

D06E02SP
Board of Public Works – PAYGO
Medevac Helicopters

State Police Helicopter Replacement (Statewide)

PAYGO SF **\$33,606,000** **Recommendation: Approve**

Program Description: Chapter 6 of the 2007 special session provided that a portion (\$110 million) of the revenues from the increased sales and use tax in fiscal 2008 be used to fund the replacement of the Department of State Police’s (DSP) fleet of 12 Medevac helicopters. Intent language included in the legislation specified that 3 helicopters should be purchased each year from fiscal 2009 to 2012. The special funds provided in the allowance represent funds for the procurement of the first 3 replacement helicopters.

Background

Since 1970, DSP has operated a system of aircraft to provide emergency medical evacuation (Medevac) services and other flight services to the State’s citizens. The Maryland State Police Aviation Command (MSPAC) currently has a fleet of 12 helicopters and 2 fixed winged aircraft. Its mission has evolved to include medical evacuations; search and rescue; law enforcement; and most recently, homeland security. Several reports have called for the replacement of the division’s fleet of 12 twin-engine Eurocopter Dauphin helicopters. The helicopters were purchased over an 11-year period beginning in 1989 and many are reaching the end of their useful lives.

Medevac operations began in Maryland in 1970 with a limited fleet of single engine Bell “Jet Ranger” helicopters. A crash involving one of these helicopters in 1986 prompted a review and ultimately the recommendation to upgrade and expand the fleet. The first of MSPAC’s current fleet was purchased in 1989. The fleet consists of three models of aircraft, several of which have been modified to meet the latest models specifications. **Exhibit 1** shows when each model was purchased and, where appropriate, when the model was upgraded to new standards. Only three of the original models remain unmodified.

There is a rigorous maintenance schedule designed to maximize safety and to prolong the life of the aircraft. Regular inspections are required after every 25 hours and after every 100 hours of flight time. Routine maintenance is performed and any problems are corrected. After 600 hours of flight time, each aircraft undergoes a “T” inspection during which time the aircraft is disassembled down to the frame, and parts are inspected and replaced as needed. Finally, “G” inspections occur every 5,400 flight hours. This inspection involves a near complete dismantling of the aircraft in order for close inspection, repair, and maintenance.

Exhibit 1
Medevac Helicopter Models

<u>Year Purchased</u>	<u>Model</u>	<u>Retrofit Date</u>
1989	N-1	
1989	N-1	
1989	N-1	
1989	N-1M	February 2003
1989	N-1M	November 2000
1989	N-1M	October 2002
1990	N-1M	June 2001
1990	N-1M	May 2002
1990	N-1M	November 2001
1994	N-2	
1994	N-2	
1999	N-3	

Source: Department of State Police

The helicopters serve multiple missions in that they are also used for law enforcement, search and rescue operations, and homeland security. This structure is largely unique to Maryland. Most states do not operate on this scale nor provide a centralized dispatch system. The department's rigorous maintenance schedule and the retrofits of many of the original models have contributed to a longer than expected lifespan for the fleet. However, to address safety concerns associated with an aging fleet and to maximize potential trade-in values, a timely replacement schedule is required.

The four-year replacement period is important for the standardization of the fleet. Because of the extended time frame for procuring the 12 helicopters, Maryland currently has 3 different versions of the Dauphin. Having different airframe versions raises a number of operational issues related to:

- **Safety:** DSP notes that in the event of a critical engine malfunction, a pilot would have to use different emergency procedures for each model. For example, the agency also upgraded some of the helicopters because the door to the helicopter service area on the earlier versions opens out and causes the crews and field care providers to work closer to the ends of the rotor blade system causing a safety issue.
- **Maintenance:** Multiple versions of the airframe require a larger parts inventory and do not permit efficiencies that would be gained by parts pooling and interoperability.

- **Training:** Having one airframe reduces hours for training pilots and mechanics.

Standardization would result in lower costs for parts inventory and for training. It would allow the department more flexibility in flight and mechanic crews. Additionally, a standard helicopter will reduce confusion for other emergency management individuals, such as hospital staff or scene providers.

