

UA.00
Maryland Department of the Environment

Operating Budget Data

(\$ in Thousands)

	FY 00	FY 01	FY 02		% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$31,737	\$36,783	\$46,322	\$9,539	25.9%
Special Fund	25,260	30,872	29,366	(1,506)	(4.9%)
Federal Fund	20,594	20,871	23,638	2,766	13.3%
Reimbursable Fund	<u>4,583</u>	<u>4,359</u>	<u>4,475</u>	<u>117</u>	<u>2.7%</u>
Total Funds	\$82,174	\$92,885	\$103,801	\$10,916	11.8%

- The Maryland Department of the Environment (MDE) has received two deficiency items in the Governor's allowance for fiscal 2001. The first item is for \$381,750 to fund the State's share of litigation expenses resulting from the case of Virginia vs. Maryland, now before the United States' Supreme Court. The lawsuit involves a dispute over property rights to the Potomac River. The second deficiency item is related to MDE's move to a new office location. MDE is to receive \$80,000 to provide funds for space planning services.
- In order to facilitate the agency's move to a new office in Baltimore City, the Governor has included about \$6 million in general funds in MDE's allowance.

Personnel Data

	FY 00	FY 01	FY 02	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	956.40	1,011.40	1,032.00	20.60
Contractual FTEs	<u>49.30</u>	<u>68.10</u>	<u>39.30</u>	<u>(28.80)</u>
Total Personnel	1,005.70	1,079.50	1,071.30	(8.20)

Vacancy Data: Regular

Budgeted Turnover: FY 02	52.63	5.10%
Positions Vacant as of 12/31/00	85.50	8.45%

Note: Numbers may not sum to total due to rounding.

For further information contact: Dawn G. Myers

Phone: (410) 946-5530

UA.00 - Maryland Department of the Environment

- The fiscal 2002 allowance proposes funding for 1,032 regular positions and 39.3 contractual full-time equivalents (FTEs), representing an increase of 20.6 regular positions and a decrease of 28.8 contractual FTEs. Of the new positions, 1.6 FTEs are requested to increase five part-time positions to full-time, one FTE is for HB 1305 Ballast Water Management, three FTEs are for the federally funded Brownfields Initiative, and six FTEs are for the Total Maximum Daily Loads (TMDL) Initiative. The allowance also includes nine contractual conversions for the TMDL Program.

Analysis in Brief

Issues

Allowance Includes \$1.5 Million to Implement the TMDL Initiative: Under the Clean Water Act, the Environmental Protection Agency (EPA) is ultimately responsible for the (TMDL) program. MDE does receive some federal funds for TMDL from the Clean Water Act and the Water Quality Act; however, the funding received does not cover the total cost of the program. Completing TMDLs is an expensive endeavor and some states, like West Virginia, have opted to have the EPA complete the required TMDLs in its state. **MDE should be prepared to brief the committees on why the State should pay for the completion of TMDLs and estimate the amount of State funding the total program will cost.**

MDE Makes the Move to the Montgomery Park Building in Baltimore City: MDE has been located in leased space at its current location at Broening Highway for 11 years. MDE needs to acquire additional space to accommodate the department's growth over the past 10 years. Currently, MDE occupies 189,158 square feet of space, excluding the Westport and Annapolis field offices, which will be relocated to the new site in the future. MDE will have 262,300 square feet of space at the Montgomery Park site. **MDE should brief the committees on the status of the move and the renovations to the Montgomery Park building.**

Sport Utility Vehicle Purchases by the State: MDE lists as Goal Number 1: Ensuring the air is safe to breathe. Yet, in the past few years, the agency and the State have added a number of sport utility vehicles to the fleet. **The Department of Legislative Services recommends the Department of Budget and Management and MDE submit a report to the budget committees detailing information about the sport utility vehicles in the State's fleet and create strict criteria for agencies to meet before a sport utility vehicle can be purchased.**

UA.00 - Maryland Department of the Environment

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add committee narrative requiring that the Department of Budget and Management and the Maryland Department of the Environment provide a comprehensive report on sport utility vehicles in the State's fleet.		
2. Add restrictive language to the general fund appropriation for Baltimore City's lead enforcement grant.		
3. Delete the Franklin Point Property project because the agency indicates that it can be delayed.	\$ 100,000	
4. Reduce \$100,000 in special funds for heating oil tank clean-up costs.	100,000	
5. Reduce \$500,000 in special funds from the Oil Contaminated Site Environmental Clean-up Fund.	500,000	
Total Reductions	\$ 700,000	

Updates

Task Force on the Environmental Effects of MTBE Issues Preliminary Report: Chapter 415, Acts of 2000 created a Methyl Tertiary Butyl Ether (MTBE) task force consisting of 16 members from government agencies, the petroleum industry, the health field, and the ethanol industry. The task force issued its preliminary report, but did not recommend specific actions to be taken. However, the task force did recommend that certain studies be continued.

