

September 24, 2019

VIA EMAIL TO: laura.bowers@airbus.com

Airbus Helicopters, Inc.
Attn: Laura Bowers
2701 North Forum Drive
Grand Prairie, TX 75052

Subject: RFP No: 10089562-20-K, Helicopter Purchase with Mission Configuration
Installation Proposal

Dear Ms. Bowers:

The City has agreed to the exceptions requested in Section 2.1 of the Airbus Helicopters, Inc. (AHI) proposal (a copy of the exceptions is attached for reference). The City does have the following clarification questions and requests in response to the proposal:

- A. The proposal outlined a payment schedule in Tab C – Cost Proposal, Section 5 Payment Schedule (page 3 of 18, attached for reference). AHI is proposing the following milestone payment schedule:
 - a. 30% due at award
 - b. 20% due when the aircraft moves to the completion vendor
 - c. 50% at the time of delivery of the aircraft

The proposal also stated the following regarding trade-in in Tab C – Cost Proposal, Section 3. Trade-in Acceptance Conditions (page 9 of 18, attached for reference):

AHI will accept the trade-in aircraft on or before the date of the delivery of the new H125 with 45 days written notice from SDPD. Subject to the following Trade-In Acceptance Conditions being met, and SDPD providing an updated status run 45 days prior to the trade-in acceptance.

How will the trade-in funds be applied to the purchase price of the new aircraft?

- B. The proposal outlined in Tab C – Cost Proposal, Section 7. Standard Training (pages 3 and 4 of 18) the following:
 - a. All Students must attend scheduled courses at the Airbus Helicopters, Inc., and Safran (engine training) facilities in Grand Prairie, TX.

Pilot Training

- a. Two (2) H125 Initial Pilot Transition courses to include ground school and flight training. Flight training to be conducted in Airbus Helicopters' aircraft.

Maintenance Training

- a. **Airframe** – One (1) H125 Field Maintenance course.
- b. **Engine** – One (1) Engine Maintenance course will be provided by Safran.

SDPD would like the Pilot training for the first aircraft received to be conducted at our facility, in our aircraft, in order to get all 10 pilots trained at the same time for transition to the H125.

- C. The proposal listed on Tab C – Cost Proposal under Additional Airframe Options (page 7 of 18):

AHI install, Items 9 and 10:

“WINDOW - LH AFT SLIDING DOOR COMFORT **W/O SLIDE** - CLEAR - TECH
TOOL STC [SH8754SW]”

“WINDOW - RH AFT SLIDING DOOR COMFORT **W/O SLIDE** - CLEAR - TECH
TOOL STC [SH8966SW]”

The highlighted section must be “With slide” (attached for reference). This is a necessity for us, so it needs to be changed.

Thank you for your consideration of these requests. We look forward to your response.

Sincerely,



Brent Krohn
City of San Diego
Purchasing & Contracting Department

2.1. Exceptions

Airbus Helicopters, Inc., provides the following clarifications and requests for revisions to the General Contract Terms and Provisions Applicable to Goods, Services, and Consultant Contracts as noted below.

Article	Existing Verbiage	Proposed Revised Verbiage	Justification
Article IV	Suspension and Termination		
4.3.1	<i>4.3.1 If Contractor fails to satisfactorily cure a default within ten (10) calendar days of receiving written notice from City specifying the nature of the default, City may immediately cancel and/or terminate this Contract, and terminate each and every right of Contractor, and any person claiming any rights by or through Contractor under this Contract.</i>	<i>4.3.1 If Contractor fails to satisfactorily cure a default within ten (10) sixty (60) calendar days of receiving written notice from City specifying the nature of the default, City may immediately cancel and/or terminate this Contract, and terminate each and every right of Contractor, and any person claiming any rights by or through Contractor under this Contract.</i>	Contractor will make every effort to cure within ten (10) calendar days but requests that the contract allow sixty (60) calendar days to cure prior to termination of all Contractor rights.
Article V	Additional Contractor Obligations		
5.5	<i>5.5 Delay. Unless otherwise specified herein, time is of the essence for each and every provision of the Contract. Contractor must immediately notify City in writing if there is, or it is anticipated that there will be, a delay in performance. The written notice must explain the cause for the delay and provide a reasonable estimate of the length of the delay. City may terminate this Contract as provided herein if City, in its sole discretion, determines the delay is material.</i>	<i>5.5 Delay. Unless otherwise specified herein, time is of the essence for each and every provision of the Contract. Contractor must immediately notify City in writing if there is, or it is anticipated that there will be, a delay in performance. The written notice must explain the cause for the delay and provide a reasonable estimate of the length of the delay. If Contractor fails to cure a delay within sixty (60) calendar days after issuing the written notice to the City, the City may terminate this Contract as provided herein if City, in its sole discretion, determines the delay is material.</i>	Contractor is requesting a sixty (60) calendar day cure period for a delay.

