



Larry Hogan, Governor
Boyd Rutherford, Lt. Governor
Mark Belton, Secretary
Joanne Throwe, Deputy Secretary

Maryland Department of Natural Resources
Fiscal Year 2018 Operating Budget
Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
Senate Public Safety, Transportation, and Environment Subcommittee
Senator James E. DeGrange, Sr., Chair
February 23, 2017

House Appropriations Committee
House Transportation and the Environment Subcommittee
Delegate Tawanna P. Gaines, Chair
March 1, 2017

Recommended Actions (page 31)

1. Delete funding and positions for the aviation unit. The Natural Resources Police (NRP) has a Memorandum of Understanding with the Maryland State Police (MSP) for flying missions; therefore, the aviation unit is unnecessary. In addition, the aviation unit was abolished as part of cost containment and, therefore, is not a fiscally sound addition to the State's budget.

Amount Reduced
\$555,842

Agency Response: Oppose

The Maryland Legislature has consistently expressed concern over this issue, specifically that MSP could not support NRP's mission with their larger and more expensive helicopter fleet. On numerous occasions since 2010, NRP has been requested to provide data on the number of flight requests MSP has delivered on behalf of the NRP mission. On each occasion, the ability of MSP to provide consistent levels of service has been challenged by both cost and availability issues. The analysis also fails to accurately address the reason NRP has requested MSP fixed-wing aircraft so frequently. These requests were not because the fixed-wing was the best aircraft for the job, but rather because helicopters were not normally available except for special circumstances, such as Search and Rescue. This is not a reflection of unwillingness on the part of MSP to assist NRP, but rather a reflection of the MSP helicopter unit's primary mission, MEDEVAC, and the cost of operating these aircraft. It is worth noting that when the decision to

have MSP provide aviation services for NRP was made beginning in 2010, MSP was flying an aircraft that, while still many times more expensive per hour than the NRP air frame, was less expensive than the existing new MSP helicopters. From a practical perspective, the uncertain availability of the MSP helicopters due to their MEDEVAC commitment has sometimes discouraged NRP officers from requesting those services.

History has proven that aviation is critical to the protection of our natural resources and in assisting the Department of Natural Resources (DNR) in achieving conservation management goals, especially concerning migratory birds and oyster management. The increased emphasis on the protection of wild oyster stocks, as well as the proliferation of the aquaculture industry underscore the need for an airborne asset dedicated to NRP for the purpose of addressing DNR and stakeholder priorities. The effort to reconstitute the NRP Aviation Unit has been supported by the MSP and by stakeholders across the state.

A comment is made that the NRP Aviation Unit was abolished as part of a cost containment effort under the last administration and reconstituting the unit is not a fiscally sound decision. NRP would offer that it currently costs MSP more than \$6,000 dollars per helicopter flight hour while the NRP airframe costs \$300 to \$350 an hour. NRP's helicopter can fly over 17 hours for what it costs to fly only one hour in an MSP helicopter. Additionally, only 20% of MSP's aviation budget goes to support law enforcement missions and which also includes training and maintenance flights. The larger share of MSP's aviation budget is to support their important MEDEVAC mission.

To address the age and safety of the existing NRP helicopter aircraft, maintenance is a **highly regulated** practice. Federal Regulations provide strict criteria for aircraft certification for manufacturers; maintenance, preventive maintenance, alterations for continued airworthiness, and general operating rules. These regulations pertain to all aircraft regardless of age.

Federal Aviation Regulation (FAR) Part 91.409 defines the inspection criteria for continued airworthiness. Simply stated, Part 91.409 requires that each aircraft must complete an Annual Inspection in accordance with FAR Part 43 and be approved for Return to Service by a certified aircraft technician. During an Annual Inspection, as with any intermediate inspection outlined by the manufacturer, if a part or component is found to be un-airworthy that part or component must be repaired or replaced to make that part or component airworthy again before certification. The Federal Aviation Regulations also stipulate that an aircraft must be maintained in accordance with the aircraft manufacturer's maintenance, inspection, component overhaul schedule, and life limited parts schedule. The manufacturer's inspection schedule is further broken down into normal inspections, special inspections, and conditional inspections based on flight hours, environmental operating conditions, and/or previous maintenance events.

The Maryland Natural Resources Police maintains a Bell OH-58A+ helicopter in accordance with the Federal Aviation Regulations, FAR Part 91, as well as Bell Helicopters' maintenance and inspection criteria. Whether an aircraft that has been in service for one year or fifty years, if maintained in accordance with the applicable FAR's and the manufacturer's maintenance and inspection program, it is safe to operate as long as it has been found to be in an airworthy condition and returned to service.

Issues (page 24)

DLS recommends that a Budget Reconciliation and Financing Act (BRFA) provision be adopted to require the department to budget Maryland Park Service's two fiscal years preceding actual Forest or Park Reserve Fund own-sourced revenue.

DNR agrees that appropriation of 100% of MPS derived revenue in FY'18 and subsequent years is fiscally problematic, and appreciates the proposal to address these concerns through the BRFA. However, DNR disagrees with this specific recommendation, which as we understand it, would not alter the directive to appropriate 100% of revenue, but to base revenue projections on actual revenues from the two preceding fiscal years. In short, the recommended action is limiting in scope and does not allow the department flexibility to make fiscal decisions based on current or future economic conditions.

With regard to the background language in the budget analysis, DNR's budget did comply with the requirements of Chapter 389 of 2015 in fiscal years 2016, and 2017, when the law directed the appropriation of less than 100% of revenues to the MPS. The problem arises in FY 2018 and beyond, when the requirement of 100% appropriation eliminates DNR's ability to guard against revenue shortfalls.

