

**K00A05**  
**Department of Natural Resources – Capital**

***Capital Budget Summary***

(\$ in Millions)

	<i>FY 2010 Approp.</i>	<i>FY 2011 Approp.</i>	<i>FY 2011 Adjusted</i>	<i>FY 2012 Allowance</i>	<i>FY 2012 Adjusted</i>	<i>% Change FY 2011-12 Adjusted</i>	<i>DLS Recommd.</i>
Program Open Space							
Land Acquisition and Local Program	\$162.036	\$77.779	\$33.023	\$76.598	\$16.270	<b>-50.7%</b>	\$34.176
Natural Resources Development Fund	19.105	13.392	3.266	8.076	0.269	<b>-91.8%</b>	3.450
Critical Maintenance	1.250	6.586	3.150	7.380	3.000	<b>-4.8%</b>	3.380
Dam Rehabilitation	0.000	0.150	0.000	1.545	0.500	<b>0.0%</b>	1.045
Rural Legacy Program	11.812	16.954	6.319	27.871	9.589	<b>51.8%</b>	14.104
Ocean City Beach Maintenance	5.300	7.459	2.000	3.000	2.000	<b>0.0%</b>	0.000
Waterway Improvement Program	5.550	12.258	6.000	8.257	2.000	<b>-66.7%</b>	8.257
Community Parks and Playgrounds	5.000	2.500	2.500	2.500	2.500	<b>0.0%</b>	2.500
<b>Total</b>	<b>\$210.053</b>	<b>\$137.078</b>	<b>\$56.258</b>	<b>\$135.227</b>	<b>\$36.128</b>	<b>-35.8%</b>	<b>\$66.912</b>

<b>Fund Source</b>							
Special	\$28.707	\$3.566	\$3.566	\$70.442	\$2.910	<b>-18.4%</b>	\$3.127
Federal	18.045	15.362	15.362	3.500	3.500	<b>-77.2%</b>	3.500
<b>PAYGO Subtotal</b>	<b>\$46.752</b>	<b>\$18.928</b>	<b>\$18.928</b>	<b>\$73.942</b>	<b>\$6.410</b>	<b>-66.1%</b>	<b>\$6.627</b>
GO Bonds	163.302	118.150	37.330	61.285	29.718	<b>-20.4%</b>	60.285
<b>Total</b>	<b>\$210.053</b>	<b>\$137.078</b>	<b>\$56.258</b>	<b>\$135.227</b>	<b>\$36.128</b>	<b>-35.8%</b>	<b>\$66.912</b>

Note: The fiscal 2011 adjusted appropriation reflects the removal of prior year bond replacement funding. The fiscal 2012 adjusted allowance reflects the removal of prior year bond replacement funding, assumes the contingent reduction, and expresses the Administration's intent that \$1.2 million of Program Open Space – State funding be used for operating expenses.

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## ***Summary of Issues***

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***Waterway Improvement Fund Revenue Shortfall:*** Vessel excise revenues have fallen precipitously since fiscal 2007, which reduces funding for Water Improvement Program projects and highlights tradeoffs between pay-as-you-go (PAYGO) expenditures and operating expenses. The resolution may be to scale back the amount of certain types of financial assistance for PAYGO projects. **The Department of Legislative Services (DLS) recommends that the Department of Natural Resources (DNR) comment on its plans for addressing the current level of vessel excise tax revenue and the impact this would have on local jurisdictions and the boating public. In addition, DLS recommends that DNR submit a report laying out its proposed Waterway Improvement Program funding policies.**

***Transfer Tax Redirection to General Fund Budget Reconciliation and Financing Act Item:*** DLS recommends that transfer tax revenues be redirected to the general fund as part of a Budget Reconciliation and Financing Act (BRFA) of 2011 item. The proposed recommendation affects the DNR, Maryland Department of Agriculture, and Maryland Department of Planning programs. **DLS recommends that this BRFA provision be adopted in order to mandate a minimum level of funding for capital-related programs currently funded by volatile transfer tax revenue, put operating-related line items in the context of other State budget priorities, and provide additional revenue to the general fund.**

***Rural Legacy Program and Marcellus Shale:*** A report on Marcellus Shale extraction on agricultural easements was requested in Section 48 of the fiscal 2011 operating budget. **DLS recommends that DNR comment on the status of communications with Spectra Energy concerning the development of lease amendments and whether the three provisions outlined in the Maryland Agricultural Land Preservation Foundation report on Marcellus Shale drilling are available for Rural Legacy Program applicants.**

## ***Summary of Recommended Actions – PAYGO***

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	<b><u>Funds</u></b>
1. Add contingent language that State land acquisition revenues may be used for operating expenses.	
2. Strike the Program Open Space special fund appropriation reduction that is contingent upon the enactment of legislation crediting transfer tax revenues to the general fund.	
3. Delete the Program Open Space local special fund appropriation.	\$ 20,841,842
4. Reduce the Program Open Space State special fund appropriation.	21,579,747
5. Delete the Rural Legacy Program special fund appropriation.	13,767,378
6. Delete the Program Open Space – Capital Improvements special fund appropriation.	4,000,000
7. Delete the Natural Resources Development Fund special fund appropriation.	5,625,567
8. Delete the Program Open Space – Dam Rehabilitation Program special fund appropriation.	500,000
9. Delete Ocean City Maintenance local share.	1,000,000
10. Adopt committee narrative requesting information on how the Waterway Improvement Program will adapt its funding policies to address reduced vessel excise tax revenues.	
<b>Total Reductions</b>	<b>\$ 67,314,534</b>

## ***Summary of Recommended Actions – Bond***

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<b><u>Program</u></b>	<b><u>Action</u></b>	<b><u>Amount</u></b>
1. Program Open Space – Land Acquisition and Local Program	Approve	
2. Program Open Space – Natural Resources Development Fund	Approve	
3. Program Open Space – Critical Maintenance	Approve	
4. Program Open Space – Dam Rehabilitation	Approve	
5. Rural Legacy Program	Reduce	\$5,000,000
6. Ocean City Beach Maintenance	Delete	1,000,000
7. Waterway Improvement Program	Approve	
8. Community Parks and Playgrounds	Approve	
9. Extend to June 1, 2012, the \$500,000 authorization for the Dam Rehabilitation Program from the fiscal 2005 capital budget bill.	Approve	
10. Pre-authorize \$2,850,000 for the Harriet Tubman Underground Railroad State Park – Visitor Center and Site Improvements to design and construct development projects on property owned by the Department of Natural Resources in fiscal 2013.	Approve	
11. Pre-authorize \$39,230,000 for Program Open Space – Local special fund replacement in fiscal 2013.	Approve	
12. Pre-authorize \$7,193,000 for Program Open Space – State special fund replacement in fiscal 2013.	Approve	
13. Pre-authorize \$4,589,000 for Rural Legacy Program special fund replacement in fiscal 2013.	Approve	
14. Pre-authorize \$6,947,000 for Program Open Space – Local special fund replacement in fiscal 2014.	Approve	
15. Pre-authorize \$7,193,000 for Program Open Space – State special fund replacement in fiscal 2014.	Approve	
16. Pre-authorize \$4,589,000 for Rural Legacy Program in fiscal 2014.	Approve	
<b>Total</b>		<b>\$6,000,000</b>

## ***Overview***

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In the Governor's budget, the Department of Natural Resources (DNR) fiscal 2012 capital program as introduced includes \$70.4 million in special funds, \$3.5 million in federal funds, and \$61.3 million in general obligation (GO) bonds. The overall change between fiscal 2011 and 2012 is a reduction of \$1.9 million. However, there are several distortions in the change between fiscal 2011 and 2012: replacement of prior year fund balances transferred to the general fund, special fund reductions contingent on the transfer of the funds to the general fund, a revised fiscal 2011 revenue estimate, and a phased-in GO bond replacement of the transferred funds.

### **Fund Balance Transfers**

The Governor's proposed Budget Reconciliation and Financing Act (BRFA) of 2011 authorizes the following transfers:

- \$5,591,172 in transfer tax revenues not needed for Program Open Space (POS) Acquisition Opportunity Loan of 2009 debt service in fiscal 2011;
- \$66,314,534 in fiscal 2012 transfer tax revenues including POS State share (\$21,579,747), POS local share (\$20,841,842), POS Capital Improvements (\$10,125,567), and Rural Legacy Program (\$13,767,378);
- \$8,621,306 in fiscal 2010 transfer tax overattainment; and
- \$1,090,000 in fiscal 2012 Waterway Improvement Fund revenues.

As introduced, the capital budget bill replaces a portion of the funds over a three-year period. **The Department of Legislative Services (DLS) recommends that the transfer tax and Waterway Improvement Fund revenues totaling \$81,617,012 be transferred to the general fund per the BRFA of 2011.**

### **Contingent Reductions**

The operating budget bill includes reductions for transfer tax revenue funded programs contingent on the enactment of legislation that transfers the special funds to the general fund. The BRFA of 2011, in turn, transfers the special funds to the general fund. The fiscal 2012 capital budget bill as introduced replaces a portion of the fiscal 2012 special fund transfers with GO bonds. Therefore, a portion of the special funds reflected in the fiscal 2012 allowance is double budgeted because it is proposed to be replaced by GO bonds in the fiscal 2012 capital budget.

**Exhibit 1** reflects the changes in DNR's capital programs between fiscal 2011 and 2012 with the contingent reductions and without the prior year fund balance replacements.

**Exhibit 1**  
**DNR Capital Budget Changes by Fund**  
**Fiscal 2011-2012 Adjusted**  
**(\$ in Millions)**

<u>Program</u>	<u>Fund</u>	<u>2011 Adjusted</u>	<u>2012 Adjusted</u>	<u>Difference</u>
POS – Land Acquisition and Local Program	SF	\$1.5	\$1.5	\$0.0
	FF	11.1	3.0	-8.1
	GO	20.4	11.8	-8.7
	<b>Subtotal</b>	<b>\$33.0</b>	<b>\$16.3</b>	<b>-\$16.8</b>
POS – Natural Resources Development Fund	FF	\$3.3	\$0.0	-\$3.3
	GO	0.0	0.3	0.3
	<b>Subtotal</b>	<b>\$3.3</b>	<b>\$0.3</b>	<b>-\$3.0</b>
POS – Critical Maintenance	SF	\$0.0	\$0.0	\$0.0
	GO	3.2	3.0	-0.2
	<b>Subtotal</b>	<b>\$3.2</b>	<b>\$3.0</b>	<b>-\$0.2</b>
POS – Dam Rehabilitation	SF	\$0.0	\$0.0	\$0.0
	GO	0.0	0.5	0.5
	<b>Subtotal</b>	<b>\$0.0</b>	<b>\$0.5</b>	<b>\$0.5</b>
Rural Legacy Program	SF	\$0.0	\$0.0	\$0.0
	GO	6.3	9.6	3.3
	<b>Subtotal</b>	<b>\$6.3</b>	<b>\$9.6</b>	<b>\$3.3</b>
Ocean City Beach Maintenance	SF	\$1.0	\$1.0	\$0.0
	GO	1.0	1.0	0.0
	<b>Subtotal</b>	<b>\$2.0</b>	<b>\$2.0</b>	<b>\$0.0</b>
Waterway Improvement Program	SF	\$1.1	\$0.4	-\$0.7
	FF	1.0	0.5	-0.5
	GO	3.9	1.1	-2.8
	<b>Subtotal</b>	<b>\$6.0</b>	<b>\$2.0</b>	<b>-\$4.0</b>
Community Parks and Playgrounds	GO	\$2.5	\$2.5	\$0.0
	<b>Subtotal</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>\$0.0</b>
	<b>Total</b>	<b>\$56.3</b>	<b>\$36.1</b>	<b>-\$20.1</b>

DNR: Department of Natural Resources  
FF: federal fund

GF: general fund  
GO: general obligation

POS: Program Open Space

Note: The fiscal 2011 adjusted appropriation reflects the removal of prior year bond replacement funding. The fiscal 2012 adjusted allowance reflects the removal of prior year bond replacement funding, assumes the contingent reduction, and expresses the Administration's intent that \$1.2 million of Program Open Space – State funding be used for operating expenses.

Source: Department of Legislative Services

## **Revised Revenue Estimate**

The fiscal 2011 transfer tax revenue estimate has been revised downward by \$36.1 million. As a result, transfer tax funded programs received more in GO bonds in fiscal 2011 than they should have. To reflect the revised transfer tax estimate, the Administration has reduced replacement funding for fiscal 2011 revenue and did not fully replace the fiscal 2012 revenue transferred to the general fund.

## **Three-year Replacement Plan**

The Administration plans to replace the fiscal 2012 revenue transferred to the general fund over three years. **Exhibit 2** shows the replacement plan. POS State and Agricultural Land Preservation funding decreases by the difference between the fiscal 2011 revised revenue estimate and the amount appropriated in fiscal 2011.

**Exhibit 2**  
**Proposed Fund Transfers and Multi-year General Obligation Bond Replacement Plan**

	<u>Transfer</u> <u>FY 2012</u>	<u>FY 2012</u>	<u>Replacement</u> <u>FY 2013</u>	<u>FY 2014</u>	<u>Replaced</u> <u>Total</u>	<u>Transfer</u> <u>and</u> <u>Replaced</u> <u>Difference</u>
<i>Full Replacement</i>						
POS – Local	\$20,841,842	\$6,947,000	\$6,947,000	\$6,947,000	\$20,841,000	-\$842
Rural Legacy Program	13,767,378	4,589,000	4,589,000	4,589,000	13,767,000	-378
Dam Rehabilitation	500,000	500,000	0	0	500,000	0
POS – Ocean City	1,000,000	1,000,000	0	0	1,000,000	0
Waterway Improvement Fund	1,090,000	1,090,000	0	0	1,090,000	0
<b>Subtotal</b>	<b>\$37,199,220</b>	<b>\$14,126,000</b>	<b>\$11,536,000</b>	<b>\$11,536,000</b>	<b>\$37,198,000</b>	<b>-\$1,220</b>
<i>Replacement Reduced by Fiscal 2011 Overauthorization</i>						
POS – Stateside	\$21,579,747	\$4,823,000	\$7,193,000	\$7,193,000	\$19,209,000	-\$2,370,747
MALPF	19,555,275	4,367,000	6,518,000	6,518,000	17,403,000	-2,152,275
<b>Subtotal</b>	<b>\$41,135,022</b>	<b>\$9,190,000</b>	<b>\$13,711,000</b>	<b>\$13,711,000</b>	<b>\$36,612,000</b>	<b>-\$4,523,022</b>
<i>Replacement Reduced Due to Other Budget Priorities</i>						
POS – Natural Resources Development Fund	\$4,625,567	\$269,000	\$2,843,000	\$0	\$3,112,000	-\$1,513,567
POS – Critical Maintenance Program	4,000,000	3,000,000	0	0	3,000,000	-1,000,000
<b>Subtotal</b>	<b>\$8,625,567</b>	<b>\$3,269,000</b>	<b>\$2,843,000</b>	<b>\$0</b>	<b>\$6,112,000</b>	<b>-\$2,513,567</b>
<i>Replacement Not Determined Yet</i>						
Fiscal 2010 Transfer Revenue Overattainment	8,621,306	0	0	0	0	-8,621,306
<b>Subtotal</b>	<b>\$8,621,306</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$8,621,306</b>
<b>Total</b>	<b>\$95,581,115</b>	<b>\$26,585,000</b>	<b>\$28,090,000</b>	<b>\$25,247,000</b>	<b>\$79,922,000</b>	<b>-\$15,659,115</b>

MALPF: Maryland Agricultural Land Preservation Foundation

POS: Program Open Space

Source: Department of Legislative Services

## Funding Modifications and Pre-authorizations

The fiscal 2012 capital budget bill includes a number of funding modifications and pre-authorizations, as shown in **Exhibit 3**.

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### Exhibit 3 Funding Modifications and Pre-authorizations Primarily Fiscal 2013-2014

<u>Timeframe</u>	<u>Program</u>	<u>Description</u>	<u>Amount</u>	<u>DLS Recommendation</u>
n/a	Dam Rehabilitation Program	Extend the \$500,000 authorization from the fiscal 2005 capital budget bill to June 1, 2012.	n/a	Approve
Fiscal 2013	Natural Resources Development Fund	Pre-authorize \$2,850,000 for the Harriet Tubman Underground Railroad State Park – Visitor Center and Site Improvements to design and construct development projects on property owned by DNR.	\$2,850,000	Approve
Fiscal 2013	POS – Local	Pre-authorize \$39,230,000 for POS – Local special fund replacement.	39,230,000	Approve
Fiscal 2013	POS – State	Pre-authorize \$7,193,000 for POS – State special fund replacement.	7,193,000	Approve
Fiscal 2013	Rural Legacy Program	Pre-authorize \$4,589,000 for the Rural Legacy Program special fund replacement.	4,589,000	Approve
Fiscal 2014	POS – Local	Pre-authorize \$6,947,000 for POS – Local special fund replacement.	6,947,000	Approve
Fiscal 2014	POS – State	Pre-authorize \$7,193,000 for POS – State special fund replacement.	7,193,000	Approve
Fiscal 2014	Rural Legacy Program	Pre-authorize \$4,589,000 for the Rural Legacy Program special fund replacement.	4,589,000	Approve

DLS: Department of Legislative Services

DNR: Department of Natural Resources

POS: Program Open Space

Note: The fiscal 2013 POS – Local pre-authorization of \$39.2 million reflects \$6.9 million in fiscal 2012 replacement funding and \$32.3 million in prior year fund balance replacement.

Source: Department of Legislative Services

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## **POS Repayment Schedule**

In response to the transfers of State transfer tax funding between fiscal 2002 and 2006, the Land Preservation and State Asset Protection Act (Chapter 473 of 2005) was passed. Chapter 473 of 2005 requires the first \$50 million repayment installment in fiscal 2012 of the \$90.0 million transferred in fiscal 2006 if the State's closing fiscal 2010 general fund balance exceeds a certain amount. The State's closing fiscal 2010 general fund balance exceeded the required amount and, therefore, the requirement to repay the first \$50 million was triggered. However, the Governor has not included the funding for fiscal 2012 by exercising the mandate relief provision in the BRFA of 2010.

