

**Agenda – Council – January 30, 2025****Report – Executive Policy Committee – January 21, 2025****Item No. 8                      Award of Contract - Provision for the Lease to Own a Police Helicopter - Bid Opportunity 677-2024****EXECUTIVE POLICY COMMITTEE RECOMMENDATION:**

On January 21, 2025, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the bid submitted by Custom Helicopters Ltd. be determined non-responsive for failure to conform to the requirements of Tender No. 677-2024.
2. That the City enter into, execute, and deliver a contract for the Provision of a Lease-to-Own Police Helicopter with Eagle Copters Ltd., who submitted a bid meeting all of the requirements of Tender No. 677-2024, in the estimated amount of \$13,481,100.00 (MRST and GST extra as applicable) based on a monthly amount of \$74,895.00 for a period of 180 months from the contract start date, and such other agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing (the “Ancillary Agreements”).
3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Agreement and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.
4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

**Agenda – Council – January 30, 2025**

**Report – Executive Policy Committee – January 21, 2025**

**DECISION MAKING HISTORY:**

**EXECUTIVE POLICY COMMITTEE RECOMMENDATION:**

On January 21, 2025, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

ADMINISTRATIVE REPORT

**Title:** Award of Contract - Provision for the Lease to Own a Police Helicopter - Bid Opportunity 677-2024

**Critical Path:** Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Murray	A/Chief A. Stannard	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

The Winnipeg Police Service (WPS) Flight Operations Unit’s (FOU) Airbus H120 helicopter, often referred to by its call sign “AIR1”, is a critical asset for law enforcement and public safety in Winnipeg. The FOU responds to crimes in progress, tracks vehicles that have refused to stop for ground units, searches for lost or missing persons, conducts proactive patrols, and supports incident commanders with an unparalleled aerial perspective at high-risk incidents and large-scale public events. When used in conjunction with other police resources, experience has consistently demonstrated the police helicopter has a positive impact on officer and public safety, while enhancing operational effectiveness.

The current Airbus H120 helicopter is 14 years old and will be due for a scheduled overhaul of major components in 2027, and is an out-of-production model with limited options for part sourcing. As a result, part costs and wait times are rising, increasing the risk the helicopter could be grounded for an extended period.

It is expected that production, customization, and delivery of a new aircraft will take 18-24 months, meaning action should be taken as soon as possible to strategically coordinate aircraft replacement.

This report recommends that Council approve the award of a contract for the provision of a Lease-to-Own Airbus H125 helicopter, replacing the current aircraft, in the estimated lifetime total amount of \$13,481,100.00 (MRST and GST extra as applicable) based on a monthly lease amount of \$74,895.00 for a period of 180 months from the contract start date.

The Airbus H125 represents capability and long-term reliability upgrades. The worldwide adoption of the H125 also translates to more readily available replacement parts throughout its projected lifespan. Additionally, the imaging system acquired by the WPS in 2023 is compatible with the Airbus H125, reducing further capital outlay requirements.

The H125 has a lengthy and proven safety record. This aircraft choice also provides cost savings for training and insurance, as the Chief Pilot, one of the two Line Pilots, and the Aircraft Maintenance Engineer, are certified to pilot and work on this model.

The Recommendations of this Report are compliant with the City’s Purchasing Policy and applicable trade agreements.

RECOMMENDATIONS

1. That the bid submitted by Custom Helicopters Ltd. be determined non-responsive for failure to conform to the requirements of Tender No. 677-2024.
2. That the City enter into, execute, and deliver a contract for the Provision of a Lease-to-Own Police Helicopter with Eagle Copters Ltd., who submitted a bid meeting all of the requirements of Tender No. 677-2024, in the estimated amount of \$13,481,100.00 (MRST and GST extra as applicable) based on a monthly amount of \$74,895.00 for a period of 180 months from the contract start date, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the “Ancillary Agreements”).
3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Agreement and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.
4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

As the total conditional amount to be paid by the City pursuant to the contract is for a purchase that obligates the City to expenditures on future budgets, Council approval is required pursuant to the Purchasing Policy F1-003.