UA.00 - Maryland Department of the Environment

UA.00
Maryland Department of the Environment

Operating Budget Analysis

Program Description

The Maryland Department of the Environment (MDE) protects and restores the quality of the State's land, air, and water resources and safeguards citizens from health risks associated with pollution. It is responsible for planning, monitoring, controlling, and regulating air, solid, and hazardous wastes; radiation, sewage sludge, sediment, and stormwater; toxicities, sewage treatment and water supply facilities; and environmental disease control programs. The department is structured into seven major administrative units:

- Office of the Secretary;
- Administrative and Employee Services Administration;
- Water Management Administration;
- Technical and Regulatory Services Administration;
- Waste Management Administration;
- Air and Radiation Management Administration; and
- Coordinating Offices.

Proposed Deficiency

MDE has received two deficiency items in the Governor's allowance for fiscal 2001. The first item is for \$381,750 to fund the State's share of litigation expenses resulting from the case of Virginia vs. Maryland, now before the United States' Supreme Court. The lawsuit involves a dispute over property rights to the Potomac River.

The second deficiency item is related to MDE's move to a new office location. MDE is to receive \$80,000 to provide funds for space planning services.

Governor's Proposed Budget

Exhibit 1 indicates that the fiscal 2002 operating allowance for MDE totals \$103,800,700, which reflects a 11.8% increase over the fiscal 2001 working appropriation. This increase includes a \$9.5 million increase in general funds, a \$1.5 million decrease in special funds, and a \$2.8 million increase in federal funds. The largest budget increases in MDE are found in personnel (\$6.1 million) and moving expenses

UA.00 - Maryland Department of the Environment

for the agency (\$6.1 million).

Exhibit 1

**Governor's Proposed Budget
Maryland Department of the Environment
(\$ in Thousands)**

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimbursable Fund	Total
2001 Working Appropriation	\$36,783	\$30,872	\$20,871	\$4,359	\$92,885
2002 Governor's Allowance	46,322	29,366	23,638	4,475	103,801
Amount Change	\$9,539	(\$1,506)	\$2,766	\$117	\$10,916
Percent Change	25.9%	(4.9)%	13.3%	2.7%	11.8%
Where It Goes:					
Personnel Expenses					
New positions					\$634
Fiscal 2002 general salary increase					1,005
Increments, fiscal 2001 increase phase-in and other					3,122
Employee and retiree health insurance rate change					944
Retirement contribution rate change					(432)
Workers' compensation premium assessment					(54)
Turnover adjustments					648
Other fringe benefit adjustments					242
Department-wide Changes					
Conversion of contractual positions for the TMDL Program					(610)
Reduction for Department of Budget and Management's telecommunications					(91)
Decrease in utilities based on fiscal 2000 actuals					(125)
Decrease in replacement/new vehicles					(161)
Decrease in vehicle insurance					(76)
Decrease in general insurance coverage					(15)
Administrative and Employee Services					
Relocation Initiative					6,147
Technical and Regulatory Services Administration					
TMDL initiative					1,408
Waste Management Administration					
Decrease in anticipated Maryland Environmental Service tire projects					(3,170)
Additional tire clean-up sites identified					795

UA.00 - Maryland Department of the Environment

Where It Goes:

Brownfields Initiative (federal funds)	600
Coordinating Offices	
Potomac River Litigation	527
Other Adjustments	(422)
Total	\$10,916

Note: Numbers may not sum to total due to rounding.

MDE's Budget

The addition of generally funded projects and initiatives makes it difficult to evaluate the underlying growth in MDE's budget. From outside appearances, MDE has an 25.9% increase in general funds over the agency's fiscal 2001 working appropriation. Adjusting for one-time moving expenses, the TMDL Initiative, and the Potomac River Virginia v. Maryland lawsuit, the increase is not as stark. **Exhibit 2** shows the impact of these items.

Exhibit 2

General Funds Adjusted for One-time Expenses and Program Increases

	<u>FY 2001 Working Appropriation</u>	<u>FY 2002 Allowance</u>	<u>Difference between FY 01 - 02</u>
General Funds	\$36,783	\$46,322	\$9,539
Less One-time Expenses and Program Increases		6,839	6,839
Total	\$36,783	\$39,483	\$2,700

Source: Department of Legislative Services

After adjusting for these items, the fiscal 2002 allowance for the agency's general funds increase by 7% over the fiscal 2001 working appropriation.

Performance Analysis: Managing for Results

MDE has a considerable number of performance measures in its Managing for Results (MFR) data which, for the most part, adequately conveyed the progress of the agency in performing it's mandates. The data in **Exhibit 3** point to just a couple of problems that still need to be addressed by the agency.