## **Program Open Space BRFA Provision**

The Administration indicates that it intended to allocate \$1,217,000 of the fiscal 2012 POS State land acquisition funding for POS administration in DNR's operating budget but inadvertently left this provision out of both the operating budget bill and the BRFA of 2011. **DLS recommends that authorization be provided in the BRFA of 2011 for the use of \$1,217,000 of the State's share of POS funds in fiscal 2012 for administrative expenses in DNR, the Department of General Services, and the Maryland Department of Planning. The steep decline in transfer tax revenues has resulted in insufficient funding for POS administration. Adding this provision would help resolve that problem for fiscal 2012 and is in concert with the Administration's intent.**

## **Oyster Restoration Program**

The Oyster Restoration Program is not funded in the fiscal 2012 capital budget but is included in the 2011 *Capital Improvement Program* (CIP). The CIP projects \$2.5 million in general obligation bond authorizations between fiscal 2013 and 2016. The funding would be used to construct and rehabilitate oyster bar habitat and provide for aquaculture infrastructure improvements. The Aquatic Life Restoration Program, the previous name for the program, last received funding in the fiscal 2010 capital budget.

## **Transfer Tax Revenue**

Transfer tax revenues are projected to rise in fiscal 2012 and continue to do so in the out-years at a moderate rate. This will mean an increase in revenue for a number of environmental programs. However, the fiscal 2012 allowance, similar to the fiscal 2011 appropriation, diverts transfer tax revenues to the general fund, although a portion of the transferred funds are replaced with GO bonds. As shown in **Exhibit 4**, the fiscal 2012 budgeted revenue estimate is 4.5% greater than the fiscal 2011 revised estimate.

**Exhibit 4**  
**Distribution of Transfer Tax Revenues to Programs and GO Bond Replacement**  
**Fiscal 2011-2012**  
**(\$ in Millions)**

	<u>2011 Original</u>	<u>2011 Revised Funding</u>	<u>2012 Formula</u>	<u>2012 Funding</u>
<b>Revenues</b>				
Budgeted Revenue Estimate	\$149.89	\$113.81	\$118.92	\$118.92
Less Administrative Expenses	-4.50	-4.50	-3.57	-3.57
Attainment Adjustment	-52.64	-52.64	0.00	0.00
<b>Net Available for Allocation</b>	<b>\$92.76</b>	<b>\$56.67</b>	<b>\$115.35</b>	<b>\$115.35</b>
<b>Allocations</b>				
<b>Program Open Space</b>				
POS Bonds Debt Service	\$6.80	\$1.21	\$1.56	\$1.56
POS Local	0.00	0.00	0.00	0.00
Forest and Park Service	21.00	21.00	21.00	21.00
Heritage Areas Authority	3.00	3.00	3.00	3.00
POS State Land Acquisition	0.00	0.00	0.00	0.00
POS State Rural Legacy	0.00	0.00	0.00	0.00
POS State Capital Development	0.00	0.00	0.00	0.00
POS State Park Operating	1.20	1.20	1.20	1.20
<b>POS Subtotal</b>	<b>\$32.00</b>	<b>\$26.41</b>	<b>\$26.76</b>	<b>\$26.76</b>
<b>Other Allocations</b>				
Additional State Land Acquisition	\$2.72	\$1.50	\$2.72	\$2.72
Agricultural Land Preservation	4.00	0.00	0.00	0.00
Rural Legacy Additional	0.00	0.00	0.00	0.00
Heritage Conservation Fund	0.00	0.00	0.00	0.00
<b>Other Allocations Subtotal</b>	<b>\$6.72</b>	<b>\$1.50</b>	<b>\$2.72</b>	<b>\$2.72</b>
<b>Total Transfer Tax Allocations</b>	<b>\$38.72</b>	<b>\$27.91</b>	<b>\$29.48</b>	<b>\$29.48</b>
<b>GO Bond Replacement</b>				
POS State	\$13.08	\$4.11	\$21.58	\$4.82
POS Local	12.35	0.00	20.84	6.95
POS State Rural Legacy	8.00	8.00	8.00	2.67
POS State Capital Development	4.15	4.15	10.13	4.77
Agricultural Land Preservation	7.81	9.66	19.56	4.37
Rural Legacy Additional	4.64	2.83	5.77	1.92
<b>Total GO Bond Replacement</b>	<b>\$50.04</b>	<b>\$28.75</b>	<b>\$85.87</b>	<b>\$25.50</b>
<b>Total Funding</b>	<b>\$88.75</b>	<b>\$56.66</b>	<b>\$115.35</b>	<b>\$54.98</b>

GO: general obligation

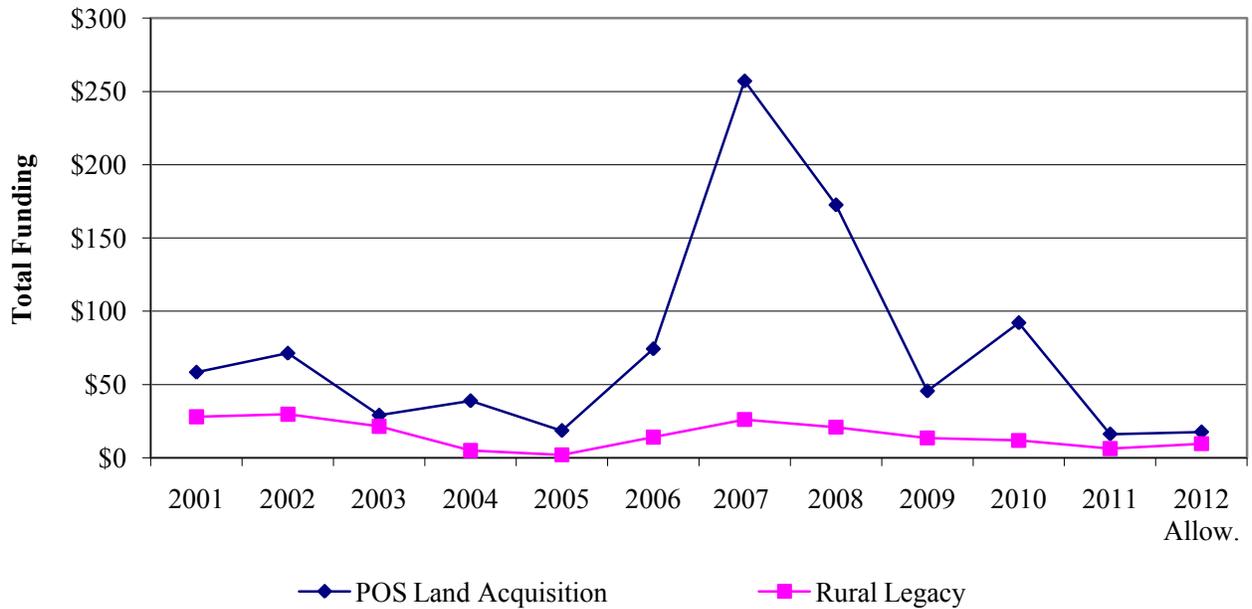
POS: Program Open Space

Note: The fiscal 2011 additional State land acquisition amount of \$2.72 million under the "Other Allocations" heading refers to the Baltimore City Direct Grant of \$1.5 million and the \$1.217 million available for operating expenses as intended by the Administration. Funding is pre-authorized in fiscal 2013 and 2014 to complete the replacement of the diversion included in the BRFA of 2011.

Source: Fiscal 2011-2012 Operating and Capital Budgets, Department of Budget and Management

**Exhibit 5** reflects relatively flat funding for land conservation between fiscal 2010 and 2012, once the POS Acquisition Opportunity Loan of 2009 funding of \$70 million in fiscal 2010 is accounted for.

**Exhibit 5**  
**Land Conservation Funding Trends**  
**Fiscal 2001-2012**  
**(\$ in Millions)**



POS: Program Open Space

Note: The POS Land Acquisition reflects the State and local share as well as the Baltimore City Direct Grant, Heritage Conservation Fund, and any additional funding for Baltimore City. The fiscal 2010 funding for POS Land Acquisition is shown with the \$70.0 million POS Acquisition Opportunity Loan of 2009 funding, and without the \$71.3 million in prior year fund balance replacement with general obligation (GO) bonds. The fiscal 2011 funding for POS Land Acquisition and Rural Legacy are shown without the prior year fund balance replacement with GO bonds. The fiscal 2012 funding for Rural Legacy and POS Land Acquisition are shown without the special funds reduced contingently in the budget, and Rural Legacy is shown without prior year fund balance replacement.

Source: Department of Legislative Services

Property transfer tax revenue estimates continue to reflect a certain amount of volatility, as shown in **Exhibit 6**.

**Exhibit 6**  
**Property Transfer Tax Revenue Projections**  
**Fiscal 2009-2016**  
**(\$ in Millions)**

<b><u>Fiscal Year</u></b>	<b><u>December 2007 Estimate</u></b>	<b><u>December 2008 Estimate</u></b>	<b><u>December 2009 Estimate</u></b>	<b><u>December 2010 Estimate</u></b>
2009	\$166.3	\$121.5	\$113.7	
2010	181.4	114.7	116.5	
2011	184.0	121.4	149.9	\$113.8
2012	187.5	130.0	169.2	118.9
2013	191.5	135.4	176.2	134.0
2014	n/a	138.1	190.8	157.4
2015	n/a	n/a	201.3	174.2
2016	n/a	n/a	208.5	177.8

Source: Maryland Office of the Comptroller; Department of Budget and Management

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## Overview Issues

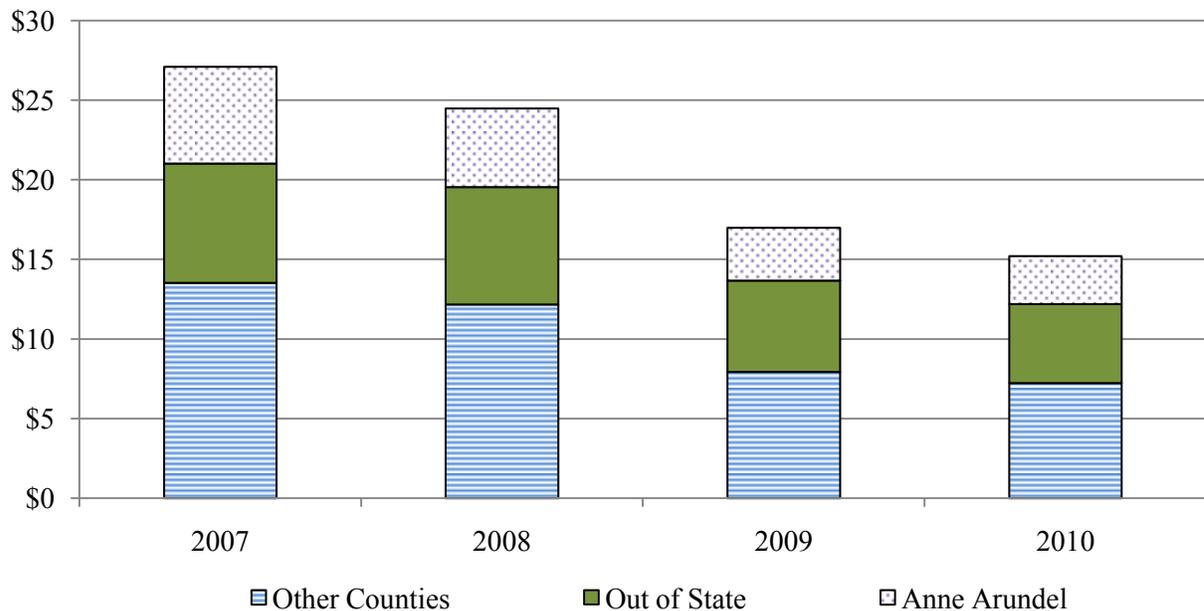
### 1. Waterway Improvement Fund Revenue Shortfall

Vessel excise revenues have fallen precipitously since fiscal 2007, which reduces funding for Water Improvement Program projects and highlights tradeoffs between pay-as-you-go (PAYGO) expenditures and operating expenses. The resolution may be to scale back the amount of certain types of financial assistance for PAYGO projects.

#### Vessel Excise Tax Revenues

The vessel excise tax is 5% of the gross purchase price or fair market value of the vessel with a deduction for the value of a trade-in. Licensed boat dealers are required to collect the tax on all sales of vessels to be titled and numbered in Maryland and on all sales of vessels within the State to be federally documented and principally used in Maryland. **Exhibit 7** shows the overall decrease in vessel excise tax revenue and how the majority of the revenue comes from out-of-state boats and from Anne Arundel County. The steepest decline in revenues occurs between fiscal 2008 and 2009.

**Exhibit 7**  
**Vessel Excise Tax Revenues**  
**Fiscal 2007-2010**  
**(\$ in Millions)**



Note: The other counties category includes the 22 other counties, Baltimore City, and an unknown county placeholder.

Source: Department of Legislative Services

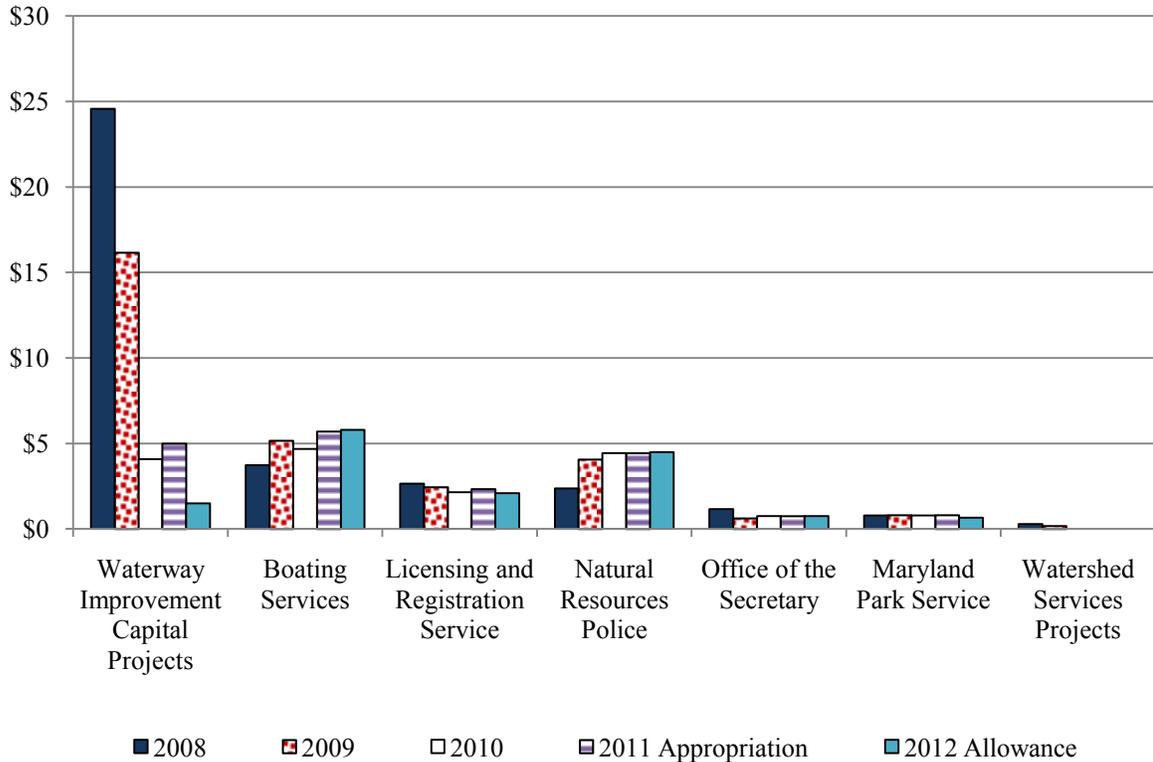
## **Vessel Excise Tax Uses**

The Waterway Improvement Fund receives the vessel excise tax revenue. In turn, the Waterway Improvement Fund supports the following under the Natural Resources Article § 8-707:

- mark channels and harbors and aid navigation with the U.S. Army Corps of Engineers (USACE);
- clear obstructions from waters of the State with USACE;
- dredge channels and harbors and construct jetties and breakwaters with USACE;
- construct and maintain marine facilities beneficial to the boating public;
- remove structures impeding the boating public;
- evaluate water-oriented recreation needs and develop plans for waterway improvements;
- provide matching grants to local governments for construction of boating safety facilities;
- provide for structural and nonstructural shore erosion control;
- acquire emergency equipment and State vessels for boating safety;
- provide boating information and education; and
- provide interest-free loans to a governing body for dredging.

**Exhibit 8** shows appropriations from the Waterway Improvement Fund and general obligation bond replacement funding between fiscal 2008 and 2012. As can be seen, almost the entirety of the vessel excise tax revenue drop has been borne by the waterway improvement capital projects. However, this is due to the fact that DNR has ongoing programmatic responsibilities supported by these revenues.

**Exhibit 8**  
**Waterway Improvement Fund Expenditures**  
**Fiscal 2008-2012**  
**(\$ in Millions)**



Note: The fiscal 2011 appropriation and fiscal 2012 allowance include \$3.9 million and \$1.1 million, respectively, in general obligation bond funding replacing special funds transferred to the general fund.

Source: Department Legislative Services

**Balancing Revenues and Expenditures**

DNR indicates that there are three main ways forward:

- raise the vessel excise tax so that more revenue is attained;
- reduce operating expenditures that currently use the vessel excise tax so that more of the vessel excise tax is available for capital purposes; and
- shift more responsibility for capital purposes to local governments and local tax districts.

The idea behind the shift of more responsibility for capital purposes to local governments is that this is how funding was handled in the 1960s and 1970s when revenues were lower.

