

PIERCE MANUFACTURING INC.

AN OSHKOSH CORPORATION COMPANY • ISO 9001 CERTIFIED

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August 26, 2017

Parsippany-Troy Hills Fire District #1

Dear Commissioners:

Thank you for your interest in purchasing Pierce fire apparatus through the Houston-Galveston Area Council (HGAC) cooperative purchasing program.

We have provided a quote under the HGAC Contract FS12-15 for these units. Pierce is offering an HGAC quoted price of \$609,849.96 for the unit.

Pursuant to the Local Finance Notice regarding use of National Cooperative programs, you have to do an analysis to determine that you are saving money using this program. Some of the methods you can do to do this analysis is internal savings: such as not having to issue a bid notice and have a bid opening hearing (including savings on attorney's fees); analyzing recent bid results for similar units; or looking at other cooperative programs.

With the advent of the NJ State contract program and the ability to use cooperative programs like the HGAC, there aren't many public bids anymore. I can tell you that if this unit went to bid, the Pierce bid would be about \$18,000 higher than the HGAC quoted price due to the savings HGAC offers through the "pre-engineered" savings from the program trucks used as a base.

We also looked at the NJ State contract program. It should be noted that this program is slated to expire on November 30, 2017 with no current indications of whether this will be renewed or replaced with a new program. Through this program, the price of the unit would be \$619,184.58. The pricing difference between this and the HGAC quote is due to the convoluted process of the State Contract program. They only adopted the 23V schedule of the GSA which means that only the base units and published options are included. None of the other provisions of the GSA are included. This causes the purchasing agency to go through two processes to purchase through NJ State Contract. First you would have to issue one Purchase Order – for the base unit and approved published options, as approved by NJ State Contract. Then you would have to issue a second Purchase Order – for the unpublished options and administrative expenses (i.e. performance bonds, delivery and pre-delivery prep expenses, etc.). If the total of this second PO exceeds the public bidding threshold, you would technically have to go to bid for these items. The risk here is that someone underbids the manufacturer of the apparatus you want, which if awarded to this third party could invalidate your manufacturer's warranties as many of the options would include significant body modification.

If you have any further questions please do not hesitate to contact your local sales organization, Fire & Safety Services, Ltd. or your area sales representative, Eric Trevena.

Very truly yours,

David McAlice

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Regional Vice President – East Region