

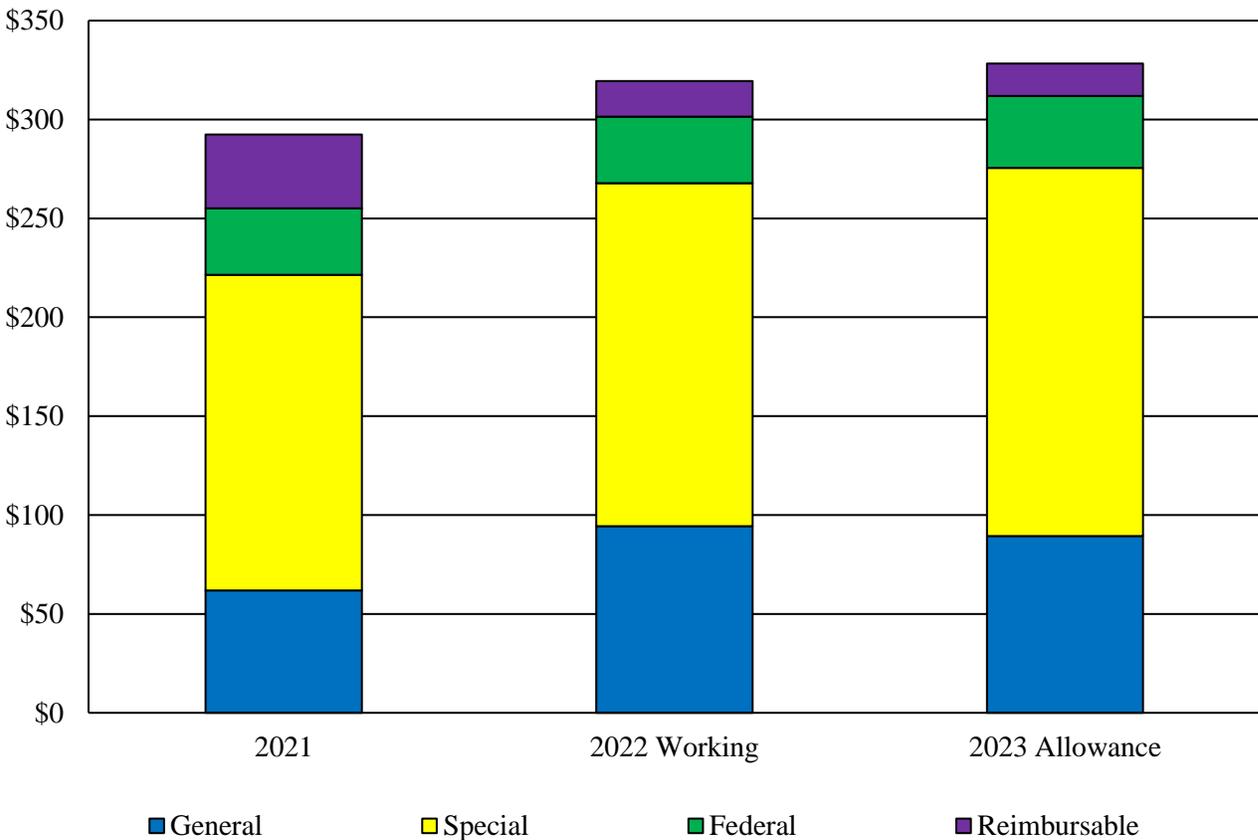
K00A
Department of Natural Resources

Executive Summary

The Department of Natural Resources (DNR) leads Maryland in securing a sustainable future for its environment, society, and economy by preserving, protecting, restoring, and enhancing the State’s natural resources.

Operating Budget Summary

Fiscal 2023 Budget Increases \$8.8 Million, or 2.8%, to \$328.3 Million
(\$ in Millions)



Note: Numbers may not sum due to rounding. The fiscal 2022 working appropriation includes deficiencies. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

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- DNR’s budget includes fiscal 2022 deficiencies of \$12,180,999, comprised of \$10,795,992 in general funds and \$1,385,000 in federal funds. The general fund increase primarily reflects funding to address fiscal 2021 and 2022 revenue shortfalls in the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. The federal funds reflect activities supported by the U.S. Coast Guard’s Boating Safety Financial Assistance funding.
- The overall change in DNR’s budget is an increase of \$8.8 million, or 2.8%. The two largest changes are an increase of \$12.1 million for Maryland Park Service (MPS) enhancements and a \$10.7 million decrease due to the one-time fiscal 2022 deficiency for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund.

Key Observations

- ***Riparian Buffer Goal Unlikely to Be Met by 2025, but Chapter 645 of 2021 Will Help:*** It is highly unlikely that Maryland will reach the riparian buffer goal based on the current progress of restoring an average of 16 miles of riparian buffers per year between fiscal 2011 and 2021 and the cumulative 1,371 miles of riparian buffers restored as of fiscal 2021. However, Chapter 645 of 2021 (Tree Solutions Now Act) may offer some assistance.
- ***Federal COVID-19 and Infrastructure Investment and Jobs Act (IIJA) Funding:*** DNR has received three rounds of federal stimulus funding: two from the Coronavirus Aid, Relief, and Economic Security (CARES) Act; and one from the federal Consolidated Appropriations Act. At this point, no specific information is available about the federal IIJA funding that may become available to DNR.
- ***MPS Enhancements:*** As a result of the COVID-19 pandemic and underlying demographic changes, the State park system has experienced a substantial visitation increase that forced an increased number of park capacity shutdowns and exposed equity of access concerns. In light of these conditions, legislation has been introduced providing substantial enhancements to MPS’ operating and supporting capital programs.
- ***Fair Hill Racetrack and Special Events Area Funding:*** The Fair Hill racetrack and special events area at Fair Hill Natural Resources Management Area has become a consistent and heavy user of State funding since its development. The project originally impacted DNR’s pay-as-you-go (PAYGO) budget – in particular the Natural Resources Development Fund – as the project was developed. Now, DNR’s operating budget is impacted by ongoing maintenance and operations funding needs.

- ***Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Allocation:*** The COVID-19 pandemic has reduced revenues for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund, particularly from the sales and use tax on short-term vehicle rentals. As a result of the revenue shortfalls, the fiscal 2023 budget includes fiscal 2022 deficiencies totaling \$10.7 million, which support a number of projects that otherwise would need to be canceled or delayed until fiscal 2023.

Operating Budget Recommended Actions

1. Add language restricting funding until submission of the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund annual work and expenditure plans.
2. Adopt narrative requesting a summary of Chesapeake Bay restoration spending.

Updates

- ***Montgomery County Enhanced Deer Management Strategy:*** The budget committees requested that DNR, in cooperation with and approval by Montgomery County officials, develop an enhanced deer management strategy to reduce the Montgomery County deer population by a measurable amount. DNR recommended that specified lethal and nonlethal options be used to enhance Montgomery County’s deer management strategy in addition to the methods already being used.
- ***Impact Assessment Study of Maryland’s Coyote Population:*** The budget committees requested that DNR, in cooperation with stakeholder groups, conduct an impact assessment study of Maryland’s coyote population and report on the findings. DNR notes that the designation of the coyote as a nuisance species would likely undermine the value of the species. DNR further notes that it will continue to monitor coyote density, distribution trends, and conflicts with human neighbors, domestic pets, and livestock and will use regulated hunting and trapping to manage the species.
- ***Patapsco Valley State Park Access Improvements:*** The budget committees requested that DNR develop a plan for Patapsco Valley State Park access improvements in the Daniels Area and Orange Grove Area and provide a report detailing that plan, including an evaluation of existing parking options, the need for additional parking options on existing park land, and the need for additional park land to be purchased on which parking may be developed for safe parking and easy access. DNR noted that it considered building additional parking on existing land or purchasing additional land for the Greater Avalon Area, Hollofield Area, Daniels Road access trailhead, and Hilltop Road trailhead and has had some success improving access.

- ***Coal Combustion By-product Storage, Use, and Disposal:*** The budget committees requested that DNR’s Power Plant Research Program (PPRP), in cooperation with Frostburg State University (FSU), contract with a vendor to begin work at coal combustion by-product storage, fill, and disposal sites in Maryland that were determined to have some potential for coal combustion by-product recovery and beneficial use in a PPRP report published in August 2019. DNR noted that it did not contract directly with a vendor to begin working at coal combustion sites in Maryland because Maryland already has several private vendors using coal combustion by-product resources. Instead, DNR, in cooperation with FSU, provided an update of PPRP’s efforts to facilitate private vendor participation in the recovery and beneficial use of coal combustion by-products in Maryland.
- ***Data on Oyster Lease Locations:*** The budget committees requested that DNR submit a report on oyster lease locations data in Maryland. DNR notes that there are a couple of ways the public may access shellfish aquaculture lease information. There is an online mapping tool called the Aquaculture Siting Tool. In addition, there is also a lease application tracking tool and an email notification service.
- ***Audit Review:*** DNR’s April 2021 audit included seven findings, of which one was a repeat audit finding. The audit covered the January 6, 2016, to August 5, 2019 time period. The findings are reflected in **Appendix 2** of this analysis. At the Joint Audit and Evaluation Committee’s (JAEC) August 25, 2021 meeting, the Office of Legislative Audits (OLA) recommended that JAEC send a letter of concern about three findings from DNR’s audit. DNR responded on October 22, 2021, to the JAEC letter. More recently, DNR noted that all audit findings have been appropriately addressed.

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Operating Budget Analysis

Program Description

DNR leads Maryland in securing a sustainable future for its environment, society, and economy by preserving, protecting, restoring, and enhancing the State's natural resources. To accomplish this mission, DNR is structured into the programmatic units described as follows.

- ***Office of the Secretary:*** Provides leadership, public outreach, customer service, legislative, financial, administrative, information technology (IT), and legal services.
- ***Forest Service:*** Manages the State forests and supports Maryland's forest and tree resources by providing private forestland management expertise, wildfire protection, and urban and community forestry assistance.
- ***Wildlife and Heritage Service:*** Provides technical assistance and expertise to the public and private sectors for the conservation of Maryland's wildlife resources, including the management of threatened and endangered species, game birds, and mammals, and the operation of over 125,000 acres of State-owned lands classified as Wildlife Management Areas.
- ***MPS:*** Manages natural, cultural, historic, and recreational resources in parks across the State and provides related educational services.
- ***Land Acquisition and Planning:*** Administers diverse financial assistance programs that support public land and easement acquisitions and local grants and leads the preparation of the Maryland Land Preservation and Recreation Plan.
- ***Licensing and Registration Service:*** Operates eight regional service centers (primarily within the Motor Vehicle Administration branch offices) that assist the public with vessel titling and registration, offroad vehicle registration, commercial fishing licenses, and recreational hunting and fishing licenses.
- ***Natural Resources Police (NRP):*** Preserves and protects Maryland's natural resources and its citizens through enforcement of conservation, boating, and criminal law; provides primary law enforcement services for Maryland's public lands owned by DNR; and serves as the State's lead on maritime homeland security.
- ***Engineering and Construction:*** Provides engineering, project management, and in-house construction services.