**Exhibit 9** shows the current Waterway Improvement Fund allocation types and reflects a gradation reading downward from more State responsibility to less State responsibility for funding projects. In general, DNR indicates that revenues received in recent years have allowed for more projects to be funded as 100% State grants, particularly dredging projects, and that the reduced vessel excise tax revenues may necessitate that more projects receive a local match or be funded through 100% interest-free tax district loans. Assuming the match requirements would not be an impediment, this could enable more dredging and public boating facility projects to move forward. While not shown in Exhibit 9, projects that currently are funded through 100% interest-free tax district loans may need to be handled at the local level by forming local tax districts, or Special Benefit Districts, which require local jurisdictions to obtain a loan from a lending institution.

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**Exhibit 9**  
**Waterway Improvement Fund Allocation Types**

<u>Type of Funding</u>	<u>Stipulation</u>	<u>Use</u>
100% State Grants	Not to exceed \$5,000	\$125,000 each fiscal year for a total of 25 grants not exceeding \$5,000 each, for minor construction, repair, and navigation projects at public boating facilities.
100% State Grants	Less than \$100,000	Public agencies to engineer, construct, and maintain public boating facilities.
100% State Grants		Dredging major public recreational boat channels and harbors, marking channels and harbors, constructing jetties and breakwaters, clearing debris and obstructions from navigable waters, installing marine sewage pumpout stations, and constructing boating facilities on Department of Natural Resources lands which provide significant benefits to the general boating public.
Matching Grants		Provide up to 50% in Waterway Improvement Funds to local, state, and federal agencies to plan, engineer, construct, dredge, and maintain public boating facilities, as well as acquire marine fire/rescue boats and equipment.
100% Interest-free Tax District Loans		A local governing body may borrow interest free funds for a maximum 25-year term for waterway improvement projects within a Waterway Improvement Tax District.

Source: Department of Natural Resources

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Finally, USACE also appears to be facing funding difficulties. For instance, DNR indicates that it is using State funding to dredge USACE channels. **DLS recommends that DNR comment on its plans for addressing the current level of vessel excise tax revenue and the impact this would have on local jurisdictions and the boating public. In addition, DLS recommends that DNR submit a report laying out its proposed Waterway Improvement Program funding policies.**

## **2. Transfer Tax Redirection to General Fund Budget Reconciliation and Financing Act Item**

DLS recommends that beginning in fiscal 2013, the State property transfer tax becomes a general fund revenue and that minimum funding levels from either general funds or bond funds be mandated for capital purposes currently supported by the transfer tax. Specifically, under the recommendation the BRFA would be amended as follows:

- **Redirection** – Permanently redirect to the general fund the annual State transfer tax revenue attributable to 0.5% of the consideration paid for the transfer of real property from one owner to another.
- **Mandate Minimum Program Funding Levels** – Mandate minimum funding levels from either general funds or GO bond funds for programs and purposes that under current statutory provision receive an allocation of State transfer tax revenues as provided for in Tax – Property Article § 13-209 and Natural Resources Article § 5-903.
- **Modify Existing Allocation** – Modify the existing allocation under Tax – Property Article § 13-209 and Natural Resources Article § 5-903 to add the additional 1.0% State land acquisition amount to the 75.15% POS allocation and remove certain provisions.
- **Remove Operating Expenses** – Remove from statute the following provisions: (1) DNR, the Department of General Services, and the Department of Planning receiving up to 3.0% of the overall transfer tax revenue for administering POS; (2) State parks and forests receiving the greater of \$21.0 million or 21.0% of the POS allocation; and (3) the POS Capital Development allocation providing up to \$1.2 million for operating State forests and parks. Beginning in fiscal 2013, these expenses would be supported by general funds.
- **Replacement Provision** – Modify the provision in Tax-Property Article § 13-209 (g) requiring replacement of transfers of State transfer tax revenues to the general fund to apply only to the fiscal 2006 transfers.
- **Underattainment** – Add a provision whereby the mandated fiscal 2013 funding levels would be reduced by any fiscal 2011 transfer for revenue underattainment.

### **Proposed Allocation**

Under this DLS recommendation, the mandated minimum level of annual funding for State land preservation and heritage programs would be \$50.0 million and is allocated by a modification of the existing provisions of Tax – Property Article § 13-509 and Natural Resources Article § 5-903. Proposed allocations are shown in **Exhibit 10**.

**Exhibit 10**  
**Proposed Minimum Funding Mandate for State Transfer Tax Funded Programs**  
**Fiscal 2013-2016**

<u>Agency</u>	<u>Program Allocation</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
MDP	Heritage Areas Authority	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
DNR	POS State Share	17,537,500	17,537,500	17,537,500	17,537,500
DNR	POS Local Share	17,537,500	17,537,500	17,537,500	17,537,500
DNR	Rural Legacy Program	2,500,000	2,500,000	2,500,000	2,500,000
DNR	Heritage Conservation Fund	900,000	900,000	900,000	900,000
MDA	MALPP	8,525,000	8,525,000	8,525,000	8,525,000
	<b>Total</b>	<b>\$50,000,000</b>	<b>\$50,000,000</b>	<b>\$50,000,000</b>	<b>\$50,000,000</b>

DNR: Department of Natural Resources  
MALPP: Maryland Agricultural Land Preservation Program  
MDA: Maryland Department of Agriculture  
MDP: Maryland Department of Planning  
POS: Program Open Space

Note: The POS State Share portion will be allocated to POS State Land Acquisition, Capital Development, Critical Maintenance, the Rural Legacy Program, and Baltimore City per the existing allocation formula.

Source: Department of Legislative Services

**Net Benefit to the General Fund**

Based on out-year estimates of transfer tax revenues provided by the Bureau of Revenue Estimates and the Department of Budget and Management, as of December 2010, the State general fund receives a net revenue increase of \$56.7 million in fiscal 2013, \$74.8 million in fiscal 2014, \$90.7 million in fiscal 2015, and \$93.3 million in fiscal 2016. Annual State general fund revenues increase by the annual amount of estimated State transfer tax revenue less the amount needed to pay the debt service on outstanding Program Open Space Acquisition Opportunity Loan of 2009 bonds. General fund expenditures increase by \$50 million to reflect mandated minimum spending levels for land preservation and heritage programs. Special fund expenditures decrease by the amount of transfer tax directed to the general fund. **Exhibit 11** shows the net benefit to the general fund with the inclusion of nonmandated operating expenditures at the current annual funding levels plus a moderate annual increase.

**Exhibit 11**  
**Net Benefit to General Fund**  
**Fiscal 2013-2016**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenue (DBM/BRE estimate December 2010)</b>	\$134,015,323	\$157,423,222	\$174,233,726	\$177,765,463
Debt Service Credit to Annuity Bond Fund	1,560,741	6,109,186	6,270,207	6,422,430
<b>General Fund Revenue</b>	<b>\$132,454,582</b>	<b>\$151,314,036</b>	<b>\$167,963,519</b>	<b>\$171,343,033</b>
<b>Expenses</b>				
<i>Capital (Mandated Minimum)</i>				
POS Overall (originally 75.15% and now 76.15%)	\$38,075,000	\$38,075,000	\$38,075,000	\$38,075,000
Heritage Areas Authority (up to \$3 million)	3,000,000	3,000,000	3,000,000	3,000,000
POS State (50% after Heritage Areas Authority)	17,537,500	17,537,500	17,537,500	17,537,500
POS State Land Acquisition (remainder of POS State)	4,840,625	4,840,625	4,840,625	4,840,625
Rural Legacy Program (up to \$8 million)	8,000,000	8,000,000	8,000,000	8,000,000
Capital Development (up to 25.0% of POS State plus Rural Legacy 5.0%)	4,696,875	4,696,875	4,696,875	4,696,875
POS Local (remainder)	17,537,500	17,537,500	17,537,500	17,537,500
MALPP (17.05%)	8,525,000	8,525,000	8,525,000	8,525,000
Rural Legacy (5.0%)	2,500,000	2,500,000	2,500,000	2,500,000
Heritage Conservation Fund (1.8%)	900,000	900,000	900,000	900,000
<b>Subtotal</b>	<b>\$50,000,000</b>	<b>\$50,000,000</b>	<b>\$50,000,000</b>	<b>\$50,000,000</b>
<i>Operating (Not Mandated)</i>				
Administrative Expenses (fiscal 2013 base of \$3.6 million, 3.0% annual increase)	\$3,567,450	\$3,674,474	\$3,784,708	\$3,898,249
State Parks (fiscal 2013 base of \$21.0 million; 3.0% annual increase)	21,000,000	21,630,000	22,278,900	22,947,267
State Parks Operating (formerly part of Capital Development)	1,200,000	1,200,000	1,200,000	1,200,000
<b>Subtotal</b>	<b>\$25,767,450</b>	<b>\$26,504,474</b>	<b>\$27,263,608</b>	<b>\$28,045,516</b>
<b>Total Expenses</b>	<b>\$75,767,450</b>	<b>\$76,504,474</b>	<b>\$77,263,608</b>	<b>\$78,045,516</b>
<b>Net Benefit to General Fund Assuming Nonmandated</b>				
<b>Operating Expenditures Continue</b>	<b>\$56,687,132</b>	<b>\$74,809,563</b>	<b>\$90,699,911</b>	<b>\$93,297,517</b>

BRE: Bureau of Revenue Estimates  
POS: Program Open Space

DBM: Department of Budget and Management

MALPP: Maryland Agricultural Land Preservation Program

Source: Department of Legislative Services

**DLS recommends that this BRFA provision be adopted in order to mandate a minimum level of funding for capital-related programs currently funded by volatile transfer tax revenue, put operating-related line items in the context of other State budget priorities, and provide additional revenue to the general fund.**

### **3. Rural Legacy Program and Marcellus Shale**

A report on Marcellus Shale extraction on agricultural easements was requested in Section 48 of the fiscal 2011 operating budget. The report was to include information on policy recommendations for allowing the Maryland Agricultural Land Preservation Foundation (MALPF) and Rural Legacy Program easement holders to extract natural gas from the Marcellus Shale formation and was to be written by the Maryland Department of Agriculture (MDA) and DNR. The requested report was submitted in two parts: a report from MALPF concerning agricultural easements and a separate report from DNR on the Rural Legacy Program. The discussion following will cover only the Rural Legacy Program report as the MALPF report is discussed in MDA's capital analysis.

#### **Rural Legacy's Summary Recommendation**

The report focuses on the Bear Creek Rural Legacy Area in Garrett County since this is where properties are underlain by the Marcellus Shale formation and where subsurface mineral rights are owned or leased by a party other than the landowner. DNR's policy is to protect Maryland taxpayer's investment in conservation easements and to provide for conservation easements on properties where the right to drill for natural gas in the Marcellus Shale can be eliminated. In order to implement this policy, DNR will only acquire easements as follows.

- **Lease Buy Out** – The landowner buys out the mineral rights lease and extinguishes it.
- **Lease Expiration** – The mineral rights lease expires and is thus extinguished.
- **Lease Amendment** – The landowner and mineral rights lessee agree to limit allowable activities to gas storage, gas transmission, and gas facilities protection.

#### **Natural Gas Background in Western Maryland**

Bear Creek Rural Legacy overlies the Accident Dome depleted natural gas reservoir and natural gas drilling occurred in that area from the 1930s to the early 1960s. The area is now used for subsurface natural gas storage by Spectra Energy (formerly Texas Eastern Transmission Corporation) as part of its 8,700 mile Texas Eastern Transmission pipeline. Since Spectra Energy is the main mineral rights lessee in the area, DNR and Garrett County have attempted to contact it, but no response from the company has been received.

## **Environmental Concerns**

A number of environmental concerns associated with drilling for natural gas in the Marcellus Shale formation are outlined in the report. The environmental concerns outlined are as follows:

- **Unknown Chemical Components** – Confidential business information claims hinder the full disclosure of chemicals added to water injected into natural gas drilling boreholes. Known chemical components include petroleum distillates with adverse effects on the gastrointestinal system and central nervous system.
- **Drinking Water Supply Risks** – Chemicals added to the water injected into the boreholes or naturally existing heavy metals and radionuclides in the Marcellus Shale formation could be released into the groundwater.
- **Surface Water Risks** – The surface water could be impacted by stormwater runoff, surface spills, leaks and pit or surface impoundment failures, and waste disposal.
- **Water Quantity Impacts** – Massive volumes of water are needed resulting in water resource allocation questions.
- **Hazardous Waste Risks** – Equipment failures could leak fluids to subsurface soils.
- **Surface Disturbance** – Natural gas wells have an impact on the drill pad site as well as along all of the roads leading to the drill pad site.

## **Differences with the MALPF Report**

MALPF noted in its report on Marcellus Shale extraction that it does not acquire ownership of subsurface mineral rights. Instead it restricts surface activities to explore for or extract mineral resources on its easement properties. Therefore, “no access/no drill” leases can be signed for easement properties in order to allow for offsite drilling, portions of properties could be drilled through its “Withheld Acreage Policy,” and the value of natural gas rights could be incorporated into easement valuation.

**DLS recommends that DNR comment on the status of communications with Spectra Energy concerning the development of lease amendments and whether the three provisions outlined in the MALPF report on Marcellus Shale drilling are available for Rural Legacy Program applicants.**

***Program Open Space – Land Acquisition and Local Program  
(Statewide)***

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<b>GO Bonds</b>	<b>\$28,459,000</b>	<b>Recommendation: Strike language and reduce \$42.4 million in special funds</b>
<b>PAYGO SF</b>	<b>\$45,138,589</b>	
<b>PAYGO FF</b>	<b>\$3,000,000</b>	
<b>FY 2013 POS – State Pre-authorization</b>	<b>\$7,193,000</b>	
<b>FY 2013 POS – Local Pre-authorization</b>	<b>\$39,230,000</b>	
<b>FY 2014 POS – State Pre-authorization</b>	<b>\$7,193,000</b>	
<b>FY 2014 POS – Local Pre-authorization</b>	<b>\$6,947,000</b>	

**Bill Text:** Provide funds for the purchase of conservation easements and acquisition of land, and to make grants to local jurisdictions for the purchase of conservation easements and acquisition of land, and development of recreational facilities. Funds appropriated for local grants shall be administered in accordance with §§ 5-905 through 5-906 of the Natural Resources Articles.

(1)	Program Open Space – Stateside – FY 2012 Allocation	\$2,347,000
(2)	Program Open Space – Local – FY 2012 Allocation	6,947,000
(3)	Baltimore City Direct Grant – FY 2012 Allocation	400,000
(4)	Heritage Conservation Fund – FY 2012 Allocation	2,076,000
(5)	Program Open Space – Local – Prior Funds Replacement	16,689,000

**Program Description:** Title 5, Subtitle 9 of the Natural Resources Article established Program Open Space (POS) for the purpose of expediting the acquisition of outdoor recreation and open space areas and provision of recreation facilities before land is devoted to other purposes. The POS appropriation has historically been split between the State and local government. While both State acquisitions and local grants fund projects that protect open space and provide recreation facilities, State acquisitions tend to place a greater emphasis on natural resource management. State POS funds are allocated for State land acquisition, capital improvements, critical maintenance, and operations. Local recreation and parks departments use local POS funds for acquisition, development, and planning projects.

Primary funding for POS has historically been provided by the State transfer tax of 0.5% of the consideration paid for the transfer of real property from one owner to another. The greater the development pressure, the more transfers, and thus the more transfer tax revenue realized for land conservation and recreation facilities. In some years, other funding sources such as bond funds and the federal Land and Water Conservation Fund have played an important role in funding this program, as transfer tax revenues have been diverted to the general fund to cover general fund budget shortfalls.

POS administers the Heritage Conservation Fund, which is used to acquire land that provides habitat for rare, threatened, and endangered species through easement or fee simple purchase. In recent years, these funds have been used to protect Bog Turtle habitat and forest dwelling species in Western Maryland. The fund is supported by 1.8% of the annual transfer tax revenue.

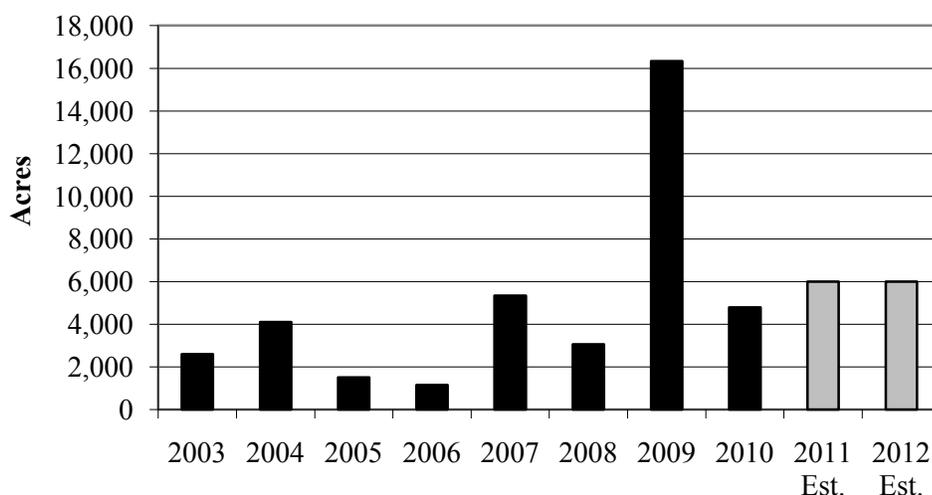
## ***Program Analysis and Performance Measures***

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As illustrated in **Exhibit 12**, there was a substantial increase in the POS acquisition acres approved by the Board of Public Works in fiscal 2009. This primarily reflects two large purchases: the Maryland Province properties (4,474 acres) and the Smith Foster Furnace property (4,769). Fiscal 2011 and 2012 estimates are for 6,000 acres.

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**Exhibit 12**  
**POS Acquisition Acres Approved by the Board of Public Works**  
**Fiscal 2003-2012**



POS: Program Open Space

Source: Governor's Budget Books, Fiscal 2006-2012

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**Exhibit 13** shows the POS projects from February 1, 2009, to January 30, 2011. The exhibit shows that, of the 38 properties, 35 are in the targeted ecological area – the main focus area for POS purchases.

