

KA05
Department of Natural Resources – Capital

Capital Budget Summary

Grant and Loan *Capital Improvement Program*
(\$ in Millions)

Program	2019 Approp.	2020 Approp.	2021 Request	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
POS – Land Acquisition and Local Program	\$110.320	\$98.159	\$109.258	\$114.389	\$118.613	\$117.265	\$122.735
POS – Natural Resources Development Fund	14.756	16.632	18.900	21.566	22.384	22.135	19.854
POS – Critical Maintenance Projects	13.000	4.159	8.651	7.000	7.000	7.000	10.334
Rural Legacy Program	25.018	18.852	19.892	20.393	20.796	20.673	21.192
Ocean City Beach Maintenance	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Waterway Improvement Program	15.000	16.000	16.000	16.000	16.000	16.000	16.000
Community Parks and Playgrounds Program	2.500	2.500	2.500	2.500	2.500	2.500	2.500
Oyster Restoration Program	0.270	2.610	8.730	3.870	7.170	3.684	2.484
Coastal Resiliency Program	4.725	3.085	4.160	2.870	1.170	0.000	0.000
Total	\$187.589	\$163.997	\$190.092	\$190.588	\$197.632	\$191.257	\$197.098

For further information contact: Andrew D. Gray

Phone: (410) 946-5530

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Fund Source	2019 Approp.	2020 Approp.	2021 Request	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
PAYGO SF	\$169.594	\$148.952	\$169.202	\$175.848	\$181.292	\$179.573	\$186.614
PAYGO FF	5.500	6.850	5.500	5.500	5.500	5.500	5.500
GO Bonds	12.495	8.195	15.390	9.240	10.840	6.184	4.984
Total	\$187.589	\$163.997	\$190.092	\$190.588	\$197.632	\$191.257	\$197.098

FF: federal funds

GO: general obligation

PAYGO: pay-as-you-go

POS: Program Open Space

SF: special funds

Note: The fiscal 2020 through 2025 special fund figures include the repayment of transfer tax revenues diverted to the General Fund in prior years as required by Chapter 10 of 2016 (Program Open Space – Transfer Tax Repayment – Use of Funds) and reflect a revised repayment plan as set forth in the 2020 *Capital Improvement Program*. The fiscal 2025 estimate for the Critical Maintenance Projects inadvertently was shown as \$10,334,000 but should actually reflect \$7,000,000.

Key Observations

- **Fiscal 2021 Transfer Tax Repayment Revised:** In accordance with Chapter 10 of 2016 as amended by the Budget Reconciliation and Financing Act (BRFA) of 2018, the fiscal 2021 budget provides \$43.9 million in general funds for fiscal 2020 Program Open Space (POS) repayments, the majority of which are budgeted in the Dedicated Purpose Account (DPA). Of this amount, \$38.2 million supports capital programs in the Department of Natural Resources (DNR) and the Maryland Department of Agriculture. The BRFA of 2020 modifies the out-year repayment schedule by shifting out each of the repayment mandates by one year.

Summary of Recommended PAYGO Actions

1. Adopt committee narrative requesting a five-year capital improvement program for the Natural Resources Development Fund and Critical Maintenance Program.
2. Concur with Governor's allowance of \$1,000,000 in special funds for the Ocean City Beach Maintenance local funds.
3. Concur with Governor's allowance of \$13,500,000 in special funds and \$2,500,000 in federal funds for the Waterway Improvement Program.

Summary of Recommended Bond Actions

1. Community Parks and Playgrounds Program

Approve the \$2,500,000 general obligation bond authorization for the Community Parks and Playgrounds Program.

2. Coastal Resiliency Program

Approve the \$4,160,000 general obligation bond authorization for the Coastal Resiliency Program.

3. Oyster Restoration Program

Approve the \$8,730,000 general obligation bond authorization for the Oyster Restoration Program.

Summary of Updates

- ***Fair Hill Natural Resources Management Area Improvements Project:*** The Fair Hill Natural Resources Management Area improvements project is intended to allow for the hosting of a five-star equestrian event in calendar 2020. The funding history reflects a total of \$8,401,207 in State funding and \$9,000,000 in appropriation to spend private donations. DNR notes that improvements for the Concours Complet International five-star equestrian event have been completed: turf track; timber course; parking; ponds; irrigation; and utilities. A test event will be held the weekend of April 10-12, 2020, to evaluate the cross country course. The inaugural five-star equestrian event is scheduled for October 15-18, 2020. By a letter dated February 4, 2020, the Maryland Stadium Authority (MSA) notified the budget committees that DNR has requested an amendment to the Memorandum of Understanding (MOU) to include the establishment and maturation of the newly installed turf and equine competition surfaces at the Fair Hill Natural Resources Management Area.
- ***Natural Resources Development Fund and Critical Maintenance Program Capital Improvement Program:*** The budget committees requested that DNR and the Department of Budget and Management (DBM) develop a capital improvement program for both the Natural Resources Development Fund and the Critical Maintenance Program. The largest category of project funding is for the State Water and Sewer Infrastructure Improvement Fund projects managed by the Maryland Environmental Service (MES) on DNR properties, which accounts for \$44.4 million, or 42.4%, of the \$104.8 million planned in the 2020 *Capital Improvement Program* (CIP) through fiscal 2025.

- **Baltimore City Direct Grant Spending Spreadsheet:** The budget committees requested that DNR report on the status of Baltimore City Direct Grant funding. Of the \$23.8 million that has been authorized over the fiscal 2015 to 2019 time period, \$12.1 million has been reimbursed to Baltimore City, and \$11.7 million remains to be reimbursed. All but \$50,000 of the \$6.0 million fiscal 2020 appropriation has been approved by the Board of Public Works (BPW).

Program Description

The mission of the DNR capital program may be summarized as the protection of Maryland’s open space lands, shorelines, waterways, and natural resources while providing outdoor recreation opportunities in cooperation with federal and local governments. As shown in **Appendix 1**, the capital program is comprised of POS (including the Natural Resources Development Fund and the Critical Maintenance Program), the Rural Legacy Program, Ocean City Beach Maintenance, the Waterway Improvement Program (WIP), the Community Parks and Playgrounds Program, the Oyster Restoration Program, and the Coastal Resiliency Program (CRP).

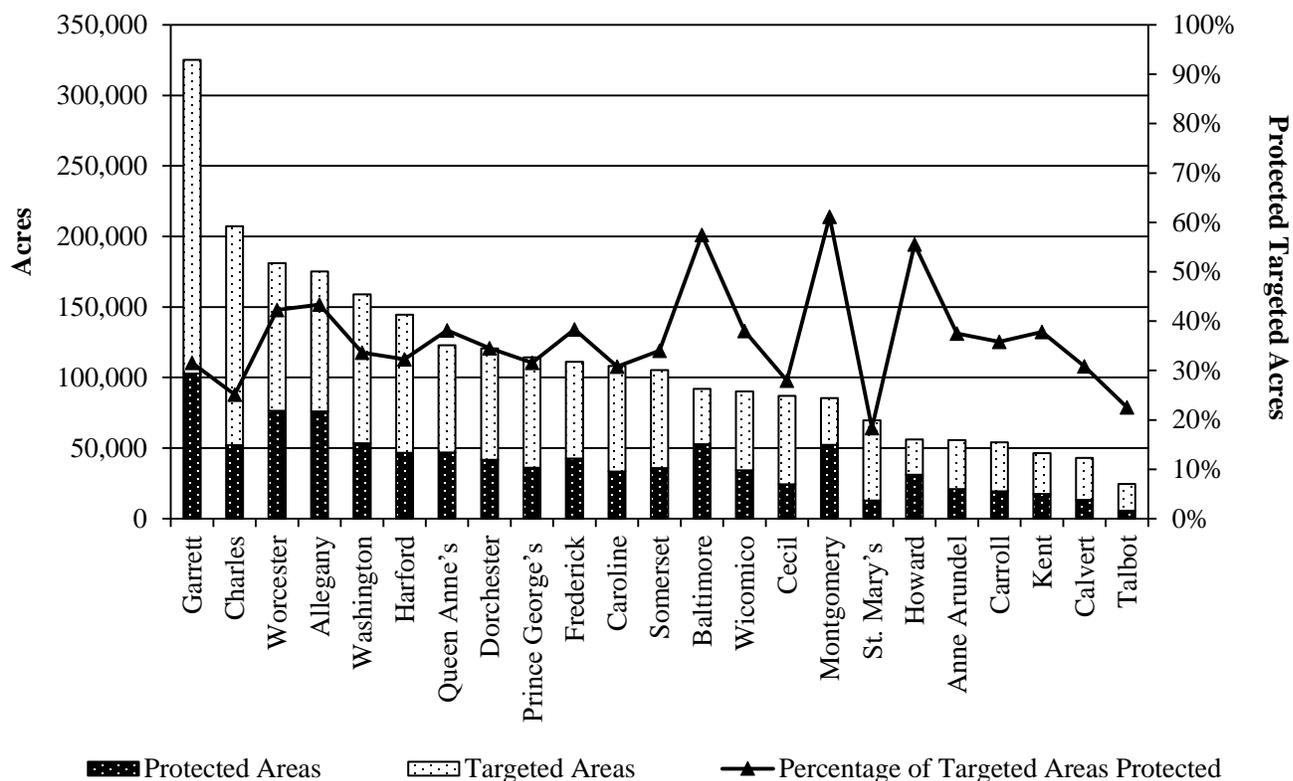
Performance Measures and Outputs

DNR uses a two-step process for targeting and ranking land conservation, which is summarized in GreenPrint, the online geographic information system tracking program for preserved land and targeted ecological areas and is available for local governments to use in their planning and zoning work.

