



REPORT

To: Chair and Directors

Report Number: CS-BRD-229

From: Sean Cairns, Protective Services Manager

Date: May 4, 2023

Subject: Contract Award – Chetwynd Fire Tender

RECOMMENDATION #1: [Corporate Weighted]

That the Regional Board enter into a contract with Rocky Mountain Phoenix for the purchase of a Rosenbauer Commercial Water Tender for Function 320 (Chetwynd Rural Fire Protection) at a cost of \$713,699 (excluding taxes); further that the purchase be funded from the following sources:

- \$150,000 from previously committed Electoral Area E Peace River Agreement Funds;
- \$135,500 from Function 320 capital reserve;
- \$73,500 from Function 320 capital requisition in 2024; and,
- \$404,658 from short-term borrowing through the Municipal Finance Authority.

And further, that the Chair and Chief Administrative Officer be authorized to sign the agreement on behalf of the Peace River Regional District.

RECOMMENDATION #2: [Corporate Weighted]

That the Regional Board authorizes up to \$404,658 be borrowed, under section 403 of the *Local Government Act*, from the Municipal Finance Authority, for the purpose of financing the outstanding balance of the Rosenbauer Commercial Water Tender purchase for function 320 (Chetwynd Rural Fire Protection); further that the loan be repaid within 5 years, with no rights of renewal.

BACKGROUND/RATIONALE:

The Regional Board, at its [November 18, 2021 meeting](#), resolved to enter into a new five-year agreement with the District of Chetwynd for rural fire protection services effective January 1, 2022, and ending December 31, 2026. Schedule 'C' of that [agreement](#) includes a commitment for the Peace River Regional District (PRRD) to 100% fund and purchase a water tender fire apparatus for use by the Chetwynd Fire Department instead of the PRRD contributing to the fire department's capital reserves. The PRRD will continue to own the tender while it is being used and maintained by the Chetwynd Fire Department.

The Regional Board, at its [July 14, 2022 meeting](#), amended its [Procurement Policy](#) to permit the use of Group Procurement Organizations (GPO) such as Canoe Procurement. A GPO is an entity that helps broader public sector organizations realize saving and efficiencies by aggregating purchasing volume and using that advantage to negotiate discounts with manufacturers, distributors, and other vendors.

After discussions with the District of Chetwynd regarding potential specifications for the tender, staff reached out to three fire apparatus vendors registered in the Canoe Procurement program to obtain pricing proposals.

The following pricing reflects a water tender fire apparatus capable of holding 3,000 imperial gallons of water with seating for two firefighters and includes additional features such as a 1,250 IGPM fire pump with class 'A' foam integration which allow the apparatus to provide some firefighting capacity when necessary. The Canoe Procurement pricing received was as follows:

Table 1.
Proposals Received through Canoe Procurement

Vendor	Price (excluding taxes)
Rocky Mountain Phoenix	\$713,699
Commercial Emergency Equipment	\$819,900
Safetek	\$974,051

The quote from Rocky Mountain Phoenix includes a cost of \$523,599 for the fire apparatus-specific outfitting and an estimated cost of \$190,100 for a Freightliner M2 112 cab/chassis. Due to supply chain shortages cab/chassis from Freightliner are not available to order until September 2023; at that time Rocky Mountain Phoenix will place the order and adjust the final price of the cab/chassis will be the actual cost from Freightliner with no additional markup from Rocky Mountain Phoenix. The \$190,100 estimate includes a \$5,000 contingency above the current market price to allow for potential cab/chassis or US dollar increases.

The Rocky Mountain Phoenix proposal has been reviewed by PRRD staff and the District of Chetwynd. As a result of favourable pricing and suitable specifications, staff is recommending that the Regional Board enter into a contract with Rocky Mountain Phoenix to purchase the proposed fire apparatus.

ALTERNATIVE OPTIONS:

1. That the Regional Board enter into a contract with Rocky Mountain Phoenix for the purchase of a Rosenbauer Commercial Water Tender for Function 320 (Chetwynd Rural Fire Protection) at a cost of \$713,699 (excluding taxes); further that the purchase be funded from the following sources:
 - \$150,000 from previously committed Electoral Area E Peace River Agreement Funds;
 - \$135,500 from Function 320 capital reserve;
 - \$73,500 from Function 320 capital requisition in 2024; and,
 - \$404,658 from Electoral Area E Peace River Agreement Funds.