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- ***Critical Area Commission:*** Implements the cooperative resource protection program between the State and local governments in the 1,000-foot-wide critical area surrounding the Chesapeake Bay by reviewing local development proposals, providing technical planning assistance to local governments, approving amendments to local plans, and providing grants for the implementation of 61 local critical area programs.
- ***Resource Assessment Service:*** Evaluates and directs implementation of environmental restoration and protection policy for tidal and nontidal ecosystems, ensures electricity demands are met at reasonable costs while protecting natural resources, and provides scientific assessments and technical guidance for the management of geologic and hydrologic resources.
- ***Maryland Environmental Trust:*** Negotiates and accepts conservation easements over properties with environmental, scenic, historic, or cultural significance and provides grants, loans, and technical assistance to local land trusts.
- ***Chesapeake and Coastal Service:*** Coordinates State efforts to restore and protect the Chesapeake and Atlantic Coastal Bays by providing technical assistance and financial resources to local governments, State government agencies, nonprofit organizations, and private landowners in order to restore local waterways and prepare for future storms and coastline changes. In addition, the unit also administers the Waterway Improvement Program’s capital projects – public boating access facilities and navigation channel dredging.
- ***Fishing and Boating Services:*** Manages commercial and recreational harvests to maintain sustainable fisheries and to optimize recreational and economic use of these resources. In addition, the unit also oversees a State-owned marina; places regulatory markers and navigation aids in support of sustainable development, use, and enjoyment of Maryland waterways for the general boating public; and coordinates the Clean Marina Initiative and Pumpout Program.

DNR’s mission is to lead Maryland in securing a sustainable future for its environment, society, and economy by preserving, protecting, restoring, and enhancing the State’s natural resources. DNR’s goals are as follows.

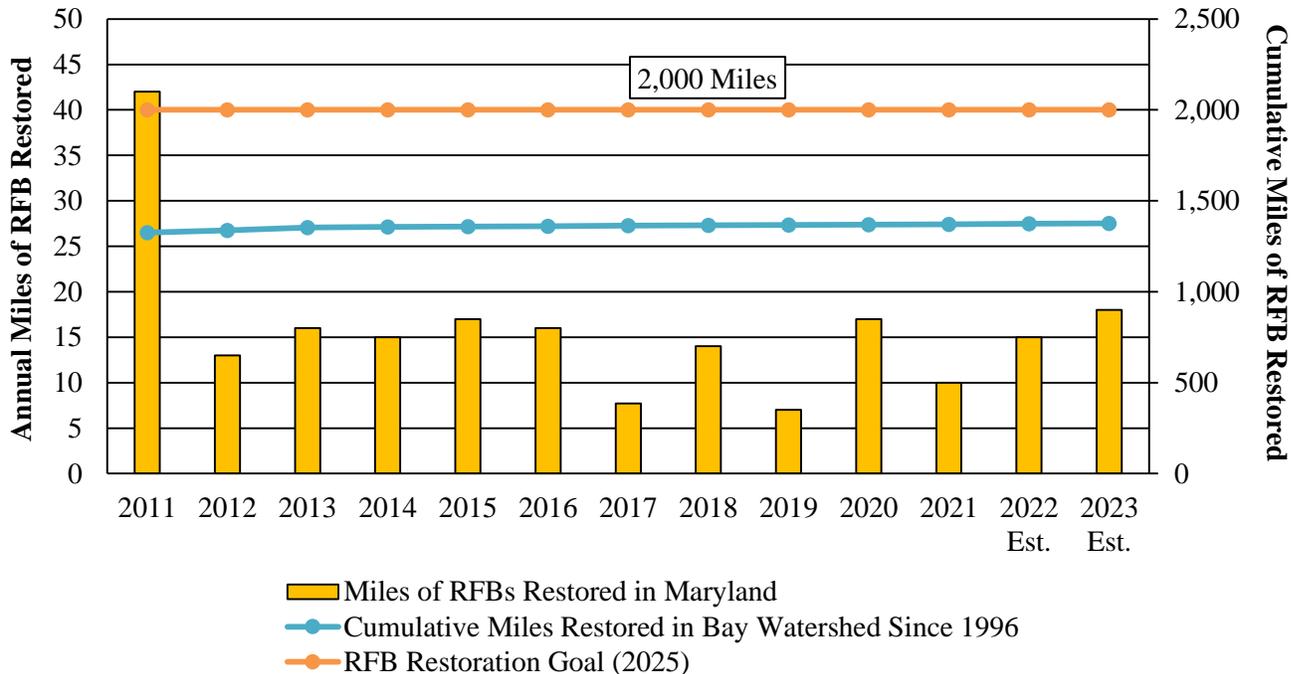
- ***Goal 1:*** Healthy terrestrial ecosystems.
- ***Goal 2:*** Healthy aquatic ecosystems.
- ***Goal 3:*** Fiscal responsibility – efficient use of energy and resources and the support of long-term economic prosperity.
- ***Goal 4:*** Citizen stewardship, outdoor recreation, and opportunities to take action.
- ***Goal 5:*** Vibrant communities and neighborhoods.

Performance Analysis: Managing for Results

1. Riparian Buffer Goal Unlikely to Be Met by 2025, but Chapter 645 of 2021 Will Help

DNR’s first goal is healthy terrestrial ecosystems. One of the objectives under this goal is to restore 2,000 miles of riparian buffers in Maryland by 2025. As shown in **Exhibit 1**, it is highly unlikely that Maryland will reach this goal based on the current progress of restoring an average of 16 miles of riparian buffers per year between fiscal 2011 and 2021 and the cumulative 1,371 miles of riparian buffers restored as of fiscal 2021. However, Chapter 645 may offer some assistance. Chapter 645 established the goal of planting and helping to maintain 5 million sustainable native trees in the State by the end of calendar 2031 with at least 500,000 of those trees planted in underserved areas. DNR notes that several of its Managing for Results measures may benefit from the focus and funding resulting from Chapter 645, including the acres of riparian forest buffers established, miles of riparian forest buffers restored, number of seedlings planted, and acres of restored forest land (afforestation and reforestation).

Exhibit 1
Riparian Forest Buffers Influenced by Chapter 645 of 2021
 Fiscal 2011-2023 Est.



RFB: riparian forest buffer

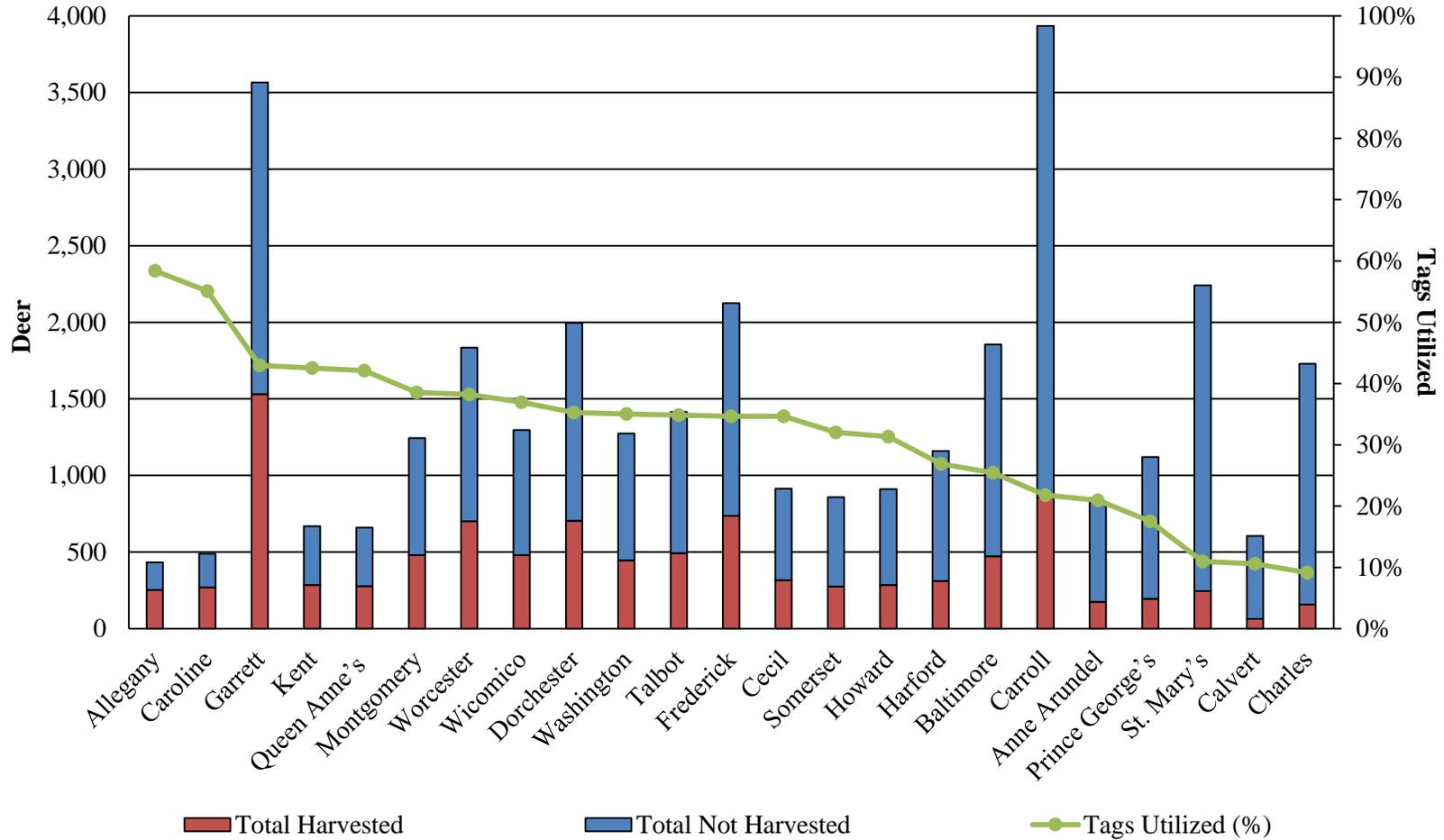
Source: Governor’s Fiscal 2013-2023 Budget Books

2. Deer Management Permits

Also under DNR’s first goal of healthy terrestrial ecosystems is the objective to establish scientifically supported sustainable harvest strategies for game species populations through a variety of survey methods. DNR notes that the most effective way to manage deer populations in Maryland is through hunting. One of the methods of hunting deer is through deer management permits. Producers such as farmers, arborists, *etc.* are authorized to apply for deer management permits when established hunting seasons do not adequately manage deer for commercial farming operations. A single permit allows the permit holder and additional agents to act as shooters under the permit, which allows for farmers to harvest deer all year long without a deer season bag limit.

