

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 3540	Department Forestry and Fire Protection	Priority No.
Budget Request Name 3540-015-BCP-DP-2016-GB		Program 2465 FIRE PROTECTION	Subprogram 2465019 FIRE CONTROL

Budget Request Description
 Aviation Contracts Increase

Budget Request Summary

The Department of Forestry and Fire Protection (CAL FIRE) requests \$3.483 million General Fund starting in Fiscal Year 2016-17 to ensure aviation resources have sufficient support from contracted services. According to the terms of current contracts, this proposal includes additional funds in subsequent fiscal years.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed		
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date	
For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance. <input type="checkbox"/> FSR <input type="checkbox"/> SPR Project No. Date:			

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By <i>M. J. Martin</i>	Date 1-5-16
Department Director <i>Amanda Martin</i>	Date 1/5/16	Agency Secretary <i>[Signature]</i>	Date 1/5/16

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA Original Signed by Amanda Martin	Date submitted to the Legislature 1-8-16
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BCP Fiscal Detail Sheet

BCP Title: Increased Flight Contract Costs

DP Name: 3540-015-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Operating Expenses and Equipment						
5340 - Consulting and Professional Services -	0	3,483	5,446	6,619	7,843	9,124
Total Operating Expenses and Equipment	\$0	\$3,483	\$5,446	\$6,619	\$7,843	\$9,124
Total Budget Request	\$0	\$3,483	\$5,446	\$6,619	\$7,843	\$9,124

Fund Summary

Fund Source - State Operations

0001 - General Fund

Total State Operations Expenditures

Total All Funds

	0	3,483	5,446	6,619	7,843	9,124
Total State Operations Expenditures	\$0	\$3,483	\$5,446	\$6,619	\$7,843	\$9,124
Total All Funds	\$0	\$3,483	\$5,446	\$6,619	\$7,843	\$9,124

Program Summary

Program Funding

2465019 - Fire Control

Total All Programs

	0	3,483	5,446	6,619	7,843	9,124
Total All Programs	\$0	\$3,483	\$5,446	\$6,619	\$7,843	\$9,124

A. Budget Request Summary

The Department of Forestry and Fire Protection (CAL FIRE) requests \$3.483 million General Fund starting in Fiscal Year (FY) 2016-17 to ensure aviation resources have sufficient support from contracted services. According to the terms of current contracts, this proposal includes additional funds in subsequent fiscal years. Please refer to Attachment A for this detail.

B. Background/History

In January 2015, CAL FIRE entered into a contract with DynCorp International, LLC (DynCorp), which expires on December 31, 2015. Subsequently, through the state bidding process, a Request for Proposal (RFP) for a follow-on vendor was released and, following all State-mandated procedures and policies, was awarded to DynCorp for services starting on January 1, 2016. The new contract will expire on December 31, 2017 and may be extended through December 31, 2020. CALFIRE has historically authorized all optional years for the DynCorp contract given the complexities of the CAL FIRE mission and the State's procurement processes.

DynCorp provides pilots to operate fixed-wing aircraft, as well as maintenance technicians for maintenance of the Department's fixed-wing and rotary fleet. Pilots will typically train for several months prior to the fire season and be staffed at airbase locations throughout the State during the fire season. Maintenance technicians are employed year-round and perform all maintenance in accordance with Federal Aviation Administration guidelines. Maintenance technicians complete necessary repairs during fire season that ensures the availability of the aircraft. During the winter months, they perform aerospace maintenance, repair, necessary overhaul, and modification and manufacturing on airframes, engines, propellers, helicopter rotating components, and various aircraft parts and components. Winter maintenance takes place from the end of fire season to the start of fire season the following year. The DynCorp contract was implemented to ensure that vital components and services necessary to maintain the fleet would be provided without interruptions or delays.

In July 2013, CAL FIRE entered into a contract with Logistic Specialties, Inc. (LSI), which will expire on June 30, 2016, and may be extended through June 30, 2018. CALFIRE has historically authorized all optional years for the DynCorp contract given the complexities of the CAL FIRE mission and the State's procurement processes. LSI provides personnel to support the operation and maintenance of CAL FIRE's fleet of firefighting aircraft, under the general direction of State officers, to ensure that vital parts and parts logistical services necessary to maintain the fleet would be provided without interruptions or delays. LSI is responsible for assessing needs, acquiring, storing, and distributing aircraft parts and components in support of CAL FIRE's aviation maintenance operations. Therefore, the logistical support services provided by LSI are critical to the maintenance services provided by DynCorp.

