



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4b

ACTION ITEM

Date of Meeting March 14, 2017

DATE: January 18, 2017

TO: Dave Soike, Interim Chief Executive Officer

FROM: Randy Krause, Fire Chief

SUBJECT: Purchase two Aircraft Rescue Firefighting Vehicles 2017 (CIP #C800878)

Amount of this request: \$2,200,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute a procurement for two 3,000-gallon Aircraft Rescue Firefighting (ARFF) Vehicles at a cost of \$2,200,000 including equipment and taxes.

EXECUTIVE SUMMARY

This procurement will accomplish two goals: 1) Add one primary ARFF vehicle to the fleet, bringing the total to four, two at the main station and two on the west side; and 2) Replace the oldest ARFF vehicle to keep a reliable reserve apparatus. Two stations with two ARFF vehicles at each are necessary to meet FAA requirements for response time and agent discharge. The added fifth ARFF vehicle is needed for backup.

JUSTIFICATION

The 2015 Center Runway work caused Taxiway Juliet to be eliminated and an ARFF Road was established in its place as our response route to Runway 34L/16R. An unintended consequence of this action was the elimination of our ability to meet the FAA response times, requiring us to locate equipment on the West Side of the airport. This relocation allowed us to meet the response time, but eliminated our ability to meet the FAA agent discharge requirements. The discharge requirement is 1,322 gallons of agent to be discharged within 60 seconds to control 90% of a fire on a 737 aircraft. A single ARFF Vehicle at either station does not allow us to meet this requirement. This request for purchase adds one ARFF Vehicle to the fleet, allowing us to staff two ARFF Vehicles at both Stations. It also allows us to meet the FAA agent discharge requirements from both locations.

In addition to adding one ARFF Vehicle to the fleet, we still are in need of replacing an existing ARFF Vehicle that was acquired in the year 2000. With a projected service life of 10-12 years this 16 year old vehicle is at the end of its serviceable life as it is no longer a reliable reserve apparatus. This would allow us to have four primary ARFF Vehicles in service and staffed, and

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the purchase would move a 2006 ARFF vehicle into reserve status. The objective of this request is to allow the Fire Department to meet the FAA agent discharge requirements and to also maintain a healthy fleet of vehicles allowing more reliability in meeting the needs of the FAA, Airlines, and Public if an incident were to occur.

Scope of Work

- Purchase two (2) 3,000 gallon ARFF Vehicles at a cost of \$2,200,000. A current generic specification has been drafted working with CPO.
- Proposals will be evaluated for best value and capabilities.
- Purchase will be executed.

Schedule

Purchase to be executed in April 2017 for an end of year delivery.

Activity

In-use date	2018 Quarter 1.
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Cost Breakdown

	This Request	Total Project
Procurement	\$2,200,000	\$2,200,000
Total	\$2,200,000	\$2,200,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Three different variations of the new service contract are proposed below.

Alternative 1 – Delay purchase.

Delaying even one year creates a greater risk as this option would continue to put us in a position to address continued breakdowns associated with aging vehicles as noted in the justification section of this memo.

Cost implications: \$0 capital now, \$2.2 million plus escalation in near term (must eventually make purchase)

Pro: Cost Savings Today

Cons:

- Increasing risk of not being able to meet FAA requirements due to vehicle down time.
- Not being able to effectively meet our FAA required agent discharge requirements will cause us to be out of compliance.

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This is not the recommended alternative.

Alternative 2 – Purchase only one 3000 gallon ARFF Vehicle in 2017 and delay the additional purchase to 2018.

Cost implications: \$1.1 million capital now, \$1.1 million plus escalation in near term

Pro:

- Provides some benefit as it will allow us to meet current FAA expectation of two vehicles on location at the same time to meet agent discharge requirements
- This option provides opportunity to improve our current abilities

Cons:

- Does not allow us to solve current and upcoming challenges of replacing our aging fleet in a reasonable timeframe.
- Increases maintenance needs beyond the 10-12 year life expectancy, this option increases risk to safety and down time due to maintenance by continuing to use a 17 year old vehicle.

This is not the recommended alternative.

Alternative 3 – Purchase two 3000 gallon ARFF Vehicles in 2017

This option best fits our future strategic goals and operational needs. During the recent Asiana 777 incident in San Francisco it became apparent that immediate water supply is essential for efficient fire operations. This purchase will allow us to integrate new technology, increased water/foam capacities, and capabilities to effectively meet FAA agent discharge requirements.

Cost implications: \$2.2 million capital now.

Pros:

- Provides enhanced capabilities to meet current FAA expectation (Advisory Circular No: 150/5210-23) of being able to discharge 1,322 gallons in the first 60 seconds of an aircraft incident.
- Provides additional agent quantities to better mitigate larger incidents and will allow us to designate a safety vehicle on scene.
- Additional staffing to accommodate this purchase in support of station #2 was approved with 2017 budget.

Cons: These funds could be utilized for other purposes

This is the recommended alternative.

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FINANCIAL IMPLICATIONS

Is part of the Aviation Division 2017 Capital Improvement Plan.

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$2,200,000	\$0	\$2,200,000
AUTHORIZATION			
Previous authorizations	\$0	\$0	\$0
Current request for authorization	\$2,200,000	\$0	\$2,200,000
Total authorizations, including this request	\$2,200,000	\$0	\$2,200,000
Remaining amount to be authorized	\$0	\$0	\$0

Budget Status and Source of Funds

This acquisition was included in the 2017-2021 capital budget and plan of finance. We anticipate receiving a grant from the FAA for approximately 75% of the costs. The remaining costs will be funded with the Airport Development Fund.

Financial Analysis and Summary

Project cost for analysis	\$2,200,000
Business Unit (BU)	Fire (mostly allocated to Airfield)
Effect on business performance (NOI after depreciation)	NOI after depreciation will decrease
IRR/NPV (if relevant)	N/A
CPE Impact	Less than \$.01 in 2018 (grant funded costs are excluded from airline rate base).

Future Revenues and Expenses (Total cost of ownership)

N/A

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

There have been no previous Commission actions related to this request for purchase.