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

MEMORANDUM

To: CEA Review Committee
Finance Committee
Safety & Licensing Committee

From: Chief Vander Wyst

Date: July 17, 2014

Re: Recommendation to Purchase Stock Aerial Platform from Pierce Manufacturing

For approximately the past three weeks, the Appleton Fire Department (AFD) has been dealing with a critical equipment issue. Our 100-foot aerial platform truck, purchased in 2000, (Unit 9341) has been taken out of service due to a cracked torque box. After much research into the damages and options to consider, it has been determined that 9341 will be out of service for the next three to four months.

During the past three weeks while the repair work was being researched, we evaluated other options that would decrease the time the vehicle was out of service and consider the best long-term solution with respect to our apparatus needs. The options considered to accomplish the least amount of "out of service" time of this significant apparatus and long-term stability included the following:

- a. Availability of a "loaner" vehicle and cost involved
 - b. Ordering a new aerial platform truck
 - c. Remain "status quo" with current vehicle
 - d. Purchasing a "stock" aerial platform truck if one were available through Pierce
- (a.) A "loaner" vehicle similar to 9341 would cost \$250 per day. Over a four-month period, this would cost approximately \$30,000. Currently, there is not a similar vehicle available for our use. Due to the cost involved and the inability to find a similar vehicle, this option should be ruled out.
- (b.) Custom ordering a new aerial platform truck would take at least eight months to build and would cost approximately \$1.2 - \$1.4 million. While this would be a good long-term solution, the time lag for delivery makes this option unacceptable. Consideration should also be given to lowering the financial impact of a new vehicle given the unexpected need outside the current schedule for the replacement of 9341 which is 2020 in the current CEA matrix.

- (c.) Remaining status quo would mean we would be without a critical piece of equipment for an extended period of time creating a severe impact on our firefighters and the public we serve. While in the short term, repairing 9341 and "waiting it out" might have the least impact financially; over the long term, it does not make good financial sense with a 14-year old truck. While it is true that the torque box is covered by a warranty, there will most likely be other issues found due to corrosion that will not be covered by warranty. The time to repair and replace any components would be now while the work is being done on the torque box. Where does it end on a truck that is 14 years old and when do we say enough is enough? My concern is that we will be putting good money into a truck that will be out of service more often due to age and that we will continue to see major increases in repair costs.
- (d.) Purchasing a "stock" aerial platform, if one were available through Pierce, was the last option researched. The department contacted Fire Apparatus and Equipment (FAE), the local vendor for Pierce. A similar unit to 9341 came off line as a stock vehicle on July 11th and is available. It is a Pierce Velocity 100' Aerial Platform. Keeping in mind that stock units are few and far between, arrangements were made to have a representative of Pierce bring this unit to Station # One for viewing and demonstration on July 14th. It was very important that the truck was one that meets our long-term needs and was driven and operated by our firefighters. For a stock unit to be acceptable long term was critical as it did not make any sense to "settle" for a vehicle that just allows us to get by for the next four months and then be disappointed long term. The department mechanic (through Public Works), Chief's Staff, Officers, Drivers and Firefighters available on the 14th were able to drive and operate the unit. Everyone present agreed that it was a very nice vehicle that meets our needs long term and considered this "stock" unit an acceptable alternative.

Based on the positive feedback from the firefighters that will actually be relying on this unit on a daily basis, I requested that Pierce hold this unit for the AFD for a period of time so I could meet with individuals and groups that would need to be part of a decision that affects not only the AFD, but the City as a whole. Pierce agreed to hold the available "stock" unit until August 6th, which allowed me the necessary time to process through the various committees and ultimately the Common Council meeting on August 6th. This should not be viewed as routine for Pierce to do this as normally the first purchase order they receive, the unit is considered "sold" and not available. I very much appreciate the willingness of Pierce to help the AFD address the situation we are dealing with in a timely manner. In checking "other" stock units that might be available in the future, there were two units that would be available, one in August and one next February, but they were not the same model as the Velocity and were not viewed as acceptable long-term solutions.

Given all the research and options that were considered, I would recommend that the "stock" unit, a Pierce Velocity 100' Aerial Platform truck be purchased through FAE and Pierce. In negotiating a price for this unit and considering a custom platform to be in the \$1.2-\$1.4 million dollar range, an initial price quoted from FAE was \$962,000. After some discussion the price was lowered further and set at \$920,000. This is a very good price for this vehicle. A trade value was then researched and a trade-in of our current unit 9341 was determined to be \$125,000. There is no doubt that our recent Apparatus Team's report including a recommendation that we single source our vehicles in the future through Pierce played a role in the pricing, and the decision by Pierce to "hold" this stock unit for an extended period of time for the City of Appleton.

Researching our current CEA funds and breaking it down to our particular unit 9341, there is \$591,753 as the current (4/30/14) reserve in CEA for 9341. Adding \$125,000 in trade value brings the available cash to \$716,753. The balance in funds needed to purchase this stock unit is \$203,247.

By taking action now, we would limit the "out of service" time for a needed and critical piece of apparatus. We would be accepting a vehicle that meets our needs long term with the latest technology and safety features. We would be receiving a two-year bumper-to-bumper warranty and additional warranties beyond two years that limit our downtime and maintenance expenses. The department would be responsible for only routine maintenance for the next two years and no longer need to be concerned about the escalating cost of our 14-year old truck. We would be purchasing a vehicle that has a 20-year warranty on the body and structure which includes a new electrolysis coating process to minimize corrosion issues. Taking action now also changes our current CEA replacement schedule which had us replacing a total of three vehicles in the year 2020. We would not see any further depreciation of 9341 of 10-20% per year.

I do not take this recommendation lightly and have been very thorough and methodical in my research. I have included many people in the discussions and long-term analysis. I have considered the importance to the AFD and the City of Appleton. I believe for a number of reasons that the best option is to trade 9341 in on the stock unit and agree to the terms expressed above.