

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0588
Prime Sponsor(s): Sen. King; Jahn

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Bill Status: Senate Agriculture
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TITLE: CONCERNING THE CREATION OF THE COLORADO FIREFIGHTING AIR CORPS IN THE DIVISION OF FIRE PREVENTION AND CONTROL OF THE DEPARTMENT OF PUBLIC SAFETY.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015	FY 2015-2016
State Revenue Cash Funds Colorado Firefighting Air Corps Fund			See State Revenue section.
State Expenditures General Fund - <i>assuming capital program*</i>	\$17,513,488	\$536,234	\$9,668,712
FTE Position Change	2.0 FTE	6.0 FTE	6.0 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2013-2014: See State Appropriations section.*			
Local Government Impact: Minimal effects. See Local Government Impact section.			

* *The bill does not require an appropriation, but the fiscal note estimates costs to implement a capital program (e.g., acquire and operate aircraft). See State Expenditures section for additional discussion.*

Summary of Legislation

This bill establishes the Colorado Firefighting Air Corps (CFAC) within the Department of Public Safety, Division of Fire Prevention and Control (DFPC).

The CFAC is comprised of aircraft, personnel, facilities, and equipment necessary to conduct aerial firefighting. The bill specifically directs the DFPC to purchase and retrofit firefighting aircraft or to contract for such aircraft and supporting services. If the CFAC acquires aircraft, the director of DFPC must establish reimbursement rates for CFAC assets made available to assist the aerial firefighting efforts of other jurisdictions.

The Colorado Firefighting Air Corps Fund is created to receive grants, reimbursements, and funding from other sources, as well as state appropriations. The fund is continuously appropriated and may be used for CFAC operational expenditures.

Background

Aerial firefighting in Colorado. Aerial firefighting is commonly employed in the wildfire setting, but depends on an evaluation of flight hazards, limiting the use of aircraft on a case-by-case basis. For example, flight operations are routinely suspended in the event of poor visibility and in night-time hours. Weather conditions in Colorado hinder all types of aerial firefighting operations when wind speeds exceed 30 miles-per-hour.

The types of aircraft used in aerial firefighting include large air tankers (LATs), single-engine air tankers (SEATs), tactical planes, lead planes, helicopters, and smoke jumpers. Of the 20 firefighting aircraft present in Colorado during a July 2012 census by DFPC, 17 were owned or contracted by a federal agency and 3 were contracted by the state through DFPC. Based on the distribution of 19 air tanker bases in the state and the mix of federal- and state-procured aircraft assigned to these bases, the DFPC reports that a fire anywhere in the state can be reached by current firefighting aircraft with an average 20 to 30 minute flight time.

Existing DFPC fire aviation plans. Under current law, the DFPC must provide an annual wildfire preparedness plan, addressing, among other items, the amount and availability of aerial firefighting resources necessary for wildfire response in times of both low and high wildfire risk. The DFPC's current assessment (the 2013 Provisional Wildfire Preparedness Plan) notes that "due to natural fuels build-up and increased population in wildland-urban interface areas, wildfires that exceed the control efforts of local and county resources are becoming more common and more complex." Accordingly, the DFPC plan includes a fire aviation plan and the DFPC currently employs an aviation program manager. The 2013 Fire Aviation Plan includes the reduction of SEATs from 3 to 2, supplemented with other aviation resources such as joint helicopter operations with the United States Forest Service (USFS), Colorado State Patrol aircraft for fire detection, and call-when-needed contracts for LATs. The 2013 plan includes \$1.3 million in funding from the Wildfire Preparedness Fund.

The Cal Fire model. The state of California (Cal Fire) operates a fleet of 23 repurposed dual-propeller aircraft as 1,200-gallon air tankers, as well as 11 helicopters, 14 tactical planes, and contracts for LATs from USFS and private contractors. The majority of Cal Fire's air tanker fleet is loaned from the USFS through the Federal Excess Personal Property Program (FEPP).

