



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: July 13, 2005 REPORT NO. 05-154
ATTENTION: Honorable Mayor and City Council
Docket of July 18, 2005
SUBJECT: San Diego Fire/Rescue Leasing of Fire Apparatus

SUMMARY

Issue –

3. Should the City Council authorize the City Manager to award a contract KME Fire Apparatus to provide and deliver Fifty (50) Fire Apparatus over a seven year period?
4. Should the City Council authorize the City Manager to finance the Fifty (50) Fire Apparatus with Leasing Two, KME's lender over a period of seven years?
5. Should the City Council authorize the City Manager to finance the Fifty (50) Fire Apparatus under the Equipment and Vehicle Lease Program over a period of seven years rather than financing through Leasing Two?

Manager's Recommendations –

4. Direct the City Manager to award a contract to KME Fire Apparatus to provide and deliver Fifty (50) Fire Apparatus over the seven year contract period.
5. Direct the City Manager to finance Fifty (50) Fire Apparatus with Leasing Two over a period of seven years. However, the City Manager shall direct City staff to finance Fire Apparatus under the Equipment and Master Lease Program over a period of seven years if future financing terms is deemed more advantageous to the City.

Fiscal Impact –

3. No fiscal impact to the City in Fiscal Year 2005. A sales tax payment will be due in late Fiscal Year 2006 for the first order of eight (8) Fire Apparatus. The first lease payment will be due in Fiscal Year 2007. The cost of the leased apparatus

will be spread over the seven-year lease period through either Leasing 2 or the City's Master Lease-Purchase Program dependent on the financing terms offered, a determination will be made to select the most favorable financing annually prior to placement of next order.

BACKGROUND

In the City Manager report titled "Fire-Rescue Department Fleet Status," issued on July 23, 2003 Fire-Rescue proposed to convene an interdepartmental work group to study the feasibility of a fleet replacement program to ensure that Fire-Rescue's front line apparatus fleet is consistent and reliable. Based on the analysis of the interdepartmental group and direction from the Public Safety and Neighborhood Services Committee, Fire-Rescue decided to focus the fleet replacement program on the replacement of fire engines with a seven year lease program.

On July 29, 2004, the Purchasing Division issued a Request for Proposal (RFP) to lease Fifty (50) Fire Apparatus. The RFP closed on November 19, 2004 and staff commenced to evaluate technical and price submissions separately. Three vendors submitted proposals to the City Purchasing Division and after a thorough technical and pricing evaluation of each proposal, KME Fire Apparatus's proposal was deemed to be the most advantageous to the City.

DISCUSSION

The Fire-Rescue Department has spent considerable effort researching the most cost effective approaches towards fleet replacement. In addition to the cost benefits to the City by reduced maintenance and repair costs associated with older apparatus, the benefits to the City with a continuous replacement cycle of leased Fire Apparatus includes: decrease apparatus down-time, increase availability of front line apparatus, reduce need for additional reserve apparatus beyond current projections, increase the overall reliability of the fleet, improve repair productivity through standardization of apparatus, improve operational safety through standardized equipment and gauges, reduce cost of parts and supplies on hand, reduce the cost of training due to standardization and reduce the cost of labor of repairs and maintenance.

SDFD seeks approval to award a contract to KME Fire Apparatus.

Respectfully submitted,

Jeff Bowman
Fire Chief

P. Lamont Ewell
City Manager

BOWMAN/BF

Attachment

[\(1\) KME Lease and Financing Estimate](#)