Exhibit 3

**Program Measurement Data
Maryland Department of the Environment
Fiscal 1998 through 2002**

	<u>Actual 1998</u>	<u>Actual 1999</u>	<u>Est. 2000</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Est. 2002</u>	<u>Ann. Chg. 98-00</u>	<u>Ann. Chg. 00-02</u>
Water Quality -- dollar amount of loans (\$ in millions)	n/a	n/a	n/a	\$157	\$80	\$60	n/a	-38.1%
Percentage of Marylanders served by surface water systems with source protection systems in place	n/a	n/a	n/a	69%	69%	69%	n/a	0.0%

Note: Where information was not available, the agency indicates that this is a new performance measure for this year and data are not available.

Source: Governor's Budget Books for fiscal 2001 and 2002

For the most part, MDE does not have true performance indicators for its loan programs. The Water Quality performance measure listed first in the above exhibit is typical. The agency lists the dollar amount of the loans for projects in a single fiscal year and the number of projects financed in the same year. The agency should be looking at more substantive measures. What was the purpose of financing the projects? Certainly the purpose was not just to do the projects. Was water quality improved? Do more people have safer water? Are there less nutrients being put into Maryland water bodies as a result of the projects? These types of things would be much better indicators of the capital programs that MDE has then simply number of projects financed and amount spent.

The second indicator, percentage of Marylanders served by surface water systems with source protection systems in place, does not seem to be a good indicator of the agency's performance if nothing the agency does improves the numbers. In fact, all of the environmental outcomes for Objective 1.1 of the Water Supply Program are flat. The objective is to:

- "assist water systems in establishing active local wellhead protection programs by 2005;
- manage surface water by 2005 through permits to allow for adequate minimum flows; and
- ensure community water systems appropriation permits provide for the systems' needs."

According to these numbers, nothing the agency does seems to have an impact on the environmental outcomes.

UA.00 - Maryland Department of the Environment

The agency should come up with better performance measures for its capital programs. Additionally, the agency should re-examine whether the performance measures for the Water Supply Program are helpful in determining the progress of the program.

Issues

1. Allowance Includes \$1.5 Million to Implement the TMDL Initiative

Sections 303(d) and 303(e) of the federal Clean Water Act require states to develop total maximum daily loads (TMDL) for all impaired waterways. A TMDL is the maximum amount of a given pollutant that a waterbody can tolerate without violating water quality standards. MDE intends to establish around 350 TMDLs affecting approximately 130 water bodies in Maryland. The establishment of each TMDL requires a rigorous scientific study to determine the amount of a given pollutant that a body of water can assimilate without violating water quality standards.

MDE signed a memorandum of understanding (MOU) with EPA in 1998 outlining the State's Clean Water Act obligations with TMDL. In the MOU, MDE agreed to a schedule for completing 346 TMDLs and the agency states that it is on schedule to meet the 2000 and 2001 requirements. While the agency is currently on schedule, the schedule is based on the number of waterways listed as impaired in 1996 and 1998. The next list of impaired waterways is due in 2002 and may require more TMDLs to be completed. **Exhibit 4** outlines the current number of TMDLs required to be completed each year.

Exhibit 4

Number of TMDLs Required by MOU Fiscal 1999 through 2008

<u>Year</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Number of TMDLs	9	19	18	28	55*	27*	38	41	54	57

*The required number per year varies in part due to the complex nature of some of the TMDLs required to be performed each year.

Source: Maryland Department of the Environment

Funding for TMDLs

Under the Clean Water Act, the EPA is ultimately responsible for the TMDL program. MDE does receive some federal funds for TMDL from the Clean Water Act and the Water Quality Act; however, the funding received does not cover the total cost of the program. Completing TMDLs is an expensive endeavor and some states, like West Virginia, have opted to have the EPA complete the required TMDLs in its state. According to MDE, having EPA complete the TMDLs would put the State at the mercy of EPA to set TMDL limits and may impact the State's delegated permitting authority under the Clean Water Act. Last year, MDE received \$1.86 million in general funds and 17 positions for TMDL, and this year they will receive an additional \$1.5 million. Given the modest number of TMDLs that have been

UA.00 - Maryland Department of the Environment

completed so far and the rather daunting number ahead, funding for this program will continue to be an issue for MDE.

MDE should be prepared to brief the committees on why the State should pay for the completion of TMDLs and estimate the amount of State funding the total program will cost.

