

Public Safety Committee Minutes
Attachment No. 1
May 10, 2011

ONONDAGA COUNTY SHERIFF'S OFFICE



AIR 1

Air 1 Information / Request for Release of Contingency

When the 2011 budget was adopted, the Legislature set aside a total of \$342,123 into a contingency account for various Air 1 expenses. In addition to setting up the contingency account, the Legislature also abolished four (4) pilot positions (a Police Sergeant and three Police Deputies) and a civilian Helicopter Repair Worker as of July 1, 2011. The intent of the Legislature as stated during the budget session was to provide enough funds to sustain Air 1 operations through July 1, 2011 and to transfer the funds from the contingency account to sustain operations through the rest of the year if the Sheriff's Office could demonstrate progress toward generating additional revenue for the Air 1 program. To generate revenue, the Sheriff's Office is in the process of establishing an Air 1 foundation and reclassifying the program under FAA Part 135 so that the County can realize outside revenue for certain Air 1 operations. In light of progress made, we are now asking that the contingency funds be released and that the four (4) Deputy-pilot positions be re-created so that operations can continue after July 1, 2011.

The Public Safety Committee has also requested a cost/benefit analysis be conducted to understand what we would "net" from a program that would allow certain medical and some other types of flights to be compensated by operating under FAA Part 135. While the entire process has not been studied we have been working diligently and feel we have some reasonable preliminary numbers to discuss. Those numbers are attached to this narrative sheet. The amounts of potential revenues are based on estimates developed after discussing current billing trends with Mr. William Long, CEO of MultiMed Billing.

Also attached to this narrative sheet is the certificate of incorporation for the Air 1 Foundation and the documentation from the FAA showing progress toward our Part 135 status. We are still awaiting our 501-C-3 authorization from the IRS as a tax exempt not for profit but that application has also been filed. It is difficult to predict the amount of operational funding that could be provided through a not for profit. It is safe to say however, that we are already discussing fund raising events with several emergency service provider agencies. We do know that Mercy Flight, another air medical not for profit, receives one third of its funding through donations (information obtained from Mercy Flight's website).

Funding Estimates Based on 2010 Medical Flights
(Once full Part 135 is attained)

Based on conversations with Multimed Billing it is possible to establish a base price for air-medical services at approximately \$8,500 per trip with an additional actual flight-mile charge. The average collection rate on this billing is between 80% to 90% of insurance allowable expenses. Currently insurance allowances and Medicare or Medicaid payments do not equal the gross billed amounts. For estimate purposes it is recommend we utilize 50% of the gross billing amount. From that cost approximately 33% would go toward payment of medical personnel.

An estimate of gross billing amount would be \$9,000 (\$8,500 base & \$500 mileage) with a collection average of 50% of gross equals \$4,500 per flight. Less medical personnel expenses of \$1,500 equals \$3,000 net. In 2010 there were 28 medical flights that should produce approximately **\$84,000 in net receipts**. In addition, as inter-facility transports are conducted largely during the day when we are not flying we could accept such missions. Even one such mission a month could increase net revenues by **\$36,000**. This would bring net revenues for medical flights to **\$120,000**. It is important to note that this revenue would come largely from work we are already doing.

As part 135 would allow Air 1 to bill for all services, we would propose entering into inter-municipal agreements with counties within the immediate region to pay us either a yearly flat fee for services provided to their counties or a pre-authorized rate for actual services provided. This potential source of revenue needs to be further explored before accurate estimates of revenue could be provided.

Revenues anticipated by Air 1 Foundation

Currently there is no prior history of fundraising for the Air 1 Foundation making it difficult to accurately predict the amount of revenue that could be obtained. We can however look at another not for profit Air Medical Operation to ascertain what is possible. Mercy Flight stated that they receive a total of one third of their funding through donations (Mercy Flight Website, April 18, 2011). That would indicate the Air 1 Foundation could eventually bring in over \$200,000 per year.

Mercy Flight filed for incorporation in New York State in 1992 and has a long history of fundraising. It would be prudent to anticipate that it would take the Air 1 Foundation some time to reach its full fund raising potential. That said, given the fact that there are over 100 emergency response agencies in Onondaga County that rely on help from Air 1 it is likely that **revenues will be significant**.

Costs of Part 135 Operation

The costs of operation under FAA Part 135 do not appear significant. There is increased maintenance costs as minor operations formerly performed by our pilots would now have to be completed by an approved mechanic. **We do not anticipate this will require any increase in our budget** as we have already saved money by not replacing the flight mechanic position and outsourcing the maintenance.

