



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 18-392

Board Meeting Date: 5/22/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: John L. Maltbie, County Manager
Subject: Kings Mountain Volunteer Fire Brigade loan for the purchase of a replacement fire engine

RECOMMENDATION:

Adopt a resolution authorizing the County Manager, or his designee, to execute a loan agreement with the Kings Mountain Volunteer Fire Brigade in substantially the form attached hereto in an amount not to exceed \$400,000 for the purchase of a replacement fire engine and to execute any additional loan documents necessary to effectuate the purposes set forth in the resolution.

BACKGROUND:

The Kings Mountain Volunteer Fire Brigade (the "Fire Brigade") is a volunteer fire department within the San Mateo County Fire Protection system. It has been the policy of the County to provide equipment, including fire engines, to volunteer fire companies as needed. The Fire Brigade has initiated the purchasing process for a Hi-Tech/Spartan Metro Star MFD/450 HP 1500 GPM Pumper fire engine to replace its twenty-year-old E56 fire engine. On April 10, 2018, the Fire Brigade's Board unanimously agreed to accept the recommendation of the Fire Department Procurement Committee to acquire the vehicle and established a Contract Review Committee of three Fire Brigade Board members to independently review the terms of the bid and agreement and to negotiate the final term arrangements directly with the manufacturer. Based on its review, the Fire Brigade expects that the total price for the replacement fire truck will be \$665,572.84, with \$265,572.84 covered by the Fire Brigade and \$400,000 borrowed from the County pursuant to the terms set forth in the form of loan agreement attached hereto.

DISCUSSION:

The proposed agreement provides for a 20-year, interest-free loan of \$400,000. The loan would come from the County's Non-Departmental Services ERAF Reserves. The Fire Brigade will agree to repay the loan at a rate of \$20,000 per year starting on the anniversary date of the loan in 2019 for twenty years. The loan represents approximately 60% of the total purchase price for the replacement engine and will be secured by the replacement engine. The replacement engine will be registered in the name of the Fire Brigade and insured by the Fire Brigade, with the County listed as an additional

insured pursuant to the terms of the loan agreement. The agreement further provides that the Fire Brigade will hold harmless and indemnify the County with respect to all claims.

The resolution has been reviewed and approved by County Counsel as to form.

The resolution will contribute to the Shared Vision 2025 of a Collaborative Community by allowing the County to work with the Fire Brigade to replace outdated vehicles and ensure that volunteer crews can effectively and safely serve residents in an emergency.

FISCAL IMPACT:

Funding for the loan (\$400,000) will come from Non-Departmental ERAF Reserves. Sufficient funds have been included in the FY 2017-18 Adopted Budget, and will be included in the FY 2018-19 Recommended Budget to cover these costs.