

0150-08597-0004

TRANSMITTAL

TO The Council	DATE JUN 08 2011	COUNCIL FILE NO. 10-1310
FROM The Mayor	COUNCIL DISTRICT NA	

Third Amendment to Contract with Erickson Air-Crane, Inc.

Transmitted for your consideration.
See the City Administrative Officer report attached.



MAYOR (Matt Szabo)

MAS:MCD:04110147ct

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

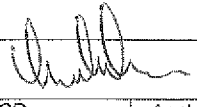
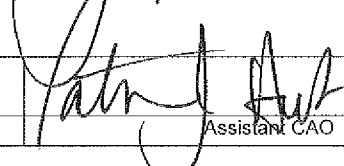
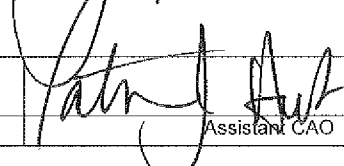
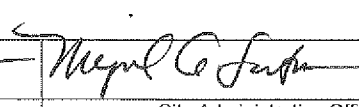
To: The Mayor	Date: 06-03-11	C.D. No. All	CAO File No.: 0150-08597-0004				
Contracting Department/Bureau: Los Angeles Fire Department		Contact: Bill Jones					
Reference: Board of Fire Commissioners report dated April 26, 2011.							
Purpose of Contract: To lease a Helitanker airship to assist in aerial fire suppression activities during the 2011-12 brush fire season.							
Type of Contract: () New contract (X) Amendment		Contract Term Dates: July 1, 2011 through June 30, 2012					
Contract/Amendment Amount: \$2,205,000							
Proposed amount \$ 2,205,000 + Prior award(s) \$ 7,820,000 = Total \$ 10,025,000							
Source of funds: Fund 100/38, Account 3040, Contractual Services							
Name of Contractor: Erickson Air-Crane, Incorporated							
Address: 3100 Willow Springs Road, Central Point, OR, 97502							
	Yes	No	N/A*	8. Contractor has complied with:	Yes	No	N/A*
1. Council has approved the purpose	X			a. Equal Employmt. Oppty./Affirm. Action	X		
2. Appropriated funds are available	X			b. Good Faith Effort Outreach**	X		
3. Charter Section 1022 findings completed			X	c. Equal Benefits Ordinance	X		
4. Proposals have been requested	X			d. Contractor Responsibility Ordinance	X		
5. Risk Management review completed	X			e. Slavery Disclosure Ordinance	X		
6. Standard Provisions for City Contracts included	X			f. Bidder Certification CEC Form 50	X		
7. Workforce that resides in the City: 0%				*N/A = not applicable ** Contracts over \$100,000			

COMMENTS

On May 17, 2011, the Board of Fire Commissioners approved a one-year amendment with Erickson Air-Crane, Inc. (Erickson) for an amount not to exceed \$2,205,000, to provide Helitanker services to the Fire Department (LAFD) during the 2011-12 brush fire season. In 2007, the Department entered into an agreement with Erickson Air-Crane, Inc., for firefighting Helitanker aircraft services for a one-year period and to provide two one-year extensions. This third amendment extends the Helitanker contract by one year. The agreement terms provide for a 130-day performance period that includes 10 flight-hours, which reduces the performance period by 40 days and 60 pre-paid flight hours from the current contract. This reduction reflects a \$397,000 or 15 percent savings from the 2010-11 contract. Flight-hours in excess of the 10 prepaid hours will be charged at a rate of \$6,000 per hour. The \$6,000 hourly rate represents an increase of \$200 from the current \$5,800 per hour rate. Funding for this agreement has been adjusted and is provided in the Department's 2011-12 Adopted Budget.

The LAFD selected Erickson based upon the issuance of a Request for Proposals for aerial fire suppression services in December 2006. Erickson was the sole respondent and was deemed to be responsive based upon an evaluation by a multi-agency grading team consisting of subject matter experts.

A Helitanker is a helicopter airship that can collect, transport and drop approximately 2,000 gallons of water or fire retardant material over a widespread area. The LAFD utilizes this technology to suppress

			
MCD	Analyst	04110147 Assistant CAO	City Administrative Officer

large-scale, high-intensity brush fires. When combined with ground crews, the Helitanker provides for a formidable fire suppression capability. The Helitanker was instrumental in combating the October/November 2003 firestorms, the 2007 Griffith Park fire and more recently, the 2008 major brush fires that occurred within the City.