We have checked with our insurance carrier and found there is no anticipated increase in insurance costs (again the largest difference will be that we will be getting paid for some of the missions we currently fly without compensation.) The county will be required to join a consortium for purposes of drug testing (random selection of pilots); however, we currently do drug testing so no significant increased costs are expected.

The largest burden of the Part 135 requirements is the required documentation and written policies. This function is well within the capabilities of our current Deputy-pilots and can be completed by them at no additional cost to the County.

CERTIFICATE OF INCORPORATION

OF

AIR-1 FOUNDATION, INC.

UNDER SECTION 402 OF THE NOT-FOR-PROFIT CORPORATION LAW

**BLU-39
DRAWDOWN**

**FILED BY:
KEVIN WALSH
407 SOUTH STATE STREET
SYRACUSE, NY 13202**

**CERTIFICATE OF INCORPORATION
OF
AIR-1 FOUNDATION, INC.**

(Under Section 402 of the Not-For-Profit Corporation Law)

The undersigned hereby certifies:

1. The name of the corporation is: AIR-1 FOUNDATION, INC.
2. The corporation is a corporation as defined in subparagraph (a)(5) of Section 102 (Definitions) of the Not-For-Profit Corporation Law.

3. The purposes for which the corporation is formed are as follows:

The corporation is not formed for pecuniary profit or financial gain. The corporation is organized exclusively to provide financial support to and fund aspects of the aviation program, public helicopter AIR-1; a unit within the Onondaga County Sheriff's Department; to assist the Onondaga County government in reducing the cost of offering helicopter and medical evacuation services to the taxpayers.

4. The public or quasi public objective(s) for which the corporation is formed are as follows:

To ensure the residents of the community continue to receive a critical safety function offered by the public helicopter, AIR-1; to lessen the burdens of government.

5. Nothing herein shall authorize this corporation, directly or indirectly, to engage in or include among its purposes, any of the activities mentioned in Not-For-Profit Corporation Law, Section 404 (a)-(w).

6. The corporation shall be a **Type C** corporation pursuant to section 201 of the Not-For-Profit Corporation Law.

7. The names and addresses of the initial directors of the corporation are as follows:

Kevin E. Walsh	212 Single Drive North Syracuse, NY 13212
Warren R. Darby	5416 Shore Drive Brewerton, NY 13029
John M. Balloni	89 East Oneida Street Baldwinsville, NY 13027

8. Said corporation is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501 (c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code. Notwithstanding any other provision of these articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a charitable organization exempt from Federal income tax under section 501 (c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law) or (b) by a charitable organization contributions to which are deductible under section 170 (c)(2) of the Internal Revenue Code of 1986 (or corresponding provision of any future United States Internal Revenue law).

9. No part of the net earnings of the corporation shall inure to the benefit of any member, trustee, director, officer of the corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the

corporation), and no member, trustee, officer of the corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the corporation.

10. No part of the activities of the corporation shall be carrying on propaganda, or otherwise attempting to influence legislation [except as otherwise provided by IRC section 501(h)] or participating in, or intervening in (including the publication or distribution of statements), any political campaign on behalf of any candidates for public office.

11. Upon the dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501 (c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not disposed of shall be disposed of subject to an order of a Justice of the Supreme Court of the State of New York of the county in which the principal office of the organization is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

12. In any taxable year in which the corporation is a private foundation as described in section 509(a) of the Internal Revenue Code of 1986, the corporation shall ~~distribute its income for said period at such time and manner as not to subject it to tax~~ under Section 4942 of the Code and the corporation shall not (a) engage in any act of self-dealing as defined in Section 4941(d) of the Code (b) retain any excess business holdings as defined in Section 4943(c) of the Code (c) make any investments in such

manner as to subject the corporation to tax under section 4944 of the Code or (d) make any taxable expenditures as defined in section 4945(d) of the Code or corresponding provisions of any subsequent Federal tax laws.

13. The office of the corporation is to be located in the County of Onondaga.

14. The Secretary of State is designated as agent of the corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served upon him is:

The Corporation
c/o Kevin Walsh, Sheriff
407 South State Street
Syracuse, NY 13202

IN WITNESS WHEREOF, the undersigned incorporator has executed this Certificate of Incorporation, this 30th day of March, 2011.

s/SHARON BABALA
SHARON BABALA, INCORPORATOR
BLUMBERGEXCELSIOR CORPORATE SERVICES, INC.
52 SOUTH PEARL STREET, 2ND FL.
ALBANY, NY 12207

FILING RECEIPT

ENTITY NAME: AIR-1 FOUNDATION, INC.

