

Purchase Request #3
Regular Board Meeting February 25, 2020
Consideration of Approval to
Purchase Pumper Fire Truck

ADMINISTRATION RECOMMENDATION/REPORT

The District President recommends the Board of Trustees approve a lease to purchase contract for a Siddons-Martin pumper fire truck, including maintenance and equipment from Siddons-Martin for the Fire Science department. Approval of this lease would include approval of the attached resolution as required by the lease purchase agreement.

BACKGROUND

Area Fire Chiefs serving on the Fire Science Program Advisory Committee have emphasized the need for new apparatus since 2017. Existing apparatus in the Fire Science program is 15 years old, require expensive repairs with extended service times, and no longer represents the industry standard. Students are currently learning to operate firefighting vehicles based on equipment they will not see when on the job

Currently, we are renting a used truck for 76 days from Siddons Martin Emergency Group in order to get through the heavy period of the Fire Academy (we are running both day and an evening classes) and the Driver/Operator course. We will be pumping an average of 12 hours per day for this period of time. Our older vehicles are no longer able to sustain that kind of usage because the pumps on both of our trucks no longer function reliably. Due to the volume during this period, other local agencies are unable to be without their equipment for this sustained period.

The cash flow for the lease is included in the attached. A balloon payment is included at the end of the lease. There are four options with the balloon payment (to be determined in the 6th year of the lease):

1. Pay it off in full and own the truck and keep it in the department
2. Refinance the truck for another 7 years and then own
3. Turn in the existing truck and buy a new truck that is equal to or higher than the balloon amount in order to have access to updated technology at that time
4. Pay it off in full, then sell it, and apply proceeds toward the lease of a new truck in order to have access to the updated technology at that time

Reference (REF) Number 4287, has been issued in order to track the volume of spend for a Siddons-Martin pumper fire truck including maintenance and loose equipment procured on behalf of the Fire Science department.

Vendor has a contract through the Buyboard cooperative purchasing program to provide Emergency Fire Vehicle Apparatus and Equipment, Contract Number 571-18, and is compliant with the competitive procurement requirements set forth in Section 44.031 of the Texas Education Code, as permitted through Section 791.011 of the Texas Government Code.

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IMPACT OF THIS ACTION

The purchase of this new apparatus will improve service levels for students and provides the latest industry standard technology for training students.

BUDGET INFORMATION (INCLUDING ANY STAFFING IMPLICATIONS)

This purchasing request is for spend authorization of \$706,824 with an annual payment of \$77,016 over seven years and a balloon payment of \$167,712. Funds for the initial year have already been approved and are budgeted in the Fire Science departments' FY20 operating budget. Payments for additional years will be requested in subsequent years budgets, subject to Board approval. Leasing the vehicle is recommended vs. outright purchasing. Please see the attached cash flow page. The leasing interest rate is 3.16%, with total interest expenses of \$79,317 over the seven years. College earnings on investments has been consistently higher than 2%, but have recently dipped with lower interest rates. Using a minimum expected return of cash not used for an outright purchase, the net interest rate earnings should be at least \$35,593. Therefore, the net interest costs of leasing will not exceed \$43,724. The flexibility in the options outlined above combined with being able to offer our students up to date technology makes leasing the recommended option.

MONITORING AND REPORTING TIMELINE

The term of contract will be just over seven (5) years beginning the first of the month that a truck is available.

The attached resolution was prepared by Collin College outside counsel.

RESOURCE PERSONNEL

Toni Jenkins

SVP Campus Operations Officer

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