



**BUSINESS OF THE CITY COUNCIL  
CITY OF MERCER ISLAND, WA**

**AB 4218  
September 17, 2007  
Regular Business**

**CONTRACT FOR ACQUISITION OF 1 MINI PUMPER FIRE TRUCK AND ORDINANCE AUTHORIZING LEASE PURCHASE FINANCING OF APPARATUS**

**Proposed Council Action:**

Approve contract and suspend Council Rules of Procedure and adopt Ordinance No. 07-10 on first and final reading.

**DEPARTMENT OF**

Finance, (Chip Corder)

**COUNCIL LIAISON**

Jim Pearman Steve Litzow Sven Goldmanis

**EXHIBITS**

1. Contract with Pierce Manufacturing for 1 Mini Pumper
2. Ordinance No. 07-10
3. Attachments to Master Lease Agreement

**APPROVED BY CITY MANAGER**

<b>AMOUNT OF EXPENDITURE</b>	\$	289,704
<b>AMOUNT BUDGETED</b>	\$	n/a
<b>APPROPRIATION REQUIRED</b>	\$	289,704

**SUMMARY**

At its January 16, 2007 meeting (AB 4152), the Council approved the Fire Department's apparatus replacement plan, which entailed ordering 2 maxi pumpers and 1 mini pumper in 2007 and refurbishing 2 maxi pumpers and 1 mini pumper in 2008. The contract with Pierce Manufacturing and the corresponding lease purchase agreement with Municipal Asset Management, Inc. for 2 new maxi pumpers were formally approved by Council at its June 18, 2007 meeting (AB 4201). The next step in the fire apparatus replacement plan is to acquire a new mini pumper, for which staff recently completed the specification and negotiation process with Pierce Manufacturing. **The final contract price, including sales tax, is \$251,982.28, which is slightly higher than the \$250,000 estimated cost given to Council at its January 16, 2007 meeting.** Again, the City will be utilizing the interlocal agreement with the Houston-Galveston Area Council (HGAC) to purchase the mini pumper from Pierce Manufacturing as was done for the 2 maxi pumpers. The final contract with Pierce Manufacturing for 1 mini pumper is attached as Exhibit 1.

In terms of financing the purchase of the mini pumper, the City will utilize the same master lease agreement that was used to finance the 2 maxi pumpers, though the term and interest rate are different. The term of the mini pumper lease is 8 years, which represents half of the estimated useful life of the apparatus, and the negotiated interest rate is 4.34%. **The annual lease payment will be \$37,721.19 beginning on August 1, 2008.**

To utilize the same master lease, the Council should approve an ordinance authorizing the City Manager and Finance Director to execute the appropriate additional attachments to the master lease agreement. A proposed Ordinance 07-10 is attached as Exhibit 2. The documents that the City Manager and Finance Director will execute are the same as those that accompanied the master lease agreement approved by

Council on June 18, 2007, except for a new equipment schedule, acceptance certificate (which memorializes acceptance of the equipment once it has been delivered), and a new payment schedule. These “new” attachments to the master lease agreement are included in Exhibit 3. The remaining documents that will be executed (tax agreement and arbitrage certificate, certificate of incumbency, opinion letter of outside counsel, etc.) are identical to the attachments that Council previously approved on June 18<sup>th</sup>.

**The “amount of expenditure” and “appropriation required” is \$289,704**, which is the rounded up sum of the final contract price for the mini pumper of \$251,982.28 and the first lease payment on August 1, 2008 of \$37,721.19. The required budget adjustment for the mini pumper will be included in the budget amending ordinance submitted to Council as part of the 3<sup>rd</sup> Quarter 2007 Financial Status Report in November.

## RECOMMENDATION

*Chip Corder, Finance Director*

- MOVE TO:
1. Approve and authorize the City Manager to execute the contract between the City of Mercer Island and Pierce Manufacturing, Inc. for the purchase of the mini pumper.
  2. Suspend City Council Rules of Procedure 5.2 and adopt Ordinance No. 07-10 authorizing the addition of Equipment Schedule No. 2 and related attachments to Master Lease Agreement 040701.



