



City of Wheaton
303 W. Wesley Street
Wheaton, IL 60187-0727
630-260-2000

City of Wheaton, Illinois

www.wheaton.il.us

TO: Mike Dzugan City Manager
FROM: Joan M. Schouten, MBA CPIM CPPB Procurement Officer
DATE: July 12, 2016
RE: Recommendation to Award

PUMPER

Solicitation Process: cooperative purchase through HGAC¹
Recommended Service Provider: Global Emergency Products

The adopted FY 2017 Municipal Garage Fund budget includes a total of \$1,455,108 for vehicle replacement of which \$550,123 was allotted for the purchase of a fire pumper.

Available Budget: \$1,233,982
Request for Purchase: \$ 527,235 (adjusted for prepayment discount; exclusive of trade-in value of \$95,000)
Remaining Budget: \$ 706,747

Background: The city's decision to purchase the above pumper is based on the following:

- The Fire Department provides first responder needs. With three (3) fire stations, four (4) pumpers are required.
- The targeted life cycle for a pumper is twelve (12) years.
 - The current pumper is a 2004 Crimson Fire Pumper.
 - Pumper #921 has 69,546 miles/5,928 operational hours and is in its twelfth year.
- The Fire Department and Municipal garage benefit from a standard fleet.
 - Benefits include: common vehicle operations, common maintenance practices, streamlined acquisition of parts
 - Currently, standardization is centered on Pierce fire apparatus.
 - Pierce has a reputation for providing quality fire apparatus.
 - Pierce offers a local service center/dealer in Aurora who has provided satisfactory service.
- Pricing for the pumper reflects an available price deduct of \$19,300 for pre-payment.
 - In conjunction with choosing pre-payment, the city opted to purchase a Performance Bond costing \$1,635. (net deduct = \$17,665)

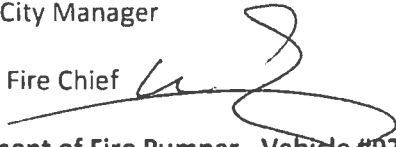
Attachments: memo of Chief Schultz

¹ Purchasing, has conducted due diligence and affirms the Houston-Galveston Area Council (HGAC) meets the goals of legal compliance, open competition, transparent process and impartial analysis.

June 9, 2016

To: Mike Dzugan, City Manager

From: Bill Schultz, Fire Chief



Subject: Replacement of Fire Pumper - Vehicle #921

OBJECTIVE

Vehicle #921, a 2004 Crimson Fire Pumper, has been recommended for replacement by the City of Wheaton Fleet Services Committee based upon the City of Wheaton Fleet Replacement Schedule and an analysis of the vehicle's useful life. The replacement is included in the FYE 17 budget (Budget pg. 359) with a budgeted amount of \$550,123.00. The objective is to attain approval to purchase the replacement unit utilizing the Houston Galveston Area Council (HGAC) government cooperative (co-op) pricing schedule while taking advantage of an available cost savings opportunity in the form of a pre-payment discount. The proposed unit would be a 2016 Pierce pumper.

BACKGROUND

Replacement Determination - Vehicle #921 has accumulated 69,546 miles, 5928 operational hours, and the vehicle is in its' twelfth year of operation. Our targeted life cycle for a fire pumper is twelve years which is the timeframe that has been used for capital/fleet replacement budget planning. The twelve year timeframe was previously established based upon both industry standards and a historical analysis of our repair costs versus re-sale value. The twelve year timeframe has been the historical point for pumpers at which the costs for repair begin to escalate beyond the value of the vehicle. The current analysis of Vehicle #921 is consistent with the historical findings.

Standardization -With the past pumper replacements, the Fire Department and Fleet Maintenance have made a concerted effort to standardize fire pumpers by purchasing Pierce brand vehicles in order to realize benefits such as common vehicle operations, common maintenance practices, and streamlined acquisition of parts along with excellent, local warranty service at the dealer in Aurora, Illinois. The benefits of standardization directly correlate to operational efficiency and cost containment for both departments. By purchasing Pierce brand vehicles, both Departments have realized greater vehicle reliability, improved efficiencies for both the fire personnel and mechanics due to familiarity with like vehicles, and significant improvements with durability as a result of purchasing a higher quality vehicle.

Purchasing Method - With the assistance and approval of the City of Wheaton Procurement Officer, the Fire Department has been successfully utilizing co-op purchasing groups for over ten years to facilitate vehicle replacements. The regionally/nationally recognized co-op groups that have been utilized are comprised of units of government who competitively bid numerous products/services (including vehicles) to take advantage of economies of scale and to realize administrative efficiencies. The competitive bid process used complies with applicable laws and with regards to emergency vehicles the process is based upon nationally established specifications. The most significant advantages of using regionally/nationally recognized co-ops include the opportunity to minimize internal staff hours required to facilitate a competitive bidding process since it is completed by a third party governmental

group and the ability to capture competitive pricing from vendors since they are serving large numbers of purchasers versus single purchasers. When comparing the pricing from co-op purchases of fire apparatus to the national landscape of independent purchasing, the co-op pricing remains very competitive and in most cases better than costs associated with purchases made by individual fire department entities.

