FIRE JUL 1 4 2008 #3

THE CITY OF SAN DIEGO
MAYOR JERRY SANDERS

M E M O R A N D U M

DATE: July 10, 2008

TO: Councilmember Brian Maienschein, Chair and
Members of the Ad Hoc Fire Prevention and Recovery Committee

FROM: Tracy Jarman, Fire Chief

SUBJECT: REVIEW OF THE FIRE-RESCUE DEPARTMENT'S ENGINE REPLACEMENT METHODOLOGY

The following key issues were considered in the recommendation to discontinue leasing type 1 (structural) fire engines (herein referred to as "engines") and move toward a purchase or lease-purchase methodology for the entire San Diego Fire-Rescue Department's (SDFD) fleet. SDFD recommends moving towards an internal services fund system, supported by assignment fees, similar to what General Services has done historically for the rest of the City's fleet.

1. **COMPREHENSIVE:**
   The General Services, Fleet Services Division's internal service fund system, as currently executed, addresses all of Fire-Rescue's heavy and light fleet requirements. The engine lease program only addressed frontline engines. At the time the engine lease program was adopted it was the best solution and an effective short term strategy. Since that time with the city-wide fleet services consolidation and implementation of the Fleet Business Process Reengineering (BPR) recommendations there is now a more comprehensive and fiscally-responsible solution, the internal services fund system.

   The "frontline engine only" strategy of leasing left the remaining frontline and reserve Fire-Rescue fleet with no long term solution. The reserve fleet is critical during major incidents and as part of the routine/preventative maintenance cycles. The lease program left 30% of the total (frontline and reserve) engine fleet with no methodology for addressing replacement. The compliment of frontline engines makes up only 51% of the overall Fire-Rescue *heavy* fleet, and just 17% of the combined light and heavy fleet. Thus the remaining 83% of the Fire-Rescue fleet was left with no definitive plan for replacement. While engines are considered the backbone of the fire service, the full range of vehicles is required to meet the myriad of emergency functions. Figure 1 below provides an overview of the Fire-Rescue Fleet distribution.

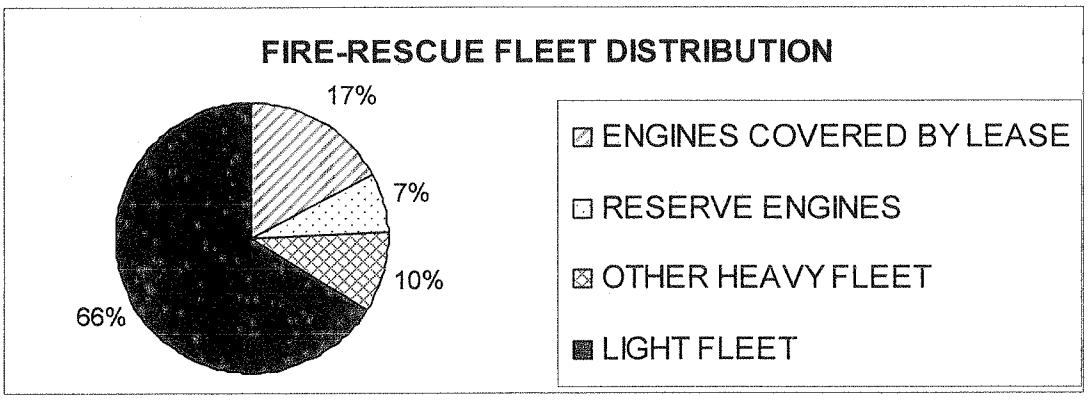

Figure 1

2. **BEST MANAGEMENT PRACTICE:**
As a result of the BPR process, best management practices (BMP) for fleet replacement lifecycles were reviewed and benchmarked. The lifecycle replacement BMP for heavy fire apparatus has been identified as fifteen (15) years total service. This will result in 9 to 11 years of frontline service followed by 4 to 6 years of reserve status. The Fleet Services BPR recommended replacement plan will help to insure we have more reliable apparatus across the spectrum of fleet requirements and will strive to meet this lifecycle replacement benchmark for the entire Fire-Rescue fleet.

3. **COST EFFECTIVE:**
The per year cost to lease an engine for seven years is significantly higher than the per year cost to purchase and operate for 15 years. The lease-purchase option will allow the accelerated replacement of the Fire-Rescue fleet and do so in a more efficient manner than leasing. Figure 2 is based upon the estimated costs associated with the purchase of a more robust $500,000 apparatus and related use over a 15 year life cycle versus the cost of leasing a less resilient $400,000 apparatus over a 7 year period.

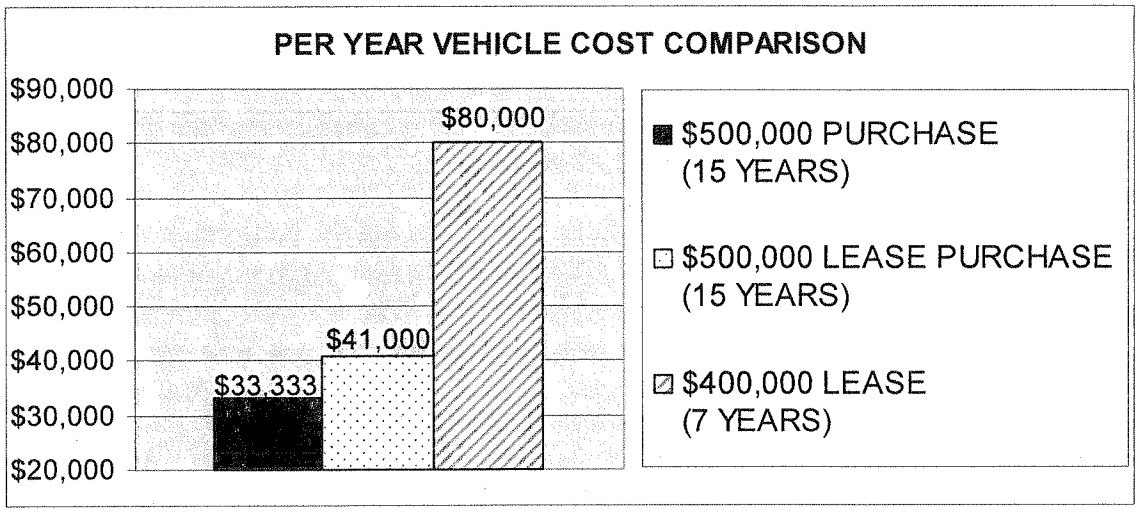

Figure 2

4. **"ONE SD":**
   One of the key assumptions under the engine lease program was that the City of San Diego would find it difficult to commit and sustain a long term fire apparatus replacement plan. The BPR process and changes in leadership's commitment to funding long term infrastructure requirements has made the previous argument to continue with the lease option less applicable.

The comprehensive, long term, and committed approach to fleet lifecycle management is the most efficient and effective methodology available. With the ongoing support of Mayor Sanders and City Council, in conjunction with the teamwork and collaboration with our General Services Fleet Division partners, we are assured of continued success. I welcome the opportunity to provide further clarification on this matter.

Tracy Jarman
Fire Chief

TJ/jlf

cc: Javier Mainar, Assistant Chief
Logistics Files
Dean Roberts, Fiscal Services Manager