Procurement Process

There exists a helicopter procurement group that has been meeting regularly to establish the specific needs for replacement. Members of the group include representatives from the Department of Budget and Management, Department of General Services, Department of State Police (including a helicopter pilot, flight paramedic, and maintenance technician), Maryland Department of Transportation, Maryland Institute for Emergency Medical Services Systems, NavAir, University of Maryland, and a private consultant.

It is expected that a Request for Information notice will be sent out in March/April, with a Request for Proposal (RFP) to follow shortly. It is also expected that the RFP will specify that the contract will be for all 12 helicopters procured over a four-year period. The RFP will also likely include a training component and a request that the vendor be able to guarantee parts and service availability over the expected lifetime of the helicopters. The group aims to have 3 helicopters delivered by December 2010.

Funding Source

Chapter 416 of 2006 created the State Police Helicopter Replacement Fund (SPHRF) and required that a \$7.50 surcharge be assessed for every motor vehicle conviction for which points may be assessed.

SPHRF is a special nonlapsing fund that is not subject to reversion to the State general fund. The fund consists of the collected surcharges, investment earnings, and money received from any other source. The funds in SPHRF must only be used for the procurement of new helicopters, auxiliary helicopter equipment, ground support equipment, and other capital equipment related to helicopters. Fiscal estimates showed revenues of approximately \$1.5 million deposited annually into the fund. Without an additional revenue source, this funding stream alone could not provide for the replacement of the fleet.

Accordingly, language included in Chapter 6 of the 2007 special session provided that a portion (\$110 million) of the revenues from the increased sales and use tax in fiscal 2008 only would be distributed to the SPHRF with intent to purchase three helicopters each year in fiscal 2009 through 2012, subject to appropriation.

Fund Data

Fund History (\$ in Millions)

<i>Description</i>	<i>Prior Authorization</i>	<i>2009 Request</i>	<i>2010 Estimate</i>	<i>2011 Estimate</i>	<i>2012 Estimate</i>	<i>2013 Estimate</i>
PAYGO SF	\$0.000	\$33.606	\$34.300	\$35.000	\$35.700	\$0.000

Issues

1. Trade-in or Resale Values

Chapter 6 of the 2007 special session earmarked \$110.0 million of the increased revenue due to the sales and use tax increase for the replacement of helicopters. This amount was derived based on the cost of 12 new helicopters, minus resale values of the current fleet. Resale value is estimated at between \$1.1 million and \$2.1 million each, based on the age and condition of the current aircraft.

In order for the SPHRF to have enough funds for the procurement of 12 helicopters, proceeds from the sale of the current fleet must be deposited into the funds.

The Department of Legislative Services (DLS) recommends that budget bill language be added that expresses the intent of the General Assembly that proceeds from the sale of the current fleet be deposited into the State Police Helicopter Replacement Fund. In addition, DLS recommends the Department of Budget and Management include in its annual budget submission a fund summary that shows the individual revenue sources and expenditures for SPHRF. This information should be published in the Governor’s annual budget books.

Recommended Actions

1. Add the following language to the special fund appropriation:

, provided that it is the intent of the General Assembly that proceeds from the sale of any of the current Department of State Police helicopters be deposited into the State Police Helicopter Replacement Fund established under Section 2-801 of the Public Safety Article to defray a portion of the total costs of the replacement of the fleet. Further provided that the Department of Budget and Management (DBM) include in the annual budget submission a fund summary of the State Police Helicopter Replacement Fund including each revenue source and expenditure.

Explanation: This language expresses the intent of the General Assembly that proceeds from the resale of the Department of State Police’s current fleet of helicopters be used to fund, in part, the purchase of the replacement fleet. The language also requests that the inputs and outputs of the fund be explicitly reported in the annual budget submission.

Information Request	Author	Due Date
State Police Helicopter Replacement Fund Summary	DBM	With the submission of the fiscal 2010 budget allowance and each year thereafter