


**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of: April 10, 2013

To: Board of Directors

From:  Roger Meagor, Fire Chief

Subject: Vehicle Replacement Schedule and Funding Plan

RECOMMENDATION:

1. That the Board approve the 12-Year Vehicle Replacement Schedule
2. That the Board consider the proposed Funding Plan and provide direction to staff.

BACKGROUND:

In 1999 the Board adopted a 12-year vehicle replacement plan. The plan included the lease purchase of a Type 1 (structure fire engine) in FY 2000-01. The plan also included setting additional funds aside to offset anticipated cost increases for fire engine purchases through 2010. These additional funds were not set aside. Several years ago the Department began setting aside funds received from the State, for equipment reimbursement for Out of County responses.

DISCUSSION:

Staff has completed a review of the vehicle replacement schedule. For Board consideration and approval is a 12-Year Vehicle Replacement Schedule for fire engines as well as utility, command, and staff vehicles.

The Schedule provides for fire engines to remain in first run service for 15 years and in reserve status for a minimum of 5 additional years. Staff vehicles scheduled service is 10 to 15 years. The Schedule includes the estimated replacement cost for each vehicle.

In addition to the Replacement Schedule, staff has developed a funding plan for fire engine and staff vehicle purchases through FY24/25. The Department has lease purchased the last three fire engines, one approximately every five years, and two staff vehicles in 2008. By lease purchasing these vehicles it provided a relatively even debt service payment from year to year. With the anticipated fire engine and staff vehicle replacements included in the new schedule, the annual cost for vehicle purchases will vary substantially from year to year. For this reason, staff has developed a funding plan which maintains a more consistent annual contribution by the member agencies.

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The Funding Plan, beginning in FY13/14, includes setting aside funds for future purchases. The plan takes into consideration that the Prior Authority members have two annual payments remaining on the 2010 lease purchase for Engine 19.

The Funding Plan includes for the cash purchase of staff vehicles and the lease purchase of fire engines. The amortization schedules for lease purchases include an estimated 4.5% interest rate. Annual contributions by member agencies will increase 3 percent annually through FY24/25.

Conclusion: The Vehicle Replacement Schedule and Funding Plan would be used as a management tool, and is designed to be reviewed on a regular basis and updated as needed. The Funding Plan would provide for consistent annual payments by the member agencies. It is anticipated that the Funding Plan will also reduce interest costs through the cash purchase of staff vehicles. Staff recognizes the Funding Plan would represent an increase in the level of funding currently being provided by the member agencies. For this reason, staff is seeking direction from the Board on whether to include the Funding Plan as part of the draft FY13/14 budget.

Staff is recommending the Board approve the Vehicle Replacement Schedule and for the Board to provide direction to staff on the Funding Plan.

FISCAL IMPACT:

The apparatus replacement schedule includes \$3,336,378 in fire engine and staff vehicle purchases through FY24/25.

In FY13/14 the Funding Plan includes \$130,000 to be contributed by the member agencies, Ross - \$30,381, Sleepy Hollow - \$16,640, Fairfax - \$30,290 and San Anselmo - \$52,689. In addition, Prior Authority members are required to contribute \$88,383 for the annual payment for the 2010 fire engine lease purchase. Prior Authority members have \$73,844 in reserves for apparatus replacement, which can be used to partially offset the FY13/14 increase for Sleepy Hollow, Fairfax, and San Anselmo.

Attachment: Vehicle Replacement Schedule and Funding Plan

Ross Valley Fire Department Vehicle Replacement Schedule

Fire Engines	Type	Year Purchased	First Run Service	Reserve	Surplus	Total Service	Purchase Cost	Replacement Cost
E-98	Type 3	1998	17	2015	2020	22	182,961	390,000
E-95	Type 1	1995	15	2010	2015	20	230,000	577,425
E-96	Type 1	1996	10	2006	2018	22	204,864	630,968
E-2000	Type 1	2000	15	2015	2021	21	270,000	689,476
E-2003	Type 1	2003	15	2018	2025	22	330,000	776,011
E-2006	Type 1	2006	15	2021	2030	24	442,632	
E-2010	Type 1	2010	15	2025	2033	23	498,092	

Staff Vehicles	Type	Year Purchased	First Run Service	Reserve	Surplus	Total Service	Purchase Cost	Replacement Cost
U1999	Utility	1999	15	2014	2016	17	25,192	44,640
C2002	Command	2002	12	2014	2014	12	28,167	47,500
U2004	Utility	2004	15	2019	2024	20	24,258	47,358
C2008	Command	2008	10	2018	2018	10	38,404	48,500
P2008	Prevention	2007	11	2018	2018	11	25,653	36,000
U2008	Utility	2008	15	2023	2023	15	34,213	48,500

Type 1 Fire Engine is a standard fire engine used for primary responses and structural firefighting

Type 3 Fire Engine is a wildland fire engine

Fire Engines are scheduled to remain in First Run Service for 15 years and Reserve status for 5 to 9 years

Utility vehicles are scheduled to remain in service for 15 years

Command vehicles are scheduled to remain in service for 10 years

Replacement Cost is based on a 3% annual inflation factor

Ross Valley Fire Department Vehicle Replacement Schedule

Funding Plan

Fire Engines	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
2015 Type 3 Fire Engine				88,221	88,221	88,221	88,221	84,624					
2015 Type 1 Fire Engine				207,997	107,997	107,997	107,997	103,594					
2018 Type 1 Fire Engine							142,729	142,729	142,729	142,729	136,911		
2021 Type 1 Fire Engine										155,964	155,964	155,964	155,964
2025 Type 1 Fire Engine													175,539
2010 Type 1 Fire Engine	88,383	88,383	88,383										

E-2010 lease payments are being paid by the Prior Authority members
Fire engines are purchased utilizing a lease purchase program, E-2015 Type 1 includes a cash down payment of \$100K
Lease purchase amortization schedules include an annual interest rate of 4.25%

Staff Vehicles	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
2015 Utility Vehicle				44,640									
2014 Command Vehicle		47,500											
2019 Utility Vehicle												47,358	
2018 Command Vehicle							48,500						
2018 Staff Vehicle							36,000						
2023 Utility Vehicle										48,500			

All staff vehicles will be cash purchases

Annual Cost	88,383	135,883	88,383	340,858	196,218	196,218	423,447	330,948	142,729	298,694	341,375	203,322	331,503
Annual Funding	88,383	218,383	222,283	237,000	244,110	251,433	258,976	266,746	274,748	282,990	291,480	300,225	309,231
Year-end Balance	23,886	106,386	240,286	136,428	184,321	239,536	75,065	10,863	142,882	127,179	77,284	174,186	151,914

San Anselmo	46,755	99,444	101,025	96,056	98,938	101,906	104,963	108,112	111,355	114,696	118,137	121,681	134,358
Fairfax	26,868	57,158	58,067	55,221	56,878	58,584	60,341	62,152	64,016	65,937	67,915	69,952	77,240
Sleepy Hollow	14,760	31,400	31,899	30,336	31,246	32,183	33,149	34,143	35,168	36,223	37,309	38,429	42,432
Ross		30,381	31,292	55,387	57,049	58,760	60,523	62,338	64,209	66,135	68,119	70,162	77,472
Total	88,383	218,383	222,283	237,000	244,110	251,433	258,976	266,746	274,748	282,990	291,480	300,225	331,503

FY 12/13 through FY14/15 contributions include the 2010 lease payment obligations of the Prior Authority