- Ecological screen to select areas with the highest ranking for green infrastructure, species diversity, water quality, and properties with restoration opportunities within hubs and corridors.
- Parcel screen to assess ecological value based primarily on consistency with local land use and vulnerability to additional development.

Maryland’s targeted ecological areas total 2,578,651 acres, the same as last year. To date, 927,748 acres have been protected, up from 919,425 acres at this time last year, leaving 1,650,903 acres still to be protected. As shown in **Exhibit 1**, Garrett (325,208 acres), Charles (207,129 acres), and Worcester (181,008 acres) counties continue to be the top three counties in terms of targeted ecological areas. The three counties with the highest percentage of targeted ecological areas protected are Montgomery (61%), Baltimore (57%), and Howard counties (56%).

Exhibit 1
Protected and Targeted Ecological Areas
February 2020

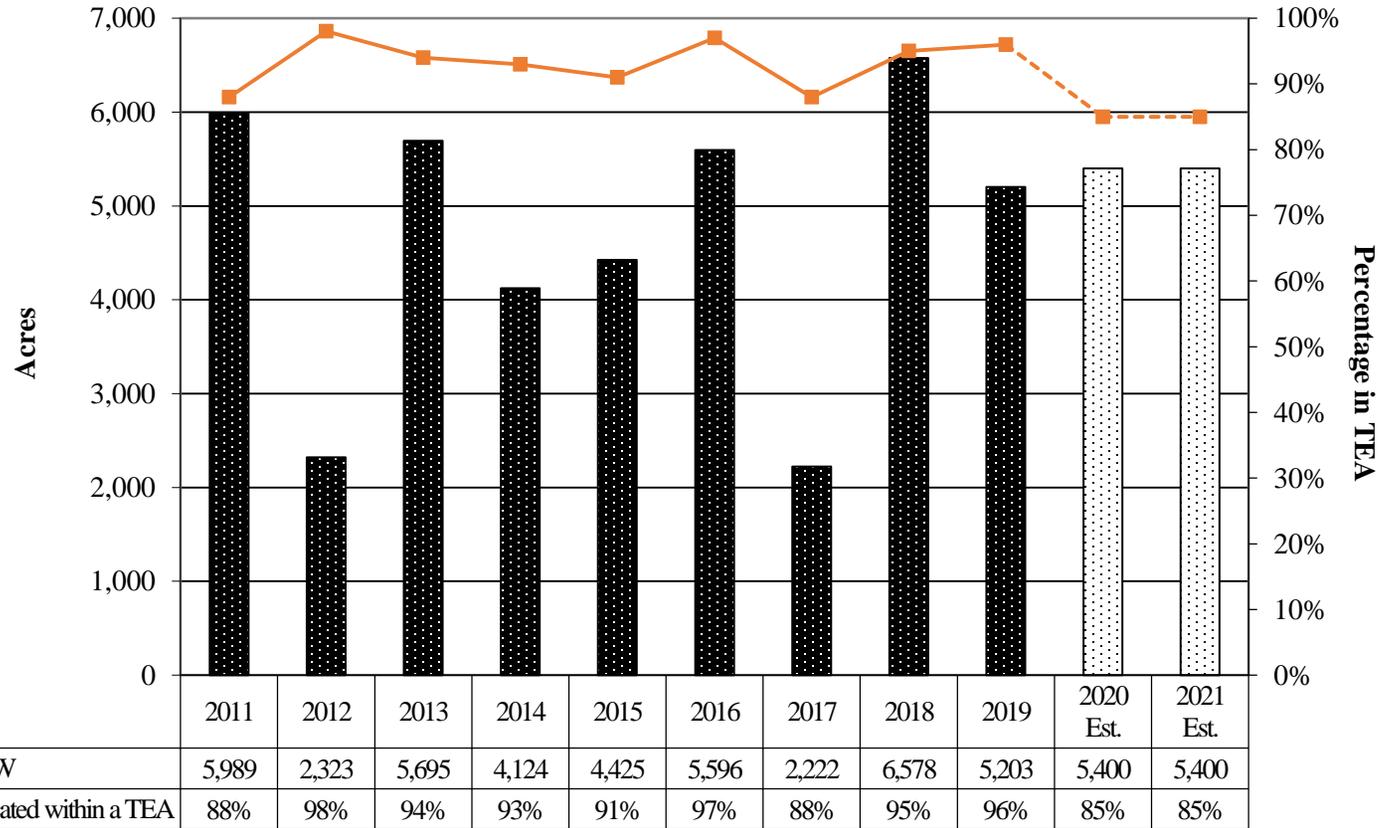


Note: The acres shown as protected within targeted ecological areas include total acres protected by all State, local, and federal programs as well as by nonprofit organizations.

Source: Department of Natural Resources

As illustrated in **Exhibit 2**, there was a decrease in POS (State and local) acquisition acres approved by BPW between fiscal 2018 (6,578 acres) and 2019 (5,203 acres).

Exhibit 2
POS Acquisition Acres Approved by BPW
Fiscal 2011-2021 Est.



BPW: Board of Public Works
 POS: Program Open Space
 TEA: Targeted Ecological Area

Note: The fiscal 2013 acreage includes 2,352 acres donated to POS by the Conservation Fund. The acres approved by BPW reflect both POS State and POS local funding, while the percentage of acres located within a TEA only reflects POS State funding.

Source: Governor’s Fiscal 2021 Budget Books

DNR projects a moderate increase between fiscal 2019 and 2020 in the number of POS acquisition acres approved by BPW relative to the more recent historical number of acres. DNR has a measure that reflects the percentage of acres funded by State POS that are located within a targeted ecological area. The highest percentage shown is 98% in fiscal 2012 and was 96% in fiscal 2019.

POS funding expanded the number of State parks acreage available to the public in fiscal 2020. Through February 5, 2020, 251.67 acres have been added, as shown in **Exhibit 3**. The greatest number of acres added to a single park is 187.7 acres added to Rosaryville State Park in Prince George’s County.

Exhibit 3
Maryland State Parks Acreage Increase from Program Open Space Acquisitions
July 1, 2019, through February 5, 2020

<u>County</u>	<u>BPW Date</u>	<u>Area</u>	<u>Managing Unit</u>	<u>Acres</u>
Washington	7/24/2019	South Mountain State Park	Parks	35.80
Frederick	9/8/2019	South Mountain State Battlefield	Parks	5.70
Garrett	9/8/2019	Youghiogeny Wild River NEA	Parks	3.00
Baltimore	10/30/2019	Gunpowder Falls State Park	Parks	2.50
St. Mary’s	10/30/2019	Point Lookout State Park	Parks	3.97
Washington	11/20/2019	South Mountain State Park	Parks	13.00
Prince George’s	1/29/2020	Rosaryville State Park	Parks	187.70
Total				251.67