Exhibit 2 reflects the deer management permit statistics for the 23 counties between calendar 2020 and 2021. As can be seen, Allegany County has the highest percent of tags utilized, which is the total deer harvested divided by the number of deer authorized to be harvested. However, deer management permits in Carroll and Garrett counties reflect much higher numbers of deer authorized to be harvested.

Exhibit 2
Deer Management Permit Statistics by County
Calendar 2020-2021

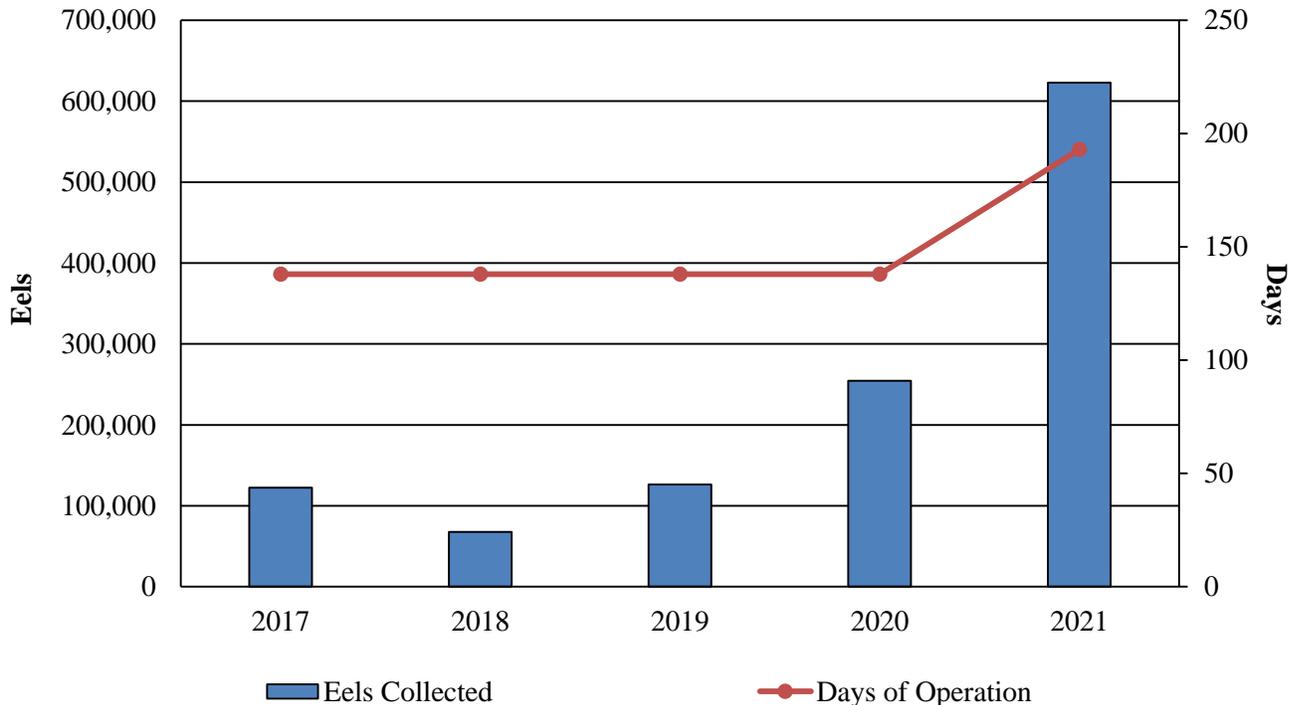


Source: Department of Natural Resources

3. Record Number of American Eels Collected at Conowingo West Eel Collection Facility in Calendar 2021

Under DNR’s second goal of healthy aquatic ecosystems is the objective to assess ecosystem components within nontidal waters to evaluate critical fisheries and habitat elements for protection and/or restoration. While there is no specific metric for success for American eels, it is generally accepted that the more eels that are collected at the Conowingo West Eel Collection Facility and transported to designated locations in the Susquehanna River watershed the better. This is because American eels migrating from the Sargasso Sea carry young freshwater mussels in their gills, and the mussels in turn are excellent filter feeders, which improve water clarity much like oysters. As shown in **Exhibit 3**, calendar 2021 was a banner year for American eel collections with 623,095 eels collected; the previous record was 293,141 eels in calendar 2013. Of note, calendar 2021 is also the year with the longest operation of the transport facility at 193 days. However, the 40% increase in the days of operation of the transport facility, from 138 to 193 days, is dwarfed by the 145% increase in the number of eels transported.

Exhibit 3
Eel Collection Statistics at Conowingo West Eel Collection Facility
Calendar 2017-2021



Source: Normandeau Associates, Inc. for Exelon Generation Company, LLC

Fiscal 2022

Proposed Deficiency

The fiscal 2023 budget contains fiscal 2022 deficiency appropriations for four programs that would increase DNR’s overall appropriation by \$12,180,992. The funding increase is comprised of \$10,795,992 in general funds and \$1,385,000 in federal funds. The changes would be as follows.

- ***NRP – General Direction:*** An increase of \$1,290,000 in federal funds from the U.S. Department of Homeland Security (DHS) – U.S. Coast Guard’s Boating Safety Financial Assistance funding. DNR notes that this funding supports the purchase of vessels – DNR has a number of aging vessels – motors, trailers, vessel fuel, and parts and that this funding also supports the Boating Safety program.
- ***NRP – Field Operations:*** An increase of \$95,000 in federal funds from DHS – U.S. Coast Guard’s Boating Safety Financial Assistance funding. The funding would be used for supplies and materials for activities supported by the U.S. Coast Guard in the same manner as the deficiency funding for NRP – General Direction.
- ***Critical Area Commission:*** An increase of \$64,857 in general funds for local Critical Area Grants and to support current staffing levels by reducing turnover. This is reflected as ongoing funding in the fiscal 2023 allowance.
- ***Chesapeake and Coastal Service:*** A total increase of \$10,731,135 in general funds for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to address the deficit created by a fiscal 2021 revenue shortfall and an anticipated fiscal 2022 revenue shortfall. DNR notes that the deficiency appropriation supports active projects that would otherwise be canceled.

Supplemental Budget No. 1

Supplemental Budget No.1 was introduced on February 22, 2022, and includes fiscal 2022 deficiency funding for DNR. The fiscal 2022 deficiency funding is budgeted in NRP and includes \$168,000 in federal funds for the Basic Hunter Education Program and \$285,000 in federal funds to support the Asset Forfeiture and Seizure program.

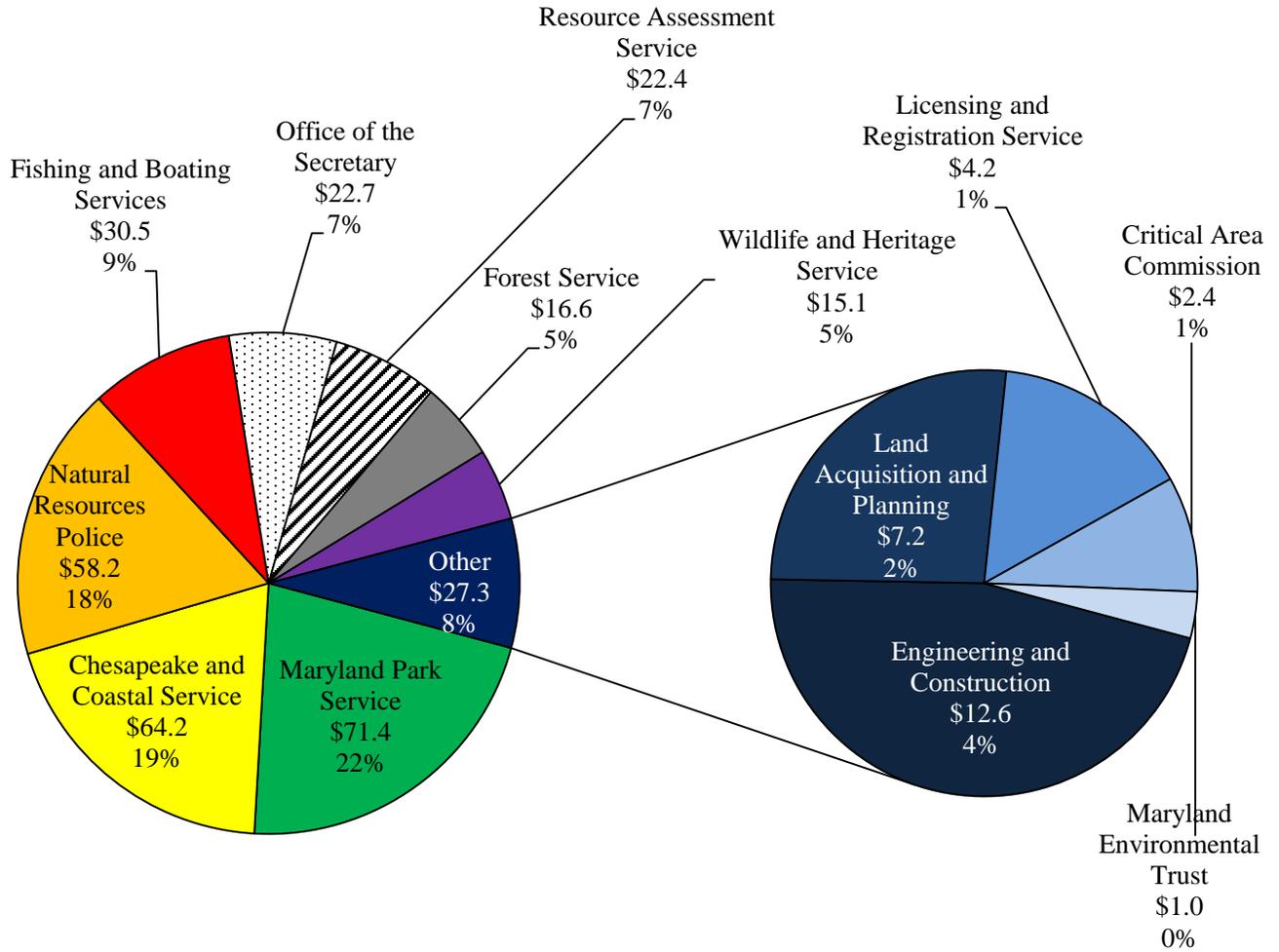
Fiscal 2023 Overview of Agency Spending

DNR is structured into a number of programmatic units and is staffed by 1,352.5 regular positions and 465.43 contractual full-time equivalents (FTE) in the fiscal 2023 allowance. **Exhibit 4** reflects the \$328.3 million spending breakdown for DNR’s programmatic units. The programmatic units with the largest amount of funding are as follows.