The most recent City of Wheaton fire pumper was purchased through the HGAC co-op. The website for HGAC co-op is www.hgacbuy.org. The proposed pricing for our specified pumper is based upon the HGAC co-op purchasing requirements.

Pricing/Construction Information - Upon our request, Global Emergency Products (the authorized sole source Pierce dealer for our territory) has provided a proposal for the purchase of a replacement Pumper based upon the HGAC pricing structure. The proposal (copy attached) lists the sales price as \$544,900.00. The price does not reflect a quoted trade-in allowance for the 2004 Crimson in the amount \$95,000.00. Fleet Maintenance Superintendent Sam Webb believes that the trade-in allowance is comparable to what would we would realize through a "by owner" sale.

The proposal also includes an option for pre-payment resulting in an available price deduct of \$19,300.00 and a performance bond resulting in the addition of \$1,635.00. The estimated construction timeframe is 11.5 to 12.5 months. Additionally upon our request, Global Emergency Products has researched availability of stock/pre-constructed units and identified that currently there are no similar units available for purchase.

ANALYSIS/RECOMMENDATION

In analyzing the above information and after consulting with Director of Finance Bob Lehnhardt, the City of Wheaton would realize administrative and cost advantages by purchasing the replacement pumper using the HGAC purchasing program and opting to apply the deduct for pre-payment of the vehicle. According to Director Lehnhardt, the City of Wheaton would not realize interest income for 1 year that would meet or exceed the \$19,300 pre-payment savings amount. Additionally, the purchase of the performance bond would protect the City of Wheaton against any risks associated with pre-payment. Attorney Knippen has reviewed and approves of the proposed performance bond language.

Sale Price	\$544,900
Performance Bond	1,635
Pre-Payment Discount	<u>(19,300)</u>
Purchase Price	\$527,235
Less Trade-In	(95,000)
Net Purchase Price	<u>\$432,235</u>

Based upon the outlined information, it is my recommendation that we proceed with purchasing the replacement pumper from Pierce using the pricing available from the HGAC along with: application of the pre-payment option; purchase of the performance bond; and the trade-in of our 2004 vehicle as part of the purchase. By completing the purchase as proposed, the final purchase price would be \$432,235.00.



1400 W. Fairbairn Ave.
Mesa, AZ 85204
480.933.5200

June 9, 2016

Chief Bill Schultz
City of Wheaton Fire Department
1 Fapp Circle
Wheaton, IL 60187

Subject: **Proposal for One (1) Pierce Impel PUC Pumper
Bid/Proposal #686, HGAC Purchase**

Dear Chief Schultz,

With regard to the above subject, please find attached our completed proposal.

Pricing, is as follows, including 100% prepay option.

Pricing Summary:

Sale Price –	\$544,900.00* *reflects HGAC pricing
	(\$95,000.00) Trade-In Allowance (subject to trade-in conditions, see attached)
	\$449,900.00 Net Price after Trade-In

100% Performance Bond:

Should the City of Wheaton Fire Department elect to have us provide a Performance Bond, \$1,635.00 will need to be added to the above price. The Performance Bond guarantees the purchaser will receive the truck specified, even if Pierce Manufacturing defaults.

100% Prepayment Option:

Should the City of Wheaton Fire Department elect to make a 100% prepayment at time of purchase, a discount of (\$19,300.00) can be subtracted from the above "Net Price after Trade-In" resulting in a revised sale price of **\$430,600.00 OR \$432,235.00 with Performance Bond.**

Terms and Conditions:

Taxes –	Not Applicable
Freight –	F.O.B. – Wheaton, IL
Terms –	Net due upon factory exit. Net due at time of purchase for Prepay discount to be applicable.
Delivery –	11.5 – 12.5 months from receipt and acceptance of contract.



PLEASE LIKE NO OTHER
FACTORY AUTHORIZED DEALER
ILLINOIS - INDIANA



Said apparatus and equipment are to be built and shipped in accordance with the specifications hereto attached, delays due to strikes, war, or international conflicts, or other causes beyond our control not preventing, could alter the delivery schedule.

The specifications herein contained, shall form a part of the final agreement, and are subject to changes as desired by the purchaser, provided such changes are acknowledged and agreed to in writing by the purchaser.

This proposal for fire apparatus conforms with all Federal Department of Transportation (DOT) rules and regulations in effect at the time of bid, and with all National Fire Protection Association (NFPA) Guidelines for Automotive Fire Apparatus as published at the time of bid, except as modified by customer specifications.

The attached proposal is valid until July 22, 2016.

We trust the above and the enclosed to be full and complete at this time; however, should you have any questions or require additional information, please do not hesitate to contact me at 630-303-8776 or JKenna@gep3.com.

We wish to thank the City of Wheaton Fire Department for the opportunity to submit our proposal.

Respectfully,

John Kenna
Apparatus Sales
Global Emergency Products