**Exhibit 13**  
**Program Open Space Projects**  
**February 1, 2009, through January 30, 2011**

<u>Project Name</u>	<u>Region/Area</u>	<u>BPW Date</u>	<u>BPW Amount</u>	<u>Incidental Costs</u>	<u>Fee Simple Acres</u>	<u>Easement Acres</u>	<u>POS Target Score</u>	<u>Targeted Ecological Area</u>	<u>Annual Focus Area</u>	<u>POS Acquisition Opportunity Loan of 2009</u>
Sturgis Farm/Public Landing LLC	Eastern/Coastal Bays	3/23/2009	\$1,820,000	\$22,040		60.00	83	Yes	Coastal Bays	Yes
Gardiner	Western/Cunningham Falls SP	4/13/2009	527,192	19,145	57.00		87	Yes	No	Yes
Larimore/Vienna Greenbelt	Eastern/Nanticoke River	4/13/2009	120,000	1,745	1.45		52	Yes	Nanticoke/Marshyhope	No
John W. Nickoles	Central/Morgan Run NEA	4/13/2009	530,000	13,258	52.97		57	No	No	Yes
Facchina Family Farm	Southern/Nanjemoy	4/13/2009	800,000	32,766	226.39		125	Yes	Nanjemoy	Yes
<b>FY 2009 Total</b>			<b>\$3,797,192</b>	<b>\$88,954</b>	<b>337.81</b>	<b>60.00</b>				
Beauchamp/Pocomoke River	Eastern/Pocomoke	7/2/2009	\$393,938	\$406	290.00		93	Yes	No	Yes
Oldfields School	Central/Gunpowder SP	7/20/2009	1,065,983	22,952	90.00		60	No	No	No
DAMZ Haven/Pocomoke River	Eastern/Pocomoke	8/10/2009	627,500	300		313.75	97	Yes	Pocomoke/Dividing Cr.	Yes
Kline	Western/Billmeyer WMA	10/13/2009	206,625	5,658	50.00		87	Yes	Green Ridge	Yes
Besley & Rogers/Ellis Bay WMA	Eastern/Nanticoke River	10/21/2009	3,297,000	136,107	1,043.00		116	Yes	Nanticoke/Marshyhope	Yes
TNC Miller/Wolf Swamp	Western/Savage River	12/8/2009	365,625	26,921	243.75		137	Yes	No	Yes
Thomas Miller	Western/Green Ridge SF	12/8/2009	75,000	345	20.00		114	Yes	Green Ridge	Yes
Newman/Wolf Swamp	Western/Savage River	12/8/2009	11,000	3,930	25.66		104	Yes	No	Yes

<u>Project Name</u>	<u>Region/Area</u>	<u>BPW Date</u>	<u>BPW Amount</u>	<u>Incidental Costs</u>	<u>Fee Simple Acres</u>	<u>Easement Acres</u>	<u>POS Target Score</u>	<u>Targeted Ecological Area</u>	<u>Annual Focus Area</u>	<u>POS Acquisition Opportunity Loan of 2009</u>
Frank & Joyce Warren	Eastern/Pocomoke	1/11/2010	869,085	25,110	290.00		112	Yes	No	Yes
John Denning	Western/ Youghiougheny River	1/11/2010	117,614	4,300	10.23		102	Yes	No	Yes
Donald & Francis Storck	Western/ Youghiougheny River	1/25/2010	609,000	9,402	41.32		108	Yes	No	Yes
Bassett, Robert & Connie	Coastal Bays/ Worcester	3/1/2010	840,000	5,368		504.12	97	Yes	Coastal Bays	Yes
Allen Farm	Coastal Bays/ Worcester	3/1/2010	315,000	1,994		219.45	99	Yes	Dividing Creek	Yes
Blum, Annette Cameron	Rocks State Park/ Harford	3/8/2010	1,017,199	4,609		130.70	122	Yes	Deer Creek	Yes
Merriken, Leslie	Idylwild WMA/ Caroline	5/24/2010	200,000	5,771	78.80		109	Yes	Nanticoke/ Marshyhope	Yes
<b>FY 2010 Total</b>			<b>\$10,010,569</b>	<b>\$253,173</b>	<b>2,182.76</b>	<b>1,168.02</b>				
Rowland-McIntosh Run	Potomac Greenway	6/22/2010	\$282,000	\$13,768		80.66	109	Yes		Yes
Holly Springs (DeKeyser)	Nanjemoy Cons. Area	5/24/2010	1,800,000	67,173	394.00		79	Yes	Nanjemoy	Yes
Dolan, Calvin	Warrior Mountain WMA	4/19/2010	212,610	11,190	74.60		99	Yes	Green Ridge	Yes
GRKT Investments	Patuxent River Cons. Area	4/19/2010	675,545	11,002	54.70		75	Yes		Yes
Mt Ararat Farm	L. Susquehanna Greenway	6/7/2010	2,100,000	148,340		114.00	55	No		No
Crooper Sturges	Pocomoke SP	5/24/2010	1,619,412	2,942	344.24		109	Yes	Dividing Cr.	Yes
Towson Presb/ Bee Tree	N. Central Rail Trail	6/22/2010	1,390,000	60,751		252.65	122	Yes		Yes
Granat & Funk	Soldiers Delight NEA	9/20/2010	265,050	7,329	13.96		116	Yes		Yes
Bussard & Miller	South Mountain SP	8/9/2010	903,725	12,116	97.41		68	Yes		Yes
Deremer, Linda S.	Green Ridge SP	10/18/2010	504,000	27,000	145.49		120	Yes	Green Ridge	Yes

<u>Project Name</u>	<u>Region/Area</u>	<u>BPW Date</u>	<u>BPW Amount</u>	<u>Incidental Costs</u>	<u>Fee Simple Acres</u>	<u>Easement Acres</u>	<u>POS Target Score</u>	<u>Targeted Ecological Area</u>	<u>Annual Focus Area</u>	<u>POS Acquisition Opportunity Loan of 2009</u>
TNC Benny Gray Point	Nanjemoy Cons. Area	10/18/2010	470,250	25,480	226.82		92	Yes	Nanjemoy	Yes
The Nest (Stark)	Coastal Bays/Worcester	9/22/2010	379,782	3,170		48.69	85	Yes	Coastal Bays	Yes
Banks, Raymond	Pocomoke SP	11/15/2010	1,642,000	\$69,200	604.18		108	Yes	Dividing Cr	Yes
Evans Wharf LLC	Vienna Greenbelt	10/18/2010	320,000	150	0.25		105	Yes	Nanticoke	Yes
Hine, Robert	Green Ridge SP	11/8/2010	315,115	7,395	100.50		115	Yes	Green Ridge	Yes
G Brewer/D Black	Ellis Bay WMA	12/6/2010	522,905	22,048	322.58		79	Yes	Nanticoke	Yes
Mowbray/Nagel	Vienna Greenbelt	12/20/2010	900,000	57,450		725.12	110	Yes	Nanticoke	Yes
Draper	Cunningham Falls SP	1/26/2011	370,074			205.03	131	Yes		Yes
<b>FY 2011 Total</b>			<b>\$14,672,468</b>	<b>\$546,504</b>	<b>2,378.73</b>	<b>1,426.15</b>				
<b>Combined Total</b>			<b>\$14,354,265</b>	<b>\$344,506</b>	<b>3,946.72</b>	<b>2,654.17</b>				

BPW: Board of Public Works  
 NEA: Natural Environment Area

POS: Program Open Space  
 SF: State Forest

SP: State Park  
 WMA: Wildlife Management Area

Note: No projects received restoration funding.

Source: Department of Natural Resources

***Prior Authorization and Capital Improvement Program***

**Authorization Request  
(\$ in Millions)**

<i>Fund Source</i>	<i>2010 Approp.</i>	<i>2011 Approp.</i>	<i>2012 Request</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>
PAYGO SF	\$18.857	\$1.500	\$45.139	\$55.100	\$64.900	\$73.350	\$75.000
PAYGO FF	6.919	11.096	3.000	3.000	3.000	3.000	3.000
GO Bonds	132.261	65.184	28.459	46.423	14.140	0.000	0.000
<b>Total</b>	<b>\$158.037</b>	<b>\$77.780</b>	<b>\$76.598</b>	<b>\$104.523</b>	<b>\$82.040</b>	<b>\$76.350</b>	<b>\$78.000</b>

Note: The fiscal 2011 allowance reflects (1) \$41,789,000 in prior year general obligation (GO) bond replacement for Program Open Space (POS) local funds; (2) \$2,967,000 in prior year GO bond replacement for POS State funds; and (3) \$20,427,500 in GO bonds replacing fiscal 2011 special funds.

The POS Land Acquisition and Local Program fiscal 2012 allowance includes \$45.1 million in transfer tax special funds, \$3.0 million in federal funds, and \$28.5 million in general obligation (GO) bonds for a total of \$76.6 million. However, as noted in the overview, there is a reduction of \$16.8 million in new funding due to the replacement of prior year fund balance transfers to the general fund and the contingent reduction of transfer tax special funds. The five-year *Capital Improvement Program* projects the following: increasing transfer tax special funds; level federal funds; and GO bond pre-authorizations for 2013 and 2014, reflecting programmed replacement of fund balance and revenue transfers included in the Budget Reconciliation and Financing Act (BRFA) of 2010 and fiscal 2012 revenues.

As illustrated in **Exhibit 14**, the fiscal 2012 adjusted allowance provides a total of \$17.5 million: \$2.7 million in transfer tax special funds, \$11.8 million in GO bonds, and \$3.0 million in federal funds. The remaining special funds are divided as follows: \$1.5 million for the Baltimore City Direct Grant to be used for park operation and maintenance in Baltimore City; and \$1.217 million for operating expenses in State agency budgets connected with POS. While not reflected in the BRFA of 2011 or in the operating budget, discussions with DNR and the Department of Budget and Management indicate that this was how the funding is intended to be used.

The GO bonds authorized would replace the majority of the special funds and be allocated as follows: \$2.3 million for State programs; \$0.4 million in additional funding for Baltimore City; \$6.9 million for local land conservation and recreation programs; and \$2.1 million for the Heritage Conservation Fund. The additional Baltimore City money is for the Cal Ripken, Sr. Foundation baseball diamond at the old Memorial Stadium site in Baltimore City. The \$3.0 million in federal funds are allocated to the State POS program and reflect a more conservative approach to budgeting federal funding relative to the \$11.1 million budgeted in fiscal 2011.

**Exhibit 14**  
**Program Open Space Fiscal 2012 Adjusted Allowance with Contingent**  
**Reductions and without Prior Year General Obligation Bond Replacement**

	<b>Transfer Tax Special Funds</b>	<b>General Obligation Bonds</b>	<b>Federal Funds</b>	<b>Total</b>
<b>POS – State Share</b>				
Land Acquisition	\$0	\$2,347,000	\$3,000,000	\$5,347,000
Baltimore City Direct Grant	1,500,000	400,000	0	1,900,000
Operating Expenses	1,217,000	0	0	1,217,000
<b>POS – Local Share</b>				
Land Acquisition/Development	0	6,947,000	0	6,947,000
<b>Heritage Conservation Fund</b>				
		2,076,000	0	2,076,000
<b>Total</b>	<b>\$2,717,000</b>	<b>\$11,770,000</b>	<b>\$3,000,000</b>	<b>\$17,487,000</b>

POS: Program Open Space

Note: This chart excludes critical maintenance, capital development, Ocean City beach maintenance, and dam repair funds. In addition, \$1.6 million in POS debt service payments for the \$70.0 million in Program Open Space Acquisition Opportunity Loan of 2009 general obligation bonds is budgeted in Public Debt.

Source: Governor’s Budget Books, Fiscal 2012

As shown in **Exhibit 15**, the fiscal 2012 allowance provides \$5.3 million for State land acquisition, which is a decrease from the \$16.1 million provided in fiscal 2011, primarily due to a reduced estimate for federal fund revenues.

**Exhibit 15**  
**Program Open Space State Land Conservation**  
**Fiscal 2004-2012**  
**(\$ in Millions)**

<u>Fiscal Year</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>GO Bonds</u>	<u>Total</u>
2004	\$0.0	\$1.0	\$12.7	\$13.7
2005	0.0	1.0	0.0	1.0
2006	23.1	2.0	0.0	25.1
2007	111.0	2.0	0.0	113.0
2008	70.8	2.0	0.0	72.8
2009	20.5	1.5	0.0	22.0
2010	8.3	6.6	70.0	84.9
2011	0.0	11.1	5.0	16.1
2012	0.0	3.0	2.3	5.3

GO: general obligation

Note: The fiscal 2010 funding reflects the \$1.575 million increase in State land acquisition going to the Baltimore City direct grant and the contingent reduction of \$1.217 million diverted to operating expenses. The fiscal 2011 funding reflects the additional funding of \$1.4 million going to Baltimore City, and the diversion of \$1.217 million for operating expenses. The fiscal 2012 funding reflects the diversion of \$1.217 for operating expenses and the contingent reduction of \$21.6 million in special funds.

Source: Governor's Budget Books, Fiscal 2005-2012

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POS has contributed a substantial amount of funding for open space acquisition and development over time. **Exhibit 16** shows the amount of historical POS local allocations and the current unexpended amount for each county. The \$57.5 million unexpended balance reflects a substantial decrease relative to the \$144.2 million unexpended balance as of January 20, 2010, and is due to the transfers to the general fund in recent years. The percentage of current unexpended funding as a function of historical allocation is highest for Charles County at 15.7% and lowest for Howard County at 0.8%.

**Exhibit 16**  
**Program Open Space Local**  
**Historical Allocation vs. Unexpended Balance**  
**Fiscal 1970-2011**

<u>County</u>	<u>Current Unexpended</u>	<u>Historical Allocation</u>	<u>Current Unexpended as a Percent of Historical Allocation</u>
Allegany	\$600,916	\$8,870,995	6.8%
Anne Arundel	4,927,730	94,192,393	5.2%
Baltimore	4,511,878	108,900,448	4.1%
Calvert	655,690	9,026,055	7.3%
Caroline	307,793	3,773,002	8.2%
Carroll	2,167,381	17,885,296	12.1%
Cecil	258,055	11,149,044	2.3%
Charles	2,679,377	17,066,614	15.7%
Dorchester	226,462	3,464,899	6.5%
Frederick	1,927,770	20,098,876	9.6%
Garrett	278,595	4,563,249	6.1%
Harford	563,743	33,504,739	1.7%
Howard	444,155	54,732,742	0.8%
Kent	22,882	2,445,831	0.9%
Montgomery	10,771,457	147,093,776	7.3%
Prince George's	12,788,366	121,679,738	10.5%
Queen Anne's	123,227	5,905,609	2.1%
St. Mary's	1,282,289	9,968,320	12.9%
Somerset	83,507	2,488,326	3.4%
Talbot	301,567	6,180,412	4.9%
Washington	1,044,947	16,806,792	6.2%
Wicomico	304,280	10,709,643	2.8%
Worcester	863,069	10,292,635	8.4%
Baltimore City	10,342,467	73,535,845	14.1%
<b>Total</b>	<b>\$57,477,604</b>	<b>\$794,335,277</b>	<b>7.2%</b>

Note: The current unexpended balances reported are as of January 12, 2011. The historical allocation of \$49,340,136 in Baltimore City Direct Grants to Baltimore City from the Program Open Space State allocation is not reflected above. The current unexpended balances have decreased since last year due to the transfer of funds to the general fund.

Source: Department of Natural Resources; Department of Legislative Services

## ***GO Bond Recommended Actions***

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1. Concur with \$28,459,000 in general obligation bond authorization for Program Open Space (POS) – Land Acquisition and Local Program. The authorization is comprised of \$2,347,000 in POS – State fiscal 2012 funding, \$400,000 for additional fiscal 2012 Baltimore City Direct Grant funding, \$2,076,000 for the Heritage Conservation Fund, and the first installment of three years of \$6,947,000 replacement funding for POS – Local.
2. Concur with \$46,423,000 in general obligation bond pre-authorization for Program Open Space – Land Acquisition and Local Program special fund replacement in fiscal 2013. The pre-authorization is comprised of \$39,230,000 in prior year fund balance replacement for POS – Local and \$7,193,000 to replace POS – State fiscal 2012 special funds transferred to the general fund.
3. Concur with \$14,140,000 in general obligation bond pre-authorization. The pre-authorization reflects final year fiscal 2012 replacement funding in fiscal 2014 of \$6,947,000 for Program Open Space – Local and \$7,193,000 for Program Open Space – State.

## ***PAYGO Recommended Actions***

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

Further provided that contingent upon the enactment of HB 72, \$1,217,000 of this appropriation for State land acquisition may be transferred to other programs within the department for administrative expenses.

**Explanation:** This action is a technical correction that reflects the intent of the Administration to provide \$1,217,000 for operating expenses out of the State land acquisition funding. The steep decline in transfer tax revenues has resulted in insufficient funding for Program Open Space administration. This provision of the bill would help resolve that problem for fiscal 2012. A corresponding budget reconciliation action is proposed in the Budget Reconciliation and Financing Act of 2011.

2. Strike the following language from the special fund appropriation:

~~Notwithstanding the appropriations above, the Special Fund appropriation for the Outdoor Recreation Land Loan shall be reduced by \$66,314,534 contingent on the enactment of legislation crediting \$66,314,534 of the transfer tax revenues to the General Fund. The reduction shall be distributed in the following manner:~~

<del>Program Open Space – State Acquisition .....</del>	<del>\$21,579,747</del>
<del>Program Open Space – Local Share .....</del>	<del>\$20,841,842</del>
<del>Program Open Space – Capital Improvements .....</del>	<del>\$10,125,567</del>
<del>Rural Legacy .....</del>	<del>\$13,767,378</del>
<del>Total .....</del>	<del>\$66,314,534</del>

**Explanation:** The fiscal 2012 budget bill as introduced includes a \$66,314,534 reduction for the Outdoor Recreation Land Loan Program contingent upon the enactment of a provision in the Budget Reconciliation and Financing Act of 2011 crediting transfer tax revenues to the general fund. This action strikes that contingent reduction so that the reduction may be taken directly. The Program Open Space – State Acquisition funding reduction includes \$2,076,256 for the Heritage Conservation Fund and the remainder of \$19,503,491 for State land acquisition. The Program Open Space – Capital Improvements funding reduction includes \$4,625,567 for the Natural Resources Development Fund, \$4,000,000 for the Critical Maintenance Program, \$1,000,000 for the State share of the Ocean City Beach Replenishment Fund, and \$500,000 for Dam Rehabilitation.