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- ***MPS (\$71.4 Million, 22%):*** The primary funding is \$23.9 million for regular positions and \$12.1 million for 296.25 contractual FTEs in Maryland’s parks. There is also \$9.5 million for grants, including \$2.6 million for payments in lieu of taxes to the counties; \$8.6 million for contracts, including \$3.9 million for the Revenue Equity Program payments to counties; \$2.3 million for operations and maintenance contracts for the Fair Hill event area; \$2.0 million for new exhibits; \$0.9 million for landscape restoration projects; and \$0.8 million for the new Office of Outdoor Recreation.
- ***Chesapeake and Coastal Service (\$64.2 Million, 19%):*** The primary funding is the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund grant funding of \$46.2 million in fiscal 2023. There is also \$9.1 million for contracts, including \$2.9 million for Chesapeake Bay Implementation Grant administration, \$1.7 million for ecosystem restoration services, and \$0.8 million for staff time supporting Shore Erosion Control projects, and \$6.8 million for regular positions.
- ***NRP (\$58.2 Million, 18%):*** The primary funding is \$47.9 million for law enforcement officer regular positions.
- ***Fishing and Boating Services (\$30.5 Million, 9%):*** The primary funding is \$16.9 million for regular positions. There is also \$6.0 million for contracts, including \$2.3 million for public oyster fishery planting, \$0.6 million for Horn Point Laboratory spat growth and spat plantings as part of the oyster recovery effort, \$0.4 million for work done by the Resource Assessment Service, \$0.4 million for commercial fisheries electronic reporting, and \$0.2 million for supporting the Oyster Advisory Commission; and \$2.2 million for grants, including \$1.8 million for the Fisheries Research and Development Fund and \$0.4 million for the Abandoned Boat and Debris Grant program.
- ***Office of the Secretary (\$22.7 Million, 7%):*** The primary funding is \$12.1 million for regular positions along with \$6.1 million for contracts, including \$5.4 million for the Department of Information Technology’s (DoIT) service allocation.
- ***Resource Assessment Service (\$22.4 Million, 7%):*** The primary funding is \$10.4 million for contracts, including \$5.0 million for four power plant siting technical assistance contracts, \$1.0 million for the State Lakes Protection and Restoration Fund, \$1.0 million in spending from the State Lakes Protection and Restoration Fund; and \$8.7 million for regular positions.
- ***Forest Service (\$16.6 million, 5%):*** The primary funding is \$8.4 million for regular positions.
- ***Wildlife and Heritage Service (\$15.1 Million, 5%):*** The primary funding is \$8.2 million for regular positions.

Exhibit 4
Overview of Agency Spending
Fiscal 2023 Allowance
(\$ in Thousands)



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

Proposed Budget Change

DNR’s fiscal 2023 allowance increases by \$8.8 million, or 2.8%, relative to the fiscal 2022 working appropriation, as shown in **Exhibit 5**.

Exhibit 5
Proposed Budget
Department of Natural Resources
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2021 Actual	\$61,917	\$159,513	\$33,602	\$37,390	\$292,422
Fiscal 2022 Working Appropriation	94,352	173,456	33,610	18,007	319,425
Fiscal 2023 Allowance	<u>89,312</u>	<u>186,217</u>	<u>36,294</u>	<u>16,432</u>	<u>328,256</u>
Fiscal 2022-2023 Amount Change	-\$5,040	\$12,762	\$2,684	-\$1,575	\$8,831
Fiscal 2022-2023 Percent Change	-5.3%	7.4%	8.0%	-8.7%	2.8%
Where It Goes:					<u>Change</u>
Personnel Expenses					
Employee and retiree health insurance					\$2,700
Turnover adjustments					2,049
Law enforcement officers’ retirement contributions					456
Workers’ compensation premium assessment					183
Reclassification.....					142
Retirement contributions.....					114
Abolished/transferred positions					-47
Regular earnings					-780
One-time Forest Service funding allocation from the Dedicated Purpose Account (DPA).....					-1,116
Other fringe benefit adjustments.....					123
Other Changes					
Maryland Park Service					
New exhibits					1,975
Landscape restoration/master plans					1,575
Contractual full-time equivalents (FTE) increase.....					1,350
General parks operations					1,324
Supplies and materials					1,183
Fair Hill events (funding in DPA)					999
Office of Outdoor Recreation					750
Motor vehicles					635

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Where It Goes:	<u>Change</u>
Modernizing Maryland Park Reservation and Revenue Management System.....	500
Payments in lieu of taxes	479
Invasive species control	400
<i>Revenue and Other Budget Modifications</i>	
Fishing and Boating Services mandate	1,794
Natural Resources Police Boating Safety Financial Assistance funding increase	1,235
Calvert County Youth Recreational Fund updated revenues.....	400
Electric vehicle station funding not yet reallocated for Forest Service	-1,000
Engineering and Construction reduced engineering estimate offset by boat repairs	-2,751
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund	-2,759
Fiscal 2022 one-time deficiency for 2010 Trust Fund.....	-10,731
<i>Natural Resources Policy</i>	
State Highway Administration restoration projects on Department of Natural Resources land	1,480
Forest Service land and structures	1,365
Major integrator contracts for Power Plant Research Program	885
Maryland Climate Leadership Academy	276
Wildlife studies for Wildlife and Heritage Service.....	203
Keep Maryland Beautiful Grant Program administered by different agency	-250
State Lakes Protection and Restoration Fund, of which \$2.2 million is for dredging	-3,200
<i>Routine Operations</i>	
Contractual FTEs increase	2,602
Motor vehicles, primarily in Forest Service	2,078
Wildlife and Heritage Service and Forest Service equipment procurement	690
Department of Information Technology services allocation.....	368
Wildlife and Heritage Service replacement of older equipment and new tractor	306
Repair of an icebreaker/construction vessel and barges	300
Communication, primarily due to 700-megahertz radio system operating costs and postage.....	282
Computer replacement	105
Travel.....	65
Fuel/utilities	58
Other	36
Total	\$8,831

Note: Numbers may not sum to total due to rounding. The fiscal 2022 working appropriation includes deficiencies. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Personnel

DNR's overall personnel expenditures increase by \$3,823,574 in the fiscal 2023 allowance. The major increases are \$2,699,628 for employee and retiree health insurance and \$2,048,563 for turnover adjustments due to a reduction of budgeted turnover from 5.77% to 4.12%.

There are also several large personnel decreases. The largest decrease is \$1,115,790 in one-time Forest Service funding allocated from the Dedicated Purpose Account (DPA). The funding was brought in via a budget amendment to support the purchase and installation of electric vehicle charging equipment at State parks and forests. There is another large decrease of \$780,323 for regular earnings due to the budgeting of vacant positions at the base level.

Other Changes

Overall, the nonpersonnel portion of DNR's fiscal 2023 allowance increases by \$5,007,441. The areas of change may be broadly categorized as MPS, revenue and other budget modifications, natural resources policy, and routine operations.

MPS

MPS receives approximately \$12.1 million in funding enhancements in the fiscal 2023 allowance. The funding includes personnel expenses, which are embedded in the previous discussion and total \$1,475,834.

MPS also receives nonpersonnel increases of \$10,591,741. These increases are as follows.

- ***New Exhibits:*** \$1,975,000 for contractual services to design and complete new exhibits for public use at the Discovery Center at Deep Creek Lake State Park, the Nature Center for Janes Island State Park, Sandy Point State Park, and the Williams Schoolhouse at Fort Frederick State Park.
- ***Landscape Restoration/Master Plans:*** \$1,575,000 for contractual services for the design/build and implementation of landscape restoration projects at Cypress Branch Natural Resources Management Area, Sassafras Natural Resources Management Area, Newtowne Neck State Park, Tuckahoe State Park, and Wye Island Natural Resources Management Area.
- ***Contractual FTEs:*** \$1,349,992 for an increase of 16.37 contractual FTEs.
- ***General Parks Operations:*** \$1,324,315 for a number of smaller parks operations projects.
- ***Supplies and Materials:*** \$1,182,993 to provide for basic park operating supplies needed due to high visitation levels.

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- ***Fair Hill Events Area:*** \$999,271 for operations and maintenance contracts.
- ***Office of Outdoor Recreation:*** \$750,000 for the start-up costs for the new Office of Outdoor Recreation recommended by the Maryland Outdoor Recreation Economic Commission.
- ***Modernizing Maryland Park Reservation and Revenue Management System:*** \$500,000 for the new Modernizing Maryland Park Reservation and Revenue Management System Major IT Project, which is discussed further in **Appendix 4**.
- ***Invasive Species Control:*** \$400,000 for removal and control of invasive plant and animal species at the Fair Hill Natural Resources Management Area and Susquehanna State Park.

In addition, there is \$3,306,108 in general funds budgeted in the DPA for MPS. This reflects \$2,000,729 for Fair Hill special events area maintenance and infrastructure improvements. Overall, there is \$4,300,000 for the Fair Hill special events area in fiscal 2023, an increase of \$3,000,000 relative to fiscal 2022. The other component of the DPA funding is \$1,305,378 for management studies for the park system.

Revenue and Other Budget Modifications

The category of revenue and other budget modifications includes funding changes that are related to revenue changes, mandates, and budgetary placeholders. There is an increase of \$1,794,000 in general funds for the Fishing and Boating Services mandated appropriation, which was not included in the fiscal 2022 working appropriation due to budget constraints. There are also revenue increases of \$1,234,876 for NRP Boating Safety Financial Assistance funding and \$400,000 for the Calvert County Youth Recreational Fund.

In terms of decreases, there is a decrease of \$10,731,135 due to the one-time fiscal 2022 deficiencies for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund and a decrease of \$2,758,501 for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund based on a revised revenue estimate for fiscal 2023.

Natural Resources Policy

The category of natural resources policy includes several large increases. There is an increase of \$1,479,526 in reimbursable funds for State Highway Administration projects on DNR land. There is also an increase of \$1,365,000 in the Forest Service for repairs to field offices, maintenance equipment, and trailers; a forest legacy acquisition grant in Allegany County; and replacement of the Ayton Nursery coolant system. Funding also increases by \$884,883 for PPRP's major integrator contracts.

In terms of decreases, there is a reduction of \$3,200,000 in general funds for the State Lakes Protection and Restoration Fund, of which \$2,200,000 was for a pilot dredging project at Deep Creek Lake, and a decrease of \$250,000 in reimbursable funds related to administering the Keep Maryland Beautiful Grant Program's Clean up and Green up grant.

Routine Operations

A number of changes in DNR’s budget may be considered as routine operations. The largest change is an increase of \$2,602,135 for contractual FTEs. There is also an increase of \$2,077,522 for motor vehicles, primarily in the Forest Service.

The smaller funding increases include \$689,700 for Wildlife and Heritage Service and Forest Service equipment procurement, \$368,228 for the DoIT services allocation, \$306,134 for replacement of older equipment and procurement of a new tractor in the Wildlife and Heritage Service, and \$300,000 for repair of an icebreaker/construction vessel and barges in Engineering and Construction.