CONTRACT

THIS AGREEMENT, made by and between Pierce Manufacturing Inc., Appleton, WI, first party, and the \_\_\_\_\_ by its authorized representative, second party

WITNESSETH:

**First.** The said first party hereby agrees to furnish the apparatus and equipment according to the specifications hereto attached and made a part of this contract, and to deliver the same as hereinafter provided.

**Second.** The first party agrees that all material and workmanship in and about said apparatus and equipment shall comply with said specifications. In the event there is any conflict between Customer Specifications and the Pierce Proposal, the Pierce Proposal will prevail. The standard Pierce Warranty will apply.

**Third.** This contract for fire apparatus conforms with all Federal Department of Transportation (DOT) rules and regulations in effect at the time of contract signing, and with all National Fire Protection Association (NFPA) Guidelines for Automotive Fire Apparatus as published at the time of contract signing, except as modified by customer specifications. Any increased costs incurred by first party because of future changes in or additions to said DOT or NFPA standards will be passed along to the customer as an addition to the price set forth below.

**Fourth.** The said apparatus and equipment shall be ready for delivery from \_\_\_\_\_ within ~~about~~ \_\_\_\_\_ after the receipt and acceptance of this contract. The first party shall not be deemed in default for any causes beyond its reasonable control and not occasioned by its negligence, including, but not limited to, civil wars, insurrections, strikes, riots, acts of terrorism, fires, storms, floods, other acts of nature, explosions, earthquakes, accidents, any act of government, ~~delays in transportation, inability to obtain necessary labor, supplies or manufacturing facilities, allocation regulations or orders affecting materials, equipment, or failure of vendors to perform their contractual obligations.~~ The said apparatus and equipment shall be delivered to said party of the second part at \_\_\_\_\_.

**Fifth.** A competent serviceman shall upon request, be furnished by first party to demonstrate said apparatus for second party and to give its employees the necessary instructions in the operation and handling of said apparatus.

**Sixth.** The second party hereby purchases and agrees to pay for said apparatus and equipment, the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_)

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If more than one piece of apparatus is covered by this contract, the above terms of payment shall apply to each piece, and an invoice covering each piece shall be rendered in the proper amount.

**Seventh.** In case the second party desires to test the apparatus, such test shall be made within ten (10) days after arrival at destination, and a written report of such test forthwith delivered to the first party at its principal office at Appleton, Wisconsin. If no such test be made, or if no such report be made by the second party within ten (10) days after arrival, then said apparatus and equipment shall be considered as fully complying with contract specifications.

**Eighth.** It is agreed that the Manufacturer's Statement of Origin ("MSO") for the apparatus and equipment covered by this contract shall remain in the possession of the first party until the entire contract price has been paid, but if more than one piece of apparatus is covered by this contract, then the MSO for each piece shall remain in the possession of the first party until the above listed price for such piece has been paid in full, and, in case of any default in payment, the first party may take full possession of the apparatus and equipment, or of the piece or pieces upon which default has been made, and any payments that have been made shall be applied as payment for the use of the apparatus and equipment up to date of taking possession.

**Ninth.** This contract to be binding must be signed and approved by an officer of Pierce Manufacturing Inc., or someone authorized by it to do so. This contract and specifications take precedence over all previous negotiations and no representations are considered as entering into this contract except as are contained herein or in the specifications attached hereto. This contract cannot be altered or modified except by mutual agreement signed by the parties.

