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**APPLETON FIRE DEPARTMENT
700 N. DREW STREET
APPLETON, WI 54911**

MEMORANDUM

To: Alderperson Kathy Plank, Finance Committee
Alderperson Kyle Lobner, Safety and Licensing Committee
Members of the Common Council

From: Jeremy J. Hansen, Fire Chief

Date: November 29, 2018

Re: Request to Purchase Fire Truck Utilizing Sole Source Agreement

In July 2016, the Appleton Fire Department received approval to sole source purchase the fire truck (pumper) that was approved in the 2017 Capital Improvement Program (CIP).

The Fire Department had/has identical pumpers in the 2017, 2018 and 2019 CEA replacement plan along with an identical, longer rescue pumper in the 2020 CEA replacement plan, the department discussed the ability to take advantage of additional cost savings by placing all four orders with subsequent delivery in budgeted years. This would allow the City to get the current pricing plus an approximate 3% Producer Price Index (PPI) increase each year. This breaks down as follows:

Description	CEA Replacement Year	Purchase as Four-Truck Order	Purchased Separately	Savings
189" PUC Engine	2017	\$ 616,625	\$ 625,000	\$ 8,375
189" PUC Engine	2018	\$ 634,100	\$ 650,000	\$ 15,900
189" PUC Engine	2019	\$ 653,200	\$ 676,000	\$ 22,800
214" PUC Engine	2020	\$ 758,800	\$ 793,030	\$34,230
Total Saving:				\$81,305

Under this scenario, no payment would be required until delivery. However, prepayment discounts are still available based on interest rates at the time of delivery. For example, in 2017 prepayment discount was 4.5% bringing the cost from \$616,625 to \$590,225. The department saved an additional \$26,400 by prepaying for this vehicle.

"Appleton Fire Department....serving with P.R.I.D.E."

The department has identified that standardizing our fleet will improve efficiencies and safety by providing consistency from one truck to the next for personnel moving from one station to station. Efficiencies will also be gained relating to maintenance of the vehicles. By ordering the same fire truck for the next four years, the department will save significant staff time by eliminating the need to develop specifications for each truck. The department will also save significant staff time relating to training on the new truck.

The department has a long-standing relationship with Pierce Manufacturing and has seen the innovation, cooperation, improved pricing, as well as their commitment and direct involvement in the growth of our City. When the department has encountered issues with our firetrucks, Pierce Manufacturing has been extremely responsive to our needs including taking parts off the assembly line to assist us in keeping our trucks in service.

Plans are currently underway to proceed with the third order in January 2019 to avoid a February 1st price increase. Therefore, the Appleton Fire Department requests the approval to order and prepay the third fire truck outlined in the four-truck sole source agreement with Fire Apparatus & Equipment, Pierce Manufacturing.

Please do not hesitate to contact me should you have any questions or concerns at 832-5810. Thank you!