*K00A05 – Department of Natural Resources – Capital*

	<b><u>Amount Reduction</u></b>	
3. Delete the Program Open Space local special fund appropriation of \$20,841,842 to reflect the Governor's contingent reduction.	\$ 20,841,842	SF
4. Reduce the Program Open Space State special fund appropriation by \$21,579,747 to reflect the Governor's contingent reduction. This reflects \$19,503,491 in State land acquisition funding and \$2,076,256 in Heritage Conservation Fund funding. The remainder of the State land acquisition amount, \$2,717,000, is kept as special funds for the Baltimore City direct grant of \$1,500,000 and for operating expenses of \$1,217,000.	21,579,747	SF
	<b>\$42,421,589</b>	<b>SF</b>

***Program Open Space Fiscal 2012 Local Allocation***

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<u>County</u>	<u>Amount</u>
Allegany	\$77,000
Anne Arundel	836,000
Baltimore City	562,000
Baltimore County	926,000
Calvert	82,000
Caroline	40,000
Carroll	186,000
Cecil	99,000
Charles	167,000
Dorchester	39,000
Frederick	191,000
Garrett	45,000
Harford	286,000
Howard	482,000
Kent	70,000
Montgomery	1,241,000
Prince George's	1,046,000
Queen Anne's	52,000
St. Mary's	92,000
Somerset	24,000
Talbot	54,000
Washington	146,000
Wicomico	102,000
Worcester	102,000
<b>Total</b>	<b>\$6,947,000</b>

Note: The fiscal 2012 allowance includes \$2,462,000 for Baltimore City. This amount includes the Program Open Space local allocation shown above of \$562,000, the required State direct grant amount of \$1,500,000, and an additional State direct grant amount of \$400,000 for the Cal Ripken, Sr. Foundation baseball diamond at the old Memorial Stadium site in Baltimore City.

***Natural Resources Development Fund (Statewide)***

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<b>GO Bonds</b>	<b>\$3,450,000</b>	<b>Recommendation:</b>	<b>Strike language and</b>
<b>PAYGO SF</b>	<b>\$4,625,567</b>		<b>reduce \$4.6 million in</b>
<b>FY 2013 NRDF pre-authorization</b>	<b>\$2,850,000</b>		<b>special funds</b>

**Bill Text:** Provide funds to design, construct, and equip capital development projects on Department of Natural Resources property in accordance with § 5-903(g) of the Natural Resources Article. Funds may only be spent on the projects listed below or on previously authorized projects:

- |     |  |             |
|-----|--|-------------|
| (1) | Fort Frederick State Park – Officer’s Quarters (Frederick County)  | \$2,144,000 |
| (2) | South Mountain Battlefield – Museum (Allegany County)  | 500,000     |
| (3) | Sandy Point State Park – Natural Resources Police New Area 3 and Communications Center (Anne Arundel County) | 441,000     |
| (4) | Patapsco Valley State Park – Bloede Dam Removal (Howard County)  | 269,000     |
| (5) | Black Walnut Point Natural Resources Management Area – Shore Erosion Control (Talbot County)                 | 96,000      |

**Program Description:** State law allows up to 25% of the Program Open Space (POS) funds allocated to the State to be used for development projects and for operating expenses at State forests and parks. The Natural Resources Development Fund (NRDF) provides support to design and construct development projects on Department of Natural Resources (DNR) property. Development projects include shower buildings, building renovations, road parking and trail improvements, and general park improvements.

***Prior Authorization and Capital Improvement Program***

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**Authorization Request  
(\$ in Millions)**

<i>Fund Source</i>	<i>2010 Approp.</i>	<i>2011 Approp.</i>	<i>2012 Request</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>
PAYGO SF	\$0.000	\$0.000	\$4.626	\$6.600	\$8.900	\$10.550	\$10.900
PAYGO FF	10.126	3.266	0.000	0.000	0.000	0.000	0.000
GO Bonds	8.979	10.126	3.450	4.750	0.000	0.000	0.000
<b>Total</b>	<b>\$19.105</b>	<b>\$13.392</b>	<b>\$8.076</b>	<b>\$11.350</b>	<b>\$8.900</b>	<b>\$10.550</b>	<b>\$10.900</b>

Note: The fiscal 2011 allowance reflects \$10,126,000 in general obligation bonds which replace prior year fund balance transferred to the general fund.

The fiscal 2011 appropriation reflects \$10.1 million in general obligation (GO) bonds which replace prior year fund balance transferred to the general fund and \$3.3 million in federal funds. The \$3.3 million in federal funds is for the design and construction of the Harriet Tubman Underground Railroad State Park – Visitor Center and includes \$0.1 million from the U.S. Department of Housing and Urban Development’s Economic Development Initiative. Funds under this initiative are intended to be used for restoration and preservation of properties to alleviate economic distress through stimulation of private investment and community revitalization. DNR indicates that the total grant is \$462,650 of which \$100,000 will be used in fiscal 2011 and \$362,650 in fiscal 2012.

The POS – NRDF fiscal 2012 allowance includes \$4.6 million in special funds and \$3.5 million in GO bonds. However, the special funds are reduced contingent upon the Budget Reconciliation and Financing Act of 2011 transferring the funding to the general fund and \$3.2 million of the GO bond authorization is for replacement of prior year funding transferred to the general fund. Therefore, there is only \$269,000 in new funding. The five-year *Capital Improvement Program* (CIP) projects steadily increasing transfer tax special funds presumably due to the anticipation of improvements in the housing market. No federal funds are projected.

## ***Authorization Encumbrance and Expenditure Data***

### **Authorization Summary (\$ in Millions)**

<i>Fiscal Year</i>	<i>Authorization</i>	<i>Funds</i>		<i>Balances</i>	
		<i>Encumbered</i>	<i>Expended</i>	<i>To Be Encumbered</i>	<i>To Be Expended</i>
Prior Years	\$9.448	\$8.347	\$7.747	\$1.101	\$1.701
2007	3.389	3.351	3.351	0.038	0.038
2008	6.393	6.219	4.594	0.174	1.798
2009	5.530	3.093	1.275	2.437	4.255
2010	8.979	1.745	0.760	7.234	8.219
2011	10.126	5.852	3.025	4.274	7.101
<b>Total</b>	<b>\$43.864</b>	<b>\$28.606</b>	<b>\$20.752</b>	<b>\$15.258</b>	<b>\$23.111</b>

Data provided February 4, 2011.

As of February 2011, the NRDF had \$23.1 million in unexpended funding of which \$15.3 million remained to be encumbered. This is a dramatic improvement relative to the levels shown last year; however, this appears mostly to reflect the \$17.7 million in prior year funds transferred to the general fund in fiscal 2011 and the one-year hiatus in new funding since the \$10.1 million appropriated in fiscal 2011 reflects the replacement of prior year funding.

The \$269,000 in new funding in the fiscal 2012 allowance will be used for planning the removal of Bloede Dam. Bloede Dam has received a separate carve out of NRDF funding instead of being completed in the Dam Rehabilitation Program because, as a removal project, it does not fit within the theme of rehabilitation. Construction is currently estimated at \$2.9 million and likely will be programmed for fiscal 2014; DNR anticipates receiving \$1.5 million in federal funds from the National Oceanic and Atmospheric Administration (NOAA) Open Rivers Initiative for the construction phase.

In addition to fiscal 2012 funding, the capital budget bill includes a pre-authorization of \$2,850,000 in GO bond authorization for the Harriet Tubman Underground Railroad State Park – Visitor Center and Site Improvements project in Dorchester County. DNR indicates that the preauthorization is needed to match anticipated federal grants and that Senator Benjamin L. Cardin has re-introduced the bill facilitating DNR’s partnership with the National Park Service. At this point, the visitor center is at the 95% construction documents phase of architectural design, and interpretative exhibit design is at the design development phase.

*K00A05 – Department of Natural Resources – Capital*

Overall, the project has received federal fund appropriations over \$12.0 million, according to the Department of Budget and Management; however, DNR has actually only received \$3.6 million in federal grants. DNR plans to submit a request for federal fiscal 2011 Scenic Byways Program funding for the remaining construction funds needed. In addition, the Department of Business and Economic Development is in the process of assembling a request for proposals to hire a fundraiser. Finally, DNR indicates it has assurances from Senator Cardin that he will seek additional federal appropriations. **The Department of Legislative Services recommends that DNR comment on the overall scope of State funding for the visitor center and that the pre-authorization of \$2.85 million in GO bond authorization for fiscal 2013 be approved since it will help facilitate the leveraging of federal funding and thus possibly obviate the need for State funding.**

***Natural Resources Development Fund Executive’s Operating Budget Impact Statement***

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(\$ in Thousands)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Estimated Operating Costs	\$0	\$198	\$303	\$316	\$327
Estimated Staffing	0	4 regular positions and 2 contractual FTEs	4 regular positions and 2 contractual FTEs	4 regular positions	4 regular positions

FTEs: full-time equivalents

No new information was provided in the 2011 CIP concerning the budget impact of the Harriett Tubman Underground Railroad State Park – Visitor Center project. Therefore, the information from the 2010 CIP is included above. The budget impact shows that the project was anticipated to require operating expenditures of \$198,000 in fiscal 2012 and 6 positions, 2 of which were contractual full-time equivalents.

## ***GO Bond Recommended Actions***

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1. Concur with the general obligation bond authorization for the Natural Resources Development Fund. The authorization reflects \$269,000 in new funding for the Patapsco Valley State Park – Bloede Dam Removal and \$3,450,000 in prior year fund balance replacement funding.
2. Concur with pre-authorization of \$2,850,000 for the Harriet Tubman Underground Railroad State Park – Visitor Center and Site Improvements to design and construct development projects on property owned by DNR.

***PAYGO Recommended Actions***

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1. Delete the Natural Resources Development Fund special fund appropriation of \$5,625,567 to reflect the Governor’s contingent reduction. Included in this appropriation is \$4,625,567 in Natural Resources Development Fund funding and \$1,000,000 for the State share of the Ocean City Beach Replenishment Fund.

\$5,625,567 SF

**\$5,625,567 SF**

***Critical Maintenance Program (Statewide)***

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<b>GO Bonds</b>	<b>\$3,380,000</b>	<b>Recommendation:</b>	<b>Strike language and</b>
<b>PAYGO SF</b>	<b>\$4,000,000</b>		<b>reduce \$4.0 million in</b>
			<b>special funds</b>

**Bill Text:** Provide funds to construct capital improvements such as planned maintenance and repair projects at public use facilities on State-owned property.

**Program Description:** State law allows up to 25% of Program Open Space funds allocated to the State to be used for development projects and for operating expenses at State forests and parks. The Department of Natural Resources (DNR) maintains over 1,500 buildings, hundreds of miles of roadway, parking lots, and a variety of water associated facilities that serve millions of visitors annually. Critical maintenance projects include structural repairs to buildings, bridge repairs, well and septic system replacement, and road and utility repairs. As of fall 2010, according to DNR, there is a \$32.9 million (726 projects) backlog in necessary critical maintenance projects at State forests and parks. DNR defines the backlog as those projects not funded in the five-year *Capital Improvement Program (CIP)*.

In general, the critical maintenance projects proposed have been evaluated by the Department of General Services (DGS) and placed into one of three categories: (1) fineable code violations with serious life safety issues; (2) destruction of related assets if maintenance is not completed; and (3) accelerated deterioration of the asset will occur if the project is not completed or the project is at the end of normal life expectancy. DNR and DGS both manage critical maintenance projects. DNR handles procurement for projects that cost \$50,000 or less (the majority of projects), and DGS handles procurement for projects that cost more than \$50,000.

***Prior Authorization and Capital Improvement Program***

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**Authorization Request  
(\$ in Millions)**

<i>Fund Source</i>	<i>2010 Approp.</i>	<i>2011 Approp.</i>	<i>2012 Request</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>
PAYGO SF	\$0.000	\$0.000	\$4.000	\$4.000	\$4.000	\$4.000	\$4.000
GO Bonds	1.250	6.586	3.380	0.081	0.000	0.000	0.000
<b>Total</b>	<b>\$1.250</b>	<b>\$6.586</b>	<b>\$7.380</b>	<b>\$4.081</b>	<b>\$4.000</b>	<b>\$4.000</b>	<b>\$4.000</b>

Note: The fiscal 2011 allowance reflects (1) \$3,436,000 in prior year fund balance general obligation (GO) bond replacement; and (2) \$3,150,000 in GO bonds that replace special funds.

***K00A05 – Department of Natural Resources – Capital***

The fiscal 2012 allowance includes \$4.0 million in special funds and \$3.4 million in general obligation (GO) bonds for critical maintenance. However, the special funds fund are reduced contingent upon the Budget Reconciliation and Financing Act of 2011 transferring the funding to the general fund and \$380,000 of the GO bond authorization replaces prior year fund balance transferred to the general fund. Therefore, there is only \$3.0 million in new funding available. This new funding is \$1.0 million less than the amount contemplated in the 2010 CIP. The 2011 CIP reflects level funding at \$4.0 million in special funds with a phase-out of GO bond support in fiscal 2013.

The \$380,000 of prior year fund balance replacement funding will be used to replace funds for the House Assessment Program. The \$3.0 million in available funding for new projects will address the following:

- Discrete Projects – 41 projects totaling \$2,439,500;
- Underground Storage Tank Replacement (Statewide) – \$225,250;
- House Assessment Program (Statewide) – \$200,000;
- Bridge Repairs (Statewide) – \$75,250; and
- Contingency Fund – \$60,000.

The large discrete projects in the allowance are as follows:

- Cunningham Falls State Park – resurface roads and parking lots (\$460,000);
- Janes Island State Park – repave roads and parking lots (\$300,000);
- Patapsco Valley State Park – renovate comfort stations (\$212,000); and
- Fair Hill Natural Resources Management Area – replace South Bridge (\$200,000).

***Authorization Encumbrance and Expenditure Data***

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**Authorization Summary  
(\$ in Millions)**

<i>Fiscal Year</i>	<i>Authorization</i>	<i>Funds</i>		<i>Balances</i>	
		<i>Encumbered</i>	<i>Expended</i>	<i>To Be Encumbered</i>	<i>To Be Expended</i>
Prior Years	\$26.366	\$26.366	\$26.366	\$0.000	\$0.000
2007	3.846	3.846	3.846	0.000	0.000
2008	3.801	3.801	3.801	0.000	0.000
2009	2.904	2.561	2.534	0.343	0.369
2010	1.250	0.662	0.457	0.588	0.793
2011	6.586	3.809	2.239	2.777	4.347
<b>Total</b>	<b>\$44.753</b>	<b>\$41.045</b>	<b>\$39.244</b>	<b>\$3.708</b>	<b>\$5.510</b>

Data provided February 4, 2011.

DNR again has substantially reduced the amount of unencumbered funding in the Critical Maintenance Program. As of January 31, 2010, there was \$4.9 million in fiscal 2010 and prior year unencumbered funding. There is \$0.9 million in fiscal 2010 and prior year unencumbered funding as of February 2011.

## ***GO Bond Recommended Actions***

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1. Concur with \$3,380,000 in general obligation bond authorization for the Critical Maintenance Program. The authorization is comprised of \$380,000 in prior year fund balance replacement and \$3,000,000 in fiscal 2012 revenues transferred to the general fund.

***PAYGO Recommended Actions***

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1. Delete the Program Open Space – Capital Improvements special fund appropriation of \$4,000,000 to reflect the Governor’s contingent reduction. \$4,000,000 SF
- \$4,000,000 SF**

***Dam Rehabilitation Program (Statewide)***

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<b>GO Bonds</b>	<b>\$1,045,000</b>	<b>Recommendation:</b>	<b>Strike language and</b>
<b>PAYGO SF</b>	<b>\$500,000</b>		<b>reduce special fund</b>
			<b>appropriation by</b>
			<b>\$0.5 million</b>

**Bill Text:** Provide funds to construct improvements to dams on State-owned property.

**Program Description:** The Dam Rehabilitation Program was initiated in fiscal 1999 to address the major repair needs at 13 of the Department of Natural Resources’ (DNR) 29 dams. Eight dams have been repaired since funding was first provided in fiscal 1999. The dams scheduled for repair through the program have been identified by the Maryland Department of the Environment’s Dam Safety Division as needing immediate repairs. The repairs may include conducting assessments; developing emergency warning plans; and repairing spillways, sluice gates, and access roads. DNR anticipated that sufficient funding would be provided in fiscal 2008 and 2009 to complete all major dam repairs. Therefore, DNR planned to end the program in fiscal 2010 and address future dam needs through the Critical Maintenance Program or Natural Resources Development Fund. However, due to changes to the laws regulating dams, cost increases, and additional needs, DNR now anticipates requesting final program funding in fiscal 2012.

***Prior Authorization and Capital Improvement Program***

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**Authorization Request  
(\$ in Millions)**

<i>Fund Source</i>	<i>2010 Approp.</i>	<i>2011 Approp.</i>	<i>2012 Request</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>
PAYGO SF	\$0.000	\$0.000	\$0.500	\$0.000	\$0.000	\$0.000	\$0.000
GO Bonds	0.000	0.150	1.045	0.000	0.000	0.000	0.000
<b>Total</b>	<b>\$0.000</b>	<b>\$0.150</b>	<b>\$1.545</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

Note: The fiscal 2011 appropriation reflects \$150,000 in general obligation bonds which replace the prior year fund balance transferred to the general fund.