IMPLICATIONS OF THE RECOMMENDATIONS

Continuing the Lease-to-Own agreement for the full period required to purchase the recommended Airbus H125 helicopter will require a funding commitment of approximately \$900,000.00 per year for 15 years. Costs associated with the initial lease period are included in the Winnipeg Police Service 2025-2028 Budget submission, currently pending adoption by Council.

Council’s approval of the recommendation to award a contract for the provision of a Lease-to-Own a new helicopter will allow the WPS to mitigate a number of emerging risks to the Flight Operations Unit (FOU). Since the current Airbus H120 helicopter is no longer in production, it is expected that wait times and costs for replacement parts will continue to rise. This means the FOU will be at increased risk of having to ground the helicopter for prolonged periods while awaiting the necessary parts to perform maintenance and repairs.

Furthermore, the wait time for construction and customization of an Airbus H125 helicopter with specialized police equipment is estimated at approximately 18-24 months. If an order were

placed in Q1 of 2025, the expected delivery time would be in mid to late 2026. This would coincide with a scheduled replacement of major time-limited components on the aircraft making now a strategically-sound time for the City to initiate the replacement order.

HISTORY/DISCUSSION

**WPS Flight Operations Unit & AIR1**

Following a comprehensive study conducted by the WPS in 2009, Council approved the formation of the Flight Operations Unit (FOU) on January 10, 2010. The unit was staffed and then equipped with an Airbus H120 helicopter which began operational flights in February 2011. Capital funding for the initial purchase of the H120 helicopter was provided by the City, with operating costs billed in full to the Province of Manitoba until 2016. The Province’s funding was limited to \$1.7 million per year in 2017, after which a number of program-specific grants, including the FOU allocation, were replaced by a consolidated public safety basket fund.

The FOU’s Airbus H120 helicopter, often referred to by its call sign “AIR1”, is an important tool for law enforcement and public safety in Winnipeg. The helicopter offers a rapid response capability for emergency events and aerial containment of suspects. The perspective provided contributes to increased public and officer safety, aiding in the detection of criminal suspects, assisting in locating individuals in need of help, and safer management of large-scale events. Along with the noted contributions to core law enforcement mandates and public safety, the aircraft also provides support and assistance to the Winnipeg Fire and Paramedic Service (WFPS), the RCMP, and other Manitoba public safety agencies in Winnipeg and the surrounding area.

**2023 Operational Highlights**

In 2023, the FOU had 864.4 flight hours and was available on 220 days. Days when the unit was grounded were due to maintenance (64 days), weather (60 days) or staffing (21 days).

In 2023, the unit was dispatched to 1,941 emergency calls for service, of which 1,459 were high-risk events, including tracking 100 vehicles where a suspect was refusing to stop or attempting to evade police. Pursuits and follows supported by the FOU were resolved with no injuries to officers, suspects, or third parties. The unit also conducts proactive patrols to identify and deter criminal activity throughout the city. The aircrew observed 37 incidents that posed a threat to public safety prior to the incidents being reported to 911, including eight yet to be reported fires.

The FOU was responsible for locating 401 people in 2023, including 200 persons involved in a suspected criminal event. The unit was also assigned to search for 14 missing persons and 44 individuals who were deemed to be at risk of self-harm. The helicopter provided aerial support to WPS Incident Commanders for large scale events on 11 occasions, to enhance planning and safety at large gatherings. The unit also attended 34 fire events, where the helicopter helped gather information for and provided video to WFPS crews

**Airbus H120 Condition and Maintenance**

The current Airbus H120 helicopter was built in 2009, and the manufacturer ceased production of this model in 2017. While parts and servicing will remain available for the foreseeable future, the only supplier is the original manufacturer. This results in longer wait times and higher prices for replacement components as the number of H120 in-service helicopters declines worldwide. While much of the maintenance can be forecasted well in advance, based on established life

cycle specifications, an unexpected component problem could require the unit to be grounded for an extended period (up to several months) while the part is manufactured.

