COUNTY OF LOS ANGELES

FIRE DEPARTMENT

1320 NORTH EASTERN AVENUE
LOS ANGELES, CALIFORNIA 90063-3294
(323) 881-2401

P. MICHAEL FREEMAN
FIRE CHIEF
FORESTER & FIRE WARDEN

October 2, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVE THE CONSOLIDATED FIRE PROTECTION DISTRICT'S SOLE SOURCE PURCHASE OF ONE NEW 2007 BELL 412EP HELICOPTER AND REQUIRED MODIFICATIONS (ALL DISTRICTS) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD, ACTING AS THE GOVERNING BODY OF THE CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY:

1. Find that these purchases are exempt from the provisions of the California Environmental Quality Act (CEQA).

2. Approve the Consolidated Fire Protection District of Los Angeles County's (District) request to authorize the County Purchasing Agent to proceed with the sole source purchase of one new 2007 Bell 412EP Helicopter and required modifications at a total cost of $10.2 million.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

This purchase request exceeds the $250,000 fixed asset threshold established by your Board and requires your approval for the County Purchasing Agent to move forward with the acquisition process.

Approval of the recommendation now before your Board will allow the District to upgrade its helicopter fleet into a more effective configuration and have eight helicopters in its fleet with all of them capable of performing the full scope of the District's wildland firefighting, enhanced trauma patient transportation, and search and rescue services. As demand for these services continues to increase, the flight readiness of the District's helicopters becomes even more critical as fighting wildland brush fires must now be managed as a year round activity, allowing little time for scheduled helicopter maintenance and major inspections and overhauls.

The District's current helicopter fleet consists of 10 aircraft: three (3) Sikorsky Firehawks, six (6) Bell 412s and one (1) Bell 206. The two oldest 412s (Helicopters 12 and 20) and the 206 (Helicopter 10) to be sold were manufactured in 1981 and 1978 respectively. These two older 412s do not have the same engine performance as the newer 412s. Helicopter 10 is a single engine helicopter that can carry only three people. It is currently used only as a Helicopter Command (HELCO) ship and Infrared Mapping platform. Helicopters 10 and 20 have no Night Vision Goggle (NVG) compatibility and therefore cannot be flown during most night missions. The new 412EP will be capable of performing the District's full multi-mission services, including the ability to drop water on brush fires at night.

At the time that your Board approved the sole source purchase of two (2) new Bell 412EPs in 2005, the District advised your Board that it would be assessing the overall fleet and requirements in order to determine final disposition of its oldest helicopters. In this regard, and concurrent with the acquisition of the new Bell 412EP, the District will, through the County Purchasing Agent, sell the three oldest helicopters in the District's fleet (two Bell 412s and one Bell 206): one (1) 412 and one (1) 206 will be sold through a Trade-In Agreement giving the District 70% of the estimated sales revenue from these helicopters ($1.64 million) as a direct credit towards the purchase price of the new 412EP; and the remaining 412 will be sold through the County's established surplus sale bid process after the new 412EP is ready for operational use.

These recommendations will complete the assessment promised two years ago. Selling these three oldest helicopters and buying a new 412EP will allow for full multi-mission capability of the District's entire helicopter fleet, in addition to enhancing the overall reliability and operational readiness. This replacement strategy will reduce the District's helicopter fleet's overall age by 64%.

Implementation of Strategic Plan Goals

Approval of the recommended actions supports the County's Strategic Plan Goal #2 for Workforce Excellence and Goal #4 for Fiscal Responsibility by enhancing the quality and productivity of the District's emergency services in a cost-effective manner.

FISCAL IMPACT/FINANCING

Attachment I shows the gross and net costs of these purchases. The estimated value of the three helicopters to be sold is $4.35 million, and the District expects to receive $4.13 million after sales commissions. The District is proposing to take advantage of the Bell Helicopter Textron Inc. (BHTI) Trade-In Program for two of its oldest helicopters to be sold.

Following a Trade-In Agreement to be completed between BHTI and the Purchasing Agent and the District, title to Helicopter 10 (a Bell 206) and Helicopter 20 (a Bell 412) will pass to BHTI when the District accepts and pays for the new 412EP (December 2007). At that time BHTI will credit the District with $1.64 million, which is 70% of the estimated selling price of these helicopters as agreed to by the District and BHTI, thus reducing the District's cash outlay to purchase the new 412EP. With this credit, sufficient appropriation is available in the Helicopter ACO Fund to purchase the new 412EP and required modifications.

After BHTI sells these helicopters, it will remit to the District what it sold them for minus a 5% commission for BHTI and the credit already given to the District towards the purchase of the new 412EP. Helicopter 12 (a Bell 412) will be kept by the District until the new 412EP is ready for operational use, and then it will be sold through the regular County sale bid process for disposing of surplus property.

This reconfiguration of the District's helicopter fleet will have minimal impact on aviation insurance and maintenance costs. These recommendations will have no impact on net County cost.

