



CITY OF LONG BEACH

R-32

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6845 • Fax (562) 570-5836

January 5, 2010

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute an Amendment to Contract No. 31166 with American Eurocopter LLC (AEC) to increase the contract amount by \$200,963 for a total contract amount of \$441,362 for additional work for service repairs to the Police Department's helicopter, with the option to add expenditures up to 5 percent (or \$22,068) above the contract amount, if necessary and if reimbursable under the insurance claim, and if funds are available. (Citywide)

DISCUSSION

On December 11, 2008, the fire suppression alarm system at the City's leased aircraft hangar at Long Beach Fire Department Headquarters located at 3205 Lakewood Boulevard, Long Beach, CA was accidentally activated. As a result of this accident, the suppression system dispersed CHEMGUARD C2 fire suppression foam into the 120,000 square foot hangar. One of the City's American Eurocopter EC-130 SN 3560, Unit 1908, was engulfed with fire retardant foam, completely immersing the unit and its interior components. As a result of this accident, the unit received significant damage. The City's aircraft cannot be placed back into service until an extensive and complete teardown inspection of the turbine engine and all rotating components is made.

On June 9, 2009, the City Council authorized the City Manager to enter into a contract with American Eurocopter LLC (AEC) in the amount of \$240,399 to perform the teardown, inspection and repair of the helicopter to manufacturer and Federal Aviation Administration (FAA) standards. This contract was supported in full by the City's insurance policy. AEC has completed the basic tear down inspection of the helicopter and, upon disassembly, found hidden damage that could not be assessed by the original inspection. Thus, the City is requesting City Council to increase the contract in the amount of \$200,963 for additional parts, components and repair work that need to be performed in order for the helicopter to achieve recertification and returned to service.

As a result, the amount covered by the insurance claim has been increased to \$364,122 to overhaul the engine, replace parts, and make the required repairs associated with the foam damage. The City's insurer is underwriting these costs and is working with the City's Department of Human Resources, Risk Management, to assure all required documents are in compliance for timely insurance reimbursement. The estimated time for the reimbursement is approximately six to nine months from the date of completion of the helicopter repairs.

When an engine requires complete teardown and parts and repairs are made, the engine is required to be recertified for air worthiness that requires certain parts replacement and repair work to the aircraft that are unrelated to the foam incident. As stated in the June 9, 2009 Council letter (attached), the estimated cost of \$77,240, for this aspect of the work will be covered under the Police Department's FY 10 budget for helicopter repairs.

This matter was reviewed by Deputy City Attorney Gary Anderson on November 23, 2009, and Budget and Performance Management Bureau Manager David Wodynski on December 16, 2009.

TIMING CONSIDERATIONS

City Council action on this matter is requested on January 5, 2010, in order to resume and complete the necessary repairs in accordance with FAA regulations to ensure that the City's helicopter is safely placed back in service so it may resume its air support to the Police Department.

FISCAL IMPACT

Sufficient appropriation exists in the Fleet Services Fund (IS 386) in the Department of Public Works (PW) to pay for the full contracted services of \$441,362. However, an appropriation increase in the amount of \$364,122 is requested in the General Fund (GP) in the Police Department (PD) to reimburse the Fleet Services Bureau for payments to Eurocopter for this work. The General Fund costs for foam-related damage will be offset by the reimbursement from the City's insurance company, which will seek reimbursement from the responsible party's insurance company once the claim has been settled. The remaining \$77,240 cost is for the normal wear and tear and replacement components of the recertification of the helicopter, not related to the foam incident, and are included in the Police Department's FY 10 adopted budget.

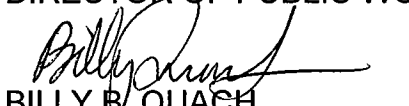
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,


LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO


MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS


BILLY B. QUACH
CHIEF OF POLICE

APPROVED:


PATRICK H. WEST
CITY MANAGER



CITY OF LONG BEACH

DEPARTMENT OF PUBLIC WORKS

R-17

333 WEST OCEAN BOULEVARD • LONG BEACH, CA 90802 • (562) 570-6383 • FAX (562) 570-6012

June 9, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute an Agreement with American Eurocopter LLC to perform engine inspections and service repairs for the Police Department's helicopter covered by an insurance claim in the estimated amount of \$240,399, and increase appropriations in the Fleet Services Fund (IS386) in the Department of Public Works (PW) by \$240,399. (Citywide)

DISCUSSION

The Department of Public Works, Fleet Services Bureau, is responsible for the proper maintenance of the City's Police Department Air Support Units. Due to the nature for which this inspection became necessary, it is imperative that the helicopter be inspected as required by the manufacturer's master servicing recommendations in accordance with the Federal Aviation Administration (FAA) regulations. It is necessary that an agreement be entered with American Eurocopter LLC to perform the insurance repairs on the aircraft.

On December 11, 2008, the fire suppression system was accidentally activated at the City's leased aircraft hangar. The hangar quickly filled with foam and the helicopter and its interior components were immersed with foam suppressant. The City's aircraft cannot be placed back into service until an extensive and complete teardown inspection of the turbine engine and all rotating components is made. It is estimated to take four to five weeks to complete the inspection in accordance with the FAA regulations.

The costs for the overhaul to replace the mandatory parts and make the required repairs are covered under an insurance claim. The responsible party's insurance company is underwriting all costs and repairs under this incident estimated to be \$240,399. However, discovery of parts or repairs required to recertify the aircraft that are unrelated to the foam incident would be the responsibility of the City. The cost for this aspect of the work will be covered under the existing budget for helicopter repairs.

This matter was reviewed by Deputy City Attorney Gary Anderson on May 7, 2009, and Budget and Performance Management Bureau Manager David Wodynski on May 13, 2009.

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1601 San Francisco Avenue
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TIMING CONSIDERATIONS

City Council action on this matter is requested on June 2, 2009, in order that the necessary services and/or repairs are performed in accordance with FAA regulations to ensure that the City's helicopter is safely placed back in service so it may resume its air support to the Police Department when necessary.

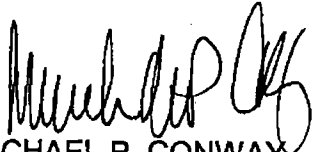
FISCAL IMPACT

The appropriation increase in the amount of \$240,399 is requested for the damages incurred in the foam incident. This cost will be offset by an insurance claim and reimbursed by the insurance company. Costs to cover normal wear and tear replacement components of the helicopter not related to the foam incident are budgeted in the Fleet Fund (IS 386) in the Department of Public Works (PW) and reimbursed by the MOU with the Police Department (PD).

SUGGESTED ACTION:

Approve recommendation.

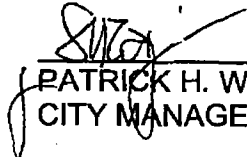
Respectfully submitted,



MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

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APPROVED:


PATRICK H. WEST
CITY MANAGER