Personnel Data

	<u>FY 21</u> <u>Actual</u>	<u>FY 22</u> <u>Working</u>	<u>FY 23</u> <u>Allowance</u>	<u>FY 22-23</u> <u>Change</u>
Regular Positions	1,341.00	1,353.00	1,352.50	-0.50
Contractual FTEs	<u>287.36</u>	<u>397.41</u>	<u>465.43</u>	<u>68.02</u>
Total Personnel	1,628.36	1,750.41	1,817.93	67.52

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	55.72	4.12%
Positions and Percentage Vacant as of 12/31/21	174.50	12.90%
Vacancies Above Turnover	118.78	

- DNR’s regular positions decrease by a net of 0.5 between the fiscal 2022 working appropriation and the fiscal 2023 allowance.
- DNR’s contractual FTEs increase by 68.02 in the fiscal 2023 allowance. The largest changes are an increase of 16.37 FTEs in MPS; 16.05 FTEs in the Forest Service, primarily for duties related to Chapter 645; 15.5 FTEs in Land Acquisition and Planning, primarily to administer the substantial increase in transfer tax funding for PAYGO programs; 7.67 FTEs in the Office of the Secretary; 6.84 FTEs in the Wildlife and Heritage Service, primarily to fill duties vacated by regular positions; and 6.0 FTEs in the Chesapeake and Coastal Service, primarily to administer restoration projects.
- DNR had 174.5 vacant positions as of December 31, 2021, which is an increase from the 116 vacant positions as of December 31, 2020. Of these vacant positions, 44 have been vacant for longer than a year, which is about the same as the 43 positions that were vacant for longer

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than a year as of December 31, 2020. DNR notes that the number of long-term vacancies did not increase substantially due to its efforts to prioritize filling long-term vacancies. DNR notes that almost all of its vacant positions are in some stage of the recruitment process.

- DNR’s budgeted turnover rate decreases from 5.77% in the fiscal 2022 working appropriation to 4.12% in the fiscal 2023 allowance, which reflects a decrease in the number of necessary vacancies to approximately 56. DNR has 174.5 vacancies as of December 31, 2021, which is 119 vacancies above turnover.

Issues

1. Federal COVID-19 and IIJA Funding

DNR has received three rounds of federal stimulus funding: two from the CARES Act; and one from the Consolidated Appropriations Act. At this point, no specific information is available about the federal IIJA funding that may become available to DNR.

CARES Act Funding

A fiscal 2021 deficiency appropriation in the Maryland Department of Health’s Office of Preparedness and Response allocated \$178.4 million in federal funds from the Coronavirus Relief Fund for COVID-19-related expenses associated with State agency public safety salaries. DNR’s share of this funding was \$17,721,825 for NRP – Field Operations and \$4,105,234 for NRP – General Direction.

The U.S. Department of Commerce provided \$300 million in fisheries assistance funding as part of the CARES Act for coastal and marine fishery participants who have been negatively affected by COVID-19. Maryland’s share of this funding was \$4,125,118, which is being administered by the Atlantic States Marine Fisheries Commission – one of the nation’s regional fisheries commissions. The Atlantic States Marine Fisheries Commission, in turn, has been tasked with working with State officials to develop State-specific spending plans that comply with National Oceanic Atmospheric Administration guidelines. Fishery participants that may ultimately be eligible for funding include commercial fishing businesses, charter fishing businesses, qualified aquaculture operations, seafood processors, and other fishery-related businesses. However, businesses lower on the supply chain, such as vessel repair businesses, restaurants, or seafood retailers, are not considered fishery-related businesses for purposes of the CARES Act fisheries assistance, although these entities are eligible for other CARES Act funding and the Paycheck Protection Program.

Maryland’s funding is being allocated as follows:

- **Revenue Loss:** \$3,000,000 for direct payments to commercial, for hire, aquaculture, and seafood processing operations that experienced a calendar 2020 revenue loss greater than 35% because of COVID-19, comprised of a first round of license fee reimbursement to be paid by March 31, 2021, and a second round of equally distributed direct payments by April or May 2021;
- **Seafood Marketing and Business Support:** \$1,000,000 for the third round of funding to be provided to seafood marketing and business support for individuals in the seafood industry with payments completed by September 2021; and
- **Administrative:** \$92,171 to pay for DNR’s administrative costs.

DNR noted that, as of August 4, 2021, it had disbursed \$3.0 million in direct assistance to more than 1,000 applicants as part of the revenue loss allocation. DNR intended to use the \$1.0 million in seafood marketing and business support to strengthen fishery markets for Maryland’s commercial fishing, charter, and aquaculture industries.

Consolidated Appropriations Act Funding

On August 4, 2021, Governor Lawrence J. Hogan, Jr. announced that DNR received an additional \$3.4 million in federal economic relief funds for the commercial seafood industry through the Consolidated Appropriations Act. This funding is intended to support the same activities funded through the CARES Act funding but is targeted to individuals who have not yet received aid. The direct payments are being made to commercial, for hire, aquaculture, and seafood processing operations whose 2020 or 2021 revenue has suffered a loss greater than 35% in 2020 or 2021 due to the COVID-19 pandemic.

IIJA

The IIJA became law on November 15, 2021. While final allocations of funding have yet to be made for a number of programs, the assumption is that DNR could receive some funding. For instance, DNR may receive some funding in the Forest Service program from the U.S. Department of Agriculture’s State Fire Assistance program, which provides competitive funding of \$88 million through federal fiscal 2026. This funding appears to be related to the existing State and Private Forestry Cooperative Fire Assistance funding. The White House’s August 2021 fact sheet for Maryland indicated that Maryland would receive \$7.9 million over five years to protect against wildfires. In addition, the IIJA reauthorized the Sport Fish Restoration Fund (U.S. Department of the Interior) and the Boat Safety Fund (DHS), although funding is determined by collections into each fund.

The Department of Legislative Services (DLS) recommends that DNR comment on the status of disbursement of the CARES Act and Consolidated Appropriations Act funding and the likelihood that it will receive IIJA funding.

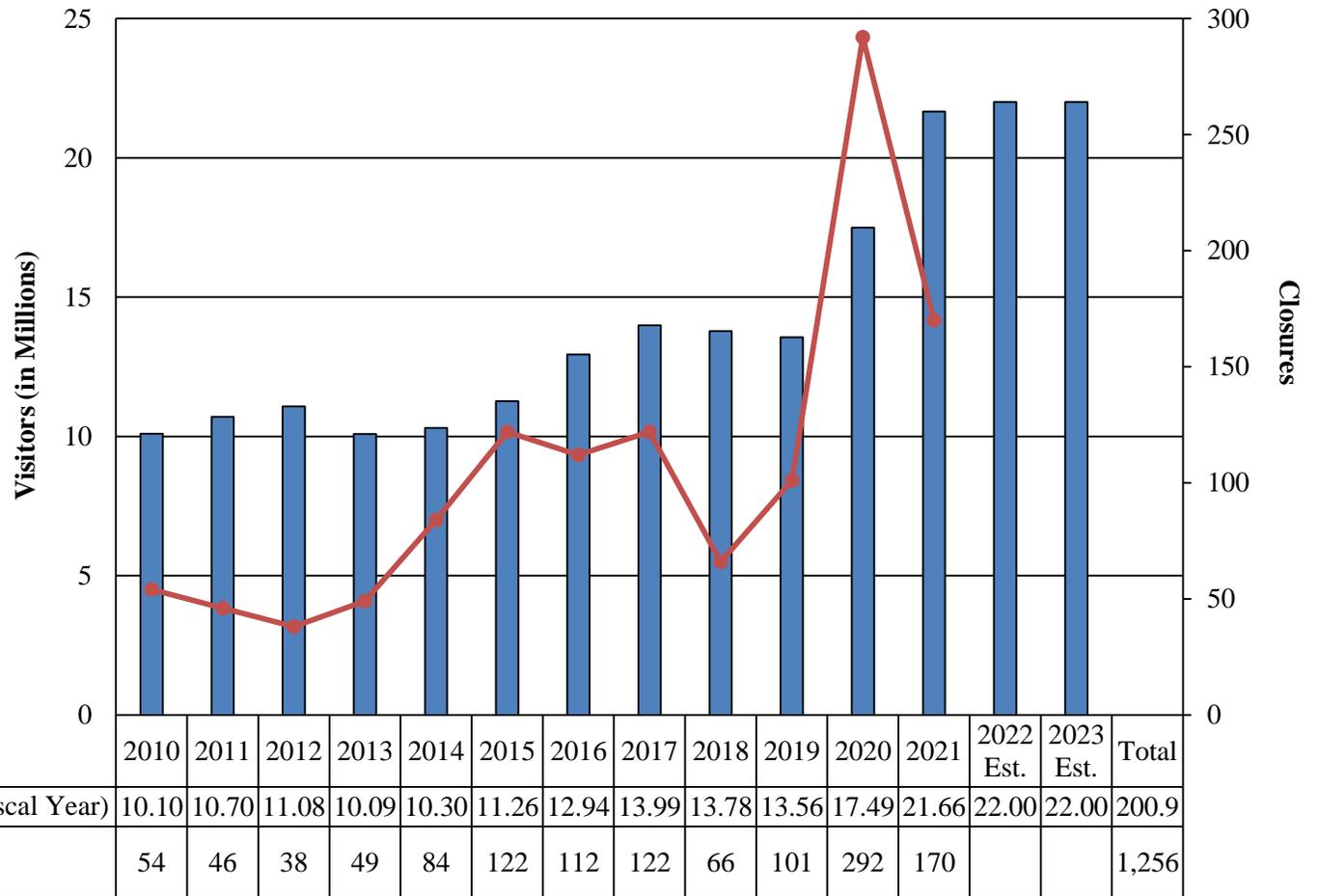
2. MPS Enhancements

As a result of the COVID-19 pandemic and underlying demographic changes, the State park system has experienced a substantial visitation increase that forced an increased number of park capacity shutdowns and exposed equity of access concerns. In light of these conditions, the State Park Investment Commission was created, and legislation has been introduced providing substantial enhancements to MPS’ operating and supporting capital programs.

Background

As shown in **Exhibit 6**, MPS generally has experienced both increasing visitation and park capacity closures since fiscal (visitors) and calendar (closures) 2010. This trend was exacerbated by the COVID-19 pandemic starting in March 2020.