After 14 years of service, the Airbus H120 has logged over 13,000 hours of flight time. When the recommended replacement is delivered, the helicopter will likely have more than 16,000 hours of flight time logged, at which time the aircraft will be due for another significant inspection and timed overhaul of major components. It will also coincide with a scheduled engine refit on the current Airbus H120, which occurs every 3,000 hours (every three years for the WPS aircraft).

### **Airbus H125 Helicopter Considerations**

The Airbus H125 represents an upgrade in terms of capability and long-term reliability. The current H120 helicopter has an operational speed of 120 knots and an endurance of approximately 2.5 hours per flight. The H125 has a cruising speed of 136 knots and an endurance of 4.5 hours. The H125 does, however, have a higher sound signature than the H120 model. To date in 2024, the FOU has received 16 noise complaints, half of which were unrelated to WPS operations as they pertained to sound heard while the FOU helicopter was not airborne. The FOU will continue to use best practices to mitigate the effect of the aircraft's sound while airborne over Winnipeg. The FOU will also continue to maintain an open line of communication with the citizens of Winnipeg, allowing the WPS to address concerns related to the sound of the aircraft as much as practicable.

The Airbus H125 is currently used by the RCMP, Calgary Police Service, Edmonton Police Service, and York Regional Police.

In 2023, the FOU acquired a second Wescam MX-10 imaging system that is compatible with the Airbus H125 helicopter, which will reduce the overall costs. This sophisticated imaging system produces video recordings that serve as high-value evidence for use in criminal investigations and prosecutions.

The Chief Pilot and one of the two Line Pilots are already qualified to operate the H125 and have acquired thousands of hours of flight time on the H125 prior to joining the WPS. The unit's Aircraft Maintenance Engineer is also certified to work on the H125 model. The personnel within the FOU and their experience with the H125 model, makes it the preferred option because that translates to enhanced safety and reduced training and insurance costs. Furthermore, because the Airbus H125 is already widely used, there is a large pool of experienced aircraft engineers and pilots locally and throughout Canada to help mitigate the risk in the event of future unit personnel changes.

The wide adoption of the Airbus H125 helicopter also means that replacement parts will be readily available throughout the aircraft's projected lifespan from both the original equipment manufacturer and other suppliers with 'parts manufacturer approval'. Looking forward, the Airbus H125 will offer a strong and reliable platform for the FOU to deliver reliable air support into the next two decades.

### **Vendor Selection Process**

Based on its operational capabilities, the projected availability of parts and servicing, and the existing certification and experience of FOU members, the Airbus H125 has been identified as the most suitable aircraft to replace the current WPS helicopter. Therefore, this competitive bid process was administered as a request for tender rather than an open request for proposals. The request for tender was published on September 27, 2024, with bids due by October 30, 2024. Bids were received from three prospective vendors.

The bid submitted by Custom Helicopters Ltd. should be determined non-responsive because the bidder included terms and conditions that conflict with the requirements described in Tender No. 677-2024. The options provided by Custom Helicopters Ltd. also exceed the maximum annual payment amount stipulated in the request for tender.

The bid submitted by Eagle Copters Ltd. was responsive and met the requirements as specified in Tender No. 677-2024. The contract administrator is satisfied that Eagle Copters Ltd. has the necessary resources and experience to carry out the described work. Therefore, Eagle Copters Ltd. has been selected as the successful proponent for the provision of a Lease-to-Own a police helicopter.