In addition to the Helitanker, the LAFD's aircraft resources include three Bell 412 Type II 350-gallon water-dropping helicopters, two AW139 water-dropping helicopters with a capacity of 420 gallons and one Bell 206-L command airship (no water-dropping capability). During major brush fire incidents, the Department also utilizes regional aerial resources from the Cal-Fire and the Los Angeles County Fire Department (LACOFD). Additionally, LACOFD leases two super-scooper aircraft and has an aerial fleet of two Firehawks and several smaller water-dropping helicopters similar to the Departments'. Since the availability of regional resources are not guaranteed and are subject to priority, the proposed agreement will provide the LAFD with exclusive use of the Helitanker for the duration of the brush fire season. The LAFD will station the Helitanker and crew at the Van Nuys Airport/Air Operations Facility during the 130-day operational readiness period to ensure immediate availability on major brush fire incidents.

Although the agreement provides for the exclusive availability of the Helitanker through June 2012, the total flight-hours are limited to 10. Should the LAFD utilize the Helitanker in excess of the 10 flight-hours, the Department would be billed at a rate of \$6,000 per hour. The Department should closely monitor the agreement expenditures and report any potential Contractual Services account impacts through the Financial Status Report process.

The LAFD states that the proposed agreement with Erickson is in compliance with the Standard Provisions for City Contracts. The proposed agreement is also consistent with the City's Financial Policies in that the Helitanker services provided by the vendor during 2011-12 will be financed with funds already budgeted for this purpose. This will be the last amendment to the current contract as the Department intends to prepare and issue a new Request for Proposals for Helitanker services later this year.

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. Authorize the Fire Chief to execute the attached proposed amendment with Erickson Air-Crane, Incorporated, for Helitanker services, for a one-year term through June 30, 2012, and for an amount not to exceed \$2,205,000 in 2011-12, subject to the review and approval of the City Attorney; and
2. Instruct the Fire Department to monitor and report monthly Helitanker services expenditures during 2011-12 as part of the Financial Status Report process.

FISCAL IMPACT STATEMENT

There will be no additional impact to the General Fund. The anticipated cost for Helitanker services during 2011-12 will not exceed \$2,205,000 and is funded in the Fire Department's 2011-12 Adopted Budget. This agreement is consistent with the City's Financial Policies in that the services provided will be financed with funds already budgeted for this purpose.

Attachment

May 17, 2011


LOS ANGELES FIRE DEPARTMENT
MILLAGE PEAKS
FIRE CHIEF

April 26, 2011

BOARD OF FIRE COMMISSIONERS FILE NO. 11-066
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TO: Board of Fire Commissioners

FROM: Millage Peaks, Fire Chief *meek*SUBJECT: THIRD AMENDMENT TO CONTRACT WITH ERICKSON AIR-CRANE
INCORPORATED

FINAL ACTION: <input type="checkbox"/> Approved	<input type="checkbox"/> Approved w/Corrections	<input type="checkbox"/> Withdrawn
<input type="checkbox"/> Denied	<input type="checkbox"/> Received & Filed	<input type="checkbox"/> Other

Recommendations: That the Board:

1. Approve the third amendment to Agreement No. C-113693 in the amount not to exceed \$2,205,000 for FY2011-12.
2. Direct the Commission Executive Assistant to transmit this amendment to the Mayor and City Council for approval, subject to final approval as to form by the City Attorney.

Summary:

Attached for the Board's consideration is an amendment to Agreement No. C-113693 between the City of Los Angeles and Erickson Air-Crane, Incorporated (Erickson) to secure firefighting helitanker aircraft services.

This amendment provides the Los Angeles Fire Department (LAFD) the services of a helitanker with a 2000-gallon water container capability for 130 days and 10 flight hours during FY2011-12. The helitanker asset augments the LAFD's regular air assets for combating wild land fires in and around the greater Los Angeles area. The attached amendment to Agreement C-113693 extends the contract for one year, and provides for a 130-day performance period including 10 flight hours. The \$2,205,000 cost reflects a decrease of \$397,000, or 15 percent less than the City allocated in FY2010-11. This decrease was achieved by reducing the performance period by 40 days and 60 pre-paid flight hours.