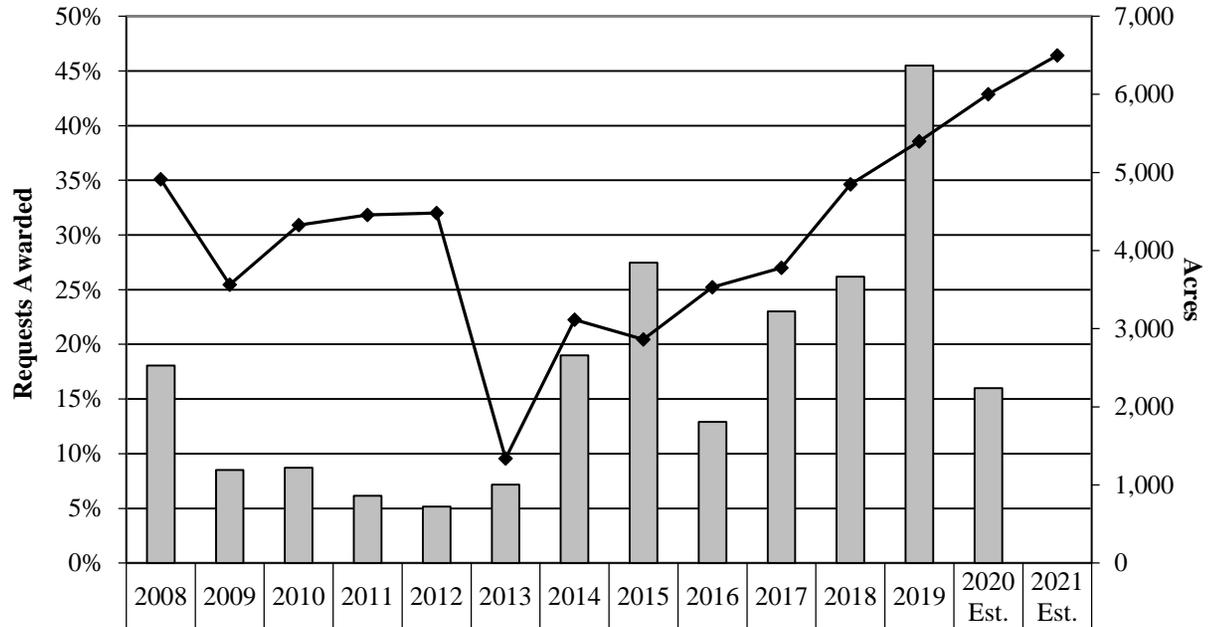
BPW: Board of Public Works
 NEA: Natural Environment Area

Source: Department of Natural Resources

Rural Legacy Program

Exhibit 4 shows that the number of approved Rural Legacy Program easement and fee simple acres increased 11% from 4,850 acres in fiscal 2018 to 5,400 acres in fiscal 2019, which roughly corresponds with the increase in funding between the two years. As of November 12, 2019, the Rural Legacy Program accounts for 103,043 acres toward the calendar 2022 1,030,000-acre preservation goal set in Senate Joint Resolution 10 of 2002.

Exhibit 4
Rural Legacy Easement and Fee Simple Acres and Percent of Requests Awarded
Approved by the Board of Public Works
Fiscal 2008-2021 Est.



■ Percent of Requests Awarded	18%	8%	9%	6%	5%	7%	19%	27%	13%	23%	26%	45%	16%	
◆ Rural Legacy Acres Approved by the Board of Public Works	4,915	3,563	4,325	4,455	4,480	1,340	3,114	2,862	3,533	3,778	4,850	5,400	6,000	6,500

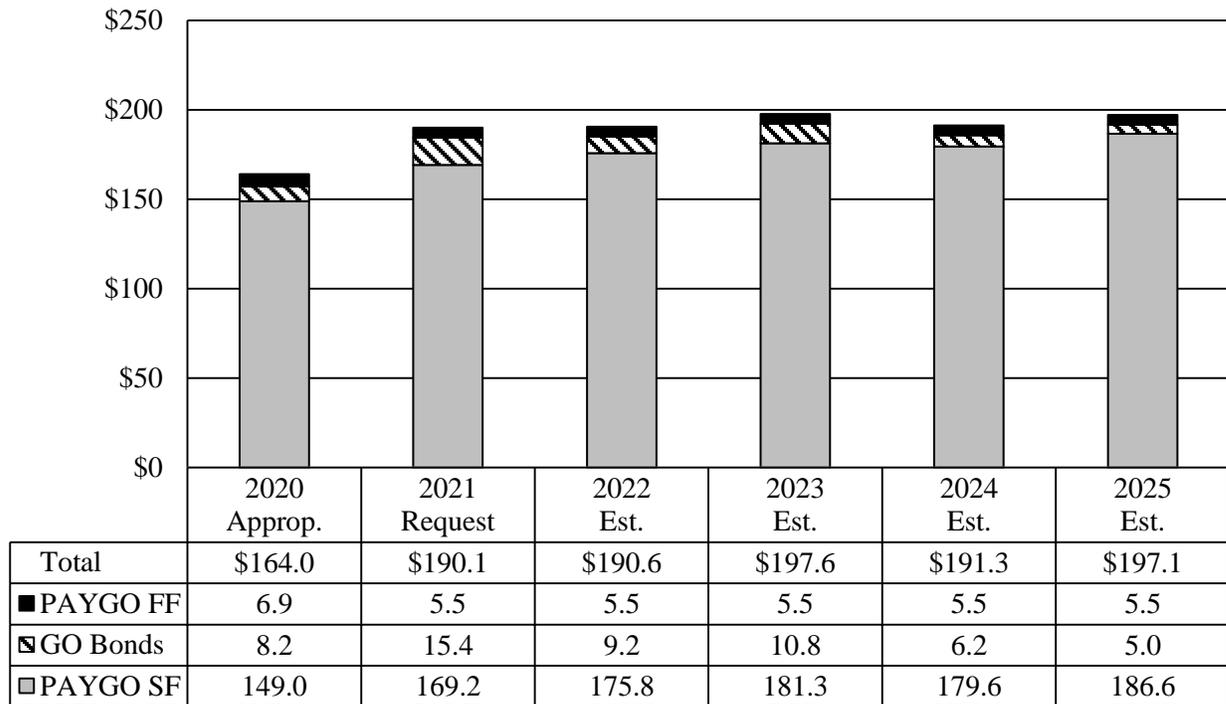
Source: Governor's Fiscal 2007-2021 Budget Books

Budget Overview

Fiscal 2021 Budget

The fiscal 2021 allowance includes \$169.2 million in special funds, \$5.5 million in federal funds, and \$15.4 million in general obligation (GO) bonds, for a total of \$190.1 million. **Exhibit 5** shows the revised transfer tax revenues and repayments of the fiscal 2006 and 2016 to 2018 transfers to the General Fund in fiscal 2021 through 2025. The transfer tax special fund change between fiscal 2020 and 2021 reflects the inclusion of the transfer tax repayment in fiscal 2021 but not in fiscal 2020 because the money was not released from the DPA. The transfer tax special fund change between fiscal 2020 and 2021 also reflects the underattainment due to fiscal 2019 actual revenues being less than the estimated amount, which reduces the available funding for fiscal 2021. Overall, funding decreases after fiscal 2023 because of the reduction in the amount of the transfer tax repayment.

Exhibit 5
Department of Natural Resources Capital Programs Funding
Fiscal 2020-2025 Est.
(\$ in Millions)



FF: federal funds
 GO: general obligation
 PAYGO: pay-as-you-go
 SF: special funds

Note: The fiscal 2021 through 2025 special fund figures include the repayment of transfer tax revenues diverted to the General Fund in prior years as required by Chapter 10 of 2016 and reflect a revised repayment plan as set forth in the 2020 *Capital Improvement Program*. A portion of the Natural Resources Development Fund funding reflected in the exhibit will be used for water and wastewater projects on DNR lands by the Maryland Environmental Service.

Source: Department of Budget and Management

Fiscal 2021 Transfer Tax Repayment Plan Revised

Chapter 10 requires the repayment of \$242.2 million in past redirected transfer tax funds by fiscal 2029. The plan provides for the use of general funds, which are budgeted in the DPA, as a source of repayment to be expended as special funds in the budget. The established repayment schedule was changed in the BRFA of 2018 and is proposed to be altered again in the BRFA of 2020.

Exhibit 6 illustrates the intended repayment plan as established in the 2017 CIP compared to the revised repayment plan set forth in the 2020 CIP based on the BRFA of 2020 as introduced. While the total repayment amount would remain unchanged, the proposed amendments continue the trend of deferring repayments to future budgets. For instance, the original repayment schedule would have resulted in \$80.8 million having been repaid through fiscal 2020 instead of the \$13.5 million that results from changes made to the repayment schedule in the BRFA of 2018 and proposed in the BRFA of 2020, including the Governor’s decision to revert \$43.9 million appropriated by the legislature in the DPA for fiscal 2020. Rather than releasing the fiscal 2020 funds, the BRFA of 2020 would transfer these funds to the General Fund by the end of fiscal 2021 and amend the repayment schedule as follows.

