



*Lawrence J. Hogan, Jr., Governor*  
*Boyd K. Rutherford, Lt. Governor*  
*Mark J. Belton, Acting Secretary*

**Maryland Department of Natural Resources**  
**Fiscal Year 2016 Operating Budget**  
**Response to Department of Legislative Services Analysis**

Senate Budget and Taxation Committee  
Public Safety, Transportation, and Environment Subcommittee  
Senator James E. DeGrange, Sr., Chair  
February 20, 2015

House Appropriations Committee  
Transportation and the Environment Subcommittee  
Delegate Tawanna P. Gaines, Chair  
February 23, 2015

Recommended Actions (page 35)

**1. Concur with the following language on the general fund appropriation:**

**, provided that this appropriation shall be reduced by \$148,750 contingent upon the enactment of legislation to increase the use of Waterway Improvement Funds for administration costs in the Department of Natural Resources.**

**, provided that this appropriation shall be reduced by \$87,500 contingent upon the enactment of legislation to increase the use of Waterway Improvement Funds for administration costs in the Department of Natural Resources.**

**, provided that this appropriation shall be reduced by \$275,625 contingent upon the enactment of legislation to increase the use of Waterway Improvement Funds for administration costs in the Department of Natural Resources.**

**, provided that this appropriation shall be reduced by \$56,875 contingent upon the enactment of legislation to increase the use of Waterway Improvement Funds for administration costs in the Department of Natural Resources.**

**, provided that this appropriation shall be reduced by \$253,750 contingent upon the enactment of legislation to increase the use of Waterway Improvement Funds for administration costs in the Department of Natural Resources.**

, provided that this appropriation shall be reduced by \$52,500 contingent upon the enactment of legislation to increase the use of Waterway Improvement Funds for administration costs in the Department of Natural Resources.

**Explanation:** The budget bill as introduced includes a combined reduction of \$875,000 in general funds in the Office of the Secretary contingent on the Budget Reconciliation and Financing Act of 2015 authorizing the use of additional Waterway Improvement Funds for administration costs.

Department Response: The Department agrees with this recommended action.

**2. Concur with the following language on the general fund appropriation:**

, provided that this appropriation shall be reduced by \$2,448,953 contingent upon the enactment of legislation to eliminate the Maryland Park Service's payment in lieu of taxes to local jurisdictions.

, provided that this appropriation shall be reduced by \$50,000 contingent upon the enactment of legislation to eliminate the Maryland Park Service's payment in lieu of taxes to local jurisdictions.

**Explanation:** The budget bill as introduced includes a combined reduction of \$2,498,953 in general funds contingent upon the Budget Reconciliation and Financing Act of 2015 striking the provision that the Maryland Park Service – Statewide Operations and Maryland Park Service – Revenue Operations provide payment in lieu of taxes to local jurisdictions.

Department Response: The Department concurs with this recommended action.

**3. Add the following language:**

**Provided that the following 17 positions be abolished from the Natural Resources Police program, PINS NEW013, NEW014, NEW015, NEW016, NEW017, NEW018, NEW019, NEW020, NEW021, NEW022, NEW023, NEW024, NEW025, NEW026, NEW027, NEW028, and NEW029.**

**Explanation:** This action abolishes the 17 new positions in the Natural Resources Police program. The associated funding may be reduced by the agency in order to address the 2% across-the-board reduction budgeted for the agency in fiscal 2016.

Department Response: The Department disagrees with this recommended action.

These 17 PINS are part of an ongoing annual request to meet critical staffing needs of the Natural Resources Police. The additional positions are essential to providing law enforcement services in the following primary areas: protecting oyster sanctuaries and monitoring the growth of the aquaculture industry; to help eliminate the poaching of striped bass; to conserve the female crab population in order to sustain this species; to meet the

public safety needs of increased visitors to State Parks; and, to increase waterway patrols to improve boating safety in response to higher water related fatalities.

Legislative efforts to increase NRP staffing go back to at least 2010. In 2011 and 2012, bills were introduced to provide the NRP with at least 435 Officers by FY 2021. A supplemental budget was approved in FY 2013 to fund 8 additional NRP Officers and reinstate the Cadet Program. The JCR report that year also requested DNR analyze NRP's workload and report on NRP's Level of Service Standards. This report concluded that an additional 75 full time officers, 33 seasonal officers and 5 civilians were needed to meet the documented workload demand.

The NRP developed a Five Year Strategic Plan in response to these findings which phases in the additional staff each year. In 2015, out of 15 Officer PINS requested, 6 were approved to increase NRP's authorized force from 239 to 245 and funding for up to 5 contractual Officers for Parks was made available. The remaining 9 Officer PINS not approved for FY15 were redistributed between Years 2 through 5 to increase the request for FY16 and FY 2017 to 17 Officer PINS and then in FY 2018, 18 Officer PINS.

The FY 2016 request for 17 NRP Officer PINS will continue the implementation of the strategic vision for the NRP to rebuild its capacity to provide a level of service consistent with its legal responsibilities and public expectations.