2. MDE Makes the Move to the Montgomery Ward Building in Baltimore City

MDE has been located in leased space at its current location at Broening Highway for 11 years. The original lease for the Broening Highway location expired in fiscal 2000. The Board of Public Works approved a three-year extension to the lease, effective November 1999, with a significant increase in rent. This extension was done without competitive, sealed bidding. The extension agreement gives MDE the unilateral option to terminate the extension agreement after two years. The department will terminate the agreement and move into the old Montgomery Wards Building in Baltimore City, now called Montgomery Park, in November 2001.

MDE needs to acquire additional space to accommodate the department's growth over the past ten years. Currently, MDE occupies 189,158 square feet of space, excluding the Westport and Annapolis field offices, which will be relocated to the new site in the future. MDE will have 262,300 square feet of space at the Montgomery Park site.

Montgomery Park

MDE will occupy about 20% of the Montgomery Park building. Montgomery Park is located in an Enterprise Zone, an Empowerment Zone, a Directed Growth Area, and a Revitalization Area of Baltimore City. As the Montgomery Ward Building has been vacant for 13 years, the adaptive reuse of this site is a high priority for the Department of Business and Economic Development and the City of Baltimore. The building has front door service from three bus lines and immediate access to I-95, I-295, and Route 1. The Montgomery Park site will have the following Green Building features:

- water conservation systems using rainwater;
- low volatile organic compounds in construction;
- a rooftop organic garden;
- solar gain reduction; and
- a high degree of recycled interior and exterior materials including carpet, insulation, steel studs, asphalt paving, ceiling tiles and wall materials, window frames, and pavers.

UA.00 - Maryland Department of the Environment

Montgomery Park will also have low energy consumption with a proactive management monitoring system supported by reduced wattage lighting, occupancy and light level sensors, ice pond cooling systems, and an insulated 18-inch thick exterior envelope.

Listed below in **Exhibit 5**, are the relocation cost estimates from MDE.

Exhibit 5

**Maryland Department of the Environment
Relocation Cost Estimates
Fiscal 2001 and 2002**

<u>Relocation Expense</u>	<u>FY 2001 and 2002 Relocations Costs</u>	<u>Ongoing Costs</u>
Rent	\$712,020	\$1,139,232
Utilities	121,165	121,165
Moving	990,000	0
Telephone hardware	800,000	75,000
Cabling	600,000	0
Additional partitioning components	1,342,500	0
Replacement equipment	245,922	0
Relocation program management	200,000	0
IT phased move expenses	200,000	0
Excess tenant work	1,435,800	0
Total*	\$6,647,407	\$1,335,397

Note: MDE was only budgeted \$6,147,407 for the move. The agency is expected to contribute \$500,000 to the project.

Source: Maryland Department of the Environment

MDE should brief the committees on the status of the move and the renovations to the Montgomery Park building.

3. Sport Utility Vehicle Purchases by the State

MDE lists as Goal Number 1: Ensuring the air is safe to breathe. Yet, in the past few years, the agency and the State have added a number of sport utility vehicles to the vehicle fleet. Some of these

UA.00 - Maryland Department of the Environment

vehicles do not even get 15 miles per gallon (highway). For example, MDE owns five Ford Expeditions. Four- wheel drive Expeditions average 10 mpg city/14 mpg highway.

Currently, the Department of Natural Resources (DNR) is working with the Governor to establish a "Green Building" executive order establishing a council that will adopt green building criteria that the State must use when building or leasing new facilities. Furthermore, the Governor wants to ensure that all existing state-owned, leased, or operated buildings make reasonable efforts to maximize the use of energy efficiency and resource conservation techniques. Yet, on the other end of the spectrum there are multiple agencies with numerous sport utility vehicles, including Ford Expeditions. These vehicles are usually "four- wheel drive" vehicles which further lowers the expected gas mileage of the vehicle. While alternative fuel vehicles are not always practical, fuel efficiency should not be sacrificed simply because a certain vehicle type is not available as an alternative fuel vehicle.

While DBM is following the EPA guidelines for purchasing alternative fuel vehicles, MDE and DBM should be ensuring that beyond this, the State's vehicle fleet should be as environmentally friendly and fuel-efficient as possible. While there certainly is a need for some types of sport utility vehicles in some agencies, there has been proliferation of not just sport utilities vehicles, but massive, luxury sport utility vehicles throughout the State's fleet. For the State's buildings to be models of energy efficiency, but the State's fleet to be riddled with vehicles that inefficiently use fossil fuels seems incompatible and certainly not helpful to MDE's number one goal: ensuring the air is safe to breathe.

