

CAPITAL PROFILE REPORT

PROFILE NAME: **HELICOPTER REPLACEMENT (ABEYANCE)**
 PROFILE NUMBER: **19-60-1402**
 DEPARTMENT: **Boards & Commissions**
 LEAD BRANCH: **Police Service**
 PROGRAM NAME:
 PARTNER:
 BUDGET CYCLE: **2019-2022**

FUNDED

PROFILE STAGE: **Approved**
 PROFILE TYPE: **Standalone**
 LEAD MANAGER: **D/C Alan Murphy**
 PARTNER MANAGER:
 ESTIMATED START: **January, 2019**
 ESTIMATED COMPLETION: **December, 2020**

Service Category: Protection		Major Initiative:	
GROWTH	RENEWAL	PREVIOUSLY APPROVED:	6,200
	100	BUDGET REQUEST:	-
		TOTAL PROFILE BUDGET:	6,200

PROFILE DESCRIPTION

This capital project will replace the remaining EC-120 helicopter (Air-2) with a new H-125 helicopter. This will be the same model purchased in the 2015-2018 budget cycle to replace Air-1. This replacement is considered a renewal of the asset.

With the new H-125 in use, the Edmonton Police Service has two different models of helicopters in service. This is not ideal as pilots will need to certify on two different models annually. The pilots need to rely on muscle memory and training when there is an emergency. One common airframe is a significant advantage to ensure successful response.

During the procurement process, the EPS became aware that the re-sale value of the current Air-2 helicopter had dropped to a quarter or one third of the previously identified remaining value. The EC-120 is being phased out of production as market demand declines in favor of models with higher capabilities and improved performance. Parts are becoming more difficult to source and some must come from the manufacturer in France.

PROFILE BACKGROUND

The EPS helicopter program began in 2001 using a proactive strategy to reduce risks associated with police pursuits, effectively deal with in-progress crime and efficiently police a rapidly growing geographic area.

The helicopter program significantly increases public and officer safety by providing police response within minutes. Through effective airborne coordination the helicopter is able to direct ground resources for maximum effectiveness and manage police pursuits safely. Another major benefit is the ability to rapidly assess situations and re-deploy scarce ground resources to other critical calls for service. The program commenced operations from the City Centre airport and, based on demonstrated success, expanded to a second helicopter in 2009. The program flies approximately 1,700 hours per year, split between its two aircraft.

Approved in the 2015-2018 Capital Budget, a more capable helicopter has been purchased and became operational in Quarter 4 of 2017. The successful model chosen was the Airbus H-125 (formerly Airbus AS-350 B3e). The unit provides additional capacity, functionality and operability enabling a broader range of services.

PROFILE JUSTIFICATION

One of the primary values of the Helicopter Flight Operations Unit (HFOU) program is its ability to manage police pursuits. Each police involved pursuit where a collision involving personal or property damage occurs has the potential to incur costs of \$1.0 million to \$2.0 million or more for civil litigation settlements. This cost is avoided when the pursuit can be more safely managed. In addition, when the helicopter is first on scene, they have the ability to assess the call and potentially redeploy some responding ground units to other calls, generating productivity savings of close to \$1.0 million dollars annually.

During the procurement process, it became obvious that both of the existing models have reached the end of their economic life. The market indicates that even with a major overhaul, the value of the remaining unit will not increase. The overhaul cost may exceed the economic value and will not provide the needed increase in service capabilities.

STRATEGIC ALIGNMENT

This profile provides the Edmonton Police Service with increased ability to utilize all available resources to meet critical demands and create safe Urban Places and a Healthy City.

ALTERNATIVES CONSIDERED

The only alternative is that the EPS could continue to fly the original EC-120 but the model is declining in use and parts are becoming more difficult to source with some having to come from Europe. Pairing with the more capable helicopter, the EPS would not be able to provide the necessary coverage and capability the program expects to provide. Declined calls would likely decrease and the new unit would likely be heavily relied upon. Overuse of the new unit would lead to increased maintenance costs and potential downtime.

Maintenance costs for the remaining 2009 unit are anticipated to increase over the next several years with a significant overhaul in 2021 (approx.) for a 12,000 flying hour overhaul. This is an extensive overhaul that may exceed the resale value of the helicopter.

