



ST. CHARLES  
S I N C E 1 8 3 4

## AGENDA ITEM EXECUTIVE SUMMARY

|            |   |
|------------|---|
| Title:     | Motion to approve an Ordinance Authorizing the Mayor and City Clerk of the City of St. Charles to Approve the Purchase of a Replacement Fire Truck Pierce Dash PUC for Fire Department and Selling the Replaced 1996 Seagrave |
| Presenter: | Chris Minick, Finance Director  |

*Please check appropriate box:*

|                          |                        |                                     |                         |
|--------------------------|------------------------|-------------------------------------|-------------------------|
| <input type="checkbox"/> | Government Operations  | <input type="checkbox"/>            | Government Services     |
| <input type="checkbox"/> | Planning & Development | <input checked="" type="checkbox"/> | City Council (11/16/15) |
| <input type="checkbox"/> | Public Hearing         | <input type="checkbox"/>            | Liquor Commission       |

|                 |       |           |     |                          |    |                          |
|-----------------|-------|-----------|-----|--------------------------|----|--------------------------|
| Estimated Cost: | \$N/A | Budgeted: | YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |
|-----------------|-------|-----------|-----|--------------------------|----|--------------------------|

If NO, please explain how item will be funded:

### Executive Summary:

At the November 2, 2015 Government Operations Committee Meeting, a question was raised as to whether the City's Purchase Order to purchase a Fire Truck from Pierce Manufacturing contained terms sufficient to negate the purchase of a performance bond related to the contract for the vehicle (see attached memo).

### Attachments: (please list)

Memo

### Recommendation / Suggested Action (briefly explain):

Motion to approve an Ordinance Authorizing the Mayor and City Clerk of the City of St. Charles to Approve the Purchase of a Replacement Fire Truck Pierce Dash PUC for Fire Department and Selling the Replaced 1996 Seagrave.

For office use only: Agenda Item Number: IIA1

## City Administrator's Office



# Memo

Date: 11/13/2015  
To: Mayor Rogina and City Council  
From: Chris Minick, Finance Director  
Cc: City Attorney John McGuirk, City Administrator Mark Koenen, Fire Chief Schelstreet  
Re: Performance Bond for Fire Truck Apparatus Purchase

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At the November 2, 2015 Government Operations Committee Meeting, a question was raised as to whether the City's Purchase Order to purchase a Fire Truck from Pierce Manufacturing contained terms sufficient to negate the purchase of a performance bond related to the contract for the vehicle.

With the assistance of Chief Schelstreet, Attorney McGuirk and I were able to review the language contained in the performance bond. The performance bond essentially provides an additional layer of protection by providing, essentially, an insurance policy guaranteeing that the bond company will pay for any unpaid labor or materials related to the manufacture of the apparatus. I envision that the most likely impediment to Pierce satisfying its liabilities for labor and materials relating to some exigent factor such as being forced into receivership, bankruptcy, strike, etc.

The performance bond provides an additional level of protection and a more expedient means for the City to be made whole in the unlikely event of such an occurrence. Staff proposed the purchase of the performance bond at a cost of \$1,770 due to the extent of expenditure involved, approximately \$568,000, and the long lead time of the construction contract, approximately 9 -10 months.

The City's Purchase Order, while establishing a contract between Pierce and the City for delivery of the apparatus, does not convey the same level of protection as the performance bond purchased through the Surety Company (Fidelity and Deposit Company of Maryland). Therefore, staff recommends purchase of the performance bond in conjunction with the approval of the contract to acquire the apparatus from Pierce via the HGAC purchasing program.