This amendment also provides for the City to extend the performance period of the helitanker, if needed, with the approval of the Mayor and City Council. Flight hours in excess of the 10 prepaid flight hours, will be invoiced at a rate of \$6,000 per hour, an increase of \$200 an hour, a 3.4 percent increase over Fiscal Year (FY) 2010/11.

The City of Los Angeles is often reimbursed for any assistance the helitanker provides outside of the City limits. During the FY 2009/10 performance period, the Erickson helitanker provided firefighting assistance to local agencies, resulting in over \$741,000 in cost recovery / reimbursements to the City's Revenue Fund.

Background:

The City of Los Angeles has over 135 square miles of densely brush-covered mountainous terrain. Many areas provide limited access for fire engines to provide defensible positions that adequately protect residential communities and structures in wind-driven brush fires. During October and November 2003, Southern California was ravaged by one of the worst set of firestorms in the state's history.

In 2008, major brushfires erupted within the City of Los Angeles, which again threatened lives, structures and property. Aerial assault resources were critical in the successful efforts employed, bringing the firestorms and brush fires under control. The Southern California brush fire season traditionally extends from July through February, each year. Current ongoing drought conditions have fire agencies throughout the region assessing and evaluating incident preparedness.

The Department's aircraft resources include three Bell 412 Type II water-dropping helicopters with a capacity of 350 gallons, two AW139 Type II water-dropping helicopters with a capacity of 420 gallons and one Bell 206 command ship with a capacity of 100 gallons. Regional resources, which may be available to assist the Department in the event of a major brush fire, include two leased Type I helitankers, one by Cal-Fire and the other by Los Angeles County Fire Department (LACOFD). Additionally, LACOFD leases two super-scooper aircraft and has an aerial fleet of two Firehawks and several smaller water-dropping helicopters similar to the Department's. However, regional resources are not guaranteed, as they are subject to conflicting priorities, deployment issues, and periodic grounding for service and maintenance at the time of the request.

In 2000, the City of Los Angeles became the first large, urban city in the United States to contract for firefighting aircraft services to augment its air attack assets. The Department evaluated numerous aircraft types and identified the Type I Helitanker (Helitanker) as the most appropriate vehicle to supplement its current fleet of air assets.

The Helitanker has a 2,000-gallon tank capacity and the ability to replenish its tanks in less than 120-seconds from a variety of water sources, such as ocean, reservoirs, and swimming pools. It provides a formidable asset during the critical early stages of wind-driven brush fire control and mitigation.

In 2007, the Department entered into an Agreement with Erickson Air-Crane, Inc., for firefighting helitanker aircraft services for a one-year period and with the ability for the Department to request one-year extensions. The current Agreement term expires June 30, 2011.

The FY 2011/12 Agreement incorporates the same terms and conditions, as the original agreement (C-113693) and all prior amendments. The performance period and prepaid flight hours have been reduced as a cost saving measure to the City. The current amendment includes a performance period that decreases the overall cost of the helitanker in FY2010-11 by \$397,000 (15.3%) from \$2,602,000 to \$2,205,000. Flight hours in excess of the 10 prepaid flight hours, will be invoiced at a rate of \$6,000 per flight-hour, an increase of \$200 (3.4%) an hour over FY 2010/11.

Fiscal Impact:

The Department's FY 2011/12 proposed budget contains sufficient funding for the base performance period of this contract.

Conclusion:

Approval of the amendment to Agreement C-113693 is vital to fire protection and mitigation efforts by the LAFD in what has become a year-around brush fire season. The benefits the helitanker brings to the Los Angeles basin is a crucial, well-proven asset in achieving the optimum level of response undertaken by the Department to ensure fire/life safety throughout the greater Los Angeles area.

Board report prepared by William R. Jones, Senior Management Analyst II,
Administrative Services Bureau.