- ***Payback for Fiscal 2006 Transfer Tax to Be Distributed through the Transfer Tax Formula:*** The revised plan would replace the \$12.5 million from fiscal 2020 in 2023, extending the repayment by one year.
- ***Payback for Fiscal 2006 Transfer Tax for Critical Maintenance/Natural Resources Development Fund:*** The revised plan would replace the \$6 million from fiscal 2020 with an additional \$2 million in fiscal 2025 (increasing the planned amount from \$4 million to \$6 million), with the remaining \$4 million programmed for fiscal 2025 extending the repayment by one year.
- ***Payback for Fiscal 2016 to 2018 Transfer Tax to Be Distributed through the Transfer Tax Formula:*** The revised plan would replace the \$25.4 million on or before fiscal 2030. While the Governor has discretion to budget this over multiple years, the allocation plan as set forth in the 2020 CIP reflects the entire repayment in fiscal 2030.

Exhibit 6
Transfer Tax Replacement Plan
Comparison of 2017 and 2020 Session Repayment Plan
Fiscal 2018-2030
(\$ in Millions)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>Total</u>
2017 CIP														
MARBIDCO (Fiscal 2006 Transfer)	\$2.5	\$2.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5.0
POS (Fiscal 2006 Transfer)	0.0	15.0	15.0	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	45.0
Park Development (Fiscal 2006 Transfer)	0.0	6.0	6.0	6.0	6.0	6.0	6.0	4.0	0.0	0.0	0.0	0.0	0.0	40.0
POS (Fiscal 2016 to 2018 Transfers)	0.0	16.9	16.9	16.9	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	0.0	152.1
Total	\$2.5	\$40.4	\$37.9	\$37.9	\$18.7	\$18.7	\$18.7	\$16.7	\$12.7	\$12.7	\$12.7	\$12.7	\$0.0	\$242.1
2020 CIP														
MARBIDCO (Fiscal 2006 Transfer)	\$2.5	\$2.5	\$2.5	\$2.5	\$2.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$12.5
POS (Fiscal 2006 Transfer)	0.0	0.0	0.0	12.5	12.5	12.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.5
Park Development (Fiscal 2006 Transfer)	0.0	6.0	0.0	6.0	6.0	6.0	6.0	6.0	4.0	0.0	0.0	0.0	0.0	40.0
POS (Fiscal 2016 to 2018 Transfers)	0.0	0.0	0.0	25.4	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	25.4	152.2
Total	\$2.5	\$8.5	\$2.5	\$46.4	\$33.7	\$31.2	\$18.7	\$18.7	\$16.7	\$12.7	\$12.7	\$12.7	\$25.4	\$242.2

CIP: Capital Improvement Plan

MARBIDCO: Maryland Agricultural and Resource-Based Industry Development Corporation

POS: Program Open Space

Note: The amounts to capital programs do not include MARBIDCO allocation or estimated allocation to State Park Service operations.

Source: Department of Budget and Management

Exhibit 7 shows the fiscal 2020 allocation of funds for the capital programs impacted by the transfer tax replacement plan. The final appropriation column reflects the fiscal 2020 \$1.4 million general fund deficiency appropriation in the Governor’s fiscal 2021 allowance.

Exhibit 7
Status of Fiscal 2020 Transfer Tax Repayment
(\$ in Millions)

	<u>Allowance</u>	<u>Legislative Appropriation</u>	<u>Final Appropriation</u>
DNR – Forest and Park Service	\$5.500	\$4.000	\$1.400
DNR – Engineering and Construction	0.191	0.191	0.000
DNR – Land Acquisition and Planning			
Program Open Space – State Share	11.446	0.000	0.000
Program Open Space – Local Share	8.536	8.536	0.000
Rural Legacy Program	1.893	6.893	0.000
Natural Resources Development Fund	3.000	3.625	0.000
Historic St. Mary’s City Commission Facilities Renewal	0.000	1.000	0.000
Jefferson Patterson Park and Museum – Patterson Center Renovations	0.000	3.875	0.000
Critical Maintenance Program	6.841	9.286	0.000
MDA – Agricultural Land Preservation			
Maryland Agricultural Land Preservation Foundation	6.455	5.456	0.000
Southern Maryland Agricultural Land Preservation	0.000	0.999	0.000
Total	\$43.861	\$43.861	\$1.400

DNR: Department of Natural Resources
MDA: Maryland Department of Agriculture

Note: The Budget Reconciliation and Financing Act of 2020 includes a provision that transfers the entire \$43.861 million to the General Fund by June 30, 2021. The \$1.4 million reflected in the final appropriation for the DNR – Forest and Park Service reflects a proposed fiscal 2020 deficiency appropriation.

Source: Department of Budget and Management; Department of Legislative Services

Exhibit 8 shows the difference between the fiscal 2020 and 2021 revenues and expenditures for the transfer tax. Without the repayment, there is an overall \$17.0 million decrease in the revenue available as a result of the revenue underattainment in fiscal 2019, which is accounted for by reducing the amount of revenue available in fiscal 2021. With the repayment, there is an overall increase of \$26.8 million in the revenue available between fiscal 2020 and 2021.

Exhibit 8
Transfer Tax Funding Comparison
Fiscal 2020-2021
(\$ in Millions)

	2020 Without <u>Repayment</u>	2021 Without <u>Repayment</u>	2020-2021 <u>Difference</u>	2021 With <u>Repayment</u>	2021 <u>Repayment</u>
Revenues					
Revenue Estimate	\$220.5	\$220.9	\$0.3	\$220.9	\$0.0
Overattainment	3.1	-14.3	-17.4	-14.3	0.0
Transfer to General Fund	0.0	0.0	0.0	0.0	0.0
Repayment – Fiscal 2006 Transfer – Critical Maintenance/Natural Resources Development Fund	0.0	0.0	0.0	6.0	6.0
Repayment – Fiscal 2006 Transfer – Distributed through Formula	0.0	0.0	0.0	37.9	37.9
Total Revenue	\$223.7	\$206.6	-\$17.0	\$250.5	\$43.9
Expenditures					
Administrative Expenses	\$6.6	\$6.6	\$0.0	\$6.6	\$0.0
Debt Service	6.9	6.9	0.0	6.9	0.0
Heritage Areas Authority	6.0	6.0	0.0	6.0	0.0
Forest and Park Service	33.2	30.7	-2.6	36.3	5.7
DNR – Land Acquisition and Planning					
Program Open Space – State Share	47.1	41.9	-5.2	53.4	11.4
Program Open Space – Local Share	48.0	44.2	-3.8	52.7	8.5
Rural Legacy Program	18.9	18.0	-0.9	19.9	1.9
Natural Resources Development Fund	9.2	9.0	-0.2	12.3	3.3
Critical Maintenance Program	4.2	4.0	-0.2	8.7	4.7
Ocean City Beach Maintenance	1.0	1.0	0.0	1.0	0.0
Maryland Environmental Service	6.1	4.7	-1.3	6.6	1.9
Maryland Department of Agriculture – Maryland Agricultural Land Preservation Foundation	36.5	33.6	-2.9	40.1	6.5
Total Expenditures	\$223.7	\$206.6	-\$17.0	\$250.5	\$43.9

DNR: Department of Natural Resources

Source: Department of Budget and Management; Department of Legislative Services

Program Highlights

The changes in funding for fiscal 2021 are reflected in **Exhibit 9**.

Exhibit 9
Department of Natural Resources Capital Budget Changes
Fiscal 2020-2021
(\$ in Millions)

<u>Program</u>	<u>2020</u>	<u>2021</u>	<u>Difference</u>
POS – Land Acquisition and Local Program	\$98.2	\$109.3	\$11.1
Oyster Restoration Program	2.6	8.7	6.1
POS – Critical Maintenance	4.2	8.7	4.5
POS – Natural Resources Development Fund	16.6	18.9	2.3
Coastal Resiliency Program	3.1	4.2	1.1
Rural Legacy Program	18.9	19.9	1.0
Waterway Improvement Program	16.0	16.0	0.0
Ocean City Beach Maintenance	2.0	2.0	0.0
Community Parks and Playgrounds	2.5	2.5	0.0
Total	\$164.0	\$190.1	\$26.1

POS: Program Open Space

Note: The fiscal 2021 through 2024 special fund figures include the repayment of transfer tax revenues diverted to the General Fund in prior years as required by Chapter 10 of 2016 and reflect a revised repayment plan as set forth in the 2020 *Capital Improvement Program*.

