibit 1B) includes an interest rate of 4.76%. The City was offered two annual payment schedule options, June and December, and selected the annual payment schedule beginning in June 2026 to further reduce the interest amount over a lease term of nine years.

If the installment purchase agreement is executed beginning June 1, 2026, the City will make annual lease payments of approximately \$171,565 through June 2034 for a total payment of \$1,544,090 over the nine-year term. After the final lease payment in June 2034, ownership of the apparatus will be transferred to the City to be maintained and operated by EF&R.

Budgetary Impact

The City's Equipment Rental Fund (510) will pay the debt service for the acquisition of the fire apparatus as outlined in the "Financing" section above. Similar to what the City is experiencing with the acquisition of other large City equipment, the funding mechanisms in place to cover the debt service for fire apparatus are not keeping pace with the cost of these engines, which continue to increase in price.

As an example, the City purchased a type 1 apparatus for \$733,000 in 2018. At that time, the City's replacement schedule forecasted a 35% increase to the price by 2025. The current (discounted) price for the new type 1 apparatus is \$1.27 million, which represents a 73% increase since 2018, double the original forecasted increase.

The Equipment Rental Fund is equipped to absorb the cost for this new type 1 fire apparatus. Staff will return to the City Council in 2026 with updated funding strategies related to the City's fleet to ensure resources keep pace with equipment replacement forecasts during the 2027-2028 biennial budget process.

NEXT STEPS

Following adoption of Ordinance No. 25-34, EF&R and the City will continue to collaborate on designing build specifications for one additional City apparatus due for replacement: a freightliner pumper scheduled to be replaced in 2026-2027. This mid-size engine is smaller than the type 1 engine and is ideal for the unique geography on Mercer Island due to its ability to effectively maneuver smaller streets and tighter neighborhood spaces.

RECOMMENDED ACTION

1. Suspend City Council Rules of Procedure Section 6.2 requiring a second reading of an ordinance.
2. Adopt Ordinance No. 25-34 authorizing the purchase of one Pierce Enforcer Pumper and authorizing a joint purchase agreement between the City, EF&R, and Hughes Fire Equipment, Inc. and a Master Tax-Exempt Installment Purchase Agreement with Municipal Asset Management, Inc. to finance the City's apparatus, substantially in the form of the drafts attached as Exhibits A and B to Ordinance N. 25-34.