



AGENDA ITEM NO.

COUNCIL MEETING 06-19-07

APPROVED BY

DEPARTMENT DIRECTOR

CITY MANAGER

June 19, 2007

FROM: Fire Department

BY: RANDY R. BRUEGMAN, Fire Chief

SUBJECT: 1. AUTHORIZE THE LEASE PURCHASE OF A FIRE TRUCK FOR TRUCK COMPANY AT STATION 13 AND TWO BRUSH RIGS THROUGH THE CITY'S MASTER LEASE AGREEMENT

2. APPROVE A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO ADOPTING THE 70TH AMENDMENT TO THE ANNUAL APPROPRIATION RESOLUTION NO 2006-253

KEY RESULT AREA

Public Safety - 0209001000

RECOMMENDATION

It is recommended City Council authorize the lease purchase of a fire truck and two brush rigs through the City's Master Lease Agreement and approve the 70th amendment to the Annual Appropriation Resolution 2006-253 transferring \$500,000 to the Fire Station Renovation Capital Fund.

EXECUTIVE SUMMARY

In October 2006, City Council authorized \$500,000 in additional appropriations to the Fire Department for the purchase of a new fire truck for a new truck company to be housed at Fire Station 13 (Nees and Bond). The department is recommending transitioning this truck acquisition to the City's Master Lease Purchase Agreement program and transferring the \$500,000 appropriations to the Fire Station Renovation Capital Fund to assist in completing the fire station renovation projects currently in progress.

In addition, the department is requesting approval for the lease purchase of two brush rigs through the City's Master Lease Agreement program. These smaller firefighting apparatus are better suited for responding to emergency and fire incidents in off-road terrain, river bottom, and bluff areas where large fire apparatus are not designed to access and are subject to damage or become stuck when attempting to maneuver because of their size and weight. Annual estimated lease payments for the fire truck are \$102,600 for ten-year amortization period and \$57,100 for the brush rigs over a five-year amortization period. No payments would be incurred in FY 07 and only one-half of the annual payments may be incurred in FY 2008 depending upon the timing of receipt of the vehicles.

KEY OBJECTIVE BALANCE

This proposal provides gains in all three key objectives of Customer Satisfaction, Employee Satisfaction, and Financial Management. Customer and Employee Satisfaction will be met by acquiring the necessary equipment to provide emergency response services in a safe and effective manner. The benefits from a

REPORT TO CITY COUNCIL

Lease Purchase of Apparatus and 71st Amendment of AAR 2006-253

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BACKGROUND

In 2003, identified renovations were estimated at \$10.2 million at 14 fire stations. The scope of the project was prioritized by immediate needs; and, in March 2004, \$4.7 million was financed to begin Phase I of the project. The Facilities Division estimated the project costs, provided management, and oversight of the project, which included structural repairs, parking lot and landscaping repairs, interior remodels and additions, removal and replacement of old fuel tanks, vehicle exhaust systems, ADA mandated modifications, security gates, fencing, lighting, etc.

To date, 7 of the 14 stations have been completed or are close to completion. However, the project has insufficient funding to complete the balance of identified stations. This project cost overrun can be attributed to a number of factors:

- o Estimated costs were incomplete.
- o As has occurred throughout the building industry over the last several years, construction materials and cement costs have increased significantly over those used in the estimates from four years ago.
- o Initial estimates included asbestos assessments only, not complete abatement costs that were necessary at several facilities once the assessments had been performed.
- o Architect and permit fees were not included in the original estimates.
- o Once construction began at several facilities, the extent of damage and needed repairs was beyond that assessed in the initial project scope.

Realizing that expenditure projections would exceed available bond revenues, the department has adjusted down the scope of several station renovations as the project has progressed. Preliminary assessments using current construction costs experienced in the completed fire stations put the balance of funding necessary to complete the remaining seven stations at approximately \$3.0 million; however, this is only an estimate.

To assist in completion of these projects, the department is recommending transitioning the truck acquisition to a lease purchase through the City Master Lease Program Agreement and re-appropriating the \$500,000 provided by Council in October 2006 to the Safety Facility Capital Fund 30123. The balance of \$2.5 million in estimated costs to complete the project was included in the FY 2008 proposed budget presentation to Council on June 5, 2007, as additional bond financing.

FISCAL IMPACT

There will be no general fund impact in FY 2007 related to the lease purchase of apparatus. Fire Department general fund operating appropriations will be reduced by \$500,000 and Fire Capital appropriations will be increased by \$500,000. It is estimated only one-half of the annual lease payments for the requested apparatus may become due in FY 2008 depending upon the timing of receipt of the vehicles, which equates to \$79,900. Debt payments related to the additional \$2.5 million bond financing have been included in the FY 2008 proposed budget. Funding for future debt service and lease purchase payments will be requested in the annual budget request.

RRB/CAC 061207

Attachment: Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO ADOPTING THE 70TH AMENDMENT TO THE ANNUAL APPROPRIATION RESOLUTION NO. 2006-253 APPROPRIATING \$500,000 TO THE SAFETY FACILITY CAPITAL FUND

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRESNO:

THAT PART III of the Annual Appropriation Resolution No. 2006-253 be and is hereby amended as follows:

	<u>Increase/(Decrease)</u>
TO: FIRE DEPARTMENT	
General Fund	\$ (500,000)
Safety Facility Capital Fund	\$ 500,000

THAT account titles and numbers requiring adjustment by this Resolution are as follows:

General Fund

Revenues:

Account: 44910 Transfer To Other Fund	<u>\$ (500,000)</u>
Fund: 10101	
Org Unit: 160201	

Total Revenues \$ (500,000)

Appropriations:

Account: 57411 New Machinery & Equipment	<u>\$ (500,000)</u>
Fund: 10101	
Org Unit: 160201	
KRA: 0209001000	

Total Appropriations \$ (500,000)

Safety Facility Capital Fund

Revenues:

Account: 43910 Transfer From Other Fund	<u>\$ 500,000</u>
Fund: 30123	
Org Unit: 169901	

Total Revenues \$ 500,000

Increase/(Decrease)

Appropriations:

Account: **57507** Contract Construction

\$ 500,000

Fund: **30123**

Org Unit: **169901**

Project: **XC00029**

KRA: **0209001000**

Total Appropriations

\$ 500,000

That the purpose is to appropriate \$500,000 to pay for the completion of fire station renovations. The appropriations will be transferred from a fire truck purchase order that will now be acquired through lease purchase financing along with two brush rigs.

CLERK'S CERTIFICATION

STATE OF CALIFORNIA }
COUNTY OF FRESNO } ss.
CITY OF FRESNO }

I, REBECCA E. KLISCH, City Clerk of the City of Fresno, certify that the foregoing Resolution was adopted by the Council of the City of Fresno, California, at a regular meeting thereof, held on the _____ Day of _____, 2007

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor Approval: _____, 2007

Mayor Approval/No Return: _____, 2007

Mayor Veto: _____, 2007

Council Override Veto: _____, 2007

REBECCA E. KLISCH
City Clerk