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The Dam Rehabilitation Program fiscal 2012 allowance includes \$500,000 in special funds and \$1.045 million in general obligation (GO) bond funding. However, the special funds are reduced contingent on being transferred to the general fund and \$545,000 of the GO bonds authorization reflects the completion of the replacement of the \$695,000 transferred to the general fund in the Budget Reconciliation and Financing Act of 2010. Therefore, there is only \$500,000 in new funding. The fiscal 2012 allowance is consistent with the 2010 *Capital Improvement Program* (CIP). The 2011 CIP reflects final funding for the program in fiscal 2012.

## ***Authorization Encumbrance and Expenditure Data***

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**Authorization Summary  
(\$ in Millions)**

<i>Fiscal Year</i>	<i>Authorization</i>	<i>Funds</i>		<i>Balances</i>	
		<i>Encumbered</i>	<i>Expended</i>	<i>To Be Encumbered</i>	<i>To Be Expended</i>
Prior Years	\$4.489	\$4.140	\$3.583	\$0.349	\$0.906
2007	0.123	0.123	0.096	0.000	0.027
2008	0.373	0.159	0.241	0.214	0.132
2009	0.500	0.093	0.061	0.407	0.439
2010	0.500	0.000	0.000	0.500	0.500
2011	0.150	0.149	0.002	0.001	0.148
<b>Total</b>	<b>\$6.135</b>	<b>\$4.664</b>	<b>\$3.983</b>	<b>\$1.471</b>	<b>\$2.152</b>

Data provided February 4, 2011.

The Dam Rehabilitation Program unencumbered funding remains relatively high considering that the program is anticipated to wind down in fiscal 2012. DNR indicates that it will encumber \$1.12 million in fiscal 2011 for the following projects:

- Rocky Gap State Park Dam – \$210,000 for construction;
- Daniels Dam Repairs – \$150,000 in special fund replacement funding for design;
- Calvert Cliffs Dam Repair – \$500,000 for construction;
- Friends Dam – \$135,000 for construction; and

*K00A05 – Department of Natural Resources – Capital*

- Bloede Dam Removal – \$125,000 for design.

With the funds remaining at the end of fiscal 2011, DNR anticipates encumbering funding for the Herrington Manor Dam (\$45,000), Cedarville Dam (\$183,000), and Daniels Dam Repairs (\$301,000). Finally for fiscal 2012, DNR anticipates funding the following projects:

- Daniels Dam Repairs – \$500,000 for construction;
- Calvert Cliffs Dam Repair – \$500,000 in special fund replacement funding for construction; and
- Cedarville Dam Rehabilitation Project – \$45,000 in special fund replacement funding for construction.

## ***GO Bond Recommended Actions***

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1. Concur with \$1,045,000 in general obligation bond authorization for the Dam Rehabilitation Program. The authorization is comprised of \$545,000 to replace prior year funding transferred to the general fund and \$500,000 in new fiscal 2012 funding to replace the fiscal 2012 transfer tax special funds transferred to the general fund.
2. Concur with the extension to June 1, 2012, the \$500,000 authorization for the Dam Rehabilitation Program from the fiscal 2005 capital budget bill.

***PAYGO Recommended Actions***

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- |   |                  |           |
|---|------------------|-----------|
| 1. Delete the Program Open Space – Dam Rehabilitation Program special fund appropriation of \$500,000 to reflect the Governor’s contingent reduction. | \$500,000        | SF        |
|   | <b>\$500,000</b> | <b>SF</b> |

## ***Rural Legacy Program (Statewide)***

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<b>GO Bonds</b>	<b>\$14,104,000</b>	<b>Recommendation:</b>	<b>Strike language and reduce special fund appropriation by \$13.8 million</b>
<b>PAYGO SF</b>	<b>\$13,767,378</b>		
<b>FY 2013 Pre-authorization</b>	<b>\$4,589,000</b>		
<b>FY 2014 Pre-authorization</b>	<b>\$4,589,000</b>		<b>Reduce general obligation bond authorization by \$5.0 million</b>

**Bill Text:** Provide funds for the purchase of conservation easements and the acquisition of land. The funds appropriated for this purpose shall be administered in accordance with §§ 5-9A-01 through 5-9A-09 of the Natural Resources Article.

**Program Description:** The purpose of the Rural Legacy Program is to protect agricultural and natural resources land from sprawl development and thus to promote resource-based economies and to develop greenbelts. Program funds are used to purchase conservation easements on land. Under 5-9A-09 of the Natural Resources Article, the Governor is required to include at least \$5.0 million in the annual capital budget for the Rural Legacy Program separate and apart from what the program is allocated through the transfer tax formula.

A board composed of the Secretaries of the Departments of Natural Resources (DNR), Planning, and Agriculture administers Rural Legacy. Local governments, or land trusts with endorsements from local governments, may submit applications for designation as a Rural Legacy area. These local governments and land trusts are Rural Legacy sponsors. An advisory committee appointed by the Governor and confirmed by the Senate reviews applications and makes recommendations to the Rural Legacy Board.

In order to qualify as a Rural Legacy area, an application must meet the following criteria associated with the area, plan, and parties to the proposal:

- The proposal must address the goals and objectives of the program. Specifically, the area must protect agricultural, natural, and cultural resources and enhance the completion of ongoing land protection efforts. The program considers the size of the land and its proximity to existing greenbelts.
- The proposal must be realistic in its ability to achieve the easement or land acquisition. There should be a reasonable plan and strategy for the phasing of the conservation efforts set forth in the proposal.
- The parties involved, including the sponsor and the local governmental entity should be willing to donate financial and personnel support in order to ensure timely and efficient acquisition, management, and monitoring.

## ***Program Analysis and Performance Measures***

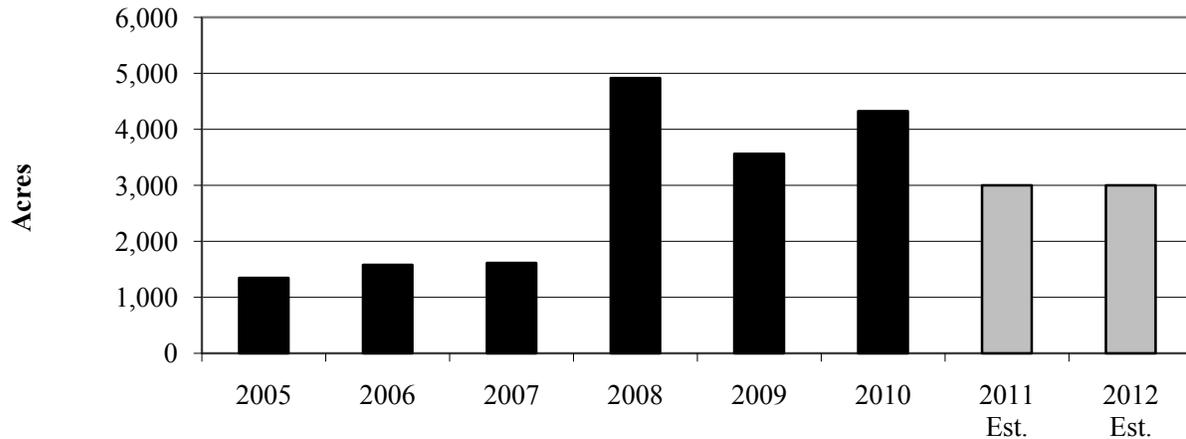
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The Abell Foundation recently commissioned a report on smart growth indicators prepared by the National Center for Smart Growth Research and Education at the University of Maryland, College Park. The report notes that the number of residential parcels and acres developed annually inside Rural Legacy Areas was greater after the 1997 enactment of the legislation creating the Rural Legacy Program than before. DNR points out that the residential real estate market activity level increased after the Rural Legacy Program was created and that it is difficult to avoid residential zoning in Rural Legacy Areas.

As illustrated in **Exhibit 17**, the number of easement and fee simple acres increased substantially between fiscal 2007 and 2008. DNR attributes this increase to the following factors:

- **Lag Time** – due to the administrative procedures in place, there can be up to a one-year lag between appropriations and expenditures for easements, which was exacerbated by a fiscal 2006 backlog in project spending by local partners.
  - **Funding Increase** – the fiscal 2007 appropriation was \$12.1 million, or 86%, more than the fiscal 2006 appropriation. Due to the administrative lag time, the appropriation would not be spent until fiscal 2008.
- 

**Exhibit 17**  
**Rural Legacy Easement and Fee Simple Acres**  
**Approved by the Board of Public Works**  
**Fiscal 2005-2012**



Source: Governor’s Budget Books, Fiscal 2007-2012

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For fiscal 2009 and 2010, the Rural Legacy Program level of easements encumbered by the Board of Public Works remains high relative to the fiscal 2005 through 2007 time period due to projects still working their way through the process.

**Exhibit 18** shows the 31 Rural Legacy Areas and the percent of each protected. Overall, 8.1% of the 849,449 acres in Rural Legacy Areas are protected. This is a reduction in protected area relative to the data presented in last year's analysis due to the addition of the Mountain Ridge Rural Legacy Area and the expansion of both the Little Pike Creek (by 34,002 acres) and Upper Patapsco Watershed (by 25,050 acres) Rural Legacy Areas. DNR notes that local sponsors submit a request for a new or expanded area to the Rural Legacy Advisory Committee, which makes a recommendation to approve or deny the request. The Advisory Committee's recommendation is then taken to the Rural Legacy Board for final action.

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**Exhibit 18**  
**Rural Legacy Area Percent Protected as of January 2011**

<u>Rural Legacy Area</u>	<u>Area Acres</u>	<u>Acres Protected</u>	<u>% Protected</u>
Agricultural Security Corridor	45,781	9,868	21.6%
Anne Arundel South	32,571	931	2.9%
Baltimore County Coastal	14,711	899	6.1%
Bear Creek	31,437	1,127	3.6%
Calvert Creeks	20,527	1,660	8.1%
Carrollton Manor	38,265	185	0.5%
Coastal Bays	26,110	7,412	28.4%
Deer Creek (Lower Deer Creek)	66,701	2,119	3.2%
Dividing Creek	23,000	734	3.2%
Fair Hill	16,045	1,164	7.3%
Foreman Branch	9,145	4,204	46.0%
Gunpowder	13,432	891	6.6%
Huntersville	8,343	2,818	33.8%
Lands End	10,394	692	6.7%
Little Pipe Creek	58,494	3,065	5.2%
Long Green Valley	18,274	447	2.4%
Manor	28,434	697	2.5%
Mattapany	13,436	400	3.0%
Mid-Maryland Frederick	26,351	3,875	14.7%
Mid-Maryland Montgomery	49,907	4,594	9.2%
Mid-Maryland Washington	42,849	4,197	9.8%
Nanticoke	21,250	5,348	25.2%
North Calvert	10,515	0	0.0%
Patuxent Prince George's	34,984	848	2.4%
Piney Run	32,320	5,189	16.1%
Quantico	14,153	2,126	15.0%
Upper Patapsco Watershed	39,198	328	0.8%
Upper Patuxent Howard	11,322	81	0.7%
Upper Patuxent Montgomery	30,000	281	0.9%
Zekiah Watershed	30,860	2,496	8.1%
Mountain Ridge	30,640	0	0.0%
<b>Total</b>	<b>849,449</b>	<b>68,676</b>	<b>8.1%</b>

Source: Department of Natural Resources

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***Prior Authorization and Capital Improvement Program***

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**Authorization Request  
(\$ in Millions)**

<i>Fund Source</i>	<i>2010 Approp.</i>	<i>2011 Approp.</i>	<i>2012 Request</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>
PAYGO SF	\$0.000	\$0.000	\$13.767	\$14.500	\$15.650	\$16.450	\$16.650
GO Bonds	11.812	16.954	14.104	9.589	9.589	5.000	5.000
<b>Total</b>	<b>\$11.812</b>	<b>\$16.954</b>	<b>\$27.871</b>	<b>\$24.089</b>	<b>\$25.239</b>	<b>\$21.450</b>	<b>\$21.650</b>

Note: The fiscal 2011 appropriation reflects (1) \$10,635,000 in prior year general obligation (GO) bond replacement, and (2) \$6,318,500 in partial replacement of \$12,637,000 in special funds for fiscal 2011 that that were transferred to the general fund. The \$5 million mandated GO bond authorization has been included by the Governor but then reduced by the General Assembly in recent years.

The Rural Legacy Program’s fiscal 2012 allowance provides \$13.8 million in special funds and \$14.1 million in general obligation (GO) bonds, which includes the \$5.0 million mandated amount. However, only \$9.6 million in GO bonds is new funding because the \$13.8 million in special funds is reduced contingent on the transfer in the Budget Reconciliation and Financing Act of 2011 and \$4.5 million in GO bonds replaces prior year fund balance transfers. The 2011 *Capital Improvement Program* reflects a slightly increasing level of special funds, GO bond replacement funding for prior year transfers in fiscal 2013 and 2104 and then just the GO bond mandated appropriations as required by statute.

***Authorization Encumbrance and Expenditure Data***

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**Authorization Summary  
(\$ in Millions)**

<i>Fiscal Year</i>	<i>Authorization</i>	<i>Funds</i>		<i>Balances</i>	
		<i>Encumbered</i>	<i>Expended</i>	<i>To Be Encumbered</i>	<i>To Be Expended</i>
Prior Years	\$154.275	\$154.275	\$154.275	\$0.000	\$0.000
2007	24.020	24.020	24.020	0.000	0.000
2008	13.782	13.782	13.782	0.000	0.000
2009	12.002	6.576	6.566	5.426	5.436
2010	11.812	8.957	6.407	2.855	5.405
2011	16.954	2.697	2.697	14.257	14.257
<b>Total</b>	<b>\$232.845</b>	<b>\$210.307</b>	<b>\$207.747</b>	<b>\$22.538</b>	<b>\$25.098</b>

Data provided February 4, 2011.

The Rural Legacy Program is a reimbursable grant program. Therefore, once a Rural Legacy Area sponsor is awarded funding, it is incumbent upon them to acquire easements and seek reimbursement in a timely manner. As of February 2011, the Rural Legacy Program had \$25.1 million in unexpended funds. The fiscal 2011 authorization reflects prior year authorizations transferred to the general fund being shifted to fiscal 2011 as part of the \$10.6 million GO bond replacement funding.

***GO Bond Recommended Actions***

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1. Reduce funding for the Rural Legacy Program.

KA05B	Rural Legacy Program .....	\$ 9,104,000
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
14,104,000	-5,000,000	9,104,000

**Explanation:** This action deletes the mandated \$5,000,000 funding for the Rural Legacy Program.

2. Concur with \$4,589,000 general obligation bond pre-authorization for the Rural Legacy Program. The pre-authorization reflects the second installment of fiscal 2012 replacement funding provided in fiscal 2013.
3. Concur with \$4,589,000 general obligation bond pre-authorization for the Rural Legacy Program. The pre-authorization reflects the third and final installment of fiscal 2012 replacement funding provided in fiscal 2014.

***PAYGO Recommended Actions***

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1. Delete the Rural Legacy Program special fund appropriation of \$13,767,378 to reflect the Governor's contingent reduction. \$13,767,378 SF
- \$13,767,378 SF**

***Ocean City Beach Maintenance (Worcester County)***

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<b>GO Bonds</b>	<b>\$1,000,000</b>	<b>Recommendation:</b>	<b>Strike language and reduce \$2.0 million in special funds</b>
<b>PAYGO SF</b>	<b>\$2,000,000</b>		<b>Delete \$1.0 million general obligation bond authorization</b>

**Bill Text:** Provide funds for the maintenance of the restoration of the beach at Ocean City.

**Program Description:** The Ocean City Beach Maintenance Fund was established to fund annual maintenance for the Ocean City beach replenishment project. When the fund was established, the State entered into a funding agreement with Worcester County and Ocean City. The funding agreement stipulates that the following amounts be provided annually: not less than \$1 million from the State and not less than \$500,000 each from the county and the city. Periodic nourishment is deemed the most cost-effective method of maintaining the beach over a 50-year period. Transfer tax revenue within Program Open Space (POS) is used to fund the State’s contribution to this effort.

Replenishment of the Ocean City beach is usually done on a four-year cycle. The last major replenishment was completed in December 2010 – approximately 1,000,000 cubic yards of sand was placed on the beach. The U.S. Army Corps of Engineers is responsible for developing estimates, plans, and managing construction contracts for the periodic nourishment efforts. The next periodic nourishment project would be in 2015. Annual maintenance items, such as grass planting and fence repairs are also the responsibility of the State (50%), Ocean City (25%), and Worcester County (25%). These costs have averaged approximately \$500,000 annually.

**Fund Data****Fund History**

	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>
<b>Beginning Balance</b>	\$10,755,909	\$12,049,922	\$13,602,283	\$15,049,042	\$11,531,343	\$12,792,474
<b>Revenue</b>						
Worcester County	\$349,236	\$307,557	\$325,436	\$0	\$323,936	\$423,300
State Share (POS)	1,000,000	1,000,000	1,000,000	0	1,000,000	1,000,000
Town of Ocean City	350,434	308,961	326,827	0	325,339	426,700
GO Bonds	0	0	0	0	6,459,000	1,000,000
Interest*	300,330	383,482	347,737	238,868	111,856	150,000
<b>Total Revenue</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$238,868</b>	<b>\$8,220,131</b>	<b>\$3,000,000</b>
<b>Total Available</b>	<b>\$12,755,909</b>	<b>\$14,049,922</b>	<b>\$15,602,283</b>	<b>\$15,287,910</b>	<b>\$19,751,474</b>	<b>\$15,792,474</b>
<b>Encumbrances</b>						
Encumbrances	705,987	447,639	553,241	3,756,567	500,000	500,000
Transfer to General Fund					6,459,000	1,000,000
<b>Total Encumbrances</b>	<b>705,987</b>	<b>447,639</b>	<b>553,241</b>	<b>3,756,567</b>	<b>6,959,000</b>	<b>1,500,000</b>
<b>Ending Balance</b>	<b>\$12,049,922</b>	<b>\$13,602,283</b>	<b>\$15,049,042</b>	<b>\$11,531,343</b>	<b>\$12,792,474</b>	<b>\$14,292,474</b>

GO: general obligation

POS: Program Open Space

\*DNR notes that based on the funding agreement between the State, Worcester County, and the Town of Ocean City, when the Maintenance Fund balance reaches the cost of the Phase I portion of the Beach Replenishment Project (\$15,000,000), then contributions from the three parties will cease until the balance falls below that level. However, interest will continue to accrue to the benefit of the county and Ocean City and be credited toward their next contribution. Interest shown in fiscal 2010 carries over to fiscal 2011 for calculation of county and city contributions.