Aircraft costs. A recent study commissioned by the USFS estimated the costs of acquiring and operating 3,000-gallon LATs at over \$80 million. If this acquisition is financed with debt, annual costs for acquisition were estimated at \$4.0 million. The study estimated annual costs for 3,000-gallon LAT operations and maintenance (including crew time) at \$2.8 million and retardant costs at \$4.0 million per year. As an alternative to purchasing planes, FEPP equipment is available to states that agree to fund engineering and retrofit costs. According to USFS FEPP guidelines, prior to acquiring FEPP aircraft, a state must determine that the state acquisition is justified "based entirely on the fire protection needs of the state" and that FEPP aircraft are the "most appropriate and cost-effective mechanism for meeting fire program objectives." States participating in FEPP are responsible for providing fire protection on wildlands within that state and must operate FEPP aircraft exclusively in rural and wildland firefighting. **The fiscal note assumes that aircraft for CFAC are acquired through FEPP.**

State Revenue

If the state acquires aircraft for firefighting, makes that equipment available to other jurisdictions, and seeks reimbursement from those jurisdictions, the bill will increase state revenue. **Based on current assumptions, the bill results in less than \$1,665,000 cash funds revenue to the Colorado Firefighting Air Corps Fund beginning in FY 2015-16 and each future fiscal year.** Aircraft must be in service prior to the receipt of any reimbursements.

As noted in the State Expenditure section below, the estimated cost of operating an LAT is \$1,665,000 per year. Based on the potential for the equivalent of up to one LAT with unused flight capacity per year, the fund will receive reimbursements of less than \$1,665,000 per year beginning in FY 2015-16. This estimate may vary depending on the definition of areas of responsibility and reimbursable costs in future cooperative agreements with USFS and other federal agencies with land in Colorado. Depending on the allocation of responsibility for nonfederal land in rural and wildland settings, revenue above the current estimate may also result from reimbursements from counties, fire protection districts, and other local jurisdictions.

The DFPC is also authorized to seek and accept gifts, grants, and donations to the CFAC Fund. No source of gifts, grants, or donations has been identified and the fiscal note assumes any such revenue received in FY 2013-14 or future fiscal years is minimal.

State Expenditures

Acquiring a fleet of three LATs and three tactical planes, as detailed below, will cost an estimated \$17,513,488 and 2.0 FTE in FY 2013-14 and by \$536,234 and 6.0 FTE in FY 2014-15. The estimated increase in state expenditures assumes the implementation of a fleet similar to the Cal Fire aviation program, using FEPP assets and contract operators. Table 1 describes costs to fund this model for a CFAC program in FY 2013-14 and FY 2014-15.

Table 1. Expenditures Under SB 13-245			
Cost Components	FY 2013-14	FY 2014-15	FY 2014-15
Personal Services - DFPC Staff	\$102,182	\$350,885	\$350,885
FTE	2.0	6.0	6.0
Operating - DFPC Staff	1,900	55,899	55,899
Capital Outlay - DFPC Staff	9,406	18,812	0
Operating Expenses - Hangar Leases	0	110,638	110,638
Operating Expenses - Contract Aviation	0	0	9,151,290
Capital - Aircraft Acquisition/Engineering (3 large air tankers, 3 tactical planes)	17,400,000	0	0
TOTAL	\$17,513,488	\$536,234	\$9,668,712

DFPC staff. To facilitate the acquisition of aircraft, establish cooperative agreements, and develop other infrastructure for CFAC operations, the DFPC will hire a contracts manager and an administrative assistant in FY 2013-14 at a cost of \$113,488. As aircraft are prepared for service and firefighting agencies transition to CFAC command and support, the DFPC will hire 3 full time air attack group supervisors and an aircraft maintenance supervisor. Total costs for DFPC staff are \$425,596 in FY 2014-15 and \$406,784 in FY 2015-16 and future fiscal years. The number of air attack group supervisors may be increased based on workload in FY 2015-16 or future fiscal years, once CFAC aircraft are operational. Costs for DFPC staff include standard operating costs, capital outlay (computer and furniture in the year of hire), and, for air attack supervisors deployed in the field, vehicle leases and standard per diem.

