

MEMORANDUM

DATE: April 20, 2023

TO: Mayor & City Council
CC: Mercy Rushing, City Manager

FROM: David Madsen

SUBJECT: **Council Meeting Agenda Item:** Purchase of Fire Apparatus

Background Information: The narrative is attached to this document.

Recommendation:

Final Disposition:

FIRE APARATUS REPLACEMENT

This is a current list of apparatus belonging to the fire department.

Unit number		
902	2004	RESCUE
904	2007	WILDLAND
905	2004	WILDLAND
906	2015	WILDLAND
907	2020	EMS
908/TRUCK	2008	TRANSPORT
908/TRACTOR	1976	TRACTOR/PLOW
909	2009	PUMPER
910	1996	PUMPER
911	2000	TANKER

NFPA (National Fire Protection Association) recommends apparatus replacement after 25 years of service. It is understood that there are some trucks in service after ten years, that are worn out and some are still in service after thirty years and that NFPA replacement schedule is a guideline. This all depends on the quality of the build and maintenance programs. We have an excellent maintenance program but some of our trucks were bought through low bid and are now beginning to show the lessor quality of the build. There is no way our city could follow the 25 year replacement schedule for every apparatus, so we do not replace them until necessary. The fire department has determined through inspection of vehicles and the amount of runs per year that the 2000 tanker is the first of three trucks in need of replacement. We have also determined over the last few years that our city is in need of an aerial apparatus. There are several multi-story facilities in our city and seven more proposed for construction. The area of most concern is the Downtown area of Mineola. Most of the buildings are approaching 100 years old or have surpassed this mark. In 2000 we suffered the loss of two buildings and several others being damaged. An Aerial apparatus from Tyler was brought in to help suppress the fire and keep it from spreading. This apparatus played a major role in the suppression effort. Our city is growing faster than the resources needed to protect it. The department has discussed for the last few years, the need for an aerial but was stalled by funding and the fact that it would not fit in the fire station with the current fleet. The apparatus committee has determined that this vehicle would replace the 1996 pumper and possibly the 2004 rescue truck. We will also change the way we respond to incidents by utilizing the new tanker as an extra engine and mutual aid response. The aerial would be utilized as a secondary pumper and possibly a rescue.

Since 2018, apparatus prices have increased from a third to nearly double and will only get more expensive. The last new pumper that was purchased in 2009 cost \$400,000. That same truck today would cost \$700,000. The build time for apparatus has increased from six months to twenty-two months so the longer we wait to replace an apparatus, the longer it will take to get a new one. The Tanker will be replaced by a Tanker/Pumper apparatus with a cost of \$849,000. The truck committee has cut several items to get the truck down to that amount. We could look at more to get it below \$800,000 as long as it doesn't compromise firefighter safety. The approximate price for this is \$1,800,000. I have included finance packages for both apparatus together as well as individually. Also included is a package for the tanker at the proposed price of \$849,000.

We are aware that the bottom line, as it is with everything the city does, is money. We can replace three aging apparatus and reduce our fleet by one with the purchase of these two new ones. We anticipate that even with the purchase of the tanker/pumper at the cheapest payment of \$65,000 per year on a 20 year finance plan, we would still have to produce the

money to replace those older apparatus during the 20 years. Although interest rates fluctuate up and down, truck prices will only increase. There is another issue that was brought to our attention. There are only two manufactures left in the industry, Cummins and Pacar, that make engines for fire apparatus because of the government emission standards that have been put into place over the years. Cummins still makes a small block engine which is substantially cheaper however they are replacing that model with another one this year. Within a month we will not be able to order a truck with the current engine model. The price will increase another \$92,000 just for the engine. The transmission will also have to change to match the different engine with a price increase, although it is not known what the exact increase will be. The tanker/pumper is specked and ready to order. We have been looking at ladder truck configurations during this process and have some good ideas of what we need. Thank you for your consideration.



March 31, 2023

City of Mineola, TX.

We are pleased to offer the following preliminary overview of the financing terms:

Lender: Government Capital Corporation
Issuer: City of Mineola, TX.
Financing structure: Tax Exempt Financing Agreement
Project Description: New Pierce Fire Trucks

Truck Cost: \$2,600,000.00

Term:	10 Years	15 Years	20 Years
Annual Payments:	\$330,040.55	\$246,946.94	\$208,453.86
Interest Rate Indication:	4.59%	4.79%	4.99%
Annual Payments Due:	April, 2024	April, 2024	April, 2024
Callable:	April 2028	April 2030	April 2034

Term:	10 Years	15 Years	20 Years
Annual Payments:	\$347,216.57	\$260,788.99	\$227,748.71
Interest Rate Indication:	4.69%	4.89%	5.09%
Annual Payments Due:	April, 2025	April, 2025	April, 2025
Callable:	April 2028	April 2030	April 2034

The above proposal is subject to audit analysis, assumes bank qualification and mutually acceptable documentation. The terms outlined herein are based on current markets. Upon credit approval, rates may be locked for up to thirty (30) days. If funding does not occur within this time period, rates will be indexed to markets at such time.

Our team is prepared to move forward or provide other terms for consideration as needed.

Thank you for the opportunity.

Sincerely,

Landon Newton
Government Capital Corporation
345 Miron Dr
Southlake, Texas 76092
(817) 722-0213 Direct
Landon.Newton@govcap.com

The transaction described herein is an arm's length, commercial transaction between you and Government Capital Corporation ("GCC"), in which GCC: (i) is acting solely for its own financial and other interests that may differ from yours; (ii) is not acting as your municipal advisor or financial advisor, and has no fiduciary duty to you with respect to this transaction; and (iii) is not recommending that you take an action with respect to this transaction.



April 4, 2023

City of Mineola, TX.

We are pleased to offer the following preliminary overview of the financing terms:

Lender: Government Capital Corporation
 Issuer: City of Mineola, TX.
 Financing structure: Tax Exempt Financing Agreement
 Project Description: New Pierce Fire Trucks

Truck Cost: \$1,800,000.00

Term:	10 Years	15 Years	20 Years
Annual Payments:	\$228,489.61	\$170,963.27	\$144,314.21
Interest Rate Indication:	4.59%	4.79%	4.99%
Annual Payments Due:	April, 2024	April, 2024	April, 2024
Callable:	April 2028	April 2030	April 2034

Term:	10 Years	15 Years	20 Years
Annual Payments:	\$240,380.70	\$180,546.23	\$157,672.19
Interest Rate Indication:	4.69%	4.89%	5.09%
Annual Payments Due:	April, 2025	April, 2025	April, 2025
Callable:	April 2028	April 2030	April 2034

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April 4, 2023

City of Mineola, TX.

We are pleased to offer the following preliminary overview of the financing terms:

Lender: Government Capital Corporation
 Issuer: City of Mineola, TX.
 Financing structure: Tax Exempt Financing Agreement
 Project Description: New Pierce Fire Trucks

Truck Cost: \$800,000.00

Term:	10 Years	15 Years	20 Years
Annual Payments:	\$102,049.74	\$76,501.83	\$64,684.85
Interest Rate Indication:	4.69%	4.89%	5.09%
Annual Payments Due:	April, 2024	April, 2024	April, 2024
Callable:	April 2028	April 2030	April 2034
Term:	10 Years	15 Years	20 Years
Annual Payments:	\$107,461.87	\$80,865.13	\$70,713.83
Interest Rate Indication:	4.79%	4.99%	5.19%
Annual Payments Due:	April, 2025	April, 2025	April, 2025
Callable:	April 2028	April 2030	April 2034

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