The Department of Legislative Services (DLS) recommends the committees adopt the following narrative:

Sport Utility Vehicles in the State's Fleet: The committees are concerned about the proliferation of certain four-wheel drive sport utility vehicles in the State's fleet. As the State begins a campaign to make State buildings more energy-efficient and environmentally friendly, a similar campaign should be undertaken to ensure that the State's vehicle fleet is fuel-efficient and environmentally sensitive. The Department of Budget and Management (DBM) and the Maryland Department of the Environment (MDE) should do the following:

- survey the entire vehicle fleet of the State to determine how many sport utility vehicles are in the fleet;
- list each sport utility vehicle by agency, make, and model;
- determine how many times in the past year each sport utility vehicle has been used off road;
- determine the average cost to operate each sport utility vehicle compared to other vehicle types; and
- set up stringent criteria that each agency must meet in order to purchase or replace a sport utility vehicle over another more fuel-efficient vehicle.

DBM and MDE shall submit the above information to the budget committees for review and comment by December 1, 2001.

Recommended Actions

1. Adopt the following narrative:

Sport Utility Vehicles in the State's Fleet: The committees are concerned about the proliferation of certain four-wheel drive sport utility vehicles in the State's fleet. As the State begins a campaign to make State buildings more energy-efficient and environmentally friendly, a similar campaign should be undertaken to ensure that the State's vehicle fleet is fuel-efficient and environmentally sensitive. The Department of Budget and Management (DBM) and the Maryland Department of the Environment (MDE) should do the following:

- survey of the entire vehicle fleet of the State to determine how many sport utility vehicles are in the fleet;
- list each sport utility vehicle by agency, make, and model;
- determine how many times in the past year each sport utility vehicle has been used off road;
- determine the average cost to operate each sport utility vehicle compared to other vehicle types; and
- set up stringent criteria that each agency must meet in order to purchase or replace a sport utility vehicle over another more fuel-efficient vehicle.

DBM and MDE shall submit the above information to the budget committees for review and comment by December 1, 2001.

Information Request	Authors	Due Date
Sport Utility Vehicle Report	MDE DBM	December 1, 2001

UA.00 - Maryland Department of the Environment

2. Add the following language to the general fund appropriation:

, provided that the \$500,000 grant to Baltimore City in this appropriation shall only be expended for lead inspectors, x-ray fluorescence (XRF) machines for lead inspectors, and city solicitors dedicated to prosecuting lead cases. The funds may not be used to pay for Baltimore City’s administrative expenses.

Further provided that the Maryland Department of the Environment shall audit Baltimore City’s expenditure of the funds and enforcement performance and report the results to the General Assembly by September 1, 2002.

Explanation: The language requires Baltimore City to spend the \$500,000 lead enforcement and inspection grant only on lead inspectors, machines that are required to conduct lead inspections, and city solicitors dedicated to prosecuting lead cases. Funds may not be expended for any other purpose, especially administrative expenses. Also, the language requires the Maryland Department of the Environment to audit Baltimore City's grant expenditures and performance and report the results to the General Assembly by September 1, 2002.

Information Request	Author	Due Date		
Enforcement Grant Audit	MDE	September 1, 2002		
			<u>Amount</u>	<u>Position</u>
			<u>Reduction</u>	<u>Reduction</u>
3. Delete \$100,000 in special funds for the Franklin Point Property project because the Maryland Department of the Environment indicates that this project is not ready to go forward in fiscal 2002.			\$ 100,000	SF
4. Reduce \$100,000 in special funds from the Oil Contaminated Site Environmental Clean-up Fund for heating oil tank clean-up costs. This is a new program and the amount of program participation is unknown. This reduction would leave \$152,000 in the fund for heating oil tank clean-up costs. Each clean-up is funded up to \$10,000 and requires a \$1,000 match from the oil tank owners. If program participation exceeds \$152,000, MDE may bring funds back into the program by budget amendment.			\$ 100,000	SF
5. Reduce \$500,000 in special funds from the Oil Contaminated Site Environmental Clean-up Fund (Cleanup Reimbursement Fund). Chapter 604, Acts of 2000 authorized certain increases to the Oil Fund and the Clean-up Reimbursement Fund. Under the legislation, the increases in these funds can only be			\$ 500,000	SF

UA.00 - Maryland Department of the Environment

expended once the Maryland Department of the Environment (MDE) satisfies a certain recommendation of the Legislative Audit Report. Although MDE has not satisfied this recommendation, the agency indicates it is working with the Office of Legislative Audits and General Accounting Division for an expedient resolution. Furthermore, this reduction brings the agency in line with fiscal 2000 actuals. However, as there may be more activity in this program for fiscal 2002, the agency may bring the funds in by budget amendment once the audit recommendation has been satisfied and the program participation exceeds the fund level appropriated.

Total Special Fund Reductions

\$ 700,000

Updates

1. Task Force on the Environmental Effects of MTBE Issues Preliminary Report

Chapter 415, Acts of 2000 created a MTBE task force (task force) consisting of 16 members from government agencies, the petroleum industry, the health field, and the ethanol industry.