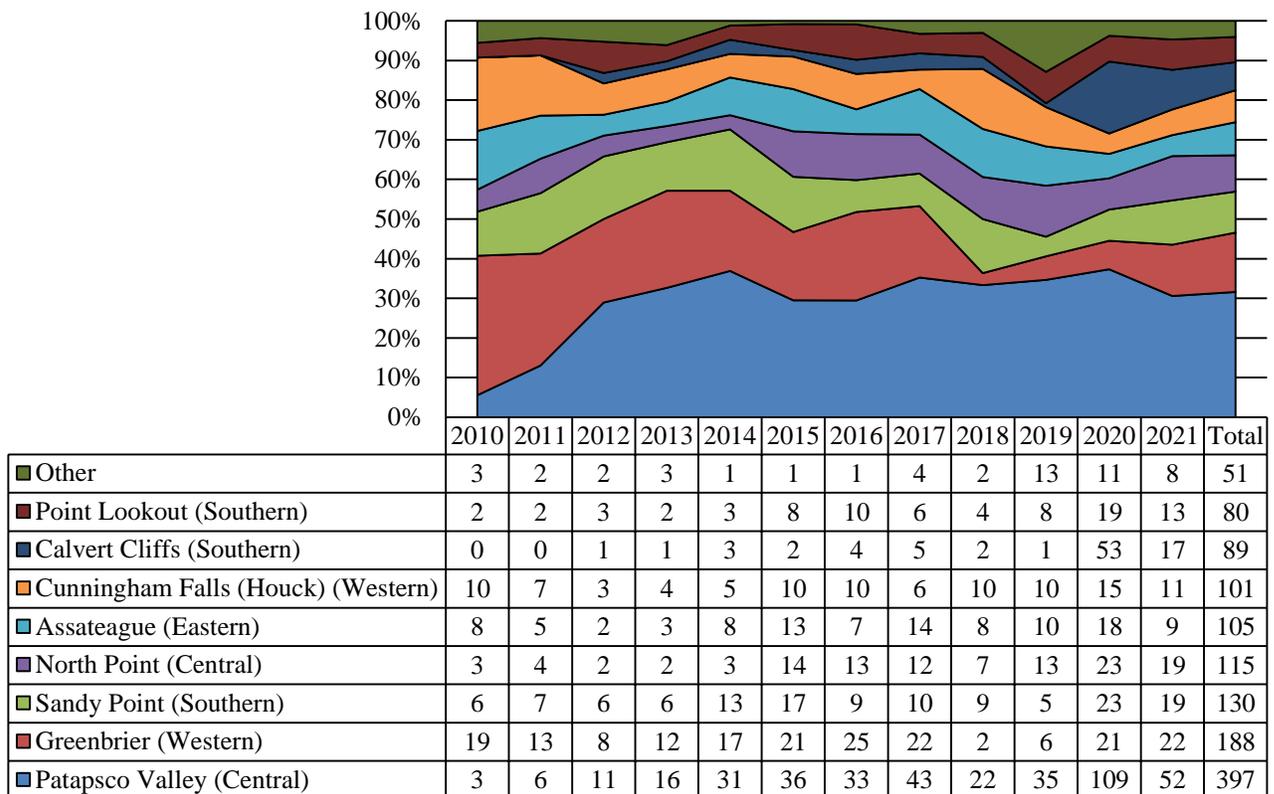
Exhibit 6
Maryland State Park Visitors and Capacity Closures
Fiscal and Calendar 2010-2023 Est.



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

Exhibit 7 reflects the park capacity closures by calendar year for the 16 Maryland State parks that have experienced these closures. Patapsco Valley State Park in Central Maryland has experienced the most park capacity closures followed by Greenbrier State Park in Western Maryland. In general, the parks reflected appear to have water features as a common characteristic.

Exhibit 7
Maryland State Park Capacity Closures
Calendar 2010-2021

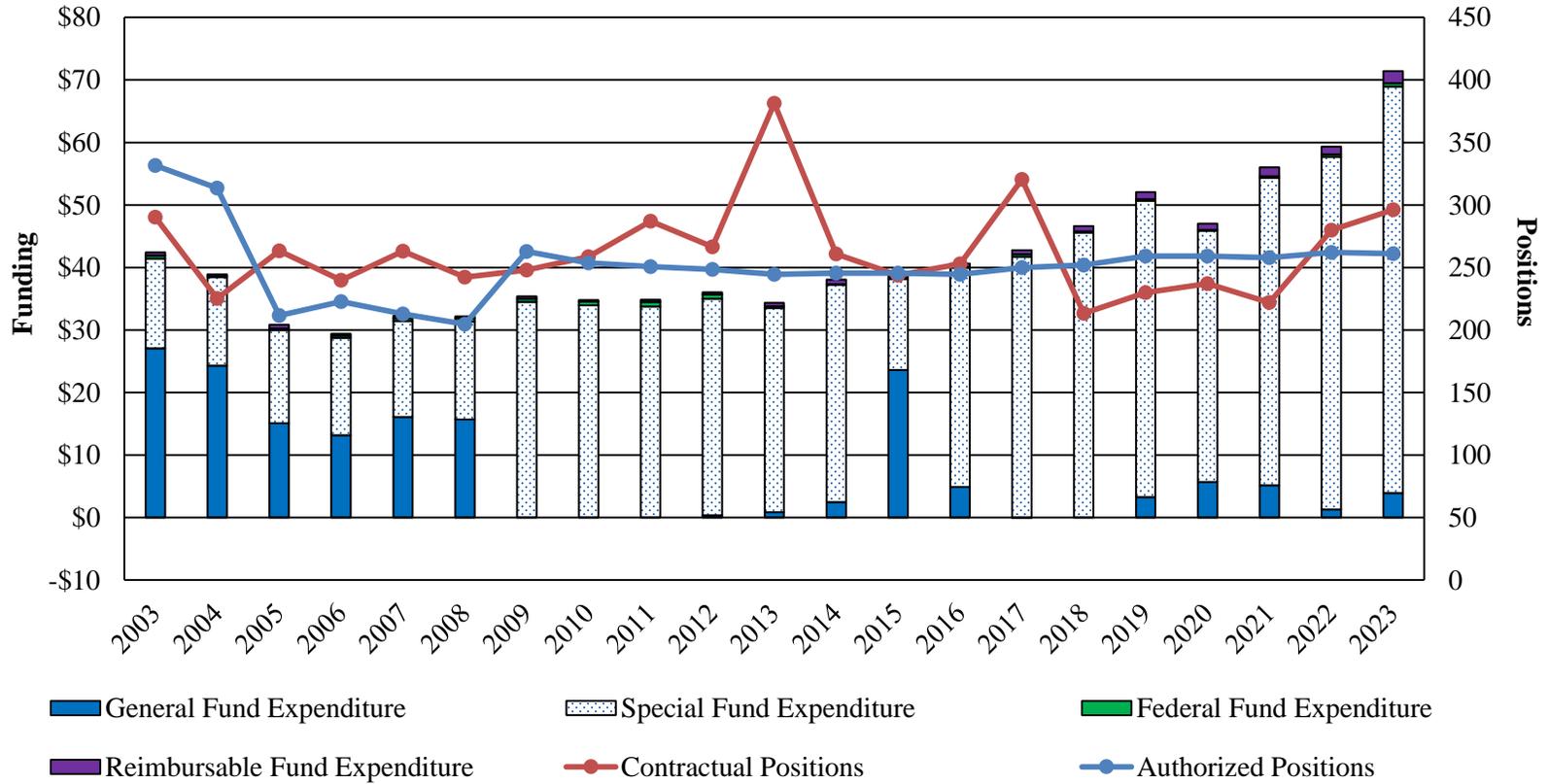


Note: The exhibit reflects the 16 Maryland State parks with capacity closures. Other includes the following parks: Gambrill; Gunpowder Falls (Hammerman); Newtowne Neck; Rocks; Rocky Gap; Seneca Creek; Smallwood; and Swallow Falls. The Patapsco Valley State Park includes the following locations: Avalon; Hollofield; Hilton; Pickall; and McKeldin.

Source: Department of Natural Resources

Exhibit 8 reflects MPS funding and personnel from fiscal 2003 to the fiscal 2023 estimate. Of note, the 261 regular positions in fiscal 2023 are below the 263 regular positions in fiscal 2009 despite an increase in the overall level of visitation to State parks and the increase in park capacity closures.

Exhibit 8
Maryland Park Service Funding and Personnel
Fiscal 2003-2023
(\$ in Millions)



Analysis of the FY 2023 Maryland Executive Budget, 2022
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Source: Governor’s Fiscal 2005-2023 Budget Books

State Park Investment Commission

In August 2021, the President of the Senate and the Speaker of the House jointly appointed a commission to investigate and make recommendations regarding overcrowding in Maryland State parks, including the adequacy of existing State park facilities to meet demand for recreational opportunities in the State; levels of operational funding and staff for existing State parks as well as the need for capital funding to provide a high-quality experience to park visitors; the need for new State park offerings and identification of any recreational deserts across Maryland; and the extent to which State parks and associated recreational opportunities are adequately accessible to all populations of Marylanders, including low-income Marylanders, those who lack access to a car, and Marylanders with disabilities.

The commission reviewed the work of prior State park advisory groups as well as reports requested from DNR concerning MPS and the Critical Maintenance Program. Over the course of the commission's six meetings, it heard presentations from a number of stakeholders, including DNR, local and federal government representatives, equity stakeholders, environment and allied stakeholders, national experts, and the Baltimore City Recreation and Parks Department.

The commission made 40 recommendations (grouped into the six categories of capacity, maintenance, staffing, funding, equity, and climate change) with the acknowledgment that these recommendations were one step in the process of positioning the Maryland State park system not only as a national leader but also as a model for connecting park considerations with climate change, equity, and human health.

2022 Legislation

SB 541 and HB 727 of 2022 would implement recommendations from the State Park Investment commission's final report. In general, the bills make changes to State law affecting the MPS parks in the State and land conservation relating to (1) funding for parks and other land conservation; (2) parks staff and volunteers; (3) management of parks and park infrastructure; and (4) new parks/amenities and other considerations. The bills include the following provisions related to DNR's operating budget and policies.

- ***Charitable Funding:*** Requires DNR to expand its work with park-focused organizations to leverage charitable funding for park enhancements.
- ***100 New Permanent Positions:*** Requires DNR, by July 1, 2024, to increase the number of full-time employees in MPS by 100 permanent classified positions with each position accompanied by a supplemental budget allocation to provide adequate support for each employee;
- ***Staff Adequacy and Salary Reviews:*** Requires the Department of Budget and Management (DBM) to (1) conduct a staff adequacy review of MPS every two years; (2) conduct a specified staff salary review of MPS every three years; and (3) report on the findings of the reviews.