No Ocean City Beach Maintenance Program funding was budgeted for fiscal 2010 because the \$15 million cap on the Ocean City Beach Maintenance Fund was reached. As a result, Worcester County and Ocean City were not required to make their \$1 million contribution in fiscal 2010. Interest accrued on the Ocean City Beach Maintenance Fund balance, which reflects approximately one-third of the \$1 million annual contribution by Worcester County and Ocean City, was credited toward the fiscal 2011 contribution.

The fiscal 2010 encumbrance level of \$3.8 million primarily reflects the following.

- Planned Replenishment – The total project cost was \$8.68 million, of which \$2.76 million was State and local funding and the remainder was U.S. Army Corps of Engineers funding. The U.S. Army Corps of Engineers paid for the entirety of the Tropical Storm Ida damage repair.
- Tropical Storm Ida Cleanup – State and local funding of \$435,000 was used to clean up the debris left on the beach and rebuild some sections of dunes.

***Prior Authorization and Capital Improvement Program***

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**Authorization Request  
(\$ in Millions)**

<i>Fund Source</i>	<i>2010 Approp.</i>	<i>2011 Approp.</i>	<i>2012 Request</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>
PAYGO SF	\$5.300	\$1.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000
GO Bonds	0.000	6.459	1.000	0.000	0.000	0.000	0.000
<b>Total</b>	<b>\$5.300</b>	<b>\$7.459</b>	<b>\$3.000</b>	<b>\$2.000</b>	<b>\$2.000</b>	<b>\$2.000</b>	<b>\$2.000</b>

Note: The fiscal 2010 appropriation reflects that no appropriations were made to the Ocean City Beach Maintenance Fund in fiscal 2010; however, there was a \$1,000,000 appropriation in the Department of Natural Resources’ operating budget which was increased to \$5,300,000 for the periodic beach replenishment. The fiscal 2011 appropriation reflects (1) \$3,401,000 in prior general obligation (GO) bond replacement for the local share and \$2,058,000 for the State share, and (2) \$1,000,000 in State special funds for fiscal 2011 that are replaced with GO bonds. The remaining \$1,000,000 in special funds is for the local share appropriation to the fund for its annual appropriation.

The Ocean City Beach Maintenance Program fiscal 2011 allowance includes \$2 million in special funds and \$1 million in general obligation (GO) bonds. However, \$1 million of the special funds, reflecting the State share, is replaced with GO bonds, and so there is only \$2 million in new funding, which is level with fiscal 2011. The fiscal 2012 adjusted allowance reflects the projection of the 2010 *Capital Improvement Program* (CIP) in terms of overall funding; although, the mix of funding has changed since \$1 million of special funds are replaced with an equivalent amount of GO bonds. The 2011 CIP, in turn, projects \$2 million appropriations throughout the planning period.

***GO Bond Recommended Actions***

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1. Delete.

KA05G	Ocean City Beach Replenishment Fund.....	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
1,000,000	-1,000,000	0

**Explanation:** Delete the \$1,000,000 general obligation bond authorization for the Ocean City Beach Replenishment Fund State share to reflect a projected ending balance of \$12.8 million at the end of fiscal 2011. The funding agreement between the State of Maryland, Worcester County, and the Town of Ocean City stipulates that no further funding be provided once a \$15.0 million balance is reached. Assuming current spending patterns, this action will delay reaching the \$15.0 million level by about a year. The \$1.0 million reflected here is the \$1.0 million general obligation bond replacement of State share transfer tax directed to the general fund by the Budget Reconciliation and Financing Act of 2011. A similar reduction in special funds is made for the local share of Ocean City Maintenance.

***PAYGO Recommended Actions***

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1. Delete the Ocean City Maintenance local share of \$1,000,000 in special funds due to a projected ending balance of \$12.8 million at the end of fiscal 2011. The funding agreement between the State of Maryland, Worcester County, and the Town of Ocean City stipulates that no further funding be provided once a \$15.0 million balance is reached, which the current balance is approaching. The \$1.0 million reflected here is the Worcester County and Town of Ocean City share of the Ocean City beach replenishment funding. Therefore, the two local jurisdictions will not need to provide funding in fiscal 2012, and the interest on existing funding will continue to accrue to their benefit and be credited toward their next contribution in fiscal 2013.

\$1,000,000 SF

**\$1,000,000 SF**

## ***Waterway Improvement Program (County)***

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<b>GO Bonds</b>	<b>\$7,347,000</b>	<b>Recommendation:</b>	<b>Approve</b>
<b>PAYGO SF</b>	<b>\$410,000</b>		
<b>PAYGO FF</b>	<b>\$500,000</b>		

**Bill Text:** Provide funds to finance projects which expand and improve recreational boating throughout the State consistent with the State Boat Act. The funds appropriated for this purpose shall be administered in accordance with §§ 8-707 through 8-709 of the Natural Resources Article.

**Program Description:** The Waterway Improvement Fund finances projects to expand and improve public boating access throughout the State. Financial support to the fund is derived from the 5% excise tax paid on the sale of motorized vessels within the State. Funding is provided in the form of grants and/or long-term, interest free loans to local governments, the Department of Natural Resources (DNR), and some federal government agencies, as follows:

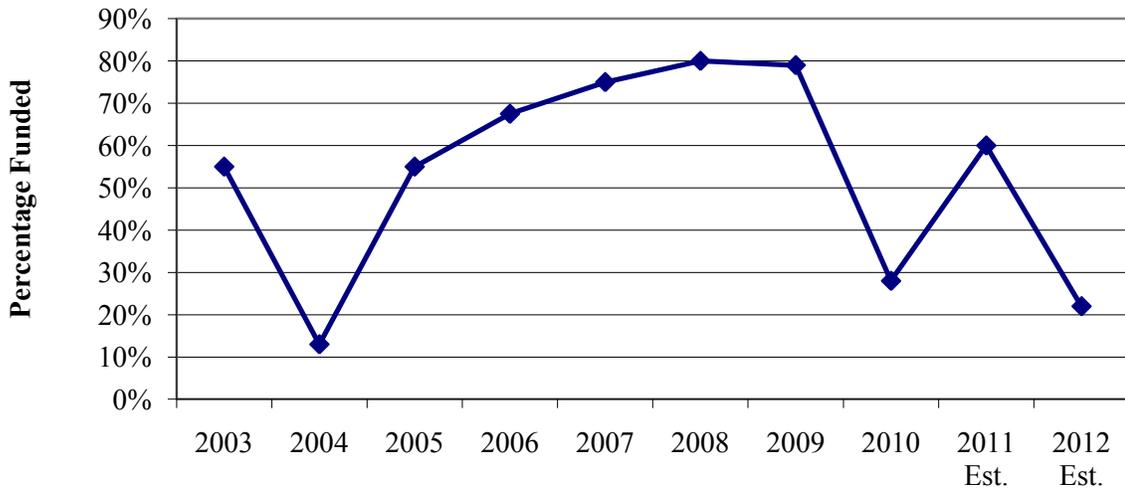
- grants (100%) not to exceed \$5,000;
- grants (100%) less than \$100,000;
- public navigation improvement grants (100%) of unlimited amounts;
- matching grants (50%) that are equal to or exceed \$100,000; and
- interest free loans (100%) with a 25-year maximum.

## ***Program Analysis and Performance Measures***

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As illustrated in **Exhibit 19**, the fiscal 2012 allowance will allow the Waterway Improvement Program to fund an estimated 22% of the number of waterway project requests submitted, which is not necessarily commensurate with the amount of funding requested since each project may cost a different amount. This reflects a substantial decrease from the 60% of project requests funded in fiscal 2011. While the lower number of projects requesting funding in fiscal 2011 (104) than in fiscal 2012 (110) explains some of the change, the precipitous drop in vessel excise tax revenue is the main reason for the drop in the percentage of project requests funded. DNR has noted that it has informed local jurisdictions to limit grant requests to those of the highest priority. DNR's goal is to fund 80% of project requests; therefore, the fiscal 2012 allowance is 58 percentage points lower than the goal.

**Exhibit 19**  
**Waterway Project Requests Funded**  
**Fiscal 2003-2012**



Source: Department of Budget and Management; Department of Natural Resources

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The special fund history reflects the GO bond replacement of special funds transferred to the General Fund between fiscal 2010 and 2011 and the depletion of the Waterway Improvement Fund's balance due to a combination of the transfers to the general fund and revenue declines.

# Fund Data

## Special Fund History Fiscal 2005-2012

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Appropriation 2011</u>	<u>Allowance 2012</u>
<b>Beginning Balance</b>	\$14,671,253	\$22,986,455	\$23,757,752	\$19,011,205	\$14,586,420	\$7,092,504	\$4,076,326	\$57,558
<b>Revenue</b>								
Waterway Fund Income	\$33,502,862	\$32,842,941	\$29,355,235	\$27,404,735	\$19,047,339	\$15,533,868	\$15,500,000	\$15,500,000
Adjustments – Reversions (Cancelled Encumbrances)	231,000	1,144,668	3,734,392	3,721,095	2,915,846	12,091,300	-209,420	0
General Obligation Bonds	0	0	0	0	0	0	10,192,000	7,347,000
<b>Total Revenue</b>	<b>\$33,733,862</b>	<b>\$33,987,609</b>	<b>\$33,089,627</b>	<b>\$31,125,830</b>	<b>\$21,963,185</b>	<b>\$27,625,167</b>	<b>\$25,482,580</b>	<b>\$22,847,000</b>
<b>Total Available</b>	<b>\$48,405,115</b>	<b>\$56,974,064</b>	<b>\$56,847,379</b>	<b>\$50,137,035</b>	<b>\$36,549,605</b>	<b>\$34,717,671</b>	<b>\$29,558,906</b>	<b>\$22,904,558</b>
<b>Encumbrances</b>								
Grant Encumbrances	\$4,458,639	\$11,668,909	\$21,056,818	\$20,356,977	\$14,312,084	\$2,757,911	\$11,151,405	\$7,757,000
Grant Expenditures	6,324,616	8,330,988	3,943,182	4,207,506	1,846,366	1,316,592	106,595	0
Grant Reversions	1,166,745	103	0	0	0	0	0	0
Operating Expenditures	13,468,660	13,216,312	12,836,175	10,986,132	13,298,651	13,057,392	14,309,348	14,056,253
<b>Total Encumbrances</b>	<b>\$25,418,660</b>	<b>\$33,216,312</b>	<b>\$37,836,175</b>	<b>\$35,550,615</b>	<b>\$29,457,101</b>	<b>\$17,131,895</b>	<b>\$25,567,348</b>	<b>\$21,813,253</b>
<b>Transfer to General Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,509,450</b>	<b>\$3,934,000</b>	<b>\$1,090,000</b>
<b>Ending Balances</b>	<b>\$22,986,455</b>	<b>\$23,757,752</b>	<b>\$19,011,204</b>	<b>\$14,586,420</b>	<b>\$7,092,504</b>	<b>\$4,076,326</b>	<b>\$57,558</b>	<b>\$1,305</b>

Note: General obligation bonds provided in fiscal 2011 and 2012 replace special funds transferred to the general fund in the Budget Reconciliation and Financing Acts of 2010 and 2011.

Source: Department of Natural Resources

***Prior Authorization and Capital Improvement Program***

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**Authorization Request  
(\$ in Millions)**

<i>Fund Source</i>	<i>2010 Approp.</i>	<i>2011 Approp.</i>	<i>2012 Request</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>
PAYGO SF	\$4.550	\$1.066	\$0.410	\$2.000	\$3.000	\$4.000	\$5.000
PAYGO FF	1.000	1.000	0.500	0.500	0.500	0.500	0.500
GO Bonds	0.000	10.192	7.347	0.000	0.000	0.000	0.000
<b>Total</b>	<b>\$5.550</b>	<b>\$12.258</b>	<b>\$8.257</b>	<b>\$2.500</b>	<b>\$3.500</b>	<b>\$4.500</b>	<b>\$5.500</b>

Note: The fiscal 2011 allowance reflects (1) \$6,258,000 in prior year general obligation (GO) bond replacement, and (2) \$3,934,000 in special funds for fiscal 2011 that were replaced with GO bonds.

The Waterway Improvement Program fiscal 2012 allowance includes \$0.4 million in special funds, \$0.5 million in federal funds, and \$7.3 million in general obligation (GO) bonds. However, when the \$6.3 million prior year GO bond replacement is accounted for, there is a reduction of \$4.0 million for new projects.

The fiscal 2012 adjusted allowance reflects level funding in special funds relative to the 2010 *Capital Improvement Program* once the \$1.09 million transfer to the general fund is included. Vessel excise tax special fund revenues supporting the Waterway Improvement Fund are projected to increase annually by \$1.0 million, and federal funds are projected to be level with fiscal 2012. No GO bond authorizations are projected.

The fiscal 2011 allowance provides for 25 waterway projects in 12 subdivisions around the State. The program’s fiscal 2012 funding would be allocated to the funding categories in **Exhibit 20**.

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**Exhibit 20  
Waterway Improvement Program Funding Categories  
Fiscal 2012**

<u>Category</u>	<u>Projects</u>	<u>Amount</u>
State Grants (<\$100,000)	8	\$551,600
State Grants (>\$100,000)	3	825,000
Matching Fund Grants	14	623,400
Loans	0	0
<b>Total</b>	<b>25</b>	<b>\$2,000,000</b>

Source: Department of Natural Resources

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***Authorization Encumbrance and Expenditure Data***

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**Authorization Summary  
(\$ in Millions)**

<i>Fiscal Year</i>	<i>Authorization</i>	<i>Funds</i>		<i>Balances</i>	
		<i>Encumbered</i>	<i>Expended</i>	<i>To Be Encumbered</i>	<i>To Be Expended</i>
Prior Years	\$97.126	\$97.126	\$96.249	\$0.000	\$0.877
2007	23.805	23.805	22.922	0.000	0.883
2008	25.522	25.522	23.816	0.000	1.706
2009	19.309	19.309	12.555	0.000	6.754
2010	5.450	5.450	2.448	0.000	3.002
2011	12.258	11.258	2.308	1.000	8.950
<b>Total</b>	<b>\$183.470</b>	<b>\$182.470</b>	<b>\$160.298</b>	<b>\$1.000</b>	<b>\$22.172</b>

Data as of February 4, 2011.

Note: The summary includes general obligation bond authorization and expenditures as a result of the replacement funding provided in the fiscal 2011 appropriation.

The authorization summary for the Waterway Improvement Program reflects the immediate encumbering of funding practiced by the program. DNR notes that it has been determined that grant applications accepted by the program are in effect contracts due to the specific terms and conditions of the grant agreement. Therefore, DNR considers the entire list of accepted program grants in any particular year to be encumbered when the budget bill is enacted. DNR has a three-year expenditure policy for funding; however, if progress is noted on a project, then this deadline may be extended, which accounts for the \$3.5 million in funding that is yet to be expended for fiscal 2008 and prior years. The \$1.0 million in fiscal 2011 funding still to be encumbered reflects federal funding for pending projects.

## ***GO Bond Recommended Actions***

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1. Concur with \$7,347,000 in general obligation bond authorization for the Waterway Improvement Program. The authorization is comprised of \$6,257,000 in prior year fund balance replacement funding and \$1,090,000 in fiscal 2012 vessel excise tax special fund revenue transferred to the general fund.

## ***PAYGO Recommended Actions***

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1. Adopt the following narrative:

**Waterway Improvement Program Funding Policies:** The committees are concerned that vessel excise tax revenue has declined precipitously and that this has reduced the amount of capital funding available from the Waterway Improvement Program for dredging and other public boating purposes. Therefore, the committees request that the Department of Natural Resources (DNR) submit a report by September 1, 2011, on how DNR will adapt its funding policies to accommodate reduced vessel excise tax revenue.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Waterway Improvement Program Funding Policies	DNR	September 1, 2011

***Community Parks and Playgrounds Program (Statewide)***

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**GO Bonds**                                      **\$2,500,000**                                      **Recommendation:**                                      **Approve**

**Bill Text:** Provide funds for grants to local governments to design and construct eligible projects.

**Program Description:** Chapters 247 and 248 of 2008 codified and amended the existing Community Parks and Playgrounds Program within the Department of Natural Resources (DNR). The program had been administered as an uncodified grant program for counties and municipalities by Program Open Space (POS) since fiscal 2002. Beginning in fiscal 2010, the program provides flexible grants to municipalities and Baltimore City – counties are no longer eligible – to do the following:

- rehabilitate, expand, improve, or maintain existing parks;
- purchase land to create new parks;
- develop new parks;
- purchase and install playground equipment in urban neighborhoods and rural areas throughout the State; or
- be used for environmentally oriented parks and recreation projects.

POS is designated as the administrative unit for the program, and the program is intended to be funded with general funds and the proceeds from the sale of general obligation (GO) bonds. While land acquisition costs are considered, highest priority is given to capital costs associated with park and playground development and improvement.

***Prior Authorization and Capital Improvement Program***

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**Authorization Request  
(\$ in Millions)**

<i>Fund Source</i>	<i>2010 Approp.</i>	<i>2011 Approp.</i>	<i>2012 Request</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>
GO Bonds	\$5.000	\$2.500	\$2.500	\$2.500	\$2.500	\$2.500	\$2.500
<b>Total</b>	<b>\$5.000</b>	<b>\$2.500</b>	<b>\$2.500</b>	<b>\$2.500</b>	<b>\$2.500</b>	<b>\$2.500</b>	<b>\$2.500</b>

*K00A05 – Department of Natural Resources – Capital*

The Community Parks and Playgrounds fiscal 2012 allowance includes \$2.5 million in GO bond funding to fund 33 projects in 17 jurisdictions, which reflects 24% of the funding requested. The program’s fiscal 2012 allowance reflects level funding with respect to both the fiscal 2011 appropriation and the 2010 *Capital Improvement Program* (CIP). The 2011 CIP projects reduced funding at the \$2.5 million level through the five-year planning period.