Source: Department of Legislative Services

State and Local POS

The fiscal 2021 allowance includes \$20.0 million in general funds budgeted in the DPA, \$86.3 million in special funds, and \$3.0 million in federal funds, which can be used for either State or local POS purposes.

State POS is funded with \$11.4 million in general funds and \$42.1 million in special funds. The State share of POS land acquisition would conserve approximately 13,000 acres. Additional components of the State POS program include:

- \$151,181 in Advance Option and Purchase Fund funding that will be used for State land acquisition. This funding reflects the revenue from four State real property disposals as authorized in State Finance and Procurement Article Sections 5-310 and 10-305: \$120,000 for transferring

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6.4 acres to the U.S. Department of the Army in Washington County; \$26,081 for transferring 0.27 acres to Baltimore County; \$3,700 for an easement over a portion of Savage River State Forest in Garrett County; and \$1,400 for a utility easement granted over a portion of the Chesapeake Forest Lands in Somerset County.

- \$1,842,000 to enhance public access to existing recreational and open space sites as authorized by Natural Resources Article Section 5-903(f)(3). The two particular projects funded are Greenbrier State Park Entry Gate Fee Station Improvements (\$1,342,000) and a portion of Smallwood State Park – Campground Improvements (\$500,000).
- \$6.0 million for the Baltimore City Direct Grant comprised of a \$1.5 million base amount and \$4.5 million in additional funding mandated by Chapter 10. None of the funding is earmarked for specific projects. The status of prior year Baltimore City Direct Grant funding is reflected in an update in this analysis.

The local POS program receives \$8.5 million in general funds and \$44.2 million in special funds. The local POS distribution is shown in **Appendix 2**.

Oyster Restoration Program

The fiscal 2021 allowance includes \$8,730,000 in GO bond authorization for the Oyster Restoration Program. This is \$6.1 million more than the fiscal 2020 appropriation but is equal to the amount programmed for fiscal 2021 in the 2019 CIP. The fiscal 2021 funding would provide for the following (no funding is provided for the fourth year in a row for Maryland Agricultural and Resource-Based Industry Development Corporation aquaculture loans):

- ***Manokin River (Fifth Restoration Sanctuary)***: \$7,143,000 for construction of 65 acres of reef;
- ***Upper St. Mary's River (Fourth Restoration Sanctuary)***: \$194,000 for oyster seeding of 9.7 acres of reef;
- ***Little Choptank River (Second Restoration Sanctuary) and Tred Avon River (Third Restoration Sanctuary)***: \$1,123,000 for second year class oyster seeding of 140 acres;
- ***Other Sanctuaries***: \$25,000 for oyster seed plantings of other sanctuaries, such as the Nanticoke River Sanctuary in Wicomico County and in sanctuaries located in the Magothy, Severn, and South Rivers in Anne Arundel County; and
- ***Marylanders Grow Oysters Program***: \$20,000 for Marylanders to grow oysters in cages for nine months at their piers that are then planted on existing oyster bars with natural oyster substrate.

The current status of reef construction and oyster seeding for the five sanctuaries that are to be completed by 2025 is shown in **Exhibit 10**. DNR notes that \$360,863 is still to be expended from before fiscal 2016.

Exhibit 10
Status of Reef Construction and Oyster Seeding Acres
January 2020

<u>Tributary</u>	<u>Completed</u>	<u>Planned</u>	<u>Percent Complete</u>
Harris Creek	348	348	100%
Little Choptank River	351	358	98%
Tred Avon River	84	130	65%
Upper St Mary’s River	35	60	58%
Manokin River	0	441	n/a
Total	818	1,337	61%

Note: The Harris Creek acreage has changed from 351 acres to 348 acres. The Manokin River reef construction and oyster seeding will begin once a restoration blueprint has been completed.

Source: Department of Natural Resources

The 2020 CIP programs an increase of \$2,684,000 in fiscal 2024 compared to what was programmed in the 2019 CIP. The increase reflects additional funding needed for the Manokin River Sanctuary relative to the previously chosen Breton Bay Sanctuary. The ground-truthing surveys for the Breton Bay Sanctuary reflected poor results, and the Manokin River officially was chosen as the fifth large-scale tributary in June 2019. The target restoration acreage for the Manokin River Sanctuary is 441 acres, but the number of constructed reefs acres has not been determined yet as the restoration blueprint is still being completed. The reef substrate for the Manokin River Sanctuary also has not been determined as it awaits the completion of the restoration blueprint by an interagency team with input from the Oyster Advisory Commission and the public. Possible sources of oyster shell include buried shell on Man-O-War Shoal, Shad Battery Shoal, Worton Point, and Plum Point. DNR has been granted a provisional permit to dredge the Man-O-War Shoal by the U.S. Army Corps of Engineers but has not yet sought BPW approval for the permit. Applications for the other sources of buried shell have not been submitted since they are in the striped bass spawning reach.

POS – Critical Maintenance Program

There is \$8.7 million in the fiscal 2021 allowance for the Critical Maintenance Program comprised of \$4.7 million in general funds budgeted in the DPA and \$4.0 million in special funds. The fiscal 2021 funding level is \$4.5 million more than the fiscal 2020 working appropriation and \$1.7 million more than the amount programmed in the 2019 CIP. As noted in the program description

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in Appendix 1, the critical maintenance project backlog has decreased from \$52.6 million and 634 projects in February 2019 to \$44.8 million and 409 projects in February 2020.

The fiscal 2021 budget includes funding for 70 projects in 17 counties and Baltimore City. The funding provides for the construction of the following selected large projects: Elk Neck State Park – Renovate 3 Shower Buildings, Elk, Choptank, and Wye (\$1,496,177); Assateague State Park – Renovate Day Use Bathhouse (\$650,000); Morgan Run Natural Environment Area – Replace Bridge and Repair Roadbed Overlay (\$450,000); Rocky Gap State Park – Resurface Campground Road (\$350,000); Rocks State Park – Parking Lot/Driveway Resurfacing – Rock Ridge Area (\$350,000); Assateague State Park – Renovate Headquarters Building (\$300,000); and Sandy Point State Park – East Beach Shoreline Repairs to Revetment (\$250,000).

POS – Natural Resources Development Fund

The Natural Resources Development Fund receives a total of \$18.9 million comprised of \$5.2 million in general funds budgeted in the DPA and \$13.7 million in special funds through the distribution of transfer tax revenues. This is a \$2.3 million increase over the fiscal 2020 appropriation and \$3.4 million less than what was programmed for fiscal 2021 in the 2019 CIP. However, there is \$1,842,000 in POS Stateside Access Funds that is being used for two Natural Resources Development Fund projects in fiscal 2021 and, thus, the fiscal 2021 total funding is \$20.7 million.

Selected fiscal 2021 projects are as follows: Albert Powell Fish Hatchery Improvements (\$7,993,000); State Park Water and Sewer Infrastructure Improvement Fund (\$6,604,000); Statewide Dam Assessments and Rehabilitation (\$500,000); and Statewide Bridge Inspection and Improvement Projects (\$500,000). The State Park Water and Sewer Improvements Fund funding is for water and wastewater treatment plant projects in State parks managed by MES.

Funding for the Statewide Dam Assessment and Rehabilitation and Statewide Bridge Inspection and Improvement Projects addresses critical infrastructure and safety needs. DNR intends to inspect six dams and estimates that it will need a minimum of \$1.0 million a year to provide the necessary repairs to its dam infrastructure. DNR will also reinspect 37 bridges on the Torey C. Brown Trail using \$185,000 in State Highway Administration funding that a previous inspection indicated needed repairs costing \$3.2 million.

CRP

The fiscal 2021 capital budget provides \$4,160,000 in GO bonds for the CRP. This reflects a \$1,075,000 increase relative to the fiscal 2020 working appropriation and a \$650,000 decrease relative to the amount programmed in the 2019 CIP. Funding for this program was initiated in fiscal 2018; funding was originally scheduled to end in fiscal 2022 but has since been extended to fiscal 2023 in the 2020 CIP. The program funds the construction of shoreline improvements for five projects in three jurisdictions.