C. State Level Considerations

This proposal is consistent with the goals and objectives of the Department's 2012 Strategic Plan.

Goal: Recognize and scale to changing budgetary, fiscal and regulatory conditions.

Objective: Implement a systematic way to establish program budgetary baselines and deliverables and to measure the impact of change.

This proposal is consistent with the goals and objectives of the Department's 2010 Fire Plan:

Goal: Seek to improve operational efficiency and effectiveness by shaping, enhancing, and adapting to changing circumstances.

Objective: Ensure an effective and sustainable aviation program that meets the Department's mission.

D. Justification

CAL FIRE operates a fleet of aircraft in support of the goal to suppress 95 percent of all fires at 10 acres or less. These aircraft are used in various roles as a force multiplier for the ground resources engaged in battling the State's wildfires. Aircraft provide the ability to engage almost any fire in the State within approximately 20 to 30 minutes. It is important to understand that aircraft exclusively do not put out a fire, but it is accomplished by a team effort of multiple resources to surround and extinguish a fire. However, aircraft do provide support to surround and extinguish a fire more quickly. CAL FIRE's aircraft fleet provides support to ground crews helping to slow a fire's progression, allowing engines and crews to complete the suppression process.

Aircraft are usually the first CAL FIRE resources on the scene of a fire. The helicopters deploy their crew members and engage in direct attack on the fire. The helicopters will also support the ground crew with water delivery and move additional fire crews and supplies to the fire line. The air tankers will drop retardant to slow the fire's advance and support the ground crews in their attempts to stop progress of the fire. The Air Attack aircraft provide command and control functions and coordinate the aircraft traffic moving in and out of the Fire Traffic Area.

CAL FIRE's Aviation Management Unit (AMU) is tasked with providing aviation assets during fire season and performing scheduled routine maintenance in between fire seasons. In order to maintain and operate the aviation fleet, DynCorp provides the highly specialized, skilled workforce of pilots and aviation maintenance technicians that ensure CAL FIRE's aircraft fleet are on hand and readily accessible at all times. In addition, due to the nature of CAL FIRE's mission and the age of the surplus military aircraft fleet (rotary wing are Vietnam era and fixed wing are predominantly Korean War era), it is difficult to anticipate the amount and complexity of repairs needed to be performed on the fleet without this workforce. The elements of this contract are synergistically connected into a unified operations, safety, and maintenance system that have helped to make CAL FIRE a national and international leader in aerial fire suppression. CAL FIRE needs to maintain this workforce and the material condition of its aircraft, otherwise it will deteriorate and the number of aircraft will dwindle, either by voluntary removal from service or by a maintenance-related major aircraft accident. Without funding for the pilot and mechanic contract, AMU cannot guarantee the availability of necessary aviation assets when called upon during fire season and that required maintenance is performed between fire seasons.

The AMU is also tasked with performing unplanned, emergency maintenance in order to support the Department's mission. This would not be possible if the only avenue of procuring parts, services, and logistical support was operating through the State's purchasing and contracting system. The LSI contract ensures timely delivery of required parts and related logistical services consistently throughout the year. This contract holds the expertise in military parts ordering, inventory management, and federal supply resources. They also hold top security clearances that are required in order to comply with the Department of Defense (DOD), the Military Standard Requisition and Issue Procedures, and Daasc Automated Message Exchange System (DAMES), which is a bridge between the DOD and the Standard Base Supply System (SBSS). Without funding for the LSI contract, CAL FIRE could not guarantee the necessary aviation assets when needed.

Due to the increased fire activity above historically contracted and budgeted amounts, both fixed-wing and rotary aircraft are reaching their mandatory maintenance cycles sooner and requiring a higher level of parts. In addition, pilots are flying outside of contracted availability periods due to drought extended staffing of air attack bases, resulting in mandatory maintenance cycles and parts. It is CAL FIRE's responsibility to ensure there are no interruptions in maintenance activities necessary to keep the aircraft flying, and for scheduled routine maintenance to be performed in between fire seasons. The requested funding will enable CAL FIRE ensure that emergency unscheduled maintenance can be performed, and to have the necessary parts and components to assure the aircraft are able to fly during fire season to safeguard and protect the people and resources of the State.