Article	Existing Verbiage	Proposed Revised Verbiage	Justification
	<p>5.9 Records Retention and Examination. Contractor shall retain, protect, and maintain in an accessible location all records and documents, including paper, electronic, and computer records, relating to this Contract for five (5) years after receipt of final payment by City under this Contract. Contractor shall make all such records and documents available for inspection, copying, or other reproduction, and auditing by authorized representatives of City, including the Purchasing Agent or designee. Contractor shall make available all requested data and records at reasonable locations within City or County of San Diego at any time during normal business hours, and as often as City deems necessary. If records are not made available within the City or County of San Diego, Contractor shall pay City's travel costs to the location where the records are maintained and shall pay for all related travel expenses. Failure to make requested records available for inspection, copying, or other reproduction, or auditing by the date requested may result in termination of the Contract. Contractor must include this provision in all subcontracts made in connection with this Contract.</p>	<p>5.9 Records Retention and Examination. Contractor shall retain, protect, and maintain in an accessible location all records and documents, including paper, electronic, and computer records, relating to this Contract for five (5) years after receipt of final payment by City under this Contract. Contractor shall cooperate with City to provide reasonable price justification information and shall make all price justification and quality records and documents available for inspection, copying, or other reproduction, and auditing by authorized representatives of City, including the Purchasing Agent or designee. Contractor shall make available all requested data and record at reasonable locations within City or County of San Diego at any time during normal business hours, and as often as City deems necessary. If records are not made available within the City or County of San Diego, Contractor shall pay City's travel costs to the location where the records are maintained and shall pay for all related travel expenses. Failure to make requested records available for inspection, copying, or other reproduction, or auditing by the date requested may result in termination of the Contract. Contractor must include this provision in all subcontracts made in connection with this Contract.</p>	<p>Contractor wants to clarify that all requested price justification will be provided, however; due to the nature of a firm fixed price contract, Contractor cost data is proprietary, therefore open book audit rights for financial records are not agreed.</p>

Article	Existing Verbiage	Proposed Revised Verbiage	Justification
	<p>5.13.1 Criminal Background Certification. Contractor certifies that all employees working on this Contract have had a criminal background check and that said employees are clear of any sexual and drug related convictions. Contractor further certifies that all employees hired by Contractor or a subcontractor shall be free from any felony convictions.</p>	<p>5.13.1 Criminal Background Certification. Contractor certifies that all employees working on this Contract have had a criminal background check covering the prior seven (7) years. and that said employees are clear of any sexual and drug related convictions. Contractor further certifies that all employees hired by Contractor or a subcontractor shall be free from any felony convictions.</p>	<p>Requested revisions due to current Human Resources practices of Contractor and proposed subcontractor as listed below.</p> <p>1) Airbus Helicopters performs background checks for the past seven (7) years for all employees. Hiring decision are made on a case by case basis after review of the background check results.</p> <p>2) Anticipated subcontractor, Hangar One, performs only a DOT drug background check.</p>
Article VIII	Bonds		
	<p>8.1 Payment and Performance Bond. Prior to the execution of this Contract, City may require Contractor to post a payment and performance bond (Bond). The Bond shall guarantee Contractor's faithful performance of this Contract and assure payment to contractors, subcontractors, and to persons furnishing goods and/or services under this Contract.</p> <p>8.1.1 Bond Amount. The Bond shall be in a sum equal to twenty-five percent (25%) of the Contract amount, unless otherwise stated in the Specifications. City may file a claim against the Bond if Contractor fails or refuses to fulfill the terms and provisions of the Contract.</p> <p>8.1.2 Bond Term. The Bond shall remain in full force and effect at least until complete performance of this Contract and payment of all claims for materials and labor, at which time it will convert to a ten percent (10%) warranty bond,</p>	<p>Entire section to be removed.</p>	<p>Requirement has been removed. See SDPD Addendum A dated August 2, 2019 - Question 9</p>