MTBE Background

MTBE is a volatile, flammable, colorless liquid with a turpentine-like odor. MTBE is made as a byproduct of petroleum refinery operations by combining methanol derived from natural gas and isobutylene. It is a synthetic chemical that has been added to gasoline as an octane enhancer since the phase-out of lead in the late 1970s. More recently, MTBE has been used extensively around the country to reduce motor vehicle emissions. The Clean Air Act in 1995 required areas with the worst ground-level ozone air pollution (including the Baltimore and Washington metropolitan areas) to use gasoline reformulated to reduce air-toxic emissions and pollutants that form ground-level ozone. Most gasoline suppliers have been using MTBE as a gasoline additive.

MTBE is more soluble in water, has a smaller molecular size, has a lower tendency to adhere to soil, and is less biodegradable than other components of gasoline. Consequently, MTBE is more mobile in groundwater than other gasoline constituents. Significant sources of MTBE in the environment are from leaking underground and aboveground petroleum storage tanks and pipelines. The physical properties or MTBE, combined with the various ways it can be released into the environment, have resulted in the detection of MTBE in drinking water supplies across the country as well as in the State.

The Task Force's Recommendations

The task force did not make specific recommendations, rather it recommended items that needed further study:

- MDE should continue its efforts to determine the extent of Tertiary-Butyl Alcohol (TBA) -- an MTBE byproduct -- contamination.
- The Maryland Department of Health and Mental Hygiene should complete its revalidation study and TBA method development as soon as possible.
- MDE should continue its efforts to refine MTBE investigation techniques required of responsible parties with known petroleum releases into the environment.
- Guidance should be developed for sampling domestic well supplies and non-community water systems in areas of highest risk of contamination.

UA.00 - Maryland Department of the Environment

The task force further indicated that the issues around MTBE are constantly changing and information is updated quickly. Their final report will not only update the information contained in the preliminary report, but provide more specific recommendations.

Current and Prior Year Budgets

Current and Prior Year Budgets
Maryland Department of the Environment
(\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2000					
Legislative Appropriation	\$30,947	\$20,355	\$19,483	\$4,715	\$75,500
Deficiency Appropriation	285	0	0	0	285
Budget Amendments	571	6,986	4,379	947	12,883
Reversions and Cancellations	(67)	(2,079)	(3,268)	(1,078)	(\$6,492)
Actual Expenditures	\$31,737	\$25,260	\$20,594	\$4,583	\$82,174
Fiscal 2001					
Legislative Appropriation	\$36,322	\$26,145	\$20,405	\$4,309	\$87,181
Budget Amendments	0	4,727	466	50	5,243
Working Appropriation	\$36,322	\$30,872	\$20,871	\$4,359	\$92,423

Note: Numbers may not sum to total due to rounding.

Fiscal 2000 Budget Changes

The General Fund budget amendments totaled \$571,058 and were offset by \$67,000 in cancellations. The \$571,058 increase in general fund was for deferred compensation matching funds in the Administration and Employee Services Program.

Special fund budget amendments totaled \$6,986,000 and were offset by \$2,079,000 in cancellations. The major special fund increases are listed below:

- \$1,100,000 from the Oil Contaminated Site Environmental Clean-up Fund was used to reimburse owners or operators of underground storage tanks for eligible remediation costs related to leaking underground tanks.
- \$654,435 from the Oil Containment, Clean-up and Contingency Fund, the State Hazardous Substance Control Fund, and the Lead Accreditation Fund was used for expenditures of the Emergency Response Program including salary and fringe benefit costs of regular staff, increased utility charges, office supplies and supplies related to sorbent products and materials for spill trailers, and replacement of old and damaged office equipment. A portion of the funds will also be used for the lead paint program.
- \$600,000 from Special Indirect Cost Recoveries was used to fund attorney salary and fringe benefit costs based on MDE's seven-month expenditure projection allocation. A portion of the money was used for information technology-related contractual services, including database development and data entry.
- \$454,627 in special funds from the State Revolving Fund loan program was used for salary and operating expenses.
- \$410,000 from the Maryland Clean Water Fund was used for unanticipated salary and fringe benefit costs of regular staff, contractual employees reassigned to field offices to handle increased volume of compliance assistance activities, and fuel and maintenance expenses of State vehicles in the compliance program.
- \$378,400 in special funds from the Maryland Clean Water Fund was used for vehicle purchases.
- \$341,939 from the Bituminous Coal Open Pit Mining Reclamation Fund, the Deep Mining Fund, and the Surface Mined Land Reclamation Fund was used for activities associated with reclamation of mines, including unanticipated salary and fringe benefit costs of regular and contractual staff, contracts for reclamation of forfeited permit sites, routine office supplies, and additional funds to Garrett County due to increases in deep mine production.
- \$330,870 was used from the Lead Poisoning Prevention Fund to provide for Qualified Offer Counseling and for MOUs with local county health departments for lead poisoning prevention outreach to parents, tenants, property owners, contractors, and health care providers to enhance lead poisoning awareness, property owner responsibilities, screening, and case management coordination.

