

**CITY OF FERNDALE
REQUEST FOR COUNCIL ACTION**

FROM: Roger Schmidt, Fire Chief

SUBJECT: Purchase of the Royal Oak Township Fire Truck

SUMMARY & BACKGROUND:

Two years ago Council authorized the Department to lease Royal Oak Township's 2002 Pierce fire truck. Leasing the truck allowed us to delay purchasing a new truck by two years. With the recent purchase of our new Sutphen pumper we now have one more truck than is needed or we have space to store. I would like to dispose of our 1992 Quality pumper as it has been a maintenance nightmare and a poor performer. However, since we don't own the Township truck and we don't want to lease it indefinitely, I would like to purchase it from the Township. We need a reserve truck and the Township truck is in excellent condition making it ideal for that purpose.

After discussing this issue with Finance Director Hubanks, I made a proposal to Township Supervisor Morgan to purchase their truck conditional on your and the Township Board's approval. The Township board asked for, and I have obtained, three appraisals to determine the trucks resale value. Two wholesalers valued the truck at \$33,000 and \$36,000 respectively. The third placed a retail price on the truck of \$90,000. The disparity was explained by the fact that they thought the truck was highly desirable to a small rural department because of the short wheel base and large water tank. Assuming there would be at least a \$20,000 markup by the two low appraisers and the high appraiser, who quoted a retail price, would come down by an equal amount, I placed the value at between \$53,000 and \$70,000.

To date, the City of Ferndale has paid Royal Oak Township \$43,500 in lease payments. I offered to purchase the truck for \$70,000 if the Township would give us full credit for the lease payments. That would leave a lump sum payment of \$26,500. I believe this is a fair price. There are sufficient reserve funds in the Motor Pool account for this purchase.

In a phone conversation with Mr. Morgan he said that he discussed the issue with several Township officials and believes it will receive favorable consideration. He plans to present it to the full Board at their November meeting.

ATTACHMENTS: Three Appraisals

COUNCIL AGENDA DATE: October 26, 2009
CITY ATTORNEY REVIEW: N/A
FINANCE DIRECTOR REVIEW: October 19, 2009

RECOMMENDED ACTION:

Moved by , seconded by , to authorize the Fire Chief to purchase the Charter Township of Royal Oak's 2002 Pierce fire truck for \$70,000. The City of Ferndale will receive \$43,500 in lease payment credits and pay the Township an additional lump sum payment of \$26,500. This purchase would be conditional on approval by the Royal Oak Township Board of Trustees. Funds for this purchase are available in Account # 661-000-977 Vehicle and Equipment.



HALT FIRE
INCORPORATED

Heroes.
They Deserve the Best.

September 1, 2009

City of Ferndale Fire Department
1635 Livernois
Ferndale, MI 48220

Subject: Retail value of 2002 Pierce Contender Pumper

Dear Chief Roger Schmidt:

Per our discussion over the phone, the retail value of the 2002 Pierce Contender Pumper is currently \$90,000.00.

The retail value is based on current road miles of 14,000 and engine hours of 2,000. In addition, the unit should be in in-service condition with a current year NFPA compliant pump test available with a "passing" result.

All maintenance records shall be provided to the buyer along with current preventative maintenance service on the chassis and pumping system.

I hope this information is helpful. Please feel free to phone if you have any questions.

Sincerely,

Todd L. Lincoln, President
Halt Fire, Inc.

50168 W. Pontiac Trail • Unit 5
Wixom, MI 48393

Office: 248.669.0800
Facsimile: 248.669.8120



PERFORM LIKE NO OTHER



9/1/2009

www.apollofire.com
E-Mail: apollo@apollofire.com
(800) 626-7783



12584 LAKESHORE DRIVE • ROMEO, MI 48065
(588) 752-1800
FAX (588) 752-6907

September 15, 2009

Ferndale Fire Department
1635 Livernois
Ferndale, Michigan 48220

Attention: Chief Roger Schmidt
Re: 2002 Pierce Pumper

Dear Chief,

I have reviewed the information on your 2002 Pierce pumper and submit the following for your review. The value of this apparatus is \$33,000.00 in its present condition without equipment.

This is not to be considered an offer to purchase.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Bill Melrod', is written over a faint, illegible typed name.

Bill Melrod
Vice President of Operations

Tel: 843-784-5105

Fax: 843-784-5170



August 28, 2009

Letter Of Intent to Purchase

Chief Schmidt

Palmetto Fire Apparatus agrees to purchase one 2002 Pierce pumper for a total sum of 36,000.00 US dollars. It shall be the responsibility of Palmetto Fire Apparatus to remove said apparatus within 30 days at no additional cost to the City. Transport and removal of all apparatus will be the sole responsibility of Palmetto Fire Apparatus.

Palmetto fire Apparatus would like to thank you for the opportunity and look forward to working with you in the future.

Best regards,

Hank Strickland

Palmetto Fire Apparatus
PO Box 455 Hardeeville, SC 29927
www.palmettofireapparatus.com