

**Department of Administration
Purchasing Division**

**Finance & Personnel Committee Approval Required
For Single Source Contract
Contract #E0000018668**

Background:

User Department:	Milwaukee Fire Department (MFD)
Purchasing Agent:	Marina Litvinets
Contract Description:	Vendor Service Contract for Financial Services to Finance/Lease to Purchase Option of Four (4) Fire Engines and One (1) Aerial Tower Apparatus
Vendor Name and Location:	PNC Equipment Finance, LLC (Pittsburgh, PA)
Contract Term:	Seven (7) years from the date of award
Requisition # and Date Received:	0000018668 & 01/07/2022
Original Contract Amount:	\$4,376,591.19 (CAPITAL & OPERATING FUNDS)
Expenditures to Date:	\$0.00
Current Contract Amount:	\$4,376,591.19

Purpose of Contract:

The purpose of this vendor service contract for Financial Services with PNC Equipment Finance, LLC is to finance the lease to purchase option of four (4) fire engines and one (1) aerial tower apparatus for the Milwaukee Fire Department (MFD). The contract term will be seven (7) years from the date of award. The estimated contract total is \$4,376,591.19.

As a condition of this agreement, a separate commodity contract will be executed with Reliant Apparatus, Inc. to purchase one (1) Pierce Enforcer Pumper Fire Engine w/o financing in the amount of \$654,594.00 (using Capital Funds).

The following table represents the Base Unit Pricing Summary:

	Cost	Quantity	Total Cost
Base Unit Price for Single Engine	\$654,594.00	4	\$2,618,376.00
Base Unit Price for Single Tower	\$1,401,379.00	1	\$1,401,379.00
Total Apparatus Cost Prior to Advanced Payment Discounts:			\$4,019,755.00

Reliant Fire Apparatus, Inc. is offering an advanced payment discount in the amount of \$141,355.80 if the lease to purchase option is financed through PNC Equipment Finance, LLC. With this discount, **the total amount to be financed is \$3,878,399.20.**

The lease to purchase option will be financed at 2.81% interest over a seven (7) year period, with one upfront payment of \$108,983.02 and seven (7) annual payments of \$609,658.31 each. The first payment of \$108,983.02 will be due one (1) year after lease commencement.

The upfront payment will be paid out of already appropriated Capital funds, and the intent is to fund the subsequent annual payments out of future tax levy funds for the for the term of the lease. At the end of the seven (7) year lease, the City will have the option to purchase the apparatuses for \$1.00 each.

Background:

Reliant Fire Apparatus, Inc. is the only authorized Pierce dealer in the area and Pierce manufactured vehicles make up 100% of the current MFD fleet. MFD members are trained in the use and repair of Pierce vehicles. Continuing to buy similar apparatuses allows for members to move from one apparatus to another with ease. MFD's repair shop personnel are well versed in the repair of the apparatus and are able to use parts more interchangeably. In addition, the average age of MFD's front line and reserve apparatuses has been steadily increasing and is projected to continue to increase. Both front line and reserve apparatuses need to be kept in a constant state of readiness, and these older apparatuses require significantly more labor to repair at a much higher cost. It is becoming increasingly inefficient to make costly repairs to older apparatuses with a very limited remaining useful life. Adding four (4) fire engines and one (1) aerial tower apparatus to the Fire Department's fleet will bend the curve on the average age of frontline and reserve apparatuses, avoid costly repairs to older apparatuses, and help to ensure that emergency services to residents are unaffected by availability of fully functioning apparatuses. Finally, it is important to point out that if the City is able to execute a contract in mutual agreement with PNC Equipment Finance, LLC and Reliant Fire Apparatus, Inc. by January 31st, 2022, the City could avoid a price increase and material surcharges in the amount of approximately \$272K.

City Purchasing Director

Date

Special F&P Approval Presentation Date: 01/18/2022