Bidder	Bid Price	Notes
Canadian Helicopters Ltd.	Option A: \$16,140,000.00	Option A of the bid exceeds the \$900,000 yearly maximum stipulated in the Request for Tender. Option B exceeds the \$300,000 maximum down payment.
	Option B: \$14,500,000.00	
Custom Helicopters Ltd.	Option 1: \$ 21,127,252.08	All options exceed the \$900,000 yearly maximum stipulated in the Request for Tender.
	Option 2: \$ 12,517,851.06	
	Option 3: \$ 21,132,479.28	Terms and conditions that conflict with tender requirements were added.
	Option 4: \$ 12,517,851.06	
Eagle Copters Ltd.	\$ 13,481,100.00	Eagle Copters Ltd. is the successful proponent determined through the competitive bid process.

The bid from Eagle Copters Ltd. is open for acceptance until January 31, 2025. The H125 is in high demand, including a large number of anticipated orders from other law enforcement agencies and commercial operators in Canada. A delay in the process of ordering a new helicopter could result in Winnipeg losing its current position in line and, therefore, a significant delay beyond the current 18-24 months of expected lead time.

In addition, should the contract not be awarded by January 31, 2025, thereby causing the matter to be re-tendered, aircraft price escalations of 6 percent to 8 percent on the base aircraft of \$3,800,000 (USD) would become applicable. Price escalations are unpredictable, as they are based on volatile market conditions and have been as high as 10 percent. The failure to award this Tender will also trigger required maintenance to the existing helicopter in excess of \$300,000 (USD), which would not otherwise need to be completed.

The Contract Administrator has reviewed the work with the recommended bidder and is satisfied that they have the necessary resources and experience to perform the work of the contract in accordance with the requirements of the tender.

Work will not begin until award of contract.

On December 9, 2024, the Winnipeg Police Board received this report from the Winnipeg Police Service for review and consideration. On December 11, 2024, through communication from the Board Administrator, the Winnipeg Police Board advised that it accepted this report, and indicated that the Winnipeg Police Service may proceed with the submission of this report.



**FINANCIAL IMPACT****Financial Impact Statement****Date:** 12/3/2024**Project Name:****First Year of Program** 2025

Award of Contract - Provision for the Lease to Own a Police Helicopter

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Capital</b>					
Capital Expenditures Required	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Funding Sources:</b>					
Debt - Internal	\$ -	\$ -	\$ -	\$ -	\$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Additional Capital Budget Required	<u>\$ -</u>				
Total Additional Debt Required	<u>\$ -</u>				
<b>Current Expenditures/Revenues</b>					
Direct Costs	\$ 300,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	<u>\$ 300,000</u>	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>\$ 900,000</u>
Less: Existing Budget Amounts	<u>300,000</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>
Net Budget Adjustment Required	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Comments:</b> Direct costs reflect the Lease-to-Own agreement required to purchase the recommended Airbus H125 helicopter committing \$900,000.00 per year, for 15 years. Funding is available within the Winnipeg Police Service operating budget.					

Tara Holowka December 3, 2024

Tara Holowka, CPA, CGA  
 Executive Director of Finance  
 Winnipeg Police Service

CONSULTATION

This Report has been prepared in consultation with:

- Winnipeg Police Board

OURWINNIPEG POLICY ALIGNMENT

The procurement of a new helicopter for the WPS Flight Operations Unit will support the following elements of the *OurWinnipeg 2045* goal of Good Health and Well-Being:

- Objective #3 - Proactively identify and address threats to community safety and well-being. Promote physical and mental health by mitigating, planning for, responding to, and recovering from, emergencies, disasters and crime.
- Policy 4.6 - Community Safety - Facilitate a culture of safety and crime prevention across the City and community, by building trusting relationships to enable collaborative action.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS), and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Winnipeg Police Service  
Division: Division 50 - Flight Operations Unit  
Prepared by: Malcolm Murray, Chief Pilot  
Date: December 9, 2024  
File No: Bid Solicitation No. 677-2024