



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 14, 2021

FROM: POLICE DEPARTMENT WARDS: ALL

SUBJECT: MEASURE Z – PURCHASING AGREEMENT AND PURCHASE ORDER WITH AIRBUS HELICOPTERS, INC. IN THE AMOUNT \$10,137,070 PLUS APPLICABLE TAX FOR THE PURCHASE OF TWO AIRBUS H125 HELICOPTERS – SUPPLEMENTAL APPROPRIATION IN THE AMOUNT OF \$10,777,070

ISSUES:

That the City Council approve the Purchasing Agreement and a purchase order with Airbus Helicopters, INC., of Grand Prairie, Texas, in the amount of \$10,137,070 plus applicable tax for the purchase of two Airbus H125 Helicopters and appropriate previously approved funding from the unallocated Measure Z fund balance in the amount of \$10,777,070.

RECOMMENDATIONS:

That the City Council:

1. Approve the Purchasing Agreement and a purchase order with Airbus Helicopters, INC., of Grand Prairie, Texas, in the amount of \$10,137,070 plus applicable tax for the purchase of two Airbus H125 Helicopters utilizing capital lease financing;
2. With five affirmative votes and authorize the Chief Financial Officer, or designee, to record an increase in revenue and appropriate expenditures in the amount of \$10,777,070 to the Measure Z PD Capital Lease Cash revenue and expenditure accounts; and
3. Authorize the City Manager, or designee, to execute the purchase order and all necessary documents for the purchase of two Airbus H125 Helicopters including making minor and non-substantive changes.

BACKGROUND:

On September 9, 2021, the Budget Engagement Commission, with 10 yes votes and 1 no vote, recommended that the City Council approved the purchase of two Airbus H125 Helicopters in the estimated amount of \$10,777,070 from Measures Z funds and that the Helicopters be purchased using the pay-as-you-go approach and pay for the entire acquisition cost up front from the available Measure Z Fund Balance.

On November 16, 2021, the City Council unanimously voted to approve the purchase of two Airbus H125 Helicopters in the estimated amount of \$10,777,070 from Measure Z funds and that the helicopters be purchased using Capital lease financing.

Capital lease financing is a type of loan in which a bank amortizes the cost of the asset over a specific period of time. This finance option allows the City to spread the cost of the helicopters over a set term, freeing measure Z funds for other purposes. The City retains the helicopters, but until the debt is paid off, the helicopters serve as collateral for the debt. Once the lease is paid off, the City retains ownership of the helicopters.

DISCUSSION:

The mission of the Riverside Police Department Air Support Unit is to provide aerial support and expertise for the Department's patrol, investigative, administrative and City government needs. The unit is responsible for enhancing the safety of the community and police personnel through the strategic deployment of airborne technologies.

In order to achieve the mission of the Air Support Unit, the City Council approved the purchase of two Airbus H125 Helicopters (H125) using Measure Z funding through capital lease financing.

The H125 comes with the newest features and support to fulfill the Riverside Police Departments (RPD) key requirements. It is uniquely suited for airborne law enforcement operations and therefore is the North American Market Leader with more than 70 law enforcement agencies operating more than 330 H125 variants. This accounts for approximately 71% of all intermediate single-engine law enforcement helicopters delivered in North America since 2007.

Additionally, the Airbus made helicopters are certified to run with a blend of as much of 50% Sustainable Aviation Fuel. For more information on the Airbus and their helicopters, please visit the following link: <https://www.airbus.com>

Each Airbus H125 helicopter is quoted at \$5,068,535, for a total of \$10,137,070. There are additional costs for the conversion from the MD500 platform to the Airbus H125 platform. The additional costs include, but are not limited to, a startup-spare part supply, tooling, an updated Forward Looking Infrared (FLIR) camera, Night Vision Goggles (NVG's), and necessary training for firefighting capabilities. The estimated cost for these items is \$640,000. The additional items listed will be purchased from various vendors in accordance with the City's purchasing policy and will be presented to City Council for approval as required. The overall cost for the purchase of two Airbus H125 Helicopters is estimated to be \$10,777,070.