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The design schedule for projects scheduled for construction funding in fiscal 2021 appears to have slipped by a couple of months. The status of fiscal 2021 projects is as follows:

- ***St. Mary’s Church – Shoreline Enhancements (\$1,080,000)***: The project was expected to complete design in December 2019, but it is still in design with the completed design presented to the property owner in January 2020, and the expectation is that the project will be presented to the St. Mary’s Church Council and community members in March 2020, followed by final design modifications and permit submission;
- ***West River – Shoreline and Stormwater Enhancements (\$880,000)***: The project was expected to complete design in October 2019, but it is still in the permit phase;
- ***Oxford – Shoreline and Stormwater Enhancements (\$1,000,000)***: The project was expected to complete design in December 2019, but it is still in the design phase with the design presented to the town commissioners in September 2019. A preapplication meeting with regulators is anticipated in February 2020, with presentation to the town commissioners in March 2020 and submission for permits shortly after;
- ***Selsey Road – Shoreline Enhancements (\$100,000)***: The project was expected to complete design in August 2019, but it is still in design with permits to be submitted in March 2020; and
- ***Tizzard Island – Shoreline Enhancements (\$1,100,000)***: The project was anticipated to complete design in March 2020, and it appears to be on schedule with the Tizzard Island Resiliency Plan completed in November 2019, partners awaiting survey results prior to completing the design, and a preapplication meeting with regulators and permit submission scheduled for March 2020.

Rural Legacy Program

The Rural Legacy Program receives \$19.9 million in fiscal 2021 comprised of \$1.9 million in general funds budgeted in the DPA and \$18.0 million in special funds. The fiscal 2021 appropriation does not include the \$5.0 million in GO bonds that are mandated under Section 5-9A-09 of the Natural Resources Article. The Administration’s position is that the additional funding derived from the repayment provisions of Chapter 10 satisfy the requirement. The Department of Legislative Services obtained advice of counsel that concludes that the General Assembly’s authority to mandate appropriations applies only to the operating budget; therefore, the mandate should be viewed as an expression of legislative intent only. The statute could be amended in the BRFA to make it apply to general funds or GO bonds, which would make the mandate constitutional. Alternatively, the statute could be eliminated as part of the fiscal 2021 capital budget bill so there is no longer any confusion about the mandate.

The Rural Legacy Program funding increases by \$1.0 million relative to the fiscal 2020 working appropriation but is \$5.9 million less than the \$25.8 million in the 2019 CIP primarily due to the absence of the \$5.0 million GO bond authorization. The fiscal 2021 cost per acre is estimated to be \$3,500,

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which would allow for the preservation of approximately 5,710 acres. DNR notes that it reached a milestone of 100,000 acres protected in fiscal 2019, and that on January 8, 2020, BPW approved the expansion of six Rural Legacy Areas as follows: Agricultural Security Corridor split into three separate areas and expanded by a combined 128,629 acres; Dividing Creek was expanded by 27,877 acres; Foreman Branch was expanded by 1,095 acres; Huntersville was expanded by 5,956 acres; Mid-Maryland Montgomery was expanded by 8,462 acres; and Mountain Ridge was expanded by 20 acres.

WIP

WIP's fiscal 2021 allowance includes \$13.5 million in special funds and \$2.5 million in federal funds. This reflects level funding with both the fiscal 2020 working appropriation and the amount programmed in the 2019 CIP for fiscal 2021. The fiscal 2021 allowance provides for 40 standalone projects and 4 statewide projects.

Several of the larger projects funded in fiscal 2021 are as follows: J.M. Tawes Ice Breaking Buoy Tender Vessel Replacement (\$2,000,000); Martinak State Park – Bulkhead and Dock Replacement at Boat Ramp (\$2,000,000); Somers Cove Marina – Marina Improvements (\$2,000,000); and Mariner Point Park – Dredged Material Placement Site Remediation and Construction (\$1,200,000). The J.M. Tawes Ice Breaking Buoy Tender replacement project receives fifth-year funding in fiscal 2021; the total funding accumulated so far is \$9,000,000, and the estimated price is \$9,875,000 with final design plans anticipated in April 2020.

There are 62 deep channels in Maryland for commercial shipping that are maintained by the U.S. Army Corps of Engineers. In addition, there are approximately 222 private channels used by the general boating public. DNR last surveyed the private channels in 2014 to determine the status of each channel and repeated the survey in fiscal 2019 in order to plan for the future channel dredging needs. For this survey, DNR conducted 57 surveys requested by local, State, and federal entities in order to determine approximate dredge material volumes in order to estimate dredging project costs; to determine shoaling area where the public indicates they are running aground; and to perform post-dredge surveys to verify that dredging contractors have completed jobs per specifications within contract prior to reimbursement. The updated survey information is shown in **Exhibit 11**. DNR monitors channels that are frequently shoaled or when concerns are raised by locals. WIP funding for dredging decreased from \$6,012,000 in fiscal 2020 to \$2,232,603 in fiscal 2021. The large amount of funding provided in fiscal 2020 for particular dredging projects allowed DNR to reduce the funding for Statewide – Emergency Dredging and Navigation Needs from \$1,241,000 in fiscal 2020 to \$175,603 in fiscal 2021.

Exhibit 11
Navigation Channel Status
January 2020

	<u>Open</u>	<u>Open Restricted</u>	<u>Restricted</u>	<u>Unknown</u>
Historically Dredged WIF Channels (222)	105	43	31	43
USACE Channels (62)	32	20	10	0
Total	137	63	41	43

WIF: Waterway Improvement Fund
 USACE: U.S. Army Corps of Engineers

Source: Department of Natural Resources

Ocean City Beach Maintenance

The budget provides \$2.0 million for the Ocean City Beach Maintenance program comprised of \$1.0 million from the State and \$1.0 million in special funds from Worcester County, Ocean City, and fund interest, which is counted toward the local contribution. The fiscal 2021 funding is level with both the fiscal 2020 working appropriation and the amount programmed in the 2019 CIP for fiscal 2021. Fiscal 2020 funding is being used for the Ocean City Seawall Concrete Cap Maintenance Project (\$500,000), the installation of Americans with Disabilities Act (ADA) access mats over seven dune crossover locations (\$150,000), repairing the polymer coating on the steel sheet pile in coordination with the town of Ocean City over the next two years as the town replaces the boardwalk (\$500,000 to \$750,000), the second year of the three-year annual maintenance contract with Ashton Manor Environmental, and repairing storm damage as needed. Fiscal 2021 funding will be used to continue repairing the steel sheet pile protective coating and for repairing storm damage as needed.

The most recent beach renourishment was conducted between September and December 2017 and was intended to repair the damage from the January 2016 winter storm. The next beach renourishment project is scheduled for fiscal 2022. DNR notes that the project will go out to bid in February 2021 with a contract award in July 2021 and construction starting in November 2021. The U.S. Army Corps of Engineers then will submit a funds request in October 2020 with DNR going to BPW in December 2020 for fund transfer approval. DNR’s cost is estimated to be \$9 million but is expected to be lower. The current Ocean City Beach Maintenance Fund fund balance is \$13,803,296 as of December 2019, which should be sufficient to cover DNR’s portion of the beach renourishment cost.

Community Parks and Playgrounds

The fiscal 2021 allowance includes \$2.5 million in GO bonds for the Community Parks and Playgrounds program, which is level with both the fiscal 2020 appropriation and the amount programmed in the 2019 CIP for fiscal 2021. The budget provides funding for 20 projects in

15 subdivisions. The three largest projects in the fiscal 2021 allowance are the Mary Rodman Recreation Center Playground in Baltimore City (\$255,688), Baker Park – Culler Lake Improvements in Frederick County (\$228,155), and Watkins Park Playground and Pavilion in Carroll County (\$200,782). The list of projects proposed for fiscal 2021 is supplemented with an additional \$148,592 from prior authorized funds remaining from completed or canceled projects.

Updates

1. Fair Hill Natural Resources Management Area Improvements Project

The Fair Hill Natural Resources Management Area improvements project is intended to allow for the hosting of a five-star equestrian event in calendar 2020. The project has received funding originally intended for a number of different projects over the last two years. The funding history, reflecting a total of \$8,401,207 in State funding and \$9,000,000 in appropriation to spend private donations, is as follows:

- ***Fiscal 2018:*** \$1,525,000 in special funds originally intended to construct cabin replacements and sitework at Janes Island State Park, \$4,333,207 in special funds originally intended to design and construct day use and beach improvements at New Germany State Park, and \$2,543,000 in special funds originally intended for Phase II of the project to design and construct day use improvements at Sassafras Natural Resources Management Area; and
- ***Fiscal 2019:*** \$9,000,000 in special funds reflecting the private donations anticipated for the project.

DNR notes that improvements for the Concours Complet International five-star equestrian event have been completed: turf track; timber course; parking; ponds; irrigation; and utilities. A test event will be held the weekend of April 10-12, 2020, to evaluate the cross country course. The inaugural five-star equestrian event is scheduled for October 15-18, 2020. By a letter dated February 4, 2020, MSA notified the budget committees that DNR has requested an amendment to the MOU to include the establishment and maturation of the newly installed turf and equine competition surfaces at the Fair Hill Natural Resources Management Area. DNR is considering the options for maintaining the turf and equine competition surfaces for the long term.