Article	Existing Verbiage	Proposed Revised Verbiage	Justification
	<p><i>which shall remain in place until the end of the warranty periods set forth in this Contract. The Bond shall be renewed annually, at least sixty (60) days in advance of its expiration, and Contractor shall provide timely proof of annual renewal to City.</i></p> <p>8.1.3 Bond Surety. <i>The Bond must be furnished by a company authorized by the State of California Department of Insurance to transact surety business in the State of California and which has a current A.M. Best rating of at least "A-, VIII."</i></p> <p>8.1.4 Non-Renewal or Cancellation. <i>The Bond must provide that City and Contractor shall be provided with sixty (60) days' advance written notice in the event of non-renewal, cancellation, or material change to its terms. In the event of non-renewal, cancellation, or material change to the Bond terms, Contractor shall provide City with evidence of the new source of surety within twenty-one (21) calendar days after the date of the notice of non-renewal, cancellation, or material change. Failure to maintain the Bond, as required herein, in full force and effect as required under this Contract, will be a material breach of the Contract subject to termination of the Contract.</i></p> <p>8.2 Alternate Security. <i>City may, at its sole discretion, accept alternate security in the form of an endorsed certificate of deposit, a money order, a certified check drawn on a solvent bank, or other security acceptable to the Purchasing Agent in an amount equal to the required Bond.</i></p>		

1. Cost / Price Proposal

1.1. Pricing Preamble

1. Offer Validity: Pricing is valid for 120 days from proposal due date and can be extended by mutual agreement of the parties.
2. Pricing: Itemized configuration is provided in Section 2 of the Cost Proposal.

NOTE: Below pricing does not include the trade-in values

- a. First Year Total Price: **\$4,573,266**
 - i. Option Year One Total Price: **\$4,813,344**
 - ii. Option Year Two Total Price: **\$5,022,183**
 - iii. Option Year Three Total Price: **\$5,240,179**
 - iv. Option Year Four Total Price: **\$5,467,736**
3. Discounts: Airbus Helicopters, Inc., is offering a discount of 1.25% off of the base airframe price. This discount is included in the above price for the first aircraft ordered. This discount will increase by .25% for each additional aircraft ordered. The option year prices defined above do not include the additional airframe discount as the discount offered and the final option price will be determined based upon the total quantity ordered.
4. Trade-In Aircraft: Trade-in information is provided in Section 3 of this Cost Proposal.
 - a. Trade-In Value is: **\$831,316**
5. Payment Schedule: Airbus Helicopters, Inc., is proposing the following milestone payment schedule:
 - a. 30% due at award
 - b. 20% due when the aircraft moves to the completion vendor
 - c. 50% at the time of delivery of the aircraft
6. Standard Airframe Warranty:
 - a. 2,000 flying hours or 36 months after the aircraft is delivered, whichever occurs first
 - b. Labor cost coverage (at \$190.00/hour) for the first year of the warranty period; labor credits are applied to the customer's Trade Account
 - c. Engine warranty is direct with Safran Helicopter Engines
7. Standard Training:
 - a. All Students must attend scheduled courses at the Airbus Helicopters, Inc., and Safran (engine training) facilities in Grand Prairie, TX.

Pilot Training

- a. Two (2) H125 Initial Pilot Transition courses to include ground school and flight training. Flight training to be conducted in Airbus Helicopters' aircraft.