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- ***Emergency Services Personnel Recognition and Related Benefits:*** (1) Requires DNR to recognize MPS associates and forest rangers, park rangers, and wildlife rangers as emergency services personnel; (2) clarifies that park services associates, forest rangers, park rangers, and wildlife rangers are eligible for workers' compensation benefits and expands all of the State's existing occupational disease presumptions to park services associates, forest rangers, park rangers, and wildlife rangers; and (3) expands an existing State income tax subtraction modification (for pension income) for retired law enforcement; correctional officers; and fire, rescue, or emergency services personnel between the ages of 55 and 64 to include retired park services associates, forest rangers, park rangers, and wildlife rangers.
- ***Volunteer Management Program:*** Requires DNR to implement a specified volunteer management program (managed by a volunteer program manager) to strategically manage volunteer services provided by individuals and State park friend groups.
- ***Parks and Recreation Commission:*** Repeals the Park Advisory Commission and establishes a Parks and Recreation Commission to provide oversight of MPS and its implementation of the bills.
- ***Comprehensive Long-range Strategic Plan:*** Requires DNR to develop and publish by December 1, 2023, and update every five years, a specified Comprehensive Long-range Strategic Plan.
- ***Independent Study of Outcomes and the Visitor Experience:*** Requires DLS to hire an independent consultant to conduct (and report on by December 1, 2023) a specified independent study of (1) whether MPS is producing outcomes consistent with its mission; (2) the visitor experience for State parks; and (3) how funding can be used to enable MPS to produce outcomes consistent with its mission.
- ***Decision Making with Respect to New Parks and Amenities:*** Requires DNR to (1) make decisions related to the establishment of State historical parks or other units that preserve and interpret the story of historically underserved, minority, and other underrepresented communities in coordination with the Parks and Recreation Commission and with input from groups active in the preservation of historical sites of underrepresented communities; (2) consider the cultural and ecological carrying capacities of State park areas when examining the development of new amenities in existing State parks; and (3) target the location and establishment of new parks and amenities toward areas that are identified by DNR's park equity tool as in need of recreational opportunities or that would relieve overcrowding in existing State parks that have consistently had to close to the public due to capacity restrictions.
- ***Accessibility:*** Requires MPS to (1) adopt universal design principles in its programming and amenities to ensure maximum access by all people, including people with disabilities and seniors; and (2) ensure that the MPS website and all other digital platforms adhere to Web Content Accessibility Guidelines 2.1 and Section 508 of the Americans with Disabilities Act.

- ***Climate Change and Local Water Quality:*** Requires DNR to (1) recognize as a formal policy that the State’s forests, trees, and wetlands are a major tool for addressing climate change with regard to mitigation, adaptation, and resiliency; and (2) require all MPS projects to contribute, to the extent possible, to the improvement of local water quality.

One of the key challenges going forward will be to address MPS’ operating funding needs. In particular, there will be the need to determine a sustainable revenue source to support the 100 new positions and the three new State parks that DNR plans to open in fiscal 2023. Possible funding solutions include modifications to the transfer tax allocation received by MPS, a new revenue source such as a carve-out of the sales tax on outdoor recreational equipment, or a return to general fund support. **DLS recommends that DNR comment on a long-term funding strategy to address MPS’ operating needs in light of the enhancements provided in SB 541 and HB 727 and to comment on the three new State parks proposed to be opened in fiscal 2023.**

3. Fair Hill Racetrack and Special Events Area Funding

The Fair Hill racetrack and special events area at Fair Hill Natural Resources Management Area has become a consistent and heavy user of State funding since its development. The project originally impacted DNR’s PAYGO budget – in particular the Natural Resources Development Fund – as the project was developed. Now, DNR’s operating budget is impacted by ongoing maintenance and operations funding needs.

Through fiscal 2020, \$19,000,000 in Natural Resources Development Fund funding in DNR’s PAYGO budget had been transferred to the Maryland Stadium Authority (MSA) – the manager of the project – for the purposes of the Fair Hill racetrack and special events area development. In addition, \$1,000,000 in private Fair Hill Foundation funding has been transferred to MSA for a total project development cost of \$20,000,000. The ultimate plan is for the State and Fair Hill Foundation to split the \$20,000,000 cost of the project evenly.

In addition to PAYGO/capital costs, ongoing operations and maintenance funding has been provided in DNR’s operating budget. This funding is as follows:

- ***Fiscal 2021 Operating Budget Bill:***
 - \$750,000 in fiscal 2020 general funds to provide funds for maintenance of the special events area at the Fair Hill Natural Resources Management Area; and
 - \$350,000 in fiscal 2021 general funds for contractual services to provide funds for maintenance of the special events area at the Fair Hill Natural Resources Management Area;

- ***Fiscal 2022 Operating Budget Bill:***
 - \$2,098,793 in fiscal 2021 special funds to support infrastructure improvements at the Fair Hill racetrack and special events area;
 - \$500,000 in fiscal 2022 general funds in MSA – Office of Sports Marketing to provide one-time funding for an equine event at Fair Hill racetrack; and
 - \$1,300,000 in fiscal 2022 general funds for contractual services to provide funding for operations and maintenance of the Fair Hill racetrack and special events area;

- ***Fiscal 2023 Operating Budget Bill:***
 - \$2,299,271 in fiscal 2023 special funds for operations and maintenance contracts for the Fair Hill special events area; and
 - \$2,000,729 in fiscal 2023 general funds in DPA for operations and maintenance contracts for the Fair Hill special events area.

Fair Hill hosted a 5 Star equestrian event from October 14, 2021, through October 17, 2021, which was attended by 20,886 visitors. The revenue received by the Sport of Entertainment Corp of Maryland – the nonprofit foundation affiliated with MSA – was approximately \$3,218,000. However, it is not clear whether any of this funding will be remitted to the State.

DNR notes that, as of February 7, 2022, the Fair Hill Foundation has paid the State a total of \$2.9 million – the \$1.0 million noted previously for development and an additional \$1.9 million. This means that the Fair Hill Foundation still has to repay the State \$7.1 million. This repayment may need to be delayed since DNR notes that the 5 Star event and other events will take approximately three to five years to mature before the State will not need to provide operating and maintenance funding support. DNR notes that the overall plan is to develop a business model that will allow the Fair Hill special events area to be more profitable and presumably also independent of State finances. **DLS recommends that DNR comment on what guarantee there is that the Fair Hill Foundation will pay back the State the remaining \$7.1 million owed to the Natural Resources Development Fund.**

4. Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Allocation

Chapter 6 of the 2007 special session established the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to be used to implement the State’s tributary strategy. The fund is financed with a portion of existing revenues from the motor fuel tax and the sales and use tax on short-term vehicle rentals. Subsequently, Chapters 120 and 121 of 2008 established a framework for how the trust fund money must be spent by specifying that it be used for nonpoint source pollution control projects and by expanding it to apply to the Atlantic Coastal Bays.

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The COVID-19 pandemic has reduced revenues for the fund, particularly from the sales and use tax on short-term vehicle rentals. While Chapter 9 of the 2021 special session increases the amount of revenues deposited into the fund, it has not had a measurable impact yet. As a result of the revenue shortfalls, the fiscal 2023 budget includes fiscal 2022 deficiency funding totaling \$10.7 million, which supports a number of projects that otherwise would need to be canceled or delayed until fiscal 2023.

The fund allocations for the fiscal 2022 working appropriation and the fiscal 2023 allowance are shown in **Exhibit 9**, although final decisions on allocations typically are made by the BayStat agencies after the final funding levels have been determined. As can be seen, there is no overall change in the funding levels between the two years, although the fiscal 2022 funding is supported by the fiscal 2022 general fund deficiencies.

Exhibit 9
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund
Planned Expenditures
Fiscal 2022-2023
(\$ in Millions)

<u>Category/Activity</u>	<u>2022</u>	<u>2023</u>	<u>Difference</u> <u>2022-2023</u>
Accountability, Verification, and Management			
Strategic Monitoring and Assessment	\$0.4	\$0.4	\$0.0
Implementation Tracking	0.2	0.2	0.0
Administration and Management (1.5%)	0.7	0.7	0.0
Subtotal	\$1.3	\$1.3	\$0.0
Accelerating Restoration through Research and Development			
Innovative Technology Fund	\$1.0	\$1.0	\$0.0
Restoration Research Grant Program	0.3	0.3	0.0
Subtotal	\$1.3	\$1.3	\$0.0
Implementation Technical Assistance			
Agricultural Technical Assistance	\$4.9	\$4.9	\$0.0
Water Management Permit Expeditors	0.8	0.8	0.0
Field Restoration Specialists	0.8	0.8	0.0
Tree Solutions Now Coordinator and Regional Foresters	0.0	1.3	1.3
Subtotal	\$6.4	\$7.6	\$1.3

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<u>Category/Activity</u>	<u>2022</u>	<u>2023</u>	<u>Difference</u> <u>2022-2023</u>
Nonpoint Source Pollution Control Projects			
Cover Crop Program	\$11.3	\$11.3	\$0.0
Conservation Reserve Enhancement Program Bonus Payments	0.5	0.5	0.0
Grants to Farmers	3.0	3.0	0.0
Manure Transport Program	1.8	1.8	0.0
Competitive Grant Program	15.2	14.9	-0.3
Natural Filters on Public Lands	6.0	5.0	-1.0
<i>Subtotal</i>	\$37.7	\$36.4	-\$1.3
Total	\$46.7	\$46.7	\$0.0

Source: Department of Natural Resources

DLS recommends the addition of committee narrative to request that the Administration continue to publish the overall Chesapeake Bay restoration data in the Governor’s Budget Books and provide the electronic data separately. DLS also recommends that budget bill language be added to restrict funding pending the submission of the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund annual work and expenditure plans.

Operating Budget Recommended Actions

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

, provided that \$100,000 of this appropriation made for the purpose of general administrative expenses may not be expended until the Department of Natural Resources submits the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund annual work and expenditure plans to the budget committees. The annual work and expenditure plans shall be submitted with the fiscal 2024 budget submission as required by Section 8-2A-03(d) of the Natural Resources Article, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of annual work and expenditure plans may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the annual work and expenditure plans are not submitted to the budget committees.

Explanation: Section 8-2A-03(d) of the Natural Resources Article requires the Governor to submit the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund annual work and expenditure plans to the General Assembly as part of the annual budget submission, but the Governor has not done so on a regular basis. This action restricts funding in the Department of Natural Resources’ (DNR) budget until the annual work and expenditure plans are submitted with the fiscal 2024 budget submission.

Information Request	Author	Due Date
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund annual work and expenditure plans	DNR	Fiscal 2024 budget submission

2. Adopt the following narrative:

Summary of Chesapeake Bay Restoration Spending: The budget committees request that the Department of Budget and Management (DBM), the Department of Natural Resources (DNR), and the Maryland Department of the Environment (MDE) provide a report on Chesapeake Bay restoration spending. The report shall be drafted subject to the concurrence of the Department of Legislative Services (DLS) in terms of both electronic format to be used and data to be included. The scope of the report is as follows: Chesapeake Bay restoration operating and capital expenditures by agency, fund type, and particular fund source based on programs that have over 50% of their activities directly related to Chesapeake Bay restoration for the fiscal 2022 actual, fiscal 2023 working appropriation, and fiscal 2024 allowance to be included as an appendix in the fiscal 2024 budget volumes and submitted electronically in disaggregated form to DLS.

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Information Request	Author	Due Date
Summary of Chesapeake Bay restoration spending for programs that have over 50% of their activities directly related to Chesapeake Bay restoration	DBM DNR MDE	Fiscal 2024 budget submission

Updates

1. Impact Assessment Study of Maryland’s Coyote Population

The budget committees were concerned that the coyote has fully colonized Maryland and that the coyote population is threatening both domestic and wild animals as well as public health, safety, and welfare. Therefore, the budget committees requested that DNR, in cooperation with stakeholder groups, conduct an impact assessment study of Maryland’s coyote population. The study was required to include an assessment of the coyote population statewide in terms of range and subspecies, including fertile hybrids; a determination of the socioeconomic impact of unchecked growth in the coyote population; and identification of strategies and policies to control coyote population growth and mitigate attendant ecological impacts.