2. Natural Resources Development Fund and Critical Maintenance Program Capital Improvement Program

The budget committees were concerned about the impact of the inclusion of large unplanned projects on the ability of the Natural Resources Development Fund to provide for amenities at DNR facilities and the Critical Maintenance Program to reduce the project and funding backlog. Therefore, the committees requested that DNR and DBM develop a capital improvement program for both the

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Natural Resources Development Fund and the Critical Maintenance Program that is updated to conform with the statewide 2020 CIP. The department's Natural Resources Development Fund capital improvement program was requested to include project estimates of planning, construction, and equipment funding by fiscal year for all projects; project prioritizations; explanations for any changes in project scheduling or amount; and a general depreciation schedule for DNR's facilities and to be submitted with the fiscal 2021 budget submission.

The department's submitted Natural Resources Development Fund capital improvement program is reflected in the 2020 CIP. As shown in **Exhibit 12**, the general pattern is for projects to be budgeted planning funding of approximately 10% of overall project costs and then construction funding a year or two following. The largest category of project funding is for the State Water and Sewer Infrastructure Improvement Fund projects managed by MES on DNR properties, which accounts for \$44.4 million, or 42.4%, of the \$104.8 million planned in the 2020 CIP through fiscal 2025. The single largest project is the Albert Powell Fish Hatchery Improvements project, which is budgeted \$8.0 million in planning and construction funding in fiscal 2021 and accounts for 7.6% of the total funding.

Exhibit 12
Natural Resources Development Fund Program Detail
Fiscal 2021-2025
(\$ in Thousands)

<u>Region</u>	<u>Project</u>	2021		2022		2023		2024		2025	
		<u>Amount</u>	<u>Stage</u>								
Statewide	Dam Assessments and Rehabilitation	500	PC	725	PC	706	PC	512	PC	1,001	PC
	Bridge Inspection and Improvement Projects	500	PCE	643	PC	500	PC	500	PC	1,000	PC
	Playground Replacement – Systemwide					500	C			1,000	C
	State Water and Sewer Infrastructure Improvement Fund (MES)	6,604	PCE	9,684	PCE	10,230	PCE	10,831	PCE	7,078	PCE
Southern Region	Southern Maryland Multi-Purpose Center			626	P			5,603	C		
	Smallwood State Park – Campground Improvements	2,436	PC								
	Cedarville State Forest Campground and Road Improvements, New Visitors Center							300	P	3,000	C
	Rosaryville State Park Improvements, Phase I									250	P
Central Region	Elk Neck State Park – Mauldin Mountain Day Use Improvements					2,955	C				
	Patapsco Valley State Park Hollofield New Bathhouse, McKeldin Comfort Stations			3,625	C						
	North Point State Park – Waterfront Improvements			213	P			2,389	C		
	Elk Neck State Park – Day Use Beach Improvements, Concession Stand Replacement									250	P
Western Region	Rocky Gap State Park – Campground Improvements					250	P	2,000	C		
	Rocky Gap Regional Natural Resources Police Facility Improvements									300	P

<u>Region</u>	<u>Project</u>	<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024</u>		<u>2025</u>	
		<u>Amount</u>	<u>Stage</u>								
	Cunningham Falls State Park Restore Pavilion, New Concession Building					200	P			1,500	C
	Indian Springs Wildlife Management Area New Office Building and Site Improvements									250	P
	Albert Powell Fish Hatchery Improvements	7,993	PC								
	Natural Resources Police – Mount Nebo Storage Facility									250	P
Eastern Region	Shooting Range Improvements – Johnson Wildlife Management Area and Hillsboro Natural Resources Police	401	P	3,180	CE	2,120	CE				
	Assateague State Park – Campers’ Registration Building	280	P			2,709	C				
	Pocomoke State Forest, Shad Landing New Office, 2 New Bathhouses					250	P			2,500	C
	Black Walnut Point Natural Resources Management Area Shore Erosion Control					150	P			1,000	C
	Janes Island State Park – Lodge Replacement									250	P
Historic Structures	Mount Airy Mansion Improvements	186	P								
	Elk Neck State Park Rustic Cabin Renovations and Improvements			2,870	C	1,814	C				
	Susquehanna State Park – Carriage House Renovations									225	P
Total		18,900		21,566		22,384		22,135		19,854	

C: construction
 CE: construction and equipment
 MES: Maryland Environmental Service

P: planning
 PC: planning and construction
 PCE: planning, construction, and equipment

Source: Department of Budget and Management

3. Baltimore City Direct Grant Spending Status

Chapter 10 modified the amount of the State’s share of POS funding that must be allocated for direct grants to Baltimore City for park development and improvement projects. In place of the existing requirement that Baltimore City receive at least \$1.5 million in direct grants each fiscal year, the bill requires annual direct grants that have increased to \$6.0 million for fiscal 2020 and each year thereafter. In fiscal 2018, 2019, and 2020, the General Assembly has restricted the funds to particular parks. The budget committees were concerned that while Chapter 10 increased the POS Stateside allocation to the Baltimore City Direct Grant, the project selection process lacked a defined long-term plan, and project encumbrance and expenditure status was not well maintained and transparent. Therefore, the committees requested that DNR provide an annual report delineating the status of all projects funded through the program. The report was requested to be submitted by October 1, 2019, and December 31, 2019.

The submitted spreadsheet shows the status of the Baltimore City Direct Grant funding between fiscal 2015 and 2019. Of the \$23.8 million that has been authorized over the period, \$12.1 million has been reimbursed to Baltimore City, and \$11.7 million remains to be reimbursed. In terms of the \$6.0 million in fiscal 2020 funding, the allocation and status of the funding per available information is as follows:

- ***Park Purposes (\$4,735,000):*** Funding was allocated to maintenance, planning, volunteer support, and operations at the Baltimore City park system and was approved by BPW on November 20, 2019 (\$3,100,000); the design and construction of multisport athletic fields, including one artificial turf field, baseball fields, playground, basketball courts, a dog park, and pathways and connections to Middle Branch Trail system, was approved by BPW on December 4, 2019 (\$900,000); funding for projects that meet park purposes was allocated to renovate park buildings at Lillian Jones Recreation Center, Towanda Recreation Center, Cecil Kirk Recreation Center, Coldstream Recreation Center, and Dewees Recreation Center and approved by BPW on November 20, 2019 (\$735,000);
- ***Ambrose Kennedy Park (\$500,000):*** Funding to design and construct pathways, an athletic court, grading and drainage improvements, signage, and landscaping was approved by BPW on November 20, 2019;
- ***Garrett Park (\$250,000):*** Funding to design and construct walkways, a multipurpose court, fencing, fitness equipment with surfacing, and associated stormwater management was approved by BPW on December 4, 2019;
- ***Racheal Wilson Memorial Park (\$150,000):*** Funding to design and develop a new park with a playground to honor Racheal Wilson, the first woman fire fighter to be killed in the line of duty in Baltimore City, was approved by BPW on December 4, 2019;
- ***Cylburn Arboretum Carriage House and Nature Museum (\$250,000):*** Funding to design, renovate, and expand indoor and outdoor areas of Cylburn Arboretum carriage house to serve

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as an educational programming space and museum was approved by BPW on November 20, 2019;

- ***Warwick Park (\$50,000)***: No BPW information is available about this project;
- ***Bond Street Park (\$50,000)***: Funding to purchase and install lighting, landscaping, and playground equipment with safety surfacing consistent with National Playground Safety Standards and the ADA was approved by BPW on December 4, 2019; and
- ***Johnson Square Greenspace (\$15,000)***: Funding to provide landscape design for the Johnson Square Greenspace area was approved by BPW on December 4, 2019.

PAYGO Recommended Actions

1. Adopt the following narrative:

Natural Resources Development Fund and the Critical Maintenance Program Capital Improvement Program: The committees are concerned about the impact of the inclusion of large unplanned projects on the ability of the Natural Resources Development Fund to provide for amenities at the Department of Natural Resources’ (DNR) facilities and the Critical Maintenance Program to reduce the project and funding backlog. Therefore, the committees request that DNR and the Department of Budget and Management (DBM) continue to develop a capital improvement program for the Natural Resources Development Fund and the Critical Maintenance Program that is updated to conform with the statewide 2021 Capital Improvement Program. DNR’s capital improvement program shall include project estimates of planning, construction, and equipment funding by fiscal year for all projects; project prioritizations; explanations for any changes in project scheduling or amount; and a general depreciation schedule for DNR’s facilities. The narrative shall be submitted with the fiscal 2022 budget submission.

