


0150-08597-0003

TRANSMITTAL

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|-------------------|---------------------|------------------------|
| TO The Council | DATE JUL 23 2010 | COUNCIL FILE NO. -- |
| FROM The Mayor | | COUNCIL DISTRICT NA |

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

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



MAYOR

MAS:MCD:04100118ct

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: 07-22-10 | C.D. No. All | CAO File No.: 0150-08597-0003 | | | | |
| Contracting Department/Bureau: Los Angeles Fire Department | | Contact: Michael Prendergast | | | | | |
| Reference: Letter to the Mayor from the Board of Fire Commissioners dated March 17, 2010; referred for report March 17, 2010. | | | | | | | |
| Purpose of Contract: To lease a Helitanker airship to assist in aerial fire suppression activities during the 2010-11 brush fire season. | | | | | | | |
| Type of Contract: () New contract (X) Amendment | | Contract Term Dates: July 1, 2010 through June 30, 2011, | | | | | |
| Contract/Amendment Amount: \$2,737,000 | | | | | | | |
| Proposed amount \$ 2,737,000 + Prior award(s) \$ 5,083,000 = Total \$ 7,820,000 | | | | | | | |
| 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 March 16, 2010, the Board of Fire Commissioners approved a one-year amendment with Erickson Air-Crane, Inc. (Erickson) for an amount not to exceed \$2,737,000, to provide Helitanker services to the Fire Department (LAFD) during the 2010-11 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 amendment extends the Helitanker contract by one year. The agreement terms provide for a 170-day (24.29 weeks) performance period that includes 70 flight-hours, which is similar to the terms of the current contract. Flight-hours in excess of the 70 prepaid hours will be charged at a rate of \$5,800 per hour. The \$5,800 hourly rate represents an increase of \$300 from the current \$5,500 per hour rate. Funding for this agreement has been adjusted to cover price increases and is provided in the Department's 2010-11 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 2,600 gallons of water or fire retardant material over a widespread area. The LAFD utilizes this technology to suppress large-scale, high-intensity brush fires. When combined with ground crews, the Helitanker provides for a

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|  |  |  |
| MCD | Analyst 04100118 | Assistant CAO |
| | | City Administrative Officer |

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 four 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 California Department of Forestry 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 Department's. 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 170-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 2011, the total flight-hours are limited to 70. Should the LAFD utilize the Helitanker in excess of the 70 flight-hours, the Department would be billed at a rate of \$5,800 per hour. In addition, extending the operational readiness service period beyond the 170 days would cost an additional \$107,100 per week including 2.90 flight-hours; or \$15,760 per day with 0.41 flight-hours. The LAFD has indicated that the average annual usage of the Helitanker over the past four fiscal years has been approximately 35 hours. 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 2010-11 will be financed with funds already budgeted for this purpose.

RECOMMENDATIONS

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

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, 2011, and for an amount not to exceed \$2,737,000 in 2010-11, 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 2010-11 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 2010-11 will not exceed \$2,737,000 and is funded in the Fire Department's 2010-11 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

BOARD OF FIRE COMMISSIONERS

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ANTONIO R. VILLARAIGOSA
MAYOR

FIRE DEPARTMENT

MILLAGE PEAKS
FIRE CHIEF

200 NORTH MAIN STREET
LOS ANGELES, CA 90012

(213) 978-3800
FAX: (213) 978-3815

<http://www.lafd.org>

2010 MAR 18 PM 4:03
CITY ADMINISTRATIVE OFFICER

March 17, 2010

Honorable Antonio R. Villaraigosa
Mayor, City of Los Angeles
Room 303, City Hall

Attention: Pamela Finley, Legislative Coordinator

ERICKSON AIR-CRANE, INC. – SECOND AMENDMENT TO CONTRACT NO. C-113693 FOR
FIREFIGHTING HELITANKER AIRCRAFT SERVICES [BFC 09-022]

On March 16, 2010 the Board of Fire Commissioners approved, subject to City Attorney review, the Second Amendment to the Erickson Air-Crane, Inc. contract for helitanker aircraft services. The agreement is in the amount of \$2,737,000 for a one-year term with a 170-day and seventy-flight hour performance period.

Transmitted herewith for your review and consideration are the Department's report dated March 8, 2010 and the proposed amendment to secure services for the upcoming fire season.

Sincerely,

Blanca Gomez-Revelles
Commission Executive Assistant II

Attachment

cc: Board of Fire Commissioners
Fire Chief Peaks

MAR 16 2010

LOS ANGELES FIRE DEPARTMENT



APPROVED: 3/16/10
BOARD OF FIRE COMMISSIONERS

BY: *[Signature]* MILLAGE PEAKS
COMMISSION EXECUTIVE ASSISTANT II FIRE CHIEF

March 8, 2010

BOARD OF FIRE COMMISSIONERS
FILE NO. 10-022

TO: Board of Fire Commissioners

FROM: Millage Peaks, Fire Chief *[Signature]*

SUBJECT: FIREFIGHTING HELITANKER AIRCRAFT PROFESSIONAL SERVICES AGREEMENT – ERICKSON AIR-CRANE INCORPORATED

| | | | |
|---------------|--|---|------------------------------------|
| FINAL ACTION: | <input checked="" 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 attached Professional Services Agreement (Agreement) in the amount not to exceed \$2,737,000.
2. Direct the Commission Executive Assistant to transmit the Agreement to the Mayor for approval, subject to approval to form by the City Attorney.