**4. Concur with the following language on the special fund appropriation:**

**, provided that this appropriation shall be reduced by \$8,639,632 contingent upon the enactment of legislation to allocate Chesapeake and Atlantic Coastal Bays 2010 Trust Fund revenue to the General Fund.**

**Explanation: The budget bill as introduced includes a reduction of \$8,639,632 contingent upon the Budget Reconciliation and Financing Act of 2015 transferring the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund special funds to the general fund. This action concurs with that proposed contingent reduction.**

Department Response: The Department concurs with this recommended action.

This reduction will most likely impact the funding available for projects identified through the competitive solicitation released in December 2014, in which the State received 52 letters of interest with a cumulative request of over \$78 million.

Performance Analysis: Managing for Results (page 7)

**1. Deer Hunting Participants Down but Deer Are Still Being Harvested**

**The Department of Legislative Services (DLS) recommends that DNR comment on why the number of deer participants are declining despite increases in the number of hunter education classes and hunter safety certificates issued.**

Department Response: The number of hunter education classes and hunter safety certificates does not automatically translate into additional hunters. Successfully completing a hunter safety course satisfies one of the requirements for owning certain rifles and handguns in Maryland, so some of those hunter education students never intended to hunt. Also, others take the course to learn about hunting but do not plan on hunting themselves, including parents of youth taking the course and landowners considering allowing hunting on their properties. Participation in deer hunting is also dependent on access to land upon which to hunt. With the suburbanization of many areas across the State, deer hunters have fewer private properties on which to hunt. Though additional public lands have been opened to deer hunting in certain areas, but most deer hunting occurs on private property in Maryland.

## **2. Law Enforcement Contacts Have Declined with Law Enforcement Officer Numbers**

**DLS recommends that DNR comment on the impact of reduced inspections/checks on conservation law enforcement and public safety.**

Department Response: Inspections, field checks, and officer visibility are important components of natural resources law enforcement. Unfortunately, for some individuals, the risk of being caught influences their willingness to violate the law. And the number of officers deployed impacts response times during public safety emergencies.

The authorized LEO strength of the NRP declined from 280 in 2008, to a low of 238 in 2013; this can only translate to a reduced threat of enforcement. Additionally, as noted in the DLS analysis, factors such as the new records management system, the temporary assignment of officers to do background checks, weather, retirements and the learning curve for new officers, appears to have also negatively impacted recorded boating and conservation inspections over the past several years. But this trend is reversible.

As noted in the response to recommended action #3, the NRP has conducted a work force analysis and strategic plan, to determine the correct “size” of the field force for effective and consistent natural resources law enforcement. The 17 additional LEO positions included in the Governor’s FY 2016 budget will help DNR achieve the vision of the strategic plan and reverse the downward trend in inspections.

## **3. Coastal Change Preparations by DNR Have Begun**

**DLS recommends that DNR comment on the overall state of local government preparedness for sea level rise and whether the most vulnerable jurisdictions have sought assistance from the CoastSmart program.**

Department Response: In the absence of a national policy, Maryland enacted its own plan for adapting to sea level rise. As per Executive Order and legislation, all state-funded infrastructure must factor both sea level rise and flooding into construction and design. New state-funded structures must be two feet above base flood elevation. (The base flood elevation is the level at which water is expected to rise during a once-in-a-100-year flood, and is generally set by the federal government; states and counties follow that

recommendation.) At the local level, nearly 40 communities have decided to adopt the two-foot rule in their own ordinances and more are expected to follow as through local planning processes.

Through the Coast Smart Program, the Department provides financial and technical assistance to vulnerable coastal communities to help them identify, prepare for and reduce their risk to coastal flooding and sea level rise. Out of a total of 116 local governments within Maryland's Coastal Zone at-risk to changes in tidal influence, 34 have sought and received direct assistance from DNR's CoastSmart Communities program. Projects include:

- Dorchester County: Sea Level Rise Technical Guidance for Dorchester County.
- Somerset County: Somerset County, Maryland - Rising Sea Level Guidance.
- Worcester County: Worcester County, Maryland, Sea Level Rise Response Strategy.
- City of Annapolis: City of Annapolis Flood and Inundation Mitigation Strategies - Eastport Area.
- Anne Arundel County: Sea Level Rise Strategic Plan Anne Arundel County.
- Baltimore City: Creating a Ready and Resilient Baltimore City.
- Calvert County: Calvert County Shoreline Development Guide and Plan.
- Talbot County: Coastal Management for Traditional Villages.

While these activities represent critical steps forward, addressing coastal flooding and sea level rise requires a long-range, coordinated effort involving numerous public and private sector partners. While these projects have been essential steps for making Maryland more resilient, one project will not deem a community fully prepared.

Budget Reconciliation and Financing Act of 2015 (page 14)

**Park Payments to Counties in Lieu of Taxes**

**DLS recommends that the BRFA of 2015 be amended to include provisions striking the payment to counties in lieu of taxes permanently from the Forest and Park Concession Account, Deep Creek Lake Recreation Maintenance and Management Fund, and nontimber sales from the Forest or Park Reserve Fund.**

Department Response: The Department agrees with this recommended action.