UA.00 - Maryland Department of the Environment

- \$250,000 from Special Indirect Cost Recoveries was used for anticipated salary and fringe benefit costs based on MDE's most recent expenditure projection.
- \$250,000 from the Maryland Clean Water Fund was used for salary and fringe benefit costs of regular staff assigned to work on the restoration and assessment damage caused by the Potomac Electric Power Company Chalkpoint oil spill and to cover contracts needed to assess and restore waterways as a result of the spill.
- \$245,719 from the State Radiation Control Fund was used for salary and fringe benefit costs based on MDE's seven-month expenditure projection.
- \$200,000 from the Oil Fund Reserve was used for oil spill containment site clean-up contracts that are needed when a responsible party is either unable or unwilling to do the clean-up or cannot be identified.
- \$198,556 from the State Public Water System Supervision fund was used for salary and fringe benefit costs of regular staff, secretarial temporary services to assist in backlog, fuel and maintenance expenses of State vehicles in the Water Supply Program, increased laboratory support to the Annapolis field office, and routine office supplies.
- \$196,000 from the Lead Poisoning Prevention Fund was used to provide education, outreach, and support to parents of children who may be exposed to lead paint poisoning and to rental property owners to familiarize them with the application of the limited liability statute through qualified offer counseling. Funds were also used for the development of MDE's enterprise system.
- \$115,000 from the Wetlands Compensation Fund was used to complete the Little Falls Fish Passage project.
- \$75,000 from the Sediment Control Fund was used for unanticipated salary and fringe benefit costs of regular staff, contractual services to incorporate modifications to the "site compliant" functionality of the Field Investigation Report application for the inspection database, and the replacement of information technology equipment for field office staff in the Compliance Program.
- \$25,000 from the Water Quality Financing Administrative Fees Fund was used for salary and fringe benefit costs of regular staff.

The major special fund cancellations are listed below:

- \$381,000 of the Sewage Sludge Utilization Fund appropriation was cancelled due to lower-than-anticipated revenue into the fund.
- \$305,000 of Maryland Clean Air Funds due to delays in procuring air monitoring equipment.
- \$202,000 of State Radiation Control funds due to procurement delays.

UA.00 - Maryland Department of the Environment

Federal funds increased by \$4,379,000 through budget amendments and were offset by \$3,268,000 in cancellations. The major increases are as follows:

- \$1,351,364 in federal funds were amended as follows: \$600,000 are from the Federal Indirect Cost Recoveries Fund and \$751,364 are from the Environmental Protection Agency's Air Pollution Control Program Support Fund. These funds were for information technology-related contractual services and salary and fringe benefit costs based on the department's seven-month expenditure projection.
- \$500,000 in federal funds was used from Federal Indirect Cost Recoveries for salary and fringe benefits costs of regular staff, temporary employees to perform supply and equipment inventory control and office support, an anticipated increase for Financial Management Information System charges, and an anticipated cost associated with the new lease agreement for 2500 Broening Highway.
- \$107,393 from the Wetlands Protection -- State and Tribal Development Grants was used for design guideline development in accordance with an agreement between MDE and the Pennsylvania State University. Funds were also used as part of an agreement with the University of Delaware to determine the relationship of selected species to wetness tolerance when making wetland determination.

The major federal fund cancellations are listed below.

- \$704,000 of the Safe Drinking Water Initiative Grant appropriation was cancelled due to delays in entering into agreements with local governments and commissions for drinking water assessment projects and wellhead protection activities.
- \$551,000 of the Abandoned Mine Land Reclamation Program Grant appropriation was cancelled due to construction delays.
- \$426,000 of the Air Pollution Control Program Grant appropriation was cancelled due to delays in procuring air monitoring equipment and higher-than-anticipated employee turnover.
- \$221,000 of Capitalization Grants for State Revolving Funds was cancelled as the result of Clean Water Administrative Fees being substituted for federal funds.
- \$218,000 was cancelled due to an overestimation of Federal Indirect Cost Recoveries.

Fiscal 2001 Budget Changes

MDE had an increase in special funds of \$4,727,000. MDE appropriated a total of \$3,866,010 in special funds from the Used Tire Clean-up and Recycling Fund. The permissible uses of the scrap tire fund were expanded by the enactment of Chapter 235, Acts of 2000. The funds were used to clean-up scrap tire sites and fund four additional tire recycling projects.

MDE had an increase in federal funds of \$466,000. Of the total, \$459,910 from the EPA's Air Pollution Control Program was used to maintain and upgrade the statewide ambient air monitoring system.