Airbus Helicopters, INC., of Grand Prairie, Texas, is the manufacturer and sole supplier of the Airbus H125 Helicopter. The H125 platform is the only helicopter in the market that meets all of the Riverside Police Department Air Support Unit necessary mission requirements. Additionally, delaying the purchase would result in an increase in the price of the helicopters, a delay in acquisition of the helicopters, and the Department incurring additional maintenance costs for the current fleet.

This purchase is in accordance with Purchasing Resolution 23256, Section 602(c) which states that "Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required.... When the Procurement can only be obtained from a sole source or timely from a single source and the Manager is satisfied that the best price, terms and

conditions for the Procurement thereof have been negotiated.”

The Assistant Chief Financial Officer concurs that the recommend purchase is in compliance with Purchasing Resolution No. 23256, Section 602(c).

STRATEGIC PLAN ALIGNMENT:

This item contributes to Strategic Priority No. 2 Community Well-Being and the following three Goals:

- 2.4 – Support programs and innovations that enhance community safety, encourage neighborhood engagement, and build public trust.
- 2.5 – Foster relationships between community members, partner organizations, and public safety professionals to define, prioritize, and address community safety and social service needs.
- 2.6 – Strengthen community preparedness for emergencies to ensure effective response and recovery.

It also contributes to Strategic Priority No. 4 Environmental Stewardship and the following Goal:

- 4.6 - Implement the requisite measures to achieve citywide carbon neutrality no later than 2040.

Lastly, it contributes to Strategic Priority No. 6 Infrastructure, Mobility & Connectivity and the following Goal:

- 6.3 – Identify and pursue new and unique funding opportunities to develop, operate, maintain, and renew infrastructure and programs that meet the community’s needs.

This item aligns with EACH of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The proposed purchase of two Airbus H125 helicopters supports the RPD Aviation Units primary purpose to provide aerial support for ground operations in observing, preventing, and interdicting criminal activity. It will provide a more reliable aerial support and will serve the public interest, benefit the City’s diverse community, and result in greater public good.
2. **Equity** – The RPD endeavors to provide public safety services to all residents in the City of Riverside with support of the Aviation Unit. The proposed helicopter purchase will provide more timely and reliable aerial support to ensure every member of the community shares in the benefits.
3. **Fiscal Responsibility** – The proposed purchase of two Airbus H125 helicopters is a fiscally responsible decision for the City as the helicopters currently used by the RPD will continue to incur significant maintenance expenditures. These expenditures far exceed the overall monetary value of each aircraft and will not benefit/increase their overall value when completed. Additionally, a capital lease will minimize the annual fiscal impact of a significant capital outlay with a relatively low cost of capital.

4. **Innovation** – Two new helicopters will allow RPD to be inventive and timely in meeting the community’s changing needs by providing the Aviation Unit with more reliable aerial support. The new helicopters will provide the RPD with additional features that will make the Aviation Unit more versatile and able to engage in collaborative partnerships within the City and potentially the region.
5. **Sustainability & Resiliency** – The proposed purchase of two new helicopters will allow RPD to better meet the needs of the present without compromising the needs of the future. The Airbus made helicopters are sustainable and have been certified to run with a blend of as much of 50% Sustainable Aviation Fuel.

FISCAL IMPACT:

The total fiscal impact to the City is estimated to be \$10,777,070, plus applicable tax and an estimated \$1.4 to \$2.2 million in interest costs. The purchase will be funded through capital lease financing. Total financing costs are dependent upon negotiated terms, market conditions at the time the capital lease is secured, and the length of the financing period. Depending on financing terms, annual debt service payments may range from \$866,000 to \$1.2 million.

The initial payment will be made from Measure Z PD Capital Lease Cash Account No. 8004701-462100 upon acceptance of the helicopters, which is expected to be within the first quarter of calendar year 2023. Lease funds will be used to reimburse the Measure Z fund balance, and future Debt Service payments for the lease will be incorporated into the Measure Z operating budget for the applicable fiscal years.

Prepared by: Larry V. Gonzalez, Chief of Police
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Lea Deesing, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Agreement
2. Quote from Airbus
3. Cost Summary
4. Measure Z Spending Plan
5. Purchasing Agreement and Warranty Guides