CAL FIRE requests budget bill language (BBL) that allows CAL FIRE to expeditiously amend both the DynCorp and LSI contracts when fire season activity and its associated maintenance and parts usage is higher than currently contracted. In addition, the BBL allows the Administration to request a commensurate budget adjustment in the current fiscal year when this does occur.

E. Outcomes and Accountability

The additional funding will provide adequate services to support aviation resources and ensure the safety of the public that relies on fire protection services from CAL FIRE.

F. Analysis of All Feasible Alternatives

Alternative 1: Approve \$3.483 million General Fund starting in FY 2016-17, with additional funding in subsequent years (see Attachment A), to ensure aviation resources have sufficient support from contracted services.

Costs:

- See Attachment A.

Advantage:

- Ensures fixed-wing pilots, aviation mechanics, parts, and logistics support services are available for current contracts.
- Ensures the continuation of CAL FIRE's ability to guarantee the necessary aviation assets when needed during fire season and that required maintenance is performed between fire seasons, which, in turn, will protect the people and resources of the State.
- An effective and sustainable aviation program will enhance the Department's ability to meet its core mission.
- CAL FIRE will maintain its level of safety within the air tactical fleet and avoid exposure to damaging and costly lawsuits from loss of property, personnel, and equipment.
- CAL FIRE will be able to meet the obligations of the contract and maintain its staff of qualified experienced pilots and mechanical technicians.

Disadvantage:

- Requires additional General Fund that could be used for higher priorities.

Alternative 2: Status Quo.

Costs:

- \$0

Advantage:

- No direct increase in General Fund.

Disadvantage:

- Does not ensure fixed-wing pilots, aviation mechanics, and logistics support services are available for current contracts.
- Would ground the fleet when CAL FIRE reaches its "capitated" DynCorp and LSI budget amount during the fiscal year.
- There is a greater propensity to disrupt forest ecosystems due to a lack of dedicated, immediately available air resources. Possible impacts include: increased carbon monoxide and particulates released; large quantities of soil and ash released into streams; increased possibility of flooding and

Analysis of Problem

landslides; increased wind and water erosion; decreased water quality for State and local water projects; and, increased cost of rehabilitating damaged lands with erosion controls, tree planting, and infrastructure repairs.

G. Implementation Plan

The Department requests the funds be available in FY 2016-17 by July 1, 2016 or upon enactment of the Budget Act of 2016.

H. Supplemental Information

To ensure the safety of the public that relies on fire protection services from CAL FIRE statewide, CAL FIRE will need to amend both the DynCorp and LSI contracts for a portion of the budget request to address higher than contracted and budgeted amounts, and will do so through the authority granted in AB 92 (Chapter 2, Statutes of 2014).

I. Recommendation

Alternative 1: Approve \$3.483 million General Fund starting in FY 2016-17, with additional funding in subsequent years (see Attachment A), to ensure aviation resources have sufficient support from contracted services. Approval of the request will ensure fixed-wing pilots, aviation mechanics, and logistics support services are available to protect the people and resources of the State.

CAL FIRE Proposed Budget Bill Language:

Item 3540-001-0001:

X. Notwithstanding any other provision of law and administrative procedure, CAL FIRE may amend its pilot and mechanic contract, along with its parts contract, for both scope changes and contracted amounts to address unanticipated workload resulting from higher than anticipated demand for these contracted services. The Department of Finance may augment this item and authorize expenditures in excess of the amounts appropriated in this item no sooner than 30 days after providing notification in writing of the necessity therefor to the chairperson of the committee in each house of the Legislature that considers appropriations, the chairpersons of the committees and the appropriate subcommittees in each house that consider the budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the designee, may in each instance determine.

Multi-Year Funding Plan - Aviation Contracts Increase BCP

(whole dollars)

Contract	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
DynCorp	\$ 1,283,000	\$ 3,026,000	\$ 3,957,000	\$ 4,915,000	\$ 5,903,000
LSI	\$ 2,200,000	\$ 2,420,000	\$ 2,662,000	\$ 2,928,000	\$ 3,221,000
Total	\$ 3,483,000	\$ 5,446,000	\$ 6,619,000	\$ 7,843,000	\$ 9,124,000