**Waterway Improvement Fund**

**DLS recommends that the provision to allow the use of an additional \$875,000 from the Waterway Improvement Fund for fund-related administrative expenses be made permanent.**

Department Response: The Department disagrees with this recommended action.

The existing statutory limit on the amount of Waterway Improvement (WWI) Funds that can be used for administrative purposes is a clear legislative imperative to maximize funding of WWI projects at the local level. This proposal would run counter to that mandate.

The impact of making the \$875,000 permanent would be a significant loss of ability to fund projects presented by the municipalities and counties. The current backlog of unfunded WWI applications includes 101 projects, with an estimated cost of \$38 million. Without these funds municipalities and counties must forego construction of new facilities, defer maintenance on existing infrastructure, and postpone needed dredging to keep waterways viable.

#### Issues (page 24)

### **1. Maryland Park Service Funding Challenges:**

**The Department of Legislative Services (DLS) recommends that DNR discuss the full range of revenue generating and cost reducing activities it is exploring for financial stability and long-term sustainability.**

Department Response: The Maryland Park Service (MPS) continuously seeks opportunities to increase revenue and improve operating cost efficiencies. Park revenues allocated to the Forest or Park Reserve Fund have increased steadily since fiscal 2006 by 30% due in large part to increasing park visitation and an increase in park fees in 2012. Park revenues were \$13.2 million in fiscal 2014.

MPS has given consideration to a variety of revenue generation strategies to help ensure the unit's short and long-term financial stability. Preliminary research has been completed on authorizing the sale of the MPS Passport as part of the State's vehicle registration process. This strategy could help MPS diversify its funding base, reduce money-handling costs, maximize its operating funds, reach more potential customers, and provide more affordable access to State Parks for all Marylanders.

MPS routinely employs a variety of cost reduction strategies outlined as Best Management Practices in its 2013 Five-year Strategic Plan. A significant new partnership with the Department of General Services (DGS) and the Maryland Energy Administration (MEA) has potentially long-term potential for reducing operating costs by cutting facility energy use in State Parks. MPS has invested \$450,000 in MEA grants to install energy efficient lighting fixtures, HVAC systems and appliances throughout the parks in order to reduce growing utility costs. Just over the past year, approximately 400 fluorescent light tubes have been replaced at State Parks. A pilot project currently under contract at Sandy Point State Park will include energy efficiency upgrades and wind and solar installations projected to save the park \$19,000 annually in utility costs. The Sandy Point State Park contract is funded by DNR's capital budget with a projected return on investment of 10 years. MPS is working with DGS to finance future projects through Energy Performance Contracts, which will accelerate the number of projects that can be completed and will reduce pressure on the capital budget.

The ability of the MPS to achieve financial sustainability and generate revenue over time also depends in large part on the agency's ability to make strategic infrastructure investments and to grow the size of the park system to meet visitation demand. MPS seeks to cost-effectively apply limited capital funds to support park maintenance and recreation improvements, including efforts to replace aging playgrounds, renovate bath houses, expand the park trail system, and restore historic sites, as these efforts are critical to attracting repeat customers and growing visitation. In fiscal 2015, MPS has been able to make a meaningful investment in replacing and purchasing new picnic tables and grills in response to growing visitor demand for picnicking experiences. MPS is also working with the new Friends of the Maryland State Parks Foundation to identify small capital projects in need of fundraising support. Overall, these cost-effective investments are critical to ensuring a quality State Park system that can support jobs in Maryland's local rural economies through outdoor and heritage tourism (2010 Maryland State Parks Economic Impact and Visitor Study).

**2. Uncollected Federal Fund Accrued Revenues Audit Finding:**

**DLS recommends that DNR comment on the nature of enhanced grant tracking procedures and how they will help avoid grants closeouts or lack of grant extensions.**

Department Response: As the DLS analysis correctly describes, there are now in place enhanced grant tracking procedures to confirm that future accrued federal revenue will be properly managed. It is important to note that there was no net loss in federal revenue as the US Fish and Wildlife Service grant has been fully obligated in FY 2015. DNR staff has received further year-end accounting and federal grant management training to ensure that the finding is not repeated. In addition, DNR will work with the budgetary units to review and clear any accruals that are recorded during closeout within 60 days of the end of the fiscal year. By clearing accruals within 60 days, DNR is meeting the guidelines set forth in the GAD closing instructions regarding accruals for revenues. Doing so will prevent DNR from losing Federal fund revenues due to grant closeouts or lack of grant extensions.

**3. 2010 Trust Fund Allocation Basically Remains the Same:**

**DLS recommends that DNR comment on how fiscal 2015 agency spending will be revised in order to accommodate the recent downward revision in revenue estimates.**

Department Response: The Department will reduce the amount of funding available for implementation of local WIPs via the competitive grant process. This action will enable the State to absorb the \$2.6M revenue shortfall in FY15 without impacting active, ongoing projects.