Summary:

Attached for the Board's consideration is an Agreement between the City of Los Angeles and Erickson Air-Crane, Incorporated (Erickson) to secure firefighting helitanker aircraft services. The Agreement provides the Fire Department (Department) a helitanker with a 2000-gallon water container capability to augment the Department's air resources for combating wildfires. The Agreement is for one year, and terms provide for a 170-day performance period including 70 flight hours. The \$2,737,000 cost reflects an increase of \$136,000 (5%) over last year. Also, flight hours in excess of the 70 prepaid flight hours, will be invoiced at a rate of \$5,800 per hour, an increase of \$300 an hour over Fiscal Year (FY) 2009/10.

During the FY 2009/10 performance period, the Helitanker provided firefighting assistance to local agencies, resulting in over \$741,000 in cost recovery (reimbursements) to the City's General Reserve Fund.

Subject to the Office of the City Attorney's approval.

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 take defensible positions to 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 four Bell 412 Type II water-dropping helicopters with a capacity of 350 gallons, two AW139 water-dropping helicopters with a capacity of 420 gallons and one Bell 206-L 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 California Department of Forestry 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 typings and identified the Type I Helitanker (Helitanker) as the appropriate vehicle to supplement its current 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, 2010. The FY 2010/11 Agreement incorporates the same terms and conditions, including performance period and prepaid flight hours as the current Agreement, with the exception of cost, which increases \$136,000 to \$2,737,000. Also, flight hours in excess of the 70 prepaid flight hours, will be invoiced at a rate of \$5,800 per flight-hour, an increase of \$300 an hour over FY 2009/10.

The Department's FY 2010/11 proposed budget contains full funding for this contract.

Conclusion:

Approval of the contract is a vital component of fire protection and mitigation during the ongoing brush fire seasons. The Helitanker is a crucial, proven tool in achieving the optimum commitment plan undertaken by the Department to ensure fire/life safety throughout the City of Los Angeles.

Board report prepared by Michael L. Prendergast, Senior Management Analyst,
Emergency Services Bureau.

Attachment

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

THIS Agreement 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 this 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 compensation amounts to Contractor will be increasing, and the parties desire in this first amendment to adjust the figures to the agreed upon amounts; and

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

SECTION 2. TERMS OF THE AGREEMENT is hereby amended in its entirety as follows:

- A. The term of this Agreement will commence on July 1, 2010, and will terminate on June 30, 2011.

SECTION 6. COMPENSATION AND METHOD OF PAYMENT is hereby amended in its entirety as follows:

A. Base Price

The City will pay a base price amount not to exceed \$2,737,000 to the Contractor, which includes a specific service period of 24.29 weeks (170 days) and seventy (70) flight hours in FY 2010-11; this is subject to funding, if any, provided in the City's FY 2010-11 budget. The City will notify the Contractor in writing if the funding, if any, is appropriated for the FY 2010-11 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 seventy (70) 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 \$5,800 per hour if the seventy (70) flight hours included in the base has been exceeded.

C. Service During Term After Base Services Period Ends

1. In the event that the City requires service beyond one hundred and seventy (170) days, the amount to be paid for each weekly (seven-day period) extension will be \$112,700 and include 2.90 flight hours or for a daily extension rate of \$16,100 per day including 0.41 flight hours.

Except as amended by this SECOND AMENDMENT, all other provisions of City Contract C-113693 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 caused 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

APPROVED AS TO FORM:

ATTEST:

CARMEN A. TRUTANICH
City Attorney

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-113693-2

BOARD OF FIRE
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200 NORTH MAIN STREET
LOS ANGELES, CA 90012

(213) 978-3800
FAX: (213) 978-3815

<http://www.lafd.org>

February 23, 2010

Erickson Air-Crane, Incorporated
3100 Willow Springs Road
Central Point, Oregon 97502

Attention: Tracy Weaver, Director of Aerial Services

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

Dear Ms. Weaver:

The Fire Department has reviewed the proposed Helitanker pricing for Fiscal Years (FY) 2010/11 and 2011/12 pursuant to Agreement No.C-113693.

As discussed in correspondence dated December 2, 2009, the City of Los Angeles is facing a \$200 million deficit in the current FY 2009/10 and an additional \$400+ million in FY 2010/11. The City is taking strong measures to bridge the budget gap and asks vendors to provide a 10% discount on current Agreements.

The Fire Department and Erickson Air-Crane (Erickson), Incorporated, have both benefited from our long-term, professional relationship. With trust and anticipation, we hope Erickson will revise previously issued Helitanker costs and partner with the City in a true shared sacrifice that will see both parties beyond current difficulties.

Thank you for Erickson's nine years of service to Los Angeles and we look forward to continuing this public safety partnership.

Very truly yours,

MILLAGE PEAKS
Fire Chief