FACTS AND PROVISIONALS/LEGAL REQUIREMENTS

On June 15, 2007 the Fire Chief sent BHTI a letter advising them of the District's intent to purchase a new Bell 412EP. Your Board was sent a copy of this letter which was reviewed by County Counsel and incurs no obligation on the part of the District. Based on this letter, BHTI has placed a hold on one new 2007 Bell 412EP going through its production line. With your Board's approval of this letter, the formal County purchasing process will then be initiated and completed for this helicopter and delivery will be made to the District in December 2007. This acquisition also involves modifications to the airframe, avionics equipment and installation of an EMS interior. After final flight testing, the new Bell 412EP helicopter will be operational by early summer of 2008.

The Bell 412EP will be a sole source acquisition because no other medium size helicopter satisfies the District's requirements, including demonstrated ability to carry a water tank that meets U.S. Forest Service Type II criteria (minimum tank size of 300 gallons), twin turbine engines, and trauma patient and fire crew transportation capability. The District has no plans at this time to purchase the other of the two standardized aircraft in our fleet, the larger size Firehawk helicopter. Costs will be avoided by purchasing a 412EP since the District has a water drop tank (worth approximately

$90,000) and other equipment that will fit the new helicopter and Pilots, Mechanics and Crewmembers are already trained for the 412 series helicopter. In addition, the District has the specialized tools and many of the spare parts required for maintenance that are interchangeable between aircraft. The new 412EP will be compatible with the District's current 412 helicopter fleet.

BHTI has taken exception to the County's standard terms and conditions in negotiations on this sole source purchase. The following exception to the Assignment Policy stated on Page 17 of our standard terms and conditions was taken and they wish to supersede this term and condition on the Purchase Agreement with a provision allowing BHTI discretion to assign its rights for any purpose. BHTI also wishes to supersede this term and condition on the Trade-In Agreement with a provision allowing it discretion to assign its rights to a subsidiary of BHTI.

BHTI has also taken exception to County's standard Governing Law and Venue provision. BHTI wishes to supersede this term and condition on the Trade-In Agreement with a provision that the Trade-In Agreement be governed by Texas law and that any legal action be filed in the County of Tarrant, Texas.

Additionally, the purchase of the new 412EP will be governed by California law and any legal action must be filed in Los Angeles County courts.

These exceptions are agreeable to the District.

County Counsel has reviewed the agreements and approved as to legal form.

ENVIRONMENTAL DOCUMENTATION

The services and equipment to be provided by these purchases will not have a significant effect on the environment, and therefore these purchases are exempt from CEQA pursuant to Section 15061(b)(3) of the CEQA Guidelines.

CONTRACTING PROCESS

This is a commodity purchase under the statutory authority of the County Purchasing Agent. The purchase of the helicopter, along with airframe, avionics and EMS interior modifications, will be requisitioned through, and accomplished by the Purchasing Agent in accordance with the County's purchasing and contracting policies and procedures.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The purchase of this helicopter and the sale of the District's three oldest helicopters will allow the District to continue the wildland firefighting, search and rescue, and enhanced trauma patient transportation services now being provided that make up the District's main air operations mission.

CONCLUSION

Upon approval by the Board of Supervisions, please return adopted copies of this letter to:

1. Consolidated Fire Protection District of Los Angeles County
   Executive Office
   1320 N. Eastern Avenue
   Los Angeles, CA 90063

2. Consolidated Fire Protection District of Los Angeles County
   Materials Management Division
   5801 South Eastern Avenue, Suite 100
   Commerce, CA 90040
   Attention: James Ealey, Chief, Materials Management Division

3. Consolidated Fire Protection District of Los Angeles County
   Financial Management Division
   5801 South Eastern Avenue, Suite 130
   Commerce, CA 90040
   Attention: Helen Jo, Chief, Financial Management Division

4. Internal Services Department
   Purchasing Division
   1100 North Eastern Avenue, Room 102
   Los Angeles, CA 90063
   Attention: Joe Sandoval, Division Manager, Purchasing Division

Respectfully submitted,

P. MICHAEL FREEMAN

PMF:pp

Attachment

c: Chief Executive Office
Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Internal Services Department

Attachment I

Consolidated Fire Protection District of Los Angeles County
2007 Bell 412EP Purchase Plan Costs, Credit and Revenue

Item/Vendor	Fixed Assets	Services & Supplies	Total
One Bell 412EP helicopter Bell Helicopter Textron Inc. (BHTI) Sales Tax @ 8.25% Subtotal	$ 7,760,560 $ 640,247 $ 8,400,807		$ 8,400,807
Modifications for airframe, avionics and EMS interior Keystone Helicopter Corp Sales Tax @ 8.25% Subtotal		$ 1,708,244 $ 91,724 A $ 1,799,968	$ 1,799,968
Total gross cost of helicopter and modifications	**$ 8,400,807**	**$ 1,799,968**	**$ 10,200,775**
Credit given by BHTI for trade-in of two helicopters (70% of $2,350,000)	($ 1,645,000)		($ 1,645,000)
Estimated remaining revenue for the District when the three helicopters are sold	($ 2,487,500) B		($ 2,487,500)
Net estimated cost to Helicopter ACO Fund	**$ 4,268,307**	**$ 1,799,968**	**$ 6,068,275**

A. Sales tax is only on parts and engineering labor, not installation labor and freight.

B. The remaining revenue for the three helicopters will be deposited in the Helicopter ACO Fund.