DOCUMENT TYPE: INCORPORATION (NOT-FOR-PROFIT)

TYPE: C COUNTY: ONON

FILED:03/31/2011 DURATION:PERPETUAL CASH#:110331000324 FILM #:110331000299

FILER:

EXIST DATE

KEVIN WALSH
407 SOUTH STATE STREET

03/31/2011

SYRACUSE, NY 13202

ADDRESS FOR PROCESS:

THE CORPORATION
C/O KEVIN WALSH, SHERIFF
SYRACUSE, NY 13202

407 SOUTH STATE STREET

REGISTERED AGENT:



SERVICE COMPANY: BLUMBERG/EXCELSIOR CORPORATE SERVICES

SERVICE CODE: 39

FEEs	110.00
FILING	75.00
TAX	0.00
CERT	0.00
COPIES	10.00
HANDLING	25.00

PAYMENTS	110.00
CASH	0.00
CHECK	0.00
CHARGE	0.00
DRAWDOWN	110.00
OPAL	0.00
REFUND	0.00

Memo

From: Capt. M. Pellizzari
To: Chief Balloni
Date: 4/11/11
Re: 135 Certification Update

The commercial airline certification for AIR-1 is in full progress. We are about to complete the first phase of a four-phase process. I anticipate completing this first phase by the end of this month. According to the FAA, the process normally takes between six and eighteen months. Although I had originally hoped that we could do it in less than six months, it now appears that the six-month time frame is a more likely target.

This first phase did take longer than we expected. Many of the requirements that need to be complied with in this phase are "one time only". They are submitted with the initial application and essentially are not addressed again. Because of this even our consultant had limited experience completing these requirements. Obtaining the information we needed to properly submit the necessary documents took longer than expected. However, during this same time we were able complete much of the work for phase two of the process. This is the most labor-intensive portion of the certification and it would appear that we have a very good head start here.

I would anticipate that we would be able to complete phase two by mid May. Once that is done an extensive review process begins. The FAA has thirty days to review our submissions. They will also need to conduct pilot, facility and aircraft examinations as we proceed out. This will most likely take about two months, and would bring us to mid August. This brings us to the six-month point in the project, which is still on the aggressive side for completion, but seems doable at this point.



U.S. Department
of Transportation
**Federal Aviation
Administration**

Flight Standards District Office
1 Airport Way, Suite 110
Rochester, New York 14624
(585) 436-3880, Fax: (585) 436-2322

February 17, 2011

Capt. Mike Pellizzari
Onondaga County Sheriff's Office
407 South State Street
Syracuse, New York 13202

Dear Capt. Pellizzari:

Thank you for the recent pre- application statement of intent that you submitted to the Federal Aviation Administration (FAA) Rochester Flight Standards Office.

We are currently evaluating our resources in order to determine if and/or when we can support your application for certification. We will respond to you within 30-days from the date of this letter to inform you of our resource evaluation results.

In the meantime, thank you for your patience and cooperation.

Should you have any questions regarding this matter, please feel free to contact our office. The office hours are from 7:30 a.m. to 4:00 p.m., Monday through Friday and the telephone number is (585) 436-3880.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas W. Williams".

Thomas W. Williams
Front Line Manager Airworthiness

TWW/bja



U.S. Department
of Transportation
**Federal Aviation
Administration**

Flight Standards District Office
1 Airport Way, Suite 110
Rochester, New York 14624
(585) 436-3880, Fax: (585) 436-2322

March 4, 2011

Capt. Mike Pellizzari
Onondaga County Sheriff's Office
407 South State Street
Syracuse, New York 13202

Dear Capt. Pellizzari:

This office will be able to perform your 135 Air Carrier Certification, and the Certification team will be the following inspectors.

Operation Inspector – Shawn Hayes
Airworthiness Inspector – Thomas McCormick
Avionics Inspector – John Liccini

The Certification Project Manager will be: John Liccini.

Please coordinate all activities with the team leader.

Should you have any questions regarding this matter, please feel free to contact our office. The office hours are from 8:00 a.m. to 4:30 p.m., Monday through Friday and the telephone number is (585) 436-3880.

Sincerely,

Thomas W. Williams
Front Line Manager Airworthiness

TWW/bja