



STAFF REPORT

CITY of YORBA LINDA

ADMINISTRATION DEPARTMENT

DATE: OCTOBER 4, 2022

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: LORI ZELLER, DEPUTY CHIEF, ADMINISTRATION & SUPPORT BUREAU,
ORANGE COUNTY FIRE AUTHORITY

SUBJECT: ORANGE COUNTY FIRE AUTHORITY FINANCING OF NEW
HELICOPTERS

RECOMMENDATION

It is recommended that the Yorba Linda City Council adopt Resolution No. 2022-5823 approving a financing transaction by the Orange County Fire Authority for the purchase of two new helicopters and finding significant public benefit in connection with such financing.

DISCUSSION

The City of Yorba Linda is a member of the Orange County Fire Authority ("OCFA"), a joint powers authority established pursuant to the Joint Exercise of Powers Act (set forth in California Government Code Section 6500 et seq.) and an Amended Joint Powers Agreement, dated September 23, 1999, as amended, to provide fire protection, prevention and suppression services, and related and incidental services, including but not limited to emergency medical and transport services, and hazardous materials regulation, as well as providing facilities and personnel for such services to various member cities and the unincorporated area of Orange County and State areas of responsibility.

On September 22, 2022, the OCFA Board approved the purchase of, and directed the OCFA staff to find the best terms for acquisition of, two all hazard firefighting/rescue helicopters (Sikorsky S-70M Type 1 helicopters) from United Rotorcraft. United Rotorcraft is the only company authorized to upfit new Sikorsky S-70M helicopters to the standard fire/rescue/EMS Firehawk configuration that OCFA requires. The purchase price for each helicopter is \$27,935,990.

The OCFA staff determined that a lease-purchase transaction provides the most favorable terms for acquisition because it facilitates the immediate acquisition of the new helicopters for OCFA's fleet and it provides demonstrable savings in the borrowing costs. Staff received a proposal from Banc of America Public Capital Corp to finance the acquisition of the helicopters (including project implementation costs, and costs of issuance for the financing) in an amount not-to-exceed \$58 million through a lease purchase agreement (the "Agreement"). The proposal requires OCFA to pay 15 annual lease payments of \$4,933,177. At the end of the lease term, OCFA will own the helicopters.

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OCFA is entering into the Agreement pursuant to its powers under the Local Bond Pooling Act, set forth in Government Code Section 6584 et seq. (the “Act”). Government Code Section 6586.5 of the Act requires a member agency, within whose boundaries the financed property will be located (used), to hold a public hearing, to make a finding that the financing provides “significant public benefit,” and to approve the financing. Government Code Section 6586 of the Act defines “significant public benefit” to include: (i) demonstrable savings in effective interest rate, borrowing document preparation, underwriting or issuance cost, and (ii) more efficient delivery of local agency services to residential and commercial development.

FISCAL IMPACT

Although it is recommended that the City Council approve the Resolution that would make the findings required by section 6586.5 and to approve the financing for purposes of that same statutory requirement, the City will not itself be responsible for payments pursuant to the financed amounts. The OCFA, which is a separate legal entity under the Joint Exercise of Powers Act, will be responsible for the payments.

ATTACHMENTS

Resolution No. 2022-5823