Aircraft acquisition and engineering. Under the terms and conditions of the FEPP program, LAT and lead/tactical aircraft are available for acquisition at a substantial savings relative to purchase at a market price. The approximate cost to contract for the acquisition and retrofit of such aircraft in FY 2013-14 are \$5.0 million for each LAT and \$800,000 for each tactical plane. Based on the acquisition of three LATs (\$15.0 million) and three tactical planes (\$2.4 million), the total capital cost to acquire aircraft is \$17.4 million in FY 2013-14. The contract and work involved with retrofitting planes for aerial firefighting missions would extend through FY 2014-15, with six aircraft ready for service by July 1, 2015.

Facilities. Beginning in FY 2014-15, the DFPC will need hangar space. Each LAT will be strategically assigned with a tactical plane to a different tanker base. Leased space will be obtained for CFAC aircraft at airports in Broomfield, Pueblo, and Grand Junction with an annual cost estimated at \$110,638.

Aircraft operating costs. In FY 2015-16 and future fiscal years, the DFPC will incur costs for a contractor to operate and maintain CFAC aircraft. For LATs, an annual cost of \$1,665,000 includes personnel and maintenance, as well as the state's cost to insure aircraft operations. The equivalent cost for tactical/lead aircraft is \$692,715 each fiscal year. For the proposed CFAC fleet of three LATs and three tactical planes, this results in an annual contract operating cost of \$9,151,290, beginning in FY 2015-16.

Other costs. This fiscal note does not include expenditures for the existing DFPC fire aviation program. Base resources in the fire aviation program include at least two SEAT contracts and funding for a dedicated helicopter in the Front Range (through joint operations with USFS; see Background section). Additional 120-day exclusive availability SEAT contracts (including personnel) may be added at \$592,080 per year, and a large helicopter (including personnel) may be added with 90-day exclusive availability for \$1,704,000 per year.

Funding. The fiscal note assumes that increased costs in the DFPC are paid by a General Fund appropriation. Several cash funds in the Department of Public Safety, including the Wildfire Preparedness Fund, the Emergency Fire Fund, the Wildland Fire Equipment Repair Cash Fund, the Wildfire Emergency Response Fund, and the Wildland Fire Cost Recovery Fund, may be used to pay for wildland fire management services. The fiscal note assumes that current budget obligations prevent additional cash fund expenditures by DFPC; however, depending on the size of CFAC expenditures, some capacity may exist to fund a portion of appropriations under this bill from cash fund sources.

Options for implementation of SB 13-245. No appropriation is required by this bill. However, if the General Assembly chooses to acquire aircraft for the CFAC, state expenditures increase based on the number and type of aircraft acquired and an appropriation is required. The fiscal note estimates costs based on the current assessment of LAT and tactical plane needs by the DFPC. Capital expenditures appropriate to develop the CFAC could also be assessed by the Capital Development Committee or the DFPC subsequent to enactment of the bill.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under SB13-245*		
Cost Components	FY 2013-14	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$13,422	\$40,341
Supplemental Employee Retirement Payments	6,272	24,367
TOTAL	\$19,694	\$64,708

*More information is available at: <http://colorado.gov/fiscalnotes>

Local Government Impact

If the state acquires aircraft equipment, it may increase revenue to local governments that operate airports and lease hangar space at the identified air tanker bases. Because airport fees and hangar leases are drawn from a larger market, this impact is assumed to be minimal.

The fiscal note assumes that local government reimbursements for aerial firefighting support will not change; CFAC reimbursement rates are assumed to be comparable to rates for aerial support from other agencies.

State Appropriations

In the event that the General Assembly determines to defer expenditures to other processes or future fiscal years, no appropriation is required by the bill. To implement the scope of CFAC operations identified in the fiscal note, the Department of Public Safety requires a General Fund appropriation of \$17,513,488 in FY 2013-14.

Departments Contacted

Public Safety
Law

Personnel and Administration
Higher Education (CSU-CSFS)

Local Affairs