



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 6, 2024

FROM: POLICE DEPARTMENT WARDS: ALL

SUBJECT: DECLARE TWO HUGHES/MCDONNELL DOUGLAS 500E HELICOPTERS AS SURPLUS PROPERTY AND APPROVE SALE OF HELICOPTERS

ISSUES:

Declare two Hughes/McDonnell Douglas 500E helicopters as surplus property to the needs of the City and approve of the sale of the helicopters.

RECOMMENDATIONS:

That the City Council:

1. Declare two Hughes/McDonnell Douglas 500E helicopters as surplus property to the needs of the City; and
2. Approve the sale of the two Hughes/McDonnell Douglas 500E helicopters.

COMMITTEE RECOMMENDATION:

The Safety, Wellness and Youth Committee met on December 20, 2023, with Chair Perry, Vice Chair Conder, and Member Placentia present, to consider the disposition of two Hughes/McDonnell Douglas 500E helicopters. After discussion, the Committee unanimously voted to recommend to the City Council that the two Hughes/McDonnell Douglas 500E helicopters be sold and that the funds be allocated to the General Fund or Measure Z.

BACKGROUND:

The mission of the Riverside Police Department (RPD) Air Support Unit (ASU) 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.

The RPD ASU has operated for over 50 years with two (2) different types of rotorcraft platforms. The first platform was the Bell 47, which served the City of Riverside until the 1980s. After the Bell 47, the City of Riverside transitioned to the Hughes/McDonnell Douglas (MD) 500. The Department currently owns two MD 500E helicopters.

On December 14, 2021, the City Council approved a Purchasing Agreement and purchase order with Airbus Helicopters, INC., of Grand Prairie, Texas, in the amount of \$10,137,070 plus applicable taxes and interest for the purchase of two (2) new Airbus H125 helicopters utilizing capital lease finance through the Measure Z Fund to replace the two MD 500E Helicopters.

The RPD took possession of one Airbus H125 helicopter in March 2023 and the second Airbus H125 helicopter in June 2023. All usable public safety equipment was removed from the MD 500E helicopters and installed in the Airbus H125 helicopters. The Department is now fully transitioned to the Airbus H125 helicopters and is no longer using the MD 500E helicopters.

DISCUSSION:

The Police Department is in the process of designating the two MD 500E helicopters as surplus assets, after which the city can either donate, transfer, or sell, the helicopters. RPD remains responsible for the MD 500E helicopters, including insurance coverage, storage, theft or destruction until they are deemed surplus and a disposition has been decided.

At the end of calendar year 2021, the Department received an estimated value of roughly between \$350,000 and \$450,000 for each of the MD 500E helicopters. However, to continue the mission of the ASU while going through the purchasing process and build of the new H125 helicopters, the Department continued to conduct required maintenance on the MD 500Es and installed various new or overhauled parts. Between December 2021 and June 2023, an engine, main rotor blades, tail rotor transmissions, and main rotor transmissions have all been replaced and have led to an increase in the value of the helicopters. Additionally, there has been an increase in the general demand of the helicopters in the marketplace which can fluctuate from month to month. The current value of the MD 500E helicopters is now estimated to be roughly between \$800,000 and \$1,000,000 for each helicopter. The following chart outlines the details of the helicopters:

MD500E		
Registration Number	N811RP	N651RP
Year	1996	2008
Airframe Time (hours)	16,000	9,000
Engine Total Time (hours)	17,500	18,500
Estimated Value*	\$800,000 to \$1 Million	\$800,000 to \$1 Million

The estimates provided are generic sale prices determined by contacting people in the industry and are only based on age of the aircraft, total flight hours, and demand at this time. The actual worth of the helicopters cannot be determined without a thorough inspection of the aircraft and the logbooks. An appraisal will be conducted at the time of sale and will be based upon the specific condition, number of flight hours, and types of services conducted for each helicopter. Demand at the time of sale will be a factor.

Previous reports provided to the Budget Engagement Commission and the City Council mentioned using the funds from the sale of the MD 500E helicopters to offset the cost of the two Airbus H125 helicopters or to begin a helicopter replacement program for future helicopter replacement. However, the city recently received a request to donate one of the MD 500E helicopters to the Sister City of Ensenada, Mexico.

Therefore, the Police Department requested input on the disposition of the two MD 500E

helicopters in a public forum at the Safety, Wellness, and Youth Committee on December 20, 2023. The Committee unanimously recommended that the two helicopters be sold and that the funds be allocated to the General Fund or Measure Z.

STRATEGIC PLAN ALIGNMENT:

This item contributes to Strategic Priority No. 2 *Community Well-Being* and Goal No. 2.4 – Support programs and innovations that enhance community safety, encourage neighborhood engagement, and build public trust.

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

1. **Community Trust** – The disposition of the two MD 500E helicopters was discussed at the Safety, Wellness, and Youth Committee and is being brought before the City Council for transparency and inclusive community engagement. The decision will serve the public interest, benefit the City’s diverse community, and result in greater public good.
2. **Equity** – The sale of the MD 500E helicopters will generate revenue that will go back into a city fund and will be used to provide a citywide benefit.
3. **Fiscal Responsibility** – The sale of the two MD 500E helicopters will generate revenue for the city.
4. **Innovation** – The sale of the two MD 500E helicopters was made with the community’s changing needs in mind.
5. **Sustainability & Resiliency** – The sale of the two MD 500E helicopters will enhance the City’s financial preparedness for the future.

FISCAL IMPACT:

The fiscal impact is estimated to be up to \$2 million in revenue, depending on the value of the two MD 500E helicopters at the time of sale. The City has recently established an Infrastructure Reserve from fiscal year-end surpluses, enabling it to address critical funding needs. These include gap funding for the SPC Jesus S. Duran Eastside Library and critical capital needs in the Refuse, Parking, and Airport funds. Staff recommends placing the proceeds from the sale of the helicopters in the General Fund Infrastructure Reserves for future allocation toward capital needs. Replenishing the Infrastructure Reserve from one-time funding will allow the City to continue addressing critical capital needs as they arise. If approved, revenue from the sale of the surplus helicopters will be recorded in the General Fund, Sale of Capital Assets account number 3120000-380020 for accounting purposes and subsequently moved to the Infrastructure Reserve.

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