And further, that the Chair and Chief Administrative Officer be authorized to sign the agreement on behalf of the Peace River Regional District.

2. That the Regional Board provide further direction.

STRATEGIC PLAN RELEVANCE:

- ☒ Not Applicable to Strategic Plan

FINANCIAL CONSIDERATION(S):

The Rural Budgets Administration Committee, at its [January 12, 2022 meeting](#), (Item 9.4), committed \$150,000 in Electoral Area E Peace River Agreement Funds towards this tender purchase. The capital reserve for Function 320 (Chetwynd Rural Fire Protection) has \$135,500 set aside for the purchase of the tender, including a contribution of \$77,130 in the approved 2023 budget. An additional \$73,500 in capital requisition can be budgeted in 2024 to offset the amount of borrowing necessary for the apparatus. This would leave an outstanding balance of \$404,658 that would be financed through the Municipal Finance Authority (MFA). The current interest rate (as of April 27, 2023) for short-term financing from the MFA is 5.0700 %.

MFA short-term borrowing permits a maximum term of 5 years. Principle payments can be spread out in any manner over the term; interest is compounded annually and calculated daily. To reduce the impact of the short-term borrowing on requisition for this function, principal payments can be reduced in the first few years of the loan and then increased as the interest payments become smaller due to the diminishing principal balance (see Table 2). By doing so, the estimated requisition for function 320 should not increase in any given year by more than approximately 3% (assuming all other operating costs will increase by 2% annually)(see Table 3).

Table 2.***Estimated MFA Debt Servicing***

Year	Interest Payment ^{1,2}	Principal Payment	Total MFA Payment	Year End Principal Balance
2024	\$6,745 ³	-	\$6,745	\$404,657
2025	\$18,289	\$65,431	\$83,721	\$339,226
2026	\$14,716	\$72,931	\$87,648	\$266,294
2027	\$10,746	\$80,931	\$91,678	\$185,363
2028	\$6,354	\$89,431	\$95,786	\$95,931
2029	\$1,599	\$95,931	\$97,530	-
TOTALS	\$58,451	\$404,658	\$463,110	

Footnotes: 1. Assuming an MFA interest rate of 5.07%
 2. Interest is calculated based on annual principal payments being made on April 30th.
 3. Assuming the MFA loan commences on September 1, 2024.

Table 3.***Estimated Requisition in Function 320 (Chetwynd Rural Fire Protection)***

Year	Operating Req. (excluding MFA)	Capital Req.	MFA Debt Servicing	Total Requisition	Increase
2023	\$230,813	(Includes \$77,130 in Capital Reserve contribution)		\$230,813	-
2024	\$156,002	\$73,500	\$6,745	\$236,247	2.4%
2025	\$159,122	-	\$83,721	\$242,843	2.8%
2026	\$162,304	-	\$87,648	\$249,952	2.9%
2027	\$165,550	-	\$91,678	\$257,229	2.9%
2028	\$168,861	-	\$95,786	\$264,647	2.9%
2029	\$172,238	-	\$97,530	\$269,769	1.9%
2030	\$175,683	-	-	\$175,683	-34.9%

COMMUNICATIONS CONSIDERATION(S):

The District of Chetwynd will be advised of the Regional Board's decision.

OTHER CONSIDERATION(S):

Rocky Mountain Phoenix advises that the tender will be ready for final inspection approximately 485 days from the date of the preconstruction meeting. This is consistent with industry trends due to supply shortages and the high demand for fire apparatuses.

The proposed apparatus from Rocky Mountain Phoenix includes several key safety and performance features, including a 450hp engine, cold weather package, automatic tire chains, swivel dump chute, rear backup camera, portable dump tank rack with hydraulic lift, and a RollTek advanced side-roll protection system.

Staff had considered a request from the District of Chetwynd to include seating capacity for 5 firefighters on the apparatus, an unusual feature for a tender. Due to the size constraints of the Chetwynd Fire Hall, this option would require a custom chassis which would increase the cost of the tender by approximately \$400,000 which was deemed financially unfeasible for this service function.

ATTACHMENTS:

1. Rocky Mountain Phoenix Proposal