UA.00 - Maryland Department of the Environment

**Object/Fund Difference Report
Maryland Department of the Environment**

	<u>Object/Fund</u>	FY01		FY02	FY01 - FY02	Percent
		FY00 Actual	Working Appropriation			
Positions						
01	Regular	956.40	1011.40	1032.00	20.60	2.0%
02	Contractual	49.30	68.10	39.30	(28.80)	(42.3%)
	Total Positions	1005.70	1079.50	1071.30	(8.20)	(0.8%)
Objects						
01	Salaries and Wages	\$ 51,221,274	\$ 53,715,762	\$ 59,826,430	\$ 6,110,668	11.4%
02	Technical and Spec Fees	1,786,944	1,989,624	1,375,429	(614,195)	(30.9%)
03	Communication	886,431	1,021,053	985,397	(35,656)	(3.5%)
04	Travel	538,756	804,188	867,804	63,616	7.9%
06	Fuel and Utilities	339,683	465,013	339,909	(125,104)	(26.9%)
07	Motor Vehicles	1,707,280	1,842,596	1,627,782	(214,814)	(11.7%)
08	Contractual Services	8,324,501	15,523,054	19,623,433	4,100,379	26.4%
09	Supplies and Materials	1,276,906	1,235,718	1,616,665	380,947	30.8%
10	Equipment -- Replacement	737,747	973,170	1,011,139	37,969	3.9%
11	Equipment -- Additional	1,037,918	696,431	617,170	(79,261)	(11.4%)
12	Grants, Subsidies, Contracts	10,722,119	10,831,346	11,881,414	1,050,068	9.7%
13	Fixed Charges	2,846,817	3,075,296	3,778,128	702,832	22.9%
14	Land and Structures	747,797	250,000	250,000	0	0%
	Total Objects	\$ 82,174,173	\$ 92,423,251	\$ 103,800,700	\$ 11,377,449	12.3%
Funds						
01	General Fund	\$ 31,736,850	\$ 36,321,628	\$ 46,322,000	\$ 10,000,372	27.5%
03	Special Fund	25,259,733	30,871,649	29,365,709	(1,505,940)	(4.9%)
05	Federal Fund	20,594,493	20,871,301	23,637,666	2,766,365	13.3%
09	Reimbursable Fund	4,583,097	4,358,673	4,475,325	116,652	2.7%
	Total Funds	\$ 82,174,173	\$ 92,423,251	\$ 103,800,700	\$ 11,377,449	12.3%

Note: Full-time and contractual positions and salaries are reflected for operating budget programs only.

Fiscal Summary
Maryland Department of the Environment

<u>Unit/Program</u>	FY00	FY01	FY01	FY00 - FY01	FY02	FY01 - FY02
	<u>Actual</u>	<u>Legislative Appropriation</u>	<u>Working Appropriation</u>	<u>% Change</u>	<u>Allowance</u>	<u>% Change</u>
01 Office of the Secretary	\$ 1,734,551	\$ 1,718,247	\$ 1,718,247	(0.9%)	\$ 1,827,280	6.3%
02 Administrative and Employee Services	5,696,572	6,099,245	6,099,245	7.1%	12,493,050	104.8%
04 Water Management Administration	26,058,345	27,206,160	27,206,160	4.4%	29,565,690	8.7%
05 Technical and Regulatory Services Administration	13,459,434	14,094,670	14,143,990	5.1%	16,363,237	15.7%
06 Waste Management Administration	19,533,164	21,684,179	25,665,500	31.4%	25,654,233	0%
07 Air and Radiation Management Administration	13,193,259	13,574,393	14,363,244	8.9%	13,974,635	(2.7%)
10 Coordinating Offices	2,498,848	2,803,815	3,226,865	29.1%	3,922,575	21.6%
Total Expenditures	\$ 82,174,173	\$ 87,180,709	\$ 92,423,251	12.5%	\$ 103,800,700	12.3%
General Fund	\$ 31,736,850	\$ 36,321,628	\$ 36,321,628	14.4%	\$ 46,322,000	27.5%
Special Fund	25,259,733	26,144,777	30,871,649	22.2%	29,365,709	(4.9%)
Federal Fund	20,594,493	20,404,951	20,871,301	1.3%	23,637,666	13.3%
Total Appropriations	\$ 77,591,076	\$ 82,871,356	\$ 88,064,578	13.5%	\$ 99,325,375	12.8%
Reimbursable Fund	\$ 4,583,097	\$ 4,309,353	\$ 4,358,673	(4.9%)	\$ 4,475,325	2.7%
Total Funds	\$ 82,174,173	\$ 87,180,709	\$ 92,423,251	12.5%	\$ 103,800,700	12.3%

25