IN WITNESS WHEREOF, the said parties have caused these presents to be executed and the second party has caused its seal to be affixed, and attested by its authorized representatives on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

PIERCE MANUFACTURING INC.  
By \_\_\_\_\_  
Date of Acceptance \_\_\_\_\_

CUSTOMER  
By \_\_\_\_\_ (Seal)  
\_\_\_\_\_  
\_\_\_\_\_

**CITY OF MERCER ISLAND  
ORDINANCE NO. 07-10**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON,  
APPROVING AND AUTHORIZING AMENDMENT OF THAT CERTAIN  
MASTER LEASE AGREEMENT NO. 040701 WITH MUNICIPAL ASSET  
MANAGEMENT, INC. BY ADDITION OF EQUIPMENT SCHEDULE 2  
TO FINANCE ACQUISITION OF ONE MINI PUMPER FIRE TRUCK**

WHEREAS, the City Council of Mercer Island, Washington (“Council”) previously adopted Ordinance No. 07-07 authorizing financing for the purchase of 2 velocity pumper fire trucks pursuant to a master lease agreement with Municipal Asset Management, Inc.; and

WHEREAS, the Council has determined that it is advisable to purchase one mini pumper fire truck, and to finance the same by amending the master lease agreement with Municipal Asset Management Inc. to add an additional equipment schedule pertaining to the mini pumper fire truck;

NOW, THEREFORE, BE IT ORDAINED BY the City of Mercer Island, Washington, as follows:

Section 1.     Approval of Amendment of Master Lease Agreement. The City Manager and City Finance Director are hereby authorized to amend Master Lease Agreement, Lease Number 040701 by executing Exhibit A - Equipment Schedule No. 02 and accompanying exhibits on behalf of the City in substantially the form attached hereto. The above-listed agreements shall be amended only with the approval of the City.

Section 2.     Authorization to Execute Documents. The City Manager or Finance Director is hereby authorized to execute such additional documents as may be necessary to complete financing of the purchase of the mini pumper fire truck. The City Manager and Finance Director, and each of the other appropriate officers, agents and representatives of the City are each hereby authorized and directed to take such steps, to do such other acts and things,

and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by this ordinance.

Section 3. Prior Acts. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 4. Effective Date. This ordinance shall take effect five days after its passage, approval and publication as required by law.

PASSED by the City Council of the City of Mercer Island, Washington, at a regular open public meeting thereof held this 17<sup>th</sup> day of September, 2007.

CITY OF MERCER ISLAND,  
WASHINGTON

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Bryan Cairns, Mayor

ATTEST:

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Allison Spietz, City Clerk

Approved as to Form:

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Bob C. Sterbank, City Attorney

Published: \_\_\_\_\_

**EXHIBIT A**

**EQUIPMENT SCHEDULE NO. 02  
TO LEASE NO. 040701**

The following Equipment comprises an Equipment Group which is the subject of the Master Lease Agreement dated as July 2, 2007 (the "Agreement") between the undersigned Lessor and Lessee. The Agreement is incorporated herein in its entirety, and Lessee hereby reaffirms each of its representations, warranties and covenants contained in the Agreement. Lessee warrants that no Event of Default, or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, has occurred under the Agreement. An Acceptance Certificate and Payment Schedule are attached to this Equipment Schedule and by reference are made a part hereof. The terms capitalized in this Equipment Schedule but not defined herein shall have the meanings assigned to them in the Agreement.

**EQUIPMENT GROUP**

The cost of the Equipment Group to be funded by Lessee under this Lease is **\$251,982.28** (the "Acquisition Cost"). The Equipment Group consists of the following Equipment which has been or shall be purchased from the Vendor(s) named below for the prices set forth below:

**One (1) Pierce Mini pumper as more fully described on the attached invoice.**

The Equipment Group is or will be located at the following address(es). Prior to relocation of the Equipment Group or any portion thereof during the Lease Term, Lessee will provide written notice to Lessor: \_\_\_\_\_

**CITY OF MERCER ISLAND,**  
Lessee

**MUNICIPAL ASSET MANAGEMENT, INC.,**  
Lessor

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: Paul E. Collings  
Title: President  
Date: \_\_\_\_\_