Maintenance Training

- a. **Airframe** – One (1) H125 Field Maintenance course.
- b. **Engine** – One (1) Engine Maintenance course will be provided by Safran.

1.2. Pricing Schedule

Pricing Schedule

Section A: New Helicopter and Mission Configuration Costs

Item No.	Est. Qty.	U/M	Description	Cost each	Extension
1	1	EA	"Green" helicopter; Specified configuration	\$ 3,088,914	\$ 3,088,914
2	1	EA	Helicopter completion; Avionics and mission equipment purchase and installation.	\$ 1,484,352	\$ 1,484,352
TOTAL SECTION A:					\$ 4,573,266

Section B: Trade-In Valuation

Item No.	Est. Qty.	U/M	Description	Valuation	Extension
1	1	EA	TRADE-IN VALUATION (SN: 4037)	\$ 831,316	\$ 831,316
TOTAL SECTION B:					\$ 831,316

NET COST:

Total Section A \$ 4,573,266

Total Section B (-) \$ (831,316)

Net Cost \$ 3,741,950

3. Trade-In Acceptance Conditions

AHI will accept the trade-in aircraft on or before the date of the delivery of the new H125 with 45 days written notice from SDPD. Subject to the following Trade-In Acceptance Conditions being met, and SDPD providing an updated status run 45 days prior to the trade-in acceptance.