EPS pilots would continue to be required to certify annually on both models which is an increased cost both in dollars and efficiency.

COST BENEFITS

If the HFOU program was curtailed or cancelled, the EPS would lose an aerial advantage that could not be replicated by adding more officers on the ground. The increase to public and officer safety is invaluable.

Air-1 safely manages police pursuits. This avoids many civil suits for damages as a result of accidents and injuries to bystanders as well as officer safety impacts; a significant decrease in liability occurs as a result.

KEY RISKS & MITIGATING STRATEGY

A risk assessment identified the following high level risks:

Operational, External Environment , Legal and Regulatory, Human Resources and Financial and Capital. Most risks are identified as High risks including failure to provide effective customer service, mitigation of risks resulting from criminal flights, provision of specialized equipment necessary for enforcement and response to calls, and the failure to respond to demographic changes within the City of Edmonton among other risks.

RESOURCES

Many of the fixed costs of operating the new H-125 will already be in place as a result of the purchase of the new unit in 2016-17. There are anticipated to be additional operating costs for the second unit of \$380,000.

CONCLUSIONS AND RECOMMENDATIONS

As the remaining Air 2 unit reaches the end of its economic life, the EPS recommends the replacement of this unit with a new H-125 model helicopter outfitted for police use. Based on the current procurement process, expected inflation and US exchange rates, the purchase is anticipated to cost \$6.2 million in 2019-20.

The EPS proposes to purchase the H-125 model helicopter. This was chosen in 2016 as the unit that best meets the needs of the EPS after an extensive Request for Procurement process and review of existing models and capabilities. The EPS intends to sole source the replacement proposed in this profile to the vendor selected for the purchase of the first replacement model. Procurement activities are expected to proceed in 2019 following budget approval.

CONTINGENCY OF APPROVAL

FUNDS HELD IN ABEYANCE - Subject to a report on efficiency

CAPITAL PROFILE REPORT

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PROFILE NAME: Helicopter Replacement (Abeyance)

PROFILE NUMBER: 19-60-1402

BRANCH: Police Service

FUNDED

PROFILE TYPE: Standalone

CAPITAL BUDGET AND FUNDING SOURCES (000's)

APPROVED BUDGET		Prior Years	2019	2020	2021	2022	2023	2024	2025	2026	2027	Beyond 2027	Total
	Approved Budget												
	Original Budget Approved	-	3,100	3,100	-	-	-	-	-	-	-	-	6,200
	Current Approved Budget	-	3,100	3,100	-	-	-	-	-	-	-	-	6,200
	Approved Funding Sources												
	Self Supporting-Tax Guaranteed	-	3,100	3,100	-	-	-	-	-	-	-	-	6,200
	Current Approved Funding Sources	-	3,100	3,100	-	-	-	-	-	-	-	-	6,200

BUDGET REQUEST	Budget Request	-	-	-	-	-	-	-	-	-	-	-	-
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REVISED BUDGET (IF APPROVED)	Revised Budget (if Approved)	-	3,100	3,100	-	-	-	-	-	-	-	-	6,200
	Requested Funding Source												
	Self Supporting-Tax Guaranteed	-	3,100	3,100	-	-	-	-	-	-	-	-	6,200
	Requested Funding Source	-	3,100	3,100	-	-	-	-	-	-	-	-	6,200

CAPITAL BUDGET BY ACTIVITY TYPE (000's)

REVISED BUDGET (IF APPROVED)	Activity Type	Prior Years	2019	2020	2021	2022	2023	2024	2025	2026	2027	Beyond 2027	Total
	Fleet Equipment	-	3,100	3,100	-	-	-	-	-	-	-	-	6,200
	Total	-	3,100	3,100	-	-	-	-	-	-	-	-	6,200

OPERATING IMPACT OF CAPITAL

Type of Impact: Material & Equipment

Branch:	2021				2022				2023				2024			
	Rev	Exp	Net	FTE	Rev	Exp	Net	FTE	Rev	Exp	Net	FTE	Rev	Exp	Net	FTE
Police Service	-	380	380	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Impact	-	380	380	-	-	-	-	-	-	-	-	-	-	-	-	-