

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 38 (Senator Pipkin)
Education, Health, and Environmental Affairs

Environment - Dredged Material Management - Duties of Executive Committee

This bill requires the executive committee that provides oversight in the development of the State's plans for dredged material management to review, in conjunction with stakeholders, the State's dredging needs and placement requirements and recommend to the Governor novel and innovative methods of minimizing the quantities of dredged material while sustaining maritime commerce in the Port of Baltimore.

Fiscal Summary

State Effect: A reliable estimate of the bill's impact cannot be made at this time because it depends largely on the level of review conducted by the executive committee. Because the Maryland Port Administration (MPA) has already identified the State's dredging needs, it is possible that the committee could conduct a short review of those needs with existing resources. State finances could be affected to the extent that a more thorough review is conducted and results in a delay in the State's dredging program, however.

Local Effect: The bill would not directly affect local government operations or finances.

Small Business Effect: Potential meaningful. Any small business that relies on the port for economic activity would be affected by any decrease in dredging to the extent it limits the ability of ships to enter the port.

Analysis

Current Law: The Dredged Material Management Act of 2001 (Chapter 627) established an executive committee responsible for reviewing and recommending options for meeting both short- and long-term dredged material placement capacity needs.

Background: MPA is charged with enhancing maritime commerce in the State. As part of that responsibility, MPA, in conjunction with the U.S. Army Corps of Engineers (USACE), coordinates maintenance of the Port of Baltimore's channel system. MPA also identifies, coordinates, and implements a program of channel system improvements needed to preserve and improve the port's competitive capability within the international maritime community.

Dredged material is collected as a result of the need to periodically dredge the bottom of the major approach channels to the port, as well as the port itself, to ensure that these waterways are deep enough for ships. Approximately 4.7 million cubic yards (mcy) of material has to be dredged from Baltimore Harbor and the Chesapeake Bay annually to maintain shipping channels to Baltimore. Additional dredged material is anticipated from improvement projects. According to MPA, the total amount of dredged material that will need to be disposed of over the next 20 years is approximately 80 to 100 mcy.

Several options are currently being considered for the short- and long-term disposal of dredged material:

- **Poplar Island Expansion.** In conjunction with USACE, MPA has developed a plan to expand Poplar Island to increase capacity by 50%. The plan was approved by the executive committee and USACE but must still be included in Congressional authorizing legislation.
- **Mid-Bay Islands.** In conjunction with USACE, MPA is studying the restoration of James Island and the creation of additional protection at Barren Island, both in Dorchester County. This project's feasibility study has been completed, but the project has not yet been included in Congressional authorizing legislation. Restoration of the Blackwater Wildlife Refuge marshlands is also being evaluated for possible inclusion.

- **Masonville.** The proposed Masonville site is progressing through the steps required to receive the proper permits. MPA completed detailed environmental and engineering studies and a final environmental impact statement (EIS) is expected to be issued in February 2007. If permitted, funded, and constructed on schedule, Masonville will become operational by the end of 2008.
- **Sparrows Point.** MPA continues to conduct feasibility studies and discussions with stakeholders regarding the possibility of a dredged material placement site at Sparrows Point.
- **BP-Fairfield.** MPA continues feasibility studies of this potential site.
- **Innovative Re-use.** In response to the Dredged Material Disposal Alternatives Act of 2004, the Maryland Department of Transportation created a committee to explore options available for the re-use of dredged material. The committee is currently evaluating options based on technological factors and expects to provide a ranked list of options and recommendations to MPA in March 2007.

Questions have been raised concerning the methods and techniques used in justifying the economic viability of previous and ongoing dredging projects. MPA advises that, in December 2003, a dredging needs forum was held with open invitation to all interested parties. A follow-up forum was held in November 2006. In addition, MPA and USACE have conducted studies, and are still doing so, to answer questions defining dredging needs. MPA advises that study results are reported and discussed publicly.

State Fiscal Effect: The impact of the bill on State finances depends largely on the level of review conducted by the executive committee. Because MPA has already identified the State's dredging needs, it is possible that the executive committee could conduct a short review of those needs with existing resources. MPA advises, however, that, since the 2001 legislation was enacted, about \$55 million has been spent on the development of placement options through 2006, based on needs already established. Under this bill, MPA advises that the executive committee would be required to completely reexamine those needs, which MPA believes could take two to three years and result in a net increase in Transportation Trust Fund (TTF) expenditures. For example, in response to concerns raised regarding the need to maintenance dredge the C&D Canal channel system, MPA performed a detailed study to demonstrate the need, which MPA advises took approximately 1.5 years and cost approximately \$200,000. MPA advises that costs to update that analysis and conduct the same kind of analysis for the southern approach and the harbor itself could cost at least \$500,000 to \$600,000.

Further, MPA advises that, because placement strategy and the selection of placement options are tied closely to dredging needs, as long as dredging needs are not settled, final selection, design, and permitting of options will be delayed. MPA advises that, if a needs review were required by law, it would have to be addressed in the EIS for every option and would essentially stop the permit process for all options until the reviews could be completed. MPA advises that the implementation of new placement options, on average, takes 12 years. Any additional delay could have a significant impact on the State's ability to dredge; any decrease in dredging would reduce TTF expenditures and, presumably, result in a loss of federal maintenance dredging funds.

It is unclear to what extent the committee's recommendations regarding dredging needs would result in a decrease in the amount of dredging that would otherwise occur. Although the bill requires the executive committee to recommend methods of minimizing the quantities of dredged material, the bill also provides that the committee's recommendations must sustain maritime commerce in the port. However, MPA advises that *any* loss of depth in channels will result in reduced drafts of vessels and loss of business to the port. In addition, USACE sets design criteria for federally maintained channels. Accordingly, any consideration of minimizing dredging in the bay would be reviewed at the federal level. To the extent the committee's recommendations do result in a decrease in the amount of dredging that occurs, however, TTF expenditures for the State's dredging program would decrease. Federal maintenance dredging funds would likely also be affected.

Additional Information

Prior Introductions: Identical legislation was introduced as SB 787 of 2006 and SB 391/HB 996 of 2003. SB 787 of 2006 received an unfavorable report from the Senate Education, Health, and Environmental Affairs Committee. That same committee held a hearing on SB 391 of 2003, but no further action was taken. HB 996 of 2003 was referred to the House Rules and Executive Nominations Committee, but no further action was taken.

Cross File: None.

Information Source(s): Maryland Department of Transportation (Maryland Port Administration), Maryland Department of the Environment, Department of Legislative Services

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