2019 H125

PRICE & CONFIGURATION SUBJECT TO CHANGE WITHOUT NOTICE

BASIC AIRCRAFT:			\$3,199,000
LH Sliding Door w/Reduced Hi-Vis Door	Collective Activated Hourmeter		
Cabin Heating/Demisting Circuit	Rotor Brake		
High Skid Landing Gear	Wire Strike Protection System - EC - Fixed Provisions		
Long Boarding Steps	Energy-Attenuating Seats - Pilot & Copilot		
NVG VEMD	Dual Hydraulics		
200 Amp Auxelic Starter Generator	LED Position Lights - RH/LH		
LED Fin Anti-collision Light	Crash Resistant Fuel Systems		
Vision 1000 Flight Data Monitoring System	Aft Baggage Door Mod		
Enhanced Thermal Protection on Rear Transmission	RG350 Battery, Concord Lead Acid		
Right Hand Rear Sliding Door	Air-Conditioner / RSG		(70,085)
Step - Cowling Maintenance - LH/RH	Tail Rotor Guard, Removable Parts		
Pulsed Landing and Taxi Light	Hi-vis Main Rotor Blades Two Color - RED/WHITE		
Exterior: Choice of up to three (3) colors	Interior: Factory covered seat cushions		
STANDARD AVIONICS:			INCLUDED
COM/NAV/GPS	GTN650	Garmin	
NAV/COM	GNC255A	Garmin	
Electronic Flight Display System	G500H TXi	Garmin	
Chartview Option			
Synthetic Vision Option			
Electronic Standby Instrument	ESI-500	L3	
Transponder	GTX335R	Garmin	HANGAR ONE TO PROVIDE LOOSE
Audio	GMA350H	Garmin	HANGAR ONE TO PROVIDE LOOSE
Dual USB	TA202	Mid-Continent	
ELT	406AP-H Integra Ext'd Range	Kannad	
AIRFRAME DISCOUNT:			(40,000)
ADDITIONAL AIRFRAME OPTIONS: AHI INSTALL			\$226,563
BATTERY RELOCATION - RG390E LEAD ACID - TO TAILBOOM - (LARGE DOOR) - ECL STC [SR00422NY]			64,183
DOOR - LH TOUR SHORT DOOR - CLEAR - IN LIEU OF STANDARD DOOR - ECL			36,472
DOOR - RH TOUR SHORT DOOR - CLEAR - IN LIEU OF STANDARD DOOR - ECL			35,960
DUAL CONTROLS W/ TWIST GRIP - B3e ONLY - ECF			25,483
ENGINE - WASH KIT FIXED PARTS (NO BOTTLE) B2/B3			9,519
EXTENDED-EXTENDED SEAT RAILS (CO-PILOT ONLY)			8,736
HEAVY DUTY CARGO TIE DOWN RINGS			4,075
STAINLESS STEEL BAGGAGE DOOR RUB STRIPS, LH/RH			7,424
WINDOW - LH AFT SLIDING DOOR COMFORT W/O SLIDE - CLEAR - TECH TOOL STC [SH8754SW]			5,038
WINDOW - RH AFT SLIDING DOOR COMFORT W/O SLIDE - CLEAR - TECH TOOL STC [SH8966SW]			5,038
WIRE STRIKE REMOVABLE PARTS - DART			24,635
CUSTOMER FURNISHED MISSION EQUIPMENT: H1 INTEGRATION			\$177,018
INSTALL CUSTOMER SUPPLIED AEROCOMPUTERS UC-6000 MAPPING SYSTEM.			27,497
- CONTRACTOR TO SUPPLY ALL MECHANICAL AND ELECTRICAL PROVISIONS FOR SYSTEM OPERATION			
INSTALL CUSTOMER SUPPLIED FLIR STAR SAFIRE 380HDC WITH LASER AND SPOTTER OPTICS.			44,722
- CONTRACTOR TO SUPPLY ALL MECHANICAL AND ELECTRICAL PROVISIONS FOR SYSTEM OPERATION			
INSTALL CUSTOMER SUPPLIED AIRFILM DOWNPOST UTILITY MOUNT FOR FLIR 380HDC, INCLUDES DOVETAIL & ADAPTER PLATE.			613
INSTALL CUSTOMER SUPPLIED LO JACK SYSTEM			9,705
- CONTRACTOR TO SUPPLY ALL MECHANICAL AND ELECTRICAL PROVISIONS FOR SYSTEM OPERATION			
INSTALL CUSTOMER SUPPLIED NOSE MOUNTED STEERABLE LANDING LIGHT. CUSTOMER TO SUPPLY LIGHT ASSY, PLASTIC LIGHT HOUSING & METAL LIGHT CLOSEOUT PANEL. CUSTOMER RESPONSIBLE FOR ANY STC PERMISSION LETTERS FROM VENDOR.			6,556
- CONTRACTOR TO SUPPLY ALL MECHANICAL AND ELECTRICAL PROVISIONS FOR SYSTEM OPERATION			
INSTALL CUSTOMER SUPPLIED AMTECH AMT342 A FRAME SEARCHLIGHT MOUNT W/ UPPER DOVETAIL & 10 DEGREE WEDGE. CUSTOMER TO PROVIDE MOUNTING LUGS. CUSTOMER RESPONSIBLE FOR ANY STC PERMISSION LETTERS FROM VENDOR.			3,067
- CONTRACTOR TO SUPPLY ALL MECHANICAL AND ELECTRICAL PROVISIONS FOR SYSTEM OPERATION			
INSTALL CUSTOMER SUPPLIED SILVUS TECHNOLOGIES DOWNLINK SYSTEM - TRANSMITTER & ANTENNAS.			32,415
- CONTRACTOR TO SUPPLY ALL MECHANICAL AND ELECTRICAL PROVISIONS FOR SYSTEM OPERATION			
INSTALL TWO CUSTOMER SUPPLIED APX-6500 MOBILE RADIOS.			30,263
- CONTRACTOR TO SUPPLY ALL MECHANICAL AND ELECTRICAL PROVISIONS FOR SYSTEM OPERATION			
INSTALL CUSTOMER SUPPLIED AEM PA CONTROLLER			1,542
- CONTRACTOR TO SUPPLY ALL MECHANICAL AND ELECTRICAL PROVISIONS FOR SYSTEM OPERATION			
INSTALL CUSTOMER SUPPLIED AVALEX DIGITAL RECORDER			7,409
- CONTRACTOR TO SUPPLY ALL MECHANICAL AND ELECTRICAL PROVISIONS FOR SYSTEM OPERATION			
INSTALL CUSTOMER SUPPLIED SIERRA WIRELESS CELLULAR GATEWAY			13,229
- CONTRACTOR TO SUPPLY ALL MECHANICAL AND ELECTRICAL PROVISIONS FOR SYSTEM OPERATION			