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**CITY COUNCIL AGENDA ITEM**

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**TO:** Mayor & City Council

**DATE:** March 15, 2013

**FROM:** John McDonough, City Manager

**AGENDA ITEM:** Consideration of a Resolution to Approve the Purchase and Finance of New Equipment for the Fire Rescue Department

**MEETING DATE:** For Submission onto the March 19, 2013, City Council Regular Meeting Agenda

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*BACKGROUND INFORMATION: (Attach additional pages if necessary)*

See attached:

Memorandum  
Resolution

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APPROVAL BY CITY MANAGER: JM APPROVED

PLACED ON AGENDA FOR: 3/19/2013

CITY ATTORNEY APPROVAL REQUIRED: (  ) YES (  ) NO

CITY ATTORNEY APPROVAL: [Signature]

REMARKS:



## MEMORANDUM

**Date:** March 14, 2013

**To:** Mayor and City Council for the City of Sandy Springs

**From:** John McDonough  
City Manager

**Subject:** Purchase and Finance of New Equipment for Fire Rescue Dept.

The Sandy Springs Fire Rescue Department launched in December 2006. At that time the City purchased a new fleet of state-of-the-art trucks for the Fire Rescue Department. The fleet purchased in 2006 is still in use by the Fire Rescue Department today.

For the first five years, the fleet received excellent warranty service, but the warranty expired in 2011, at the end of year five. Since that time, repairs to the fleet have become more costly to the City and the downtime of vehicles during repairs is increasing. After seven years of service, which the current fleet is approaching repairs become more frequent.

The Fire Rescue Department considered a number of factors to determine how to upgrade the fleet of vehicles. Trading in the current fleet at the seven year mark maximizes buyback funds. Trade-in values decrease around \$300,000 per year at this time. In addition, purchasing multiple apparatus at one time will add buying power and cost reductions to the transaction, while new warranties will cause a reduction in the City's maintenance costs and less down time for repairs resulting in better service to the Sandy Springs community.

Pierce Manufacturing, Inc. supplied the current fleet to the Fire Rescue Department. This fleet was designed and engineered specifically for the City, and it has performed well. The Fire Rescue Department, in coordination with the Finance Department has negotiated with Pierce Manufacturing to design and engineer a new fleet specific to the City's needs. This new fleet will be constructed with stronger motors, suspension, and other mechanical systems than the current fleet. This new fleet will allow for increased service delivery capabilities. This new fleet will include a foam system and a light tower, as well as other new design features and space enhancements.



This new fleet will consist of six total vehicles: two new quantum engine-pumpers, at a cost of \$584,539 each; three new quantum quint aerials with 105 foot ladders, at a cost of \$896,462 each; and one new quantum quint platform with a 100 foot platform and bucket, at a cost of \$1,027,329. This new quantum quint platform will be helpful when responding to high-rise building calls, since the City has 62 high rise buildings and roughly 2/3 of them do not have sprinkler systems.

The total amount of the fleet will be \$4,885,793, but this will be offset by a number of factors. First, the City will receive a \$178,344 credit from Pierce Manufacturing if the fleet is purchased from Pierce upfront and financed through an outside source, versus financing directly from Pierce. Second, Pierce Manufacturing will buyback the City's current fleet, for which the City will receive a \$1,200,000 credit towards this transaction. With these two credits, the total amount to be financed is \$3,507,449.

The previous budget year cost was approximately \$535,000 when the City was still paying for the Fire Department equipment. At the time of its purchase, the current fleet was financed for 10 years. The City paid the financing off early in July 2012.

There are three 7 year financing options:

- Pierce Manufacturing provided an interest rate of 2.45% with a total annual cost to the Fire Department budget of \$531,000 including a balloon payment as the final payment;
- PNC Bank provided an interest rate of 1.9% with a total annual cost to the Fire Department budget of \$535,000; or
- SunTrust Bank provided an interest rate of 1.525% with a total annual cost to the Fire Department of \$528,000.

The Fire Rescue Department, in conjunction with the Finance Department, recommends purchasing the new equipment from Pierce Manufacturing, to allow Pierce Manufacturing to buyback the current fleet, and to finance the purchase with funds from SunTrust Bank.

RESOLUTION NO. 2013-02-\_\_

STATE OF GEORGIA  
COUNTY FULTON

**A RESOLUTION TO AUTHORIZE THE PURCHASE AND FINANCE OF NEW  
EQUIPMENT FOR THE CITY OF SANDY SPRINGS FIRE RESCUE DEPARTMENT**

**WHEREAS**, the Mayor and City Council of the City of Sandy Springs are charged with the protection of the public health, safety, and welfare of the citizens of Sandy Springs, Georgia (“City”); and

**WHEREAS**, Section 1.03(b)(25) of the City Charter grants the City of Sandy Springs the power to operate a fire-fighting agency within the City; and

**WHEREAS**, in order to provide for the highest level of public health, safety, and welfare for the citizens of City the Sandy Springs Fire Rescue Department requires new equipment to perform its duties; and

**WHEREAS**, the City currently desires to purchase and finance new equipment for the Fire Rescue Department.

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Sandy Springs, Georgia while in regular session on \_\_\_\_\_, 2013, at \_\_:00 p.m. as follows:

The Mayor and City Council of the City of Sandy Springs, as stewards of the public health, safety, and welfare of the citizens of Sandy Springs, hereby authorize the City Manager to enter into agreements with Pierce Manufacturing, Inc. for the purchase of new equipment for the Sandy Springs Fire Rescue Department and for the buyback of current equipment of the Sandy Springs Fire Rescue Department, and to finance the lease transaction, as set forth below:

1. The City Manager is authorized to enter into an agreement with Pierce Manufacturing to purchase certain equipment for the Sandy Springs Fire Rescue Department, specifically: two new quantum engines (not to exceed \$585,000 each), three new quantum quint/aerials (not to exceed \$897,000 each) and one new quantum quint/platform (not to exceed \$1,028,000) and includes receiving a credit of approximately \$178,000.
2. The City Manager is authorized to enter into an agreement with Pierce Manufacturing for the buyback of current equipment from the Sandy Springs Fire Rescue Department, for which the City shall receive a credit of not less than \$1.2 million towards above referenced transaction with Pierce Manufacturing.
3. The City Manager is authorized to facilitate the above transaction through financing with SunTrust Bank at a rate not to exceed 1.525%, in an amount not to exceed \$3,508,000.

**APPROVED AND ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

Approved: \_\_\_\_\_, 2013

\_\_\_\_\_  
Eva Galambos, Mayor

Attest:

\_\_\_\_\_  
Michael Casey, City Clerk  
(Seal)