

Homer
Volunteer
Fire
Department

Memo

07-104

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To: Walt Wrede, City Manager

From: Robert L. Painter, Fire Chief

CC:

Date: March 8, 2007

Re: Engine 4

We are experiencing a dramatic increase in the number and seriousness of mechanical issues with Engine 4, the 1984 E-One Engine scheduled for replacement/reserve status in 2004 (its projected 20-year life expectancy). Plumbing is showing serious signs of corrosion leading to failures. Thankfully none of these has resulted in a serious failure during our recent fires. I am afraid that if this truck isn't refurbished this year the line between costs of a Level Two refurbishment versus replacement with a new similar apparatus is significantly narrowed. With an estimated cost of refurbishment at about \$150,000 and the cost of a brand new engine at about \$350,000 we must give serious consideration of simply replacing Engine 4 with a new Engine next year via Lease Purchase. We can also not forget that Tanker 2 is scheduled for replacement in 2009 (estimated at a \$450,000 replacement cost).

With these large financial needs looming in the very near future alternative funding mechanisms should be considered for the replacement of the fire department fleet (at least large apparatus) on a sustainable and regular basis. One alternative gaining popularity is leasing an apparatus for a ten year period then "trading" that apparatus for a new one. While we don't own the apparatus at the end of the lease period, we simply roll over the lease payment into a newer (more modern) fire apparatus (with an estimated 10% lease cost increase). Some cities are finding leases much more favorable than outright purchases due to the ability to better forecast annual expenses rather than encumbering funds for large apparatus replacement each year. As we have seen over the years, it is quite easy "trim" depreciation and fleet reserves when funds are tight but continue to fund operations and debt repayments more easily. An additional benefit is that with a more frequent replacement schedule is that we can take advantage of new technologies and safety features more readily than the traditional 20-year useful life of an engine.

Just food for thought. We are still hopeful that our legislative delegation may be able to come up with fund to refurbish Engine 4, but have not heard anything from them at this time. I'm afraid other projects and concerns have taken precedence over our need for more modern firefighting equipment.