Information Request	Authors	Due Date
Natural Resources Development Fund and the Critical Maintenance Program capital improvement program	DNR DBM	Fiscal 2022 budget submission

2. Concur with Governor’s allowance of \$1,000,000 in special funds for the Ocean City Beach Maintenance local funds.
3. Concur with Governor’s allowance of \$13,500,000 in special funds and \$2,500,000 in federal funds for the Waterway Improvement Program.

GO Bond Recommended Actions

1. Approve the \$2,500,000 general obligation bond authorization for the Community Parks and Playgrounds Program for grants to local governments to design and construct capital-eligible park and playground improvement projects.
2. Approve the \$4,160,000 general obligation bond authorization for the Coastal Resiliency Program for the acquisition, design, and construction of shoreline restoration and other projects to protect coastal infrastructure and for post-implementation monitoring and adaptive management.
3. Approve the \$8,730,000 general obligation bond authorization for the Oyster Restoration Program to design and construct oyster habitat restoration projects.

Appendix 1 Program Descriptions

- ***Program Open Space – Land Acquisition and Local Program:*** 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 the provision of recreation facilities before land is devoted to other purposes. The POS appropriation has historically been split between the State and local governments. 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 and operation. In addition, POS funds are allocated to capital improvements and critical maintenance, which are described as separate programs. Local recreation and park 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. POS administers the Heritage Conservation Fund, which is used to acquire land that provides habitat for rare, threatened, and endangered species through an easement or fee simple purchase and supported by 1.8% of the annual transfer tax revenue.
- ***POS – Natural Resources Development Fund:*** State law allows up to 25.0% of the POS funds allocated to the State to be used for capital development projects and for operating expenses at State forests and parks. The Natural Resources Development Fund provides support to design and construct development projects on Department of Natural Resources (DNR) property. Capital development projects include shower buildings, building renovations, road parking and trail improvements, and general park improvements. In addition, the Natural Resources Development Fund has taken on the funding for dam rehabilitations.
- ***POS – Critical Maintenance Program:*** DNR maintains over 1,900 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. Based on project requests submitted by DNR facility managers during the past year, there is a \$44.8 million (409 projects) backlog in necessary critical maintenance projects at all DNR facilities – State forests and parks, wildlife management areas, fisheries facilities, and others – which is a decrease in both the overall cost and the number of projects since February 2019 (\$52.6 million and 634 projects). DNR and the Department of General Services (DGS) both manage critical maintenance projects. DNR handles procurement for projects that cost \$100,000 or less (the majority of projects), and DGS handles procurement for projects that cost more than \$100,000.
- ***Rural Legacy Program:*** 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 based on Rural Legacy Areas recommended by the Rural Legacy Board

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(composed of the Secretary of Natural Resources, the Secretary of Planning, and the Secretary of Agriculture) and approved by the Board of Public Works.

- ***Ocean City Beach Maintenance:*** 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 \$1.0 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 POS or general obligation bonds are used to fund the State's contribution to this effort. Upon reaching a \$15.0 million cap in the fund, no funding is required to be provided by the State or local governments. Nourishment of the Ocean City beach is usually done on a four-year cycle. The U.S. Army Corps of Engineers is responsible for developing estimates, plans, and managing construction contracts for the periodic nourishment efforts, and costs are usually shared: 53.0% federal; and 47.0% State, Worcester County, and Ocean City.
- ***Waterway Improvement Program:*** The Waterway Improvement Program finances projects to expand and improve public boating access throughout the State. The 5.0% excise tax paid on the sale of motorized vessels within the State, up to \$15,000 per vessel in fiscal 2016 with an annual \$100 escalator, and 0.5% of the motor vehicle fuel tax support the fund, per Chapter 180 of 2013 (Natural Resources – Vessel Excise Tax – Waterway Improvement Fund) as modified by Chapters 656 and 657 of 2016 (Natural Resources – Vessel Excise Tax Cap – Amount and Repeal of Termination). Funding is provided in the form of grants and/or long-term, interest-free loans to local governments, DNR, and some federal government agencies, as follows: (1) grants (100.0%) not to exceed \$5,000; (2) grants (100.0%) less than \$100,000; (3) public navigation improvement and DNR boating facility construction grants (100.0%) of unlimited amounts; (4) matching grants with a maximum State cost share (50.0%); and (5) interest-free loans (100.0%) with a 25-year maximum. Additional funding specifications are provided for dredging/navigation projects and boating access facility and boating safety projects.
- ***Community Parks and Playgrounds Program:*** The program provides flexible grants to municipalities and Baltimore City – counties are no longer eligible – to (1) rehabilitate, expand, improve, or maintain existing parks; (2) purchase land to create new parks; (3) develop new parks; (4) purchase and install playground equipment in urban neighborhoods and rural areas throughout the State; or (5) be used for environmentally oriented parks and recreation projects. While land acquisition costs are considered, highest priority is given to capital costs associated with park and playground development and improvement.
- ***Oyster Restoration Program:*** The Oyster Restoration Program provides funding to construct and rehabilitate oyster bar habitat and provide for aquaculture infrastructure improvements. Funding is guided by Maryland's oyster plan, which includes goals to rehabilitate oyster bar habitat identified in a best oyster bar survey conducted in fall 2009 and to increase commercial

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oyster production by aquaculture. In addition, Maryland is guided by the new Chesapeake Bay Agreement signed in June 2014, which has the goal to restore native oyster habitat and populations in 10 tributaries by 2025 and ensure their protection. Based on a U.S. National Oceanic and Atmospheric Administration oyster workgroup, the program has adopted the following restoration goals: (1) restoring 50.0% to 100.0% of currently restorable oyster habitat at the tributary level; and (2) achieving a mean density of 50 oysters per square meter and 50 grams dry weight per square meter, containing at least two generations, and covering at least 30.0% of the reef area at the reef level.

- ***Coastal Resiliency Program:*** The Coastal Resiliency Program (CRP) was first provided funding in fiscal 2018. Funding is provided for the CRP to restore actively eroding shoreline using living shoreline techniques and offshore breakwaters along the State’s coast. Project selection is guided by the Maryland Coastal Resiliency assessment published in March 2016. The assessment is a collaborative effort between DNR’s Chesapeake and Coastal Service and The Nature Conservancy and was designed to inform coastal conservation and restoration decisions by determining where living shoreline technique and offshore breakwaters can help Maryland’s coastal communities become more resilient. Funding is based on the following factors: (1) the vulnerability of the habitat and community; (2) the project readiness and status (designed/permitted); (3) the location and priority tier within the Maryland Coastal Resiliency Assessment; (4) the level of community engagement; and (5) broader ecosystem services.

Appendix 2
Program Open Space Local Distribution
Fiscal 2019-2021

<u>Jurisdiction</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Allegany	\$593,887	\$533,969	\$586,221
Anne Arundel	6,453,478	5,791,148	6,375,753
Baltimore City	9,778,201	9,838,472	10,210,561
Baltimore County	7,263,513	6,522,734	7,171,881
Calvert	645,477	578,052	634,708
Caroline	279,577	252,013	276,686
Carroll	1,443,209	1,298,046	1,424,236
Cecil	740,071	672,244	731,894
Charles	1,317,554	1,190,526	1,302,241
Dorchester	241,308	215,606	237,755
Frederick	1,535,622	1,373,672	1,522,030
Garrett	298,490	268,168	294,188
Harford	2,139,153	1,930,191	2,111,987
Howard	3,826,469	3,433,872	3,750,638
Kent	179,985	161,940	177,899
Montgomery	9,693,125	8,663,044	9,520,067
Prince George’s	8,213,690	7,435,990	8,127,506
Queen Anne’s	390,253	350,145	385,712
St. Mary’s	725,387	652,805	720,383
Somerset	172,210	154,745	169,516
Talbot	410,271	366,824	402,988
Washington	1,128,857	1,014,952	1,118,093
Wicomico	753,247	676,268	745,527
Worcester	564,790	656,283	723,186
Total	\$58,787,824	\$54,031,709	\$58,721,656

Note: The Baltimore City funding reflects the Baltimore City Direct Grant funding in the Program Open Space State share allocation as follows: fiscal 2019 (\$5,500,000); fiscal 2020 (\$6,000,000); and fiscal 2021 (\$6,000,000).