In taking a second look at Chapter 389 of 2015, DNR agrees that budget language mandates that the Governor appropriate 100% of the revenues by FY 2018, and each fiscal year thereafter, to MPS. However, to do so would be fiscally imprudent, exposes DNR to significant financial risks, and leaves the Department unable to respond to unforeseen economic impacts on a very volatile fund source.

DNR suggests that contrary to a plain reading of the language, it was not the intent of the legislature to place such an onerous burden on the Department, but rather, the intent was to ensure that 100% of the revenues generated on MPS-managed property, less administrative costs, go only to MPS; with which the Department is in full compliance. Any funding left in the reserves goes directly back to MPS.

DNR agrees it would be appropriate to clarify this intent through the BRFA by removing the mandate to appropriate 100% of the revenue in any given fiscal year. The Department respectfully asks the consideration of the Committees to work with DNR to develop mutually agreed upon changes to the Law.

DLS recommends that DNR comment on the impact of having both MPS and the Forest Service reliant on the transfer tax given the possible volatility of this revenue source.

Maryland Park Service (MPS)

MPS relies very heavily on the Transfer Tax formula for operations, since it comprises approximately two-thirds of the MPS appropriated budget. When MPS receives increased

funding from the transfer tax due to a strong economy, MPS is able to use those additional funds to purchase park equipment items and amenities such as vehicles, grills, and picnic tables. When the transfer tax allocation is reduced, basic services are impacted, such as the inability to hire additional seasonal staff and provide basic levels of customer service. The Forest and Park Reserve Fund has been an important funding vehicle to avoid these reductions in service. MPS manages 72 state parks, over 140,000 acres of land, and realizes over 12 million visitors a year, not having a dedicated reserve fund, would result in reduced services and reduced customer service.

Forest Service

FY 2018 is the first year the Maryland Forest Service plans to use Transfer Tax formula funds for operations. Without access to a dedicated special reserve fund, the Forest Service will be reliant on a combination of Transfer Tax revenues and General Funds in planning its annual operations.

In years when the Forest Service receives a reduced appropriation from the Transfer Tax, some unit operations could be impacted. The Department will make appropriate management decisions at that time to ensure operational expenses do not exceed the budget target.

DLS recommends that DNR comment on whether it will be able to meet the Maryland NRP Strategic Plan (Fiscal Year 2015-2019) goal of 320 positions by fiscal 2019 and the projected impact on safety and conservation outcomes of achieving this goal.

NRP is behind pace with the forecasted addition of officers outlined in the NRP Strategic Plan. In the first year of the plan (FY 2015), 6 of 15 positions were funded. In FY 2016, 17 new positions were funded. NRP is confident that with consistent funding to hire 17 additional officers each in FY 2018 and FY 2019, and 18 additional officers in FY 2020, it will reach the goal of 314 officers, albeit one year later than originally forecasted.

The NRP is committed to exploring options outside of new recruit hires, specifically lateral hires of personnel who are already certified police officers. This allows the agency to move officers into field positions more quickly, as training of lateral candidates is limited to only Natural Resources laws and regulations and proficiencies in skills unique to NRP such as boat operations.

The NRP is a small agency when compared with its diverse responsibilities, and the addition or subtraction of 10% or more of its field force can occur in a single year. Adding personnel allows the agency to prioritize enforcement efforts in response to stakeholder activity in the woods and fields, state parks and state forests, and the Chesapeake Bay and Atlantic Ocean, without stripping its workforce in other areas. The 25% increase in boating inspections in FY 2016 noted in the budget analysis is a result of shifting personnel to marine patrols to address a disturbing multi-year trend in boating fatalities, and demonstrates the increased number of inspections possible when personnel numbers increase. The results of this effort were telling as fatalities were reduced by slightly less than 25% in 2016.

Likewise, the estimated force reduction of FY 2017 is a reflection of retirements and large amounts of accumulated leave that will be taken during the spring and early summer boating season by personnel who are retiring at the end of FY 2017. In short, the number of conservation and boating inspections correlate directly to the number of officers available to conduct them. Increased inspections discourage unsafe behavior and violations, helping DNR achieve its resource management goals and protect the safety of stakeholders.

DLS recommends that DNR comment on what would be required to achieve a National Gold Medal Award from the National Recreation and Park Association, whether achieving such an award is a desirable goal, and how the hiring of the business development manager may facilitate the development of a Strategic Park Investment Plan.

While securing recognition from the National Recreation and Park Association (NRPA) would further validate the Department's many efforts to advance the Maryland Park Service (MPS) mission, we have simply not prioritized diverting limited staff time to the demanding application process associated with industry award programs. However, MPS programs and staff have received recent awards from a variety of entities, including the Park and Resource Conservation Foundation, Maryland Tourism Council, Maryland Recreation and Parks Association, Special Olympics, and Office of the Governor, and will consider submitting an award application to the NRPA in the future.

A key document that is needed for the NRPA award application is the submission of a Comprehensive Long Range Strategic Plan with demonstrated progress on meeting goals. The Park Service has developed a resource management planning team within the past year, which will support the agency's goal of developing a formal long range plan. Five-year strategic plans are currently under development for individual state parks, which will ultimately inform the development of a statewide plan. Demonstrated progress in meeting strategic plan goals, such as those outlined in the 2016 JCR report, Strategic Park Investment Plan, will be dependent on available resources.

MPS anticipates that a business development manager will further strengthen opportunities for: (1) leveraging more grant resources and public-private partnerships to extend the state's capacity to improve park infrastructure, preserve historic buildings and provide visitor services; (2) pursuing corporate sponsorships to support one-time projects and park events and programs to help offset expenses; and (3) improving the quality and profitability of MPS concessions.