Several of the larger projects included in the allowance are as follows:

- South Branch Park (Carroll County) – create a new park along the Patapsco River (\$256,000);
- Alexander Odum Park (Baltimore City) – renovate playground and other park improvements (\$185,000);
- Herring Run Park (Baltimore City) – renovate playground and other park improvements (\$185,000);
- Calvin Park (Montgomery County) – renovate playground (\$156,000);
- Cypress Street Field (Prince George’s County) – renovate playground (\$150,000);
- Remembrance Park (Kent County) – create a new park in Chestertown (\$139,000); and
- Tilghman Lake Park (Charles County) – construct a new pervious parking lot (\$100,000).

***Authorization Encumbrance and Expenditure Data***

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**Authorization Summary  
(\$ in Millions)**

<i>Fiscal Year</i>	<i>Authorization</i>	<i>Funds</i>		<i>Balances</i>	
		<i>Encumbered</i>	<i>Expended</i>	<i>To Be Encumbered</i>	<i>To Be Expended</i>
Prior Years	\$24.880	\$24.880	\$23.652	0.000	1.228
2007	5.000	5.000	4.124	0.000	0.876
2008	5.000	5.000	4.033	0.000	0.967
2009	5.000	5.000	3.055	0.000	1.945
2010	5.000	4.774	1.977	0.226	3.023
2011	2.500	2.133	0.106	0.367	2.394
<b>Total</b>	<b>\$47.380</b>	<b>\$46.787</b>	<b>\$36.947</b>	<b>\$0.593</b>	<b>\$10.433</b>

Data provided February 4, 2011.

*K00A05 – Department of Natural Resources – Capital*

A total of \$10.4 million in prior authorized funds dating from fiscal 2011 and earlier years remains unexpended. DNR notes that since this is a reimbursement program, a municipality receiving a grant is responsible for completing the work in a timely fashion. Upon completion of the work, the municipality applies for reimbursement, DNR inspects the project, and the payment is processed. DNR indicates that a three-year or other limitation on reimbursement may limit the ability of the smallest and least administratively endowed municipalities to use the program despite the perhaps greater need exhibited by these municipalities. However, DNR notes that a requirement to have all requests for project reimbursement submitted within five years of the date of project would be reasonable starting with the fiscal 2012 appropriation as a requirement for all new projects and an objective for all prior year projects. **The Department of Legislative Services recommends that DNR adopt a five-year deadline for project reimbursements starting with all new projects for fiscal 2012.**

## ***GO Bond Recommended Actions***

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1. Concur with \$2,500,000 in general obligation bonds for the Community Parks and Playgrounds Program. The authorization will be used to provide funds for grants to local governments to design and construct eligible projects.

***Natural Resources Development Fund Fiscal 2012 Proposed Projects***

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<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>FY 2012 Amount</u>	<u>Future Request</u>	<u>Total State Share (%)</u>
Anne Arundel	Sandy Point, NRP Area 3 and Communication Center – GO Bond Replacement	2,420,000	1,979,000	441,000	0	100.0%
Frederick	Fort Frederick Officer’s Quarters – GO Bond Replacement	2,162,000	18,000	2,144,000	0	100.0%
Howard	Bloede Dam Removal	3,298,000	125,000	269,000	2,904,000	100.0%
Talbot	Black Walnut Point – Shore Erosion Control – GO Bond Replacement	182,000	86,000	96,000	0	100.0%
Washington	South Mountain Battlefield Museum – GO Bond Replacement	\$1,100,000	\$600,000	\$500,000	\$0	100.0%
<b>Total</b>		<b>\$9,162,000</b>	<b>\$2,808,000</b>	<b>\$3,450,000</b>	<b>\$2,904,000</b>	

GO: general obligation  
 NRP: Natural Resources Police

***Critical Maintenance Program Fiscal 2012 Proposed Projects***

<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>FY 2012 Amount</u>	<u>Future Request</u>	<u>Total State Share (%)</u>
Anne Arundel	Sandy Point State Park – Reroof Bathhouse and Comfort Stations	\$30,000	0	\$30,000	0	100.0%
Anne Arundel	Sandy Point State Park – Reroof East Beach Shelters	75,000	0	75,000	0	100.0%
Baltimore	Gunpowder Falls State Park – Replace Heat Pump	4,500	0	4,500	0	100.0%
Baltimore	Patapsco Valley State Park – New Guard Rail	115,000	0	115,000	0	100.0%
Baltimore	Patapsco Valley State Park – Renovate Comfort Stations	212,000	0	212,000	0	100.0%
Baltimore	Patapsco Valley State Park – Repave Roads	145,000	0	145,000	0	100.0%
Baltimore	Patapsco Valley State Park – Replace Water Fountains	45,000	0	45,000	0	100.0%
Baltimore	Patapsco Valley State Park – Reroof Shelter 301	10,000	0	10,000	0	100.0%
Caroline	Martinak State Park – Replace Cabin Roof	5,000	0	5,000	0	100.0%
Caroline	Tuckahoe State Park – Reroof Youth Group Pavilion	4,000	0	4,000	0	100.0%
Cecil	Fair Hill Natural Resource Management Area – Grandstand Roof Replacement	30,000	0	30,000	0	100.0%
Cecil	Fair Hill Natural Resource Management Area – Replace South Bridge	200,000	0	200,000	0	100.0%
Charles	Myrtle Grove Wildlife Management Area – Resurface Entrance Road	20,000	0	20,000	0	100.0%

***K00A05 – Department of Natural Resources – Capital***

<b><u>Subdivision</u></b>	<b><u>Project Title</u></b>	<b><u>Estimated Cost</u></b>	<b><u>Prior Auth.</u></b>	<b><u>FY 2012 Amount</u></b>	<b><u>Future Request</u></b>	<b><u>Total State Share (%)</u></b>
Charles	Southern Region Natural Resources Police – Waldorf Office – Replace HVAC	40,000	0	40,000	0	100.0%
Charles	Welcome Fire Tower Renovation	15,000	0	15,000	0	100.0%
Frederick	Cunningham Falls State Park – Re-side Campground Bathhouses	40,000	0	40,000	0	100.0%
Frederick	Cunningham Falls State Park – Resurface Roads and Parking Lots	460,000	0	460,000	0	100.0%
Garrett	Herrington Manor State Park – Renovate Bridge	30,000	0	30,000	0	100.0%
Garrett	Herrington Manor State Park – Reroof Office	10,000	0	10,000	0	100.0%
Garrett	Mt. Nebo Wildlife Management Area – Resurface Driveway and Parking	75,000	0	75,000	0	100.0%
Harford	Madonna Forestry Work Center – Shop Exterior Lighting	5,000	0	5,000	0	100.0%
Harford	Rocks State Park – Reroof Buildings	10,000	0	10,000	0	100.0%
Harford	Susquehanna State Park – Electric Upgrades	65,000	0	65,000	0	100.0%
Harford	Susquehanna State Park – Renovate Stone Mill	24,000	0	24,000	0	100.0%
Harford	Susquehanna State Park – Resurface Driveway	23,000	0	23,000	0	100.0%
Montgomery	Seneca Creek State Park – Replace Sidewalks	50,000	0	50,000	0	100.0%
Queen Anne’s	Matapeake Fisheries Office – Renovate Shed	5,000	0	5,000	0	100.0%
Queen Anne’s	Matapeake Fisheries Office – Roof Replacement	4,000	0	4,000	0	100.0%

***K00A05 – Department of Natural Resources – Capital***

<b><u>Subdivision</u></b>	<b><u>Project Title</u></b>	<b><u>Estimated Cost</u></b>	<b><u>Prior Auth.</u></b>	<b><u>FY 2012 Amount</u></b>	<b><u>Future Request</u></b>	<b><u>Total State Share (%)</u></b>
Queen Anne's	Wye Island Natural Resource Management Area – Replace Lodge Furnace	10,000	0	10,000	0	100.0%
Queen Anne's	Wye Island Natural Resource Management Area – Replace Office Roof	5,000	0	5,000	0	100.0%
Queen Anne's	Wye Island Natural Resource Management Area – Replace Shop Roof	10,000	0	10,000	0	100.0%
Somerset	Deal Island Wildlife Management Area – Fire House Road Culvert Replacement	8,000	0	8,000	0	100.0%
Somerset	Janes Island State Park – Renovate Pavilion	10,000	0	10,000	0	100.0%
Somerset	Janes Island State Park – Renovate Restrooms	30,000	0	30,000	0	100.0%
Somerset	Janes Island State Park – Repave Roads and Parking Lots	300,000	0	300,000	0	100.0%
St. Mary's	Point Lookout State Park – Beach Bathhouse Exterior Renovation	30,000	0	30,000	0	100.0%
St. Mary's	Point Lookout State Park – Replace Shop Fence	32,000	0	32,000	0	100.0%
Washington	Fort Frederick State Park – Renovate Buildings	50,000	0	50,000	0	100.0%
Washington	Indian Springs Wildlife Management Area – Barn Renovation	35,000	0	35,000	0	100.0%
Worcester	Assateague State Park – Bathhouse Electrical Upgrades	18,000	0	18,000	0	100.0%
Worcester	Assateague State Park – Dune Maintenance	150,000	0	150,000	0	100.0%

*K00A05 – Department of Natural Resources – Capital*

<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>FY 2012 Amount</u>	<u>Future Request</u>	<u>Total State Share (%)</u>
Statewide	House Assessment Funds – GO Bond Replacement	711,000	250,000	380,000	81,000	100.0%
Statewide	Statewide – Bridge Repairs	75,250	0	75,250	0	100.0%
Statewide	Statewide – Contingency Fund	60,000	0	60,000	0	100.0%
Statewide	Statewide – House Assessment Program	200,000	0	200,000	0	100.0%
Statewide	Statewide – Underground Storage Tank Replacement	225,250	0	225,250	0	100.0%
<b>Total</b>		<b>\$3,711,000</b>	<b>\$250,000</b>	<b>\$3,380,000</b>	<b>\$81,000</b>	

GO: general obligation

HVAC: heating, ventilation, and air conditioning

***Dam Rehabilitation Program Fiscal 2012 Proposed Projects***

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<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>FY 2012 Amount</u>	<u>Total State Share (%)</u>
Baltimore	Daniels Dam Repairs	\$1,075,000	\$575,000	\$500,000	100.0%
Calvert	Calvert Cliffs Dam Rehabilitation Project – GO Bond Replacement	500,000	-	500,000	100.0%
Charles	Cedarville Dam Rehabilitation Project – GO Bond Replacement	45,000	-	45,000	100.0%
<b>Total</b>		<b>\$1,620,000</b>	<b>\$575,000</b>	<b>\$1,045,000</b>	

GO: general obligation

## ***Rural Legacy Program Fiscal 2012 Proposed Projects***

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DNR typically does not select awards for the fiscal year until late summer or early fall. For fiscal 2012, it is anticipated that DNR will select awards in late summer or early fall 2011.

***Waterway Improvement Program Fiscal 2012 Proposed Projects***

<b><u>Subdivision</u></b>	<b><u>Location</u></b>	<b><u>Description</u></b>	<b><u>Amount</u></b>	<b><u>Bond Eligible</u></b>
Anne Arundel	Duval Creek Public Navigation Channel	Main channel dredging to restore boating access	\$300,000	\$300,000
Baltimore	North Point Road, Baltimore County	Engineer/Design Public Boating Facility	95,000	95,000
Baltimore	Baltimore County Fire Department	Purchase water rescue boat and equipment	2,900	0
Baltimore	Dundee Creek Marina	Replace docks, bulkhead, & dredging	375,000	375,000
Baltimore	Arbutus VFD	Purchase marine fire/rescue boat and equipment	5,000	0
Baltimore	Kingsville Volunteer Fire Department	Purchase marine fire/rescue boat and equipment	10,000	0
Baltimore	White Marsh Volunteer Fire Department	Purchase water rescue boat and equipment	10,000	0
Baltimore City	Baltimore City Fire Boat Equipment	Purchase marine fire/rescue equipment	10,000	0
Charles	Cobb Island Fire Department	Purchase marine equipment for fire/rescue boat	7,500	0
Garrett	Broadford Lake Access Pier	Replace/repair docks to improve boating access	15,000	15,000
Harford	City Yacht Basin Maintenance Electric	Utility improvements at boat basin	14,000	14,000
Prince George's	Laurel Volunteer Rescue Squad	Purchase water rescue equipment	5,000	0
Prince George's	Prince George's Volunteer Fire Rescue Marine Unit	Acquire fire/rescue boat	25,000	0
Prince George's	Prince George's Volunteer Fire Rescue Marine Unit Fort Washington	Purchase water rescue equipment	10,000	0
Queen Anne's	Grasonville VFD	Purchase marine fire/rescue boat and equipment	10,000	0
Somerset	Crisfield	General improvements at City Depot dock to enhance public boating access	50,000	50,000

*K00A05 – Department of Natural Resources – Capital*

<u>Subdivision</u>	<u>Location</u>	<u>Description</u>	<u>Amount</u>	<u>Bond Eligible</u>
St. Mary's	Ridge Volunteer Fire Department	Purchase marine fire/rescue equipment	4,000	0
Statewide	Natural Resources Police	Replace patrol vessels	150,000	0
Statewide	Shore Erosion Control Projects Relating to Boating	Design and construction of boating related shore erosion control projects	75,000	0
Statewide	State of Maryland DNR Marine Sewage Pumpout	State cost share for federal grants used to install marine sewage pumpout stations	75,000	0
Statewide	Channel Dredging, Critical Maintenance, Public Boating Facility Improvements	Dredging/navigation/critical maintenance/public access projects in designated public navigation channels or repairs at publicly owned boating facilities that occur outside the budget cycle or exceed appropriated funding amount statewide.	62,000	62,000
Statewide	State match for federal Boating Access Funds	Funding used for boating access federal match throughout the state	80,600	80,000
Talbot	St. Michaels	Purchase marine fire/rescue equipment	10,000	0
Worcester	South Point Boat Ramp	Relocate existing ramp to provide deeper water access for the boating public	99,000	99,000
<b>Subtotal</b>			<b>\$1,500,000</b>	<b>\$1,090,000</b>
Statewide	Statewide – federal funding for Boating Access Projects		500,000	
<b>Total</b>			<b>\$2,000,000</b>	

DNR: Department of Natural Resources  
VFD: volunteer fire department

Note: The federal cost share funding is for proposed U.S. Fish and Wildlife projects. Anticipated projects include improvements at public boating facilities at Williamsport in Washington County and Chestertown in Kent County.

***Community Parks and Playgrounds Program Fiscal 2012  
Proposed Projects***

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<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>FY 2012 Amount</u>	<u>Total State Share (%)</u>
Allegany	Baker Memorial Park – Fence Replacement	\$25,000	\$25,000	100.0%
Allegany	Meadow Park – Playground Improvements	30,000	30,000	100.0%
Anne Arundel	Truxtun Park – Playground Renovation	58,000	58,000	100.0%
Baltimore City	Alexander Odum Park Improvements	185,000	185,000	100.0%
Baltimore City	Herring Run Park Improvements	185,000	185,000	100.0%
Carroll	Christmas Tree Park – New Gazebo	13,000	13,000	100.0%
Carroll	Hampstead Municipal Park Improvements	150,000	150,000	100.0%
Carroll	South Branch Park Improvements	256,000	256,000	100.0%
Cecil	Helen Titter Park Improvements	34,000	34,000	100.0%
Cecil	Port Deposit Playground Improvements	78,000	78,000	100.0%
Charles	Tilghman Lake Park Improvements	100,000	100,000	100.0%
Dorchester	Church Creek Park Improvements	8,000	8,000	100.0%
Dorchester	Secretary Veteran’s Memorial Park Improvements	99,000	99,000	100.0%
Frederick	Memorial Park – New Children’s Garden	6,000	6,000	100.0%
Frederick	Wetherburne Park – Playground Replacement	35,000	35,000	100.0%
Frederick	Woodsboro Elementary School – Playground Improvements	32,000	32,000	100.0%
Garrett	Grantsville Community Park Improvements	40,000	40,000	100.0%
Garrett	Town of Accident – Park Improvements	65,000	65,000	100.0%
Harford	Aberdeen Swim Club Improvements	63,000	63,000	100.0%
Kent	Remembrance Park Improvements	139,000	139,000	100.0%
Montgomery	Calvin Park – Playground Improvements	156,000	156,000	100.0%
Montgomery	Town of Poolesville – Tot Lot	70,000	70,000	100.0%
Prince George’s	7th Street Community Park Improvements	28,000	28,000	100.0%
Prince George’s	City of Greenbelt – Playground Upgrade	56,000	56,000	100.0%
Prince George’s	Cottage City – New Park and Playground	92,000	92,000	100.0%
Prince George’s	Cypress Street Field – New Playground	150,000	150,000	100.0%
Prince George’s	Frenchman’s Creek Playground Update	79,000	79,000	100.0%

*K00A05 – Department of Natural Resources – Capital*

<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>FY 2012 Amount</u>	<u>Total State Share (%)</u>
Prince George's	Henry Rinck Park – New Veterans Memorial and Improvements	50,000	50,000	100.0%
Prince George's	Monroe Park Improvements	40,000	40,000	100.0%
Prince George's	Town of Brentwood – Park Improvements	45,000	45,000	100.0%
Queen Anne's	Sudlersville Elementary School Playground Upgrade	78,000	78,000	100.0%
Talbot	Trappe Veterans Memorial Park Improvements	20,000	20,000	100.0%
Washington	L. Beard Miller Swimming Pool Renovation	35,000	35,000	100.0%
<b>Total</b>		<b>\$2,500,000</b>	<b>\$2,500,000</b>	