

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
MAY 18, 2010 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Purchase of a New Fire Department Ladder Truck	✓ Resolution Ordinance Motion Discussion Only	Jim Jackson Fire Chief

SYNOPSIS

Resolutions have been prepared for the following items:

- Authorize the purchase of a 2010 Smeal 100' Rear Mount Platform Ladder Truck in the amount of \$920,386 from Smeal Fire Apparatus Corporation of Synder, Nebraska
- Authorize the Village Manager to dispose of the Village's current Pierce 100' Platform Ladder Truck as surplus equipment. If approved, the Village will receive, at a minimum, a \$149,000 trade-in value for its existing ladder truck from Smeal Fire Apparatus Corporation. This resolution will also authorize staff to market the sale of the current ladder truck elsewhere.

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals identified *Exceptional Services and Communication*.

FISCAL IMPACT

The total contract price for the proposed Smeal ladder truck purchase is \$920,386. Upon purchase of the proposed Smeal ladder truck, the Village would trade-in its current Pierce 100' Platform Ladder Truck to Smeal or another company for a minimum price of \$149,000. As a result, the net cost of the proposed Smeal would not exceed \$771,386. If approved, the Village would finance the Smeal ladder truck purchase over a period of ten years. The total annual cost of owning and operating the new ladder truck should be equal to the cost of owning and operating the current truck. A complete summary of the fiscal impact of the proposed Smeal ladder truck is provided in the background section below.

RECOMMENDATION

Approval on the June 1, 2010 active agenda.

BACKGROUND

The Village purchased its current Pierce 100' Platform Ladder Truck in 1998. The ladder truck has served multiple functions during its life including allowing firefighters to provide water streams at an elevated level and providing a working platform from which tasks such as rescue, ventilation, or overhaul can be completed. The ladder truck is centrally located at Fire Station 2 at 5420 Main Street to maximize response to incidents. The chart below summarizes the annual ladder truck response history since 2005.

Ladder Truck Responses	
Year	
2005	987
2006	1057
2007	819
2008	1097
2009	840

At the time of purchase, the estimated useful life of the Pierce ladder truck was 17 years with replacement scheduled for 2015. However, the high rate of usage which the ladder truck has experienced has resulted in increased maintenance and repair costs for the Village. In addition, the amount of time the Pierce ladder truck has been out of service for repairs and maintenance has increased in recent years as well. Thus far in 2010, the ladder truck has been out of service for almost 60 days and has incurred repair and costs in excess of \$40,000. The table below summarizes the annual ladder truck repair costs and out of service time from 2005 through 2009:

Year	Annual Repair Costs	Days Out of Service
2005	\$26,227.13	7
2006	\$38,649.93	24
2007	\$53,617.36	24
2008	\$37,235.08	28
2009	\$14,105.46	41
Total	169,834.96	124

As a result of the increasing maintenance and repair costs associated with the Village’s Pierce ladder truck, staff is recommending the truck be replaced. In August of 2009, staff distributed an RFP for a new ladder truck and received responses from a total of five vendors. Of the five vendors only two met the Village’s technical specifications as stated in the RFP (Smeal and Pierce). Pierce submitted a proposal for the purchase of a ladder truck with a net cost of \$781,000 (purchase price of \$896,000 and a trade in value of \$115,000).

During the procurement process, staff continued to monitor the economic state of the Village and determined the purchase of the ladder truck should be deferred. Since then, the ladder truck has experienced multiple mechanical issues that have warranted staff to revisit the purchase of a new ladder truck as a viable alternative to repetitive maintenance costs and multiple days out-of-service. As a result, staff contacted the two vendors that met the Village’s technical specifications in an effort to obtain updated pricing for the ladder truck. Pierce did not respond and Smeal submitted the following proposal.

Fully equipped in cost	Yes
Price	\$ 920,386.00
Trade-in	\$ (149,000.00)
Net Price	\$ 771,386.00
3rd Yr Warranty	Included
TOTAL	\$ 771,386.00

Based on the information listed above, staff proposes the purchase of a 2010 Smeal 100’ Rear Mount Platform Ladder Truck from Smeal Fire Apparatus Corporation of Synder, Nebraska. The ladder truck meets all Village specifications and has the lowest net cost.

The price of the proposed Smeal ladder truck is \$920,386. If approved, the Village would designate its existing Pierce ladder truck as surplus and would receive a \$149,000 trade-in value from Smeal for the truck. As a result, the net cost of the proposed Smeal ladder truck would be \$771,386. If approved, the purchase of the Smeal ladder truck would be financed for a period of eight to ten years. The lease agreement will be prepared and executed when the truck is delivered to the Village, scheduled for February of 2011. The lease agreement may require Village Council approval. Staff analyzed the fiscal impact of financing the proposed Smeal ladder truck purchase and determined the annual cost of financing the Smeal ladder truck would be less than the cost associated with continued maintenance and operation of

the Village's current Pierce ladder truck. The table below compares the FY10 cost of operating and maintaining the current ladder with the estimated cost of the proposed Smeal ladder truck:

	Current Pierce Truck	Proposed Smeal Truck
Annual Maintenance and Repair Costs	\$ 33,967	\$ 1,940
Annual Allocation for Purchase of a New Ladder Truck	\$ 80,155	NA
Annual Principal Payments	NA	\$ 77,039
Earned interest on Annual Allocation for New Ladder Truck	\$ (11,327)	NA
Estimated annual Interest paid on loan - (interest rate 5.23%)	NA	\$ 22,238
Net Annual Cost	\$ 102,795	\$ 101,217

ATTACHMENTS

Resolutions

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING EXECUTION OF A SALES CONTRACT
BETWEEN THE VILLAGE OF DOWNERS GROVE
AND SMEAL FIRE APPARATUS CO.**

BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

1. That the form and substance of a certain Sales Contract (the “Contract”), between the Village of Downers Grove (the “Buyer”) and Smeal Fire Apparatus Co. (the “Seller”), for a 2010 Smeal 100' Rear Mount Platform Ladder Truck, as set forth in the form of the Contract submitted to this meeting with the recommendation of the Village Manager, is hereby approved.

2. That the Village Manager and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Contract, substantially in the form approved in the foregoing paragraph of this Resolution, together with such changes as the Manager shall deem necessary.

3. That the proper officials, agents and employees of the Village are hereby authorized and directed to take such further action as they may deem necessary or appropriate to perform all obligations and commitments of the Village in accordance with the provisions of the Contract.

4. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

5. That this Resolution shall be in full force and effect from and after its passage as provided by law.

Mayor

Passed:
Attest: _____
Village Clerk