Address: 9611 SE 36<sup>th</sup> St  
Mercer Island, WA 98040

Address: 25288 Foothills Drive North  
Golden, CO 80401

Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

Telephone: (303) 273-9494  
Facsimile: (303) 273-9505

**ACCEPTANCE CERTIFICATE**

I, the undersigned, hereby certify that I am the duly qualified and acting officer of the Lessee identified below and, with respect to the above referenced Equipment Schedule and Lease, that:

1. The Equipment described below has been delivered and installed in accordance with Lessee’s specifications, is in good working order and is fully operational and has been fully accepted by Lessee on or before the date indicated below:

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2. Attached are (a) evidence of insurance with respect to the Equipment in compliance with Article VII of the Agreement; (b) Vendor invoice(s) and/or bill(s) of sale relating to the Equipment, and if such invoices have been paid by Lessee, evidence of payment thereof (evidence of official intent to reimburse such payment as required by the Code having been delivered separately by Lessee); and (c) financing statements executed by Lessee as debtor and/or the original certificate of title or manufacturer’s certificate of origin and title application, if any, for any Equipment which is subject to certificate of title laws.

3. Rental Payments shall be due and payable by Lessee on the dates and in the amounts indicated on the Payment Schedule attached to the Equipment Schedule. Such Rental Payments are a general obligation of Lessee.

4. Lessee hereby authorizes and directs Lessor to fund the Acquisition Cost of the Equipment by paying, or directing the payment by the Escrow Agent (if applicable) of, the invoice prices to the Vendor(s), in each case as set forth above, or by reimbursing Lessee in the event such invoice prices have been previously paid by Lessee.

5. **Final Acceptance Certificate.** This Acceptance Certificate constitutes final acceptance of all of the Equipment identified in the Equipment Schedule described above. Lessee certifies that upon payment in accordance with paragraph 4 above, or direction to the Escrow Agent (if applicable) to make payment, Lessor shall have fully and satisfactorily performed all of its covenants and obligations under the Lease. [CHECK BOX IF APPLICABLE.]

**CITY OF MERCER ISLAND,**  
Lessee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**PAYMENT SCHEDULE**

The Funding Date with respect to the above referenced Equipment Group shall be September 24, 2007. The Annual Interest Rate applicable to the Equipment Group shall be 4.34%. Lessor shall retain any interest accruing between the Funding Date and the closing date. Lessee will make Rental Payments each consisting of Principal and Interest as set forth below for a term of 8 years. The first Rental Payment is due on August 1, 2008 and subsequent payments are due annually on like date thereafter.

<b>Pmt #</b>	<b>Payment Date</b>	<b>Principal Balance</b>	<b>Payment Amount</b>	<b>Interest Component</b>	<b>Principal Component</b>	<b>Prepayment Price *</b>
		251,982.28				
1	1-Aug-08	223,587.09	37,721.19	9,326.00	28,395.19	228,936.15
2	1-Aug-09	195,569.58	37,721.19	9,703.68	28,017.51	199,685.59
3	1-Aug-10	166,336.10	37,721.19	8,487.72	29,233.47	169,352.76
4	1-Aug-11	135,833.90	37,721.19	7,218.99	30,502.20	137,897.62
5	1-Aug-12	104,007.89	37,721.19	5,895.19	31,826.00	105,278.64
6	1-Aug-13	70,800.64	37,721.19	4,513.94	33,207.25	71,452.75
7	1-Aug-14	36,152.19	37,721.19	3,072.75	34,648.44	36,375.31
8	1-Aug-15	0.01	37,721.19	1,569.01	36,152.18	0.00
<b>TOTALS</b>			<b>301,769.56</b>	<b>49,787.28</b>	<b>251,982.27</b>	
<b>Interest Rate</b>		<b>4.34%</b>				

**CITY OF MERCER ISLAND,**  
 Lessee

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

\* After payment of Rental Payment due on such date.