Attachment

**THIRD AMENDMENT TO AGREEMENT NO. C-113693
BETWEEN
THE CITY OF LOS ANGELES
AND
ERICKSON AIR-CRANE INCORPORATED**

THIS Third Amendment between the City of Los Angeles (hereinafter referred to as the "City"), a municipal corporation, acting by and through the Los Angeles Fire Department (hereinafter referred to as the "Fire Department"), and Erickson Air-Crane Incorporated, a Delaware corporation (hereinafter referred to as the "Contractor"), is entered into with reference to the following:

WHEREAS, the City contracts the services of a qualified company to provide Fire Fighting Helitanker Aircraft Services (hereinafter referred to as "helitanker") during the City's annual brush fire season to augment the air attack assets the Fire Department could bring to bear on a brush fire incident; and

WHEREAS, the parties entered into Agreement C-111921 for the period of July 18, 2007 through June 30, 2008, and said Agreement provided for two (2) one-year extensions; and

WHEREAS, the parties exercised the first one-year extension and entered into Agreement C-113693 for the period of July 1, 2008 through June 30, 2009, with one (1) one-year extension; and

WHEREAS, the City desires in a second amendment to exercise the one-year extension, and extend term of Contract No. C-113693 from July 1, 2010 up to and including June 30, 2011; and

WHEREAS, the City desires in this Third amendment to exercise a final one-year extension, and extend term of Contract No. C-113693 from July 1, 2011 up to and including June 30, 2012; and

WHEREAS, the compensation amounts to Contractor will be decreasing, and the parties desire in this Third amendment to adjust the figures to the agreed upon amounts; and

NOW THEREFORE, in consideration of the above premises and of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

SECTION 2. **TERMS OF THE AGREEMENT** is hereby amended as follows:

- A. The term of this Agreement will commence on July 1, 2011, and will terminate on June 30, 2012.

SECTION 6.

COMPENSATION AND METHOD OF PAYMENT is hereby amended as follows:

A. Base Price

The City will pay a base price amount not to exceed \$2,205,000 to the Contractor, which includes a specific service period of 18.57 weeks (130 days) and ten (10) flight hours in FY 2011-12; this is subject to funding, if any, provided in the City's FY 2011-12 budget. The City will notify the Contractor in writing if the funding, if any, is appropriated for the FY 2011-12 budget.

B. Normal Staging Hours and Hourly Flight Rate

1. Under the base price, the Contractor will provide the helitanker, pilots, mechanical support, and other support functions for a minimum of ten (10) hours per day. Emergency operations may be conducted from dawn to dusk. Extended-phase fires may require operations during daylight hours that extend beyond the ten (10) hour staging time. Flight hours extending beyond the ten (10) hour staging period will be deducted from the ten (10) flight hours provided for in the base price amount under this Amendment, and the Contractor will bill the Fire Department at the hourly flight rate of \$6,000 per hour if the ten (10) flight hours included in the base has been exceeded. Contractor may not operate beyond the ten (10) flight hours included in the base unless authorized in writing by the Fire Chief of the Los Angeles Fire Department.

C. Service During Term After Base Services Period Ends

1. In the event that the City requires service beyond one hundred and thirty (130) days, the amount to be paid for each weekly (seven-day period) extension will be \$16,500 per day and include no flight hours. Flight hours will be compensated at a rate of \$6,000 per flight hour, in 0.10 increments.

Due to the need for the CONTRACTOR's services to be provided continuously on an ongoing basis, the CONTRACTOR may have provided services prior to the execution of this THIRD AMENDMENT. To the extent that said services were performed in accordance with the terms and conditions of this THIRD AMENDMENT, those services are hereby ratified by the City.

Except as amended by this THIRD AMENDMENT, all other provisions of City Contract C-113693 and its previous amendments shall remain in full force and effect. This amendment includes three (3) pages, and constitutes the complete understanding and agreement between the parties. This amendment is executed in four (4) copies, each of which is deemed to be an original.

[Signature page to follow.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement to be executed by their respective duly authorized representatives.

ERICKSON AIR-CRANE INCORPORATED

DATE: _____

BY: _____
Name: _____
Title: _____

DATE: _____

BY: _____
Name: _____
Title: _____

THE CITY OF LOS ANGELES

DATE: _____

BY: _____
MILLAGE PEAKS
Fire Chief
Los Angeles Fire Department

APPROVED AS TO FORM:

CARMEN A. TRUTANICH
City Attorney

ATTEST:

JUNE LAGMAY
City Clerk

BY: _____
LAUREL L. LIGHTNER
Assistant City Attorney

BY: _____
Deputy City Clerk

DATE: _____

DATE: _____

City Business License Number:

162768-85

Internal Revenue Service ID Number:

93-1307561/JGH-97-844221

Agreement Number:

C-113693-3