



The City of San Diego

Staff Report

DATE ISSUED: January 03, 2024

TO: City Council

FROM: Fire-Rescue Department

SUBJECT: Purchase of Bell 412EPX Fire/Rescue Helicopter

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Secondary Contact: Chuck MacFarland, Air Operations Chief Phone: (619) 602-6372

Council District(s): Citywide

OVERVIEW:

This action item seeks Council approval to execute an agreement with Bell Textron Inc. to purchase one (1) Bell 412EPX fire/rescue helicopter. This purchase will replace Copter 1, a 1980 Bell 212HP that is 43 years old and beyond economical repair. Copter 1 has been decommissioned. The major components from Copter 1 will be sold and the estimated proceeds of \$1.0 million will be applied towards the purchase of the new helicopter.

PROPOSED ACTIONS:

- 1) A resolution authorizing the mayor or his designee to execute an agreement between the City of San Diego and Bell Textron Inc. to purchase one (1) Bell 412EPX fire/rescue helicopter.
- 2) A resolution authorizing the Chief Financial Officer to appropriate and expend an amount not to exceed \$1.0 million to be advanced from the General Fund in Fiscal Year 2024 for the initial deposit payment necessary to order one (1) Bell 412EPX fire/rescue helicopter. Upon approval by the City Council, the City Equipment Vehicle Financing Program (EVFP) will reimburse the General Fund for the advanced payment and finance the total costs not to exceed \$17.3 million, which includes \$14.2 million for the helicopter, \$1.8 million for outfitting/completion, and \$1.3 million for the sales tax, over a 10-year term through lease purchase financings. The subsequent lease payments will come from the Fire-Rescue Department budget within the General Fund, contingent upon the approval of the appropriation ordinance for the applicable fiscal year and the Chief Financial Officer furnishing one or more certificates certifying that funds necessary for expenditure are, or will be, on deposit with the City Treasurer.

DISCUSSION OF ITEM:

Climate change is now causing a year-round fire season. As a result, wildland fires are spreading more rapidly than ever observed in the past. Helicopters capable of increased water delivery and enhanced performance (aircrew safety) for the firefighting mission are critical. The more water quickly delivered by helicopter vastly improves the odds of extinguishing a fire more quickly.

SDFD Air Operations Section members respond to more than 400 emergencies on a 7-day/24-hour basis while flying between 200 and 250 hours per aircraft annually. Each helicopter's crew includes a pilot, fire captain/crew chief, and firefighter/paramedic.

SDFD currently operates two fire/rescue helicopters: one (1) twin-engine medium-lift Bell 412EP helicopter and one (1) twin-engine heavy-lift Sikorsky S70i Firehawk helicopter. The Bell 412EP is sixteen years old, and the Sikorsky S70i is six years old. This action will replace (decommissioned) Copter 1, allowing SDFD to maintain three helicopters in its fleet.

Support of firefighting operations in San Diego and the region is the Section's primary mission. However, SDFD also provides hoist-air rescue, short-haul air rescue, shoreline rescue, helicopter swift-water rescue, night vision goggle operations, patient transport, vehicle rescue, large animal rescue, fire mapping, infrared detection, disaster assessment, and can assist in high-rise fire incidents. SDFD is the only nighttime provider of the above-listed operations and as such, the County of San Diego's sole contract provider.

Following the 2014 Bernardo Firestorm, an After-Action Report (AAR) was completed. One of the areas identified a vulnerability that needed to be addressed, precisely, the City's inability to ensure that City firefighting helicopters are immediately and reliably available. The AAR recommendation was *"to increase the number of City fire/rescue helicopters to three (3) to ensure SDFD's ability to provide aerial fire suppression and rescue. Had either of the two fire/rescue helicopters experienced a mechanical or unscheduled maintenance problem, there would have been limited aerial fire suppression assets available. Three (3) City firefighting helicopters will also increase aerial firefighting capabilities if more than one wildland fire is burning within the City of San Diego"*.

City of San Diego Strategic Plan:

Protect & Enrich Every Neighborhood by providing high quality Air Operations response to provide for the public's health and safety.

Fiscal Considerations:

The City's Equipment and Vehicle Financing Program is a cost-effective tool to finance the helicopter purchase. Considering the helicopter's essential purpose and long functional life (18 years or 6,000 flight hours), a 10-year repayment term is proposed. The City expects to advance approximately \$1.0 million of the cost from the General Fund in Fiscal Year (FY) 2024 towards an initial deposit payment with the manufacturer. This is an unbudgeted expense and Council is asked to appropriate this amount via this action. Estimated proceeds of \$1.0 million from the sale of Copter 1 components will be deposited into the General Fund in Fiscal Year 2024 to support the appropriation increase for the advanced deposit. The EVFP financing will reimburse this \$1.0 million advance in Fiscal Year 2025 and finance the total costs after delivery and testing, anticipated by late Fiscal Year 2025. The total cost of the acquisition to be financed, including deposit, outfitting and taxes, is projected to not to exceed \$17.3 million. Department of Finance will procure the lender via Request for Proposal (RFP) process and bring forward the financing agreement for City Council approval in early FY 2025. Based on preliminary estimates using current interest rates, the lease payments are projected to commence in FY 2026, with an average annual debt service of \$2.1 million and a total estimated repayment of \$21.0 million over the life of the financing. The actual payments will depend on the interest rates at the time of funding. All lease payments will be included in future Fire-Rescue Department budgets, and City Council approval will be obtained through the annual budget process.

In accordance with the City's Debt Policy, Section 4.2, an analysis of the impact of additional debt was conducted, specifically for the impact of the financing for the helicopter. Generally, the City's Debt Ratios, or the annual debt service as a percentage of general fund revenues, should remain under 2.0% for short-term debt and 10% for all long and short-term debt. When combined with pension and OPEB costs, the percentage should remain under 25%. Based on the FY 25-29 Five-Year Financial Outlook, current projections show the City's Debt Ratios reaching highs of 1.7%, 6.4% and 23.1%, respectively. Execution of a 10-year \$17.3 million lease to finance the helicopter is anticipated to raise the City's Debt Ratios by 0.1%. Any additional future capital financing may increase the Debt Ratios up to or exceeding

the guidelines outlined in the City's Debt Policy. Reductions in General Fund revenues or increases in pension payments would also adversely affect the City's Debt Ratios.

Charter Section 225 Disclosure of Business Interests:

N/A; the contract is with a publicly traded company.

Environmental Impact:

This activity is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Sections 15378 (b)(2), as it involves continuing administrative or maintenance activities, such as purchases for supplies, personnel-related actions, general policy and procedure making, which will not result in direct or indirect physical changes in the environment and 15378(b)(5), as it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment. Thus, this activity would not be subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3).

Climate Action Plan Implementation:

N/A – Does not have a connection to the CAP.

Equal Opportunity Contracting Information (if applicable):

This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

Previous Council and/or Committee Actions:

N/A

Planning Commission Action:

N/A

Key Stakeholders and Community Outreach Efforts:

N/A

Colin Stowell

Fire Chief

Eric Dargan

Chief Operating Officer