The submitted report notes that coyotes are found most often in the Appalachian Plateau, followed by the Ridge and Valley province of Maryland. In terms of hybridization, the report notes that ancestry is not a reliable indicator of size or demeanor for coyotes and cautioned against theories about the introduction of coyotes for ulterior motives. There does not appear to be a socioeconomic impact from coyote population growth because of the low densities experienced so far and the few altercations with humans, livestock, and pets. In terms of control policies, DNR notes that it will continue to manage the coyote population with regulated hunting and trapping and will monitor conflicts with humans, domestic pets, and livestock.

2. Patapsco Valley State Park Access Improvements

The budget committees were concerned that there are limited parking options for access to Patapsco Valley State Park. In particular, there is a lack of access to the Daniels Area due to parking limitations along the shoulders of Daniels Road and a lack of access to the west end of the Orange Grove Area due to similar parking limitations in and around the corner of South Hilltop Road and River Road. These access limitations impede enjoyment of amenities such as the recently restored area around the former Bloede Dam. Therefore, the budget committees requested that DNR develop a plan for Patapsco Valley State Park access improvements in the Daniels Area and Orange Grove Area and provide a report detailing that plan, including an evaluation of existing parking options, the need for additional parking options on existing park land, and the need for additional park land to be purchased on which parking may be developed for safe parking and easy access.

The submitted report notes that DNR considered building additional parking on existing land or purchasing additional land for the Greater Avalon Area, Hollofield Area, Daniels Road access trailhead, and Hilltop Road trailhead and has had some success improving access. In addition, the Land Acquisition and Planning unit has conducted outreach to landowners for possible additional acquisitions. DNR also notes that it continues to add new State parks and to expand the amenities available to the public on existing State parks.

3. Coal Combustion By-product Storage, Use, and Disposal

The budget committees were concerned that there is limited opportunity for private vendors to participate in coal combustion by-product recovery and beneficial use in Maryland. Therefore, the budget committees requested that PPRP, in cooperation with FSU, contract with a vendor to begin work at coal combustion by-product storage, fill, and disposal sites in Maryland that were determined to have some potential for coal combustion by-product recovery and beneficial use by the *Coal Combustion By-Product Storage, Use, and Disposal Sites in Maryland* report by PPRP published in August 2019. The budget committees also requested that PPRP, in cooperation with FSU, report on the status of vendor work at coal combustion by-product storage, fill, and disposal sites.

The submitted report notes that DNR did not contract directly with a vendor to begin working at coal combustion sites in Maryland because Maryland already has several private vendors using coal combustion by-product resources. Instead, DNR, in cooperation with FSU, provided an update of PPRP's efforts to facilitate private vendor participation in the recovery and beneficial use of coal combustion by-products in Maryland. This largely reflects an update of the August 2019 PPRP report.

DNR notes that one coal combustion by-product recovery project has been completed – R. Paul Smith Fly Ash Storage Sites – one project is active, and three are under development. In terms of lessons learned, DNR notes the following.

- **Permits:** material testing can be conducted without a permit, but the Maryland Department of the Environment (MDE) requires a deconstruction plan before initiation of large-scale recovery efforts;
- **Testing:** vendors have internal product-specific testing processes that are required before receiving material, and the results of these tests may be considered proprietary; and
- **Economic Viability:** vendors prefer coal combustion by-product sites that contain more than 100,000 tons of material – preferably millions of tons of material – to supply operations for 10 years or more.

Exhibit 10 reflects summary data from the report concerning coal combustion by-product property size, the amount of estimated coal combustion by-product available, and the proximity to transportation sources. In general, small sites are not economically viable because they do not have sufficient estimated coal combustion by-product material. The sites with the highest likelihood of economic viability are the larger sites for which DNR provided information about the distance to the nearest highway, freight rail, and navigable waterway. In terms of the demand for coal combustion by-products, cement plants are currently adequately supplied, but ready-mix concrete plants are not because Maryland coal-fired power plants are producing less fly ash, a type of coal combustion by-product. Therefore, there is the opportunity to modify Maryland's two beneficiation plants, which currently convert fly ash for use at ready-mix concrete plants, so that the two plants can accept previously disposed coal combustion by-products and convert them to a form usable by ready-mix concrete plants.

Exhibit 10
Coal Combustion By-product Information
November 2021

<u>Site Category</u>	<u>Investigation Details</u>	<u>Opinion of Probable Cost to Investigate</u>	<u>Sites</u>	<u>CCB Estimate (in Tons)</u>	<u>Distance to Nearest Major Highway (in Miles)</u>	<u>Distance to Nearest Freight Rail (in Miles)</u>	<u>Distance to Nearest Navigable Water (in Miles)</u>
Small Sites	Background research; field investigation (5 to 10 borings to 25 feet; laboratory analysis (5 CCB samples))	\$30,000 to \$45,000	Cumberland Site 1 (Allegany County)	<100,000			
			Cumberland Site 2 (Allegany County)	<100,000			
			Dyson Road Site (Prince George’s County)	<100,000			
			Piscataway (Prince George’s County)	<100,000			
			Rossville Industrial Park (Baltimore County)	<100,000			
Large, Poorly Characterized Sites	Background research; field investigation (10 to 15 borings to 25 feet); laboratory analysis (10 CCB samples)	\$45,000 to \$60,000	Riverside (Baltimore County)	Unknown			
			Westport Generating Station (Baltimore City)	100,000 to 700,000	0.1	0.1	0.1
			Joppa Sand and Gravel (Harford County)	100,000 to 700,000	0.7	0.8	2.6
			BBSS, LLC (Anne Arundel County)	4,000,000	0.3	23	7
			Vienna Fly Ash Disposal Site (Dorchester County)	100,000 to 700,000	0.1	100	0.1
			C.P. Crane Generating Station (Baltimore County)	100,000 to 700,000			
			Chalk Point Generating Station (Prince George’s County)	100,000 to 700,000			

<u>Site Category</u>	<u>Investigation Details</u>	<u>Opinion of Probable Cost to Investigate</u>	<u>Sites</u>	<u>CCB Estimate (in Tons)</u>	<u>Distance to Nearest Major Highway (in Miles)</u>	<u>Distance to Nearest Freight Rail (in Miles)</u>	<u>Distance to Nearest Navigable Water (in Miles)</u>
Large, Well Characterized Sites	Background research; field investigation (5 to 10 borings to 25 feet); laboratory analysis (5 CCB samples)	\$30,000 to \$45,000	Faulkner Fly Ash Storage Site (Charles County)	7,000,000	0.9	0.8	5
			Westland Fly Ash Storage Site (Montgomery County)	~3,500,000	2	1.7	2.1
			Brandywine Fly Ash Storage Site (Prince George’s County)	~7,000,000	5	1	12
No Information			Fort Armistead Road Landfill (Baltimore City)	> 170,000	0.4	0.2	1.1
			Moran Coal Company/ Luke Paper Mill Site (Garrett County)	> 400,000	7	5	67

CCB: coal combustion by-product

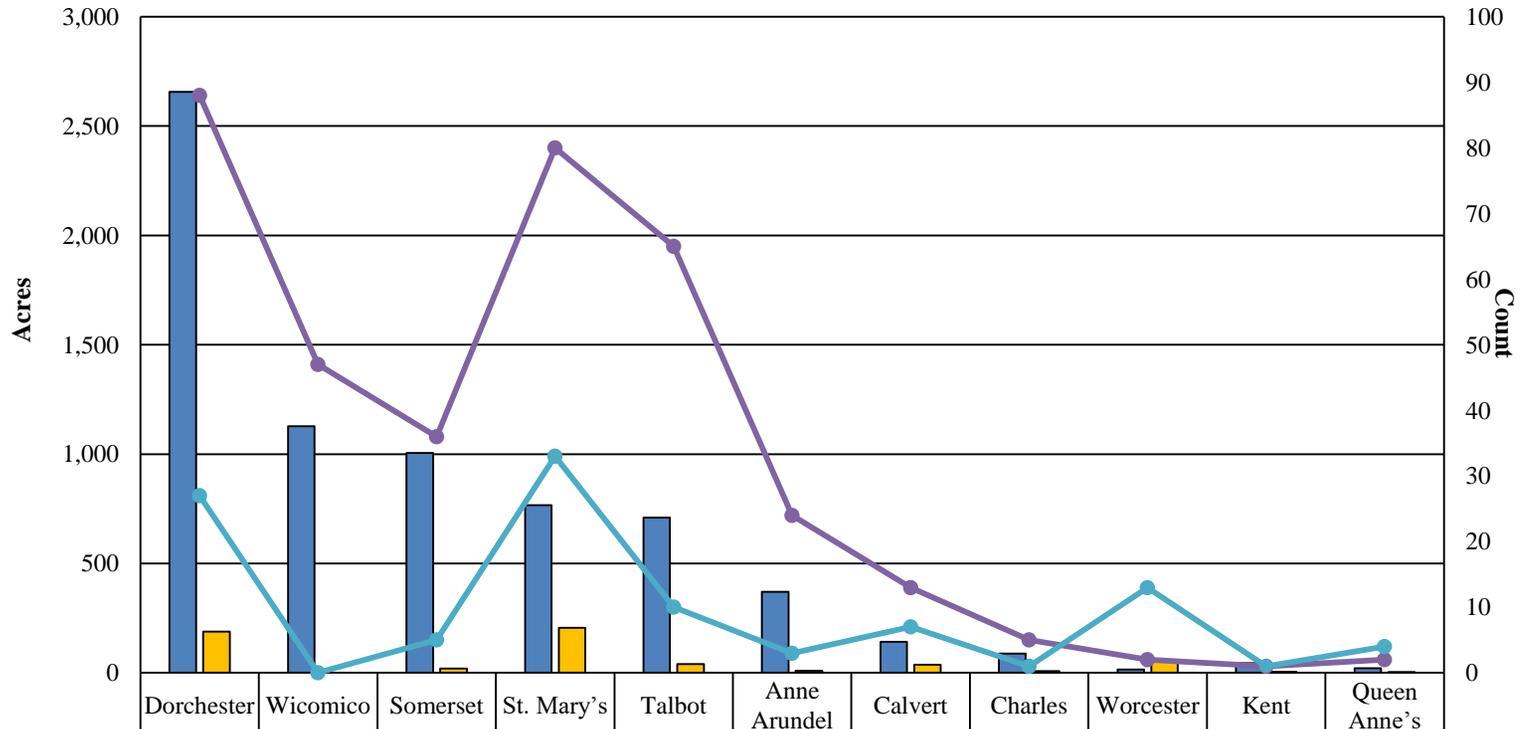
Source: Department of Natural Resources

4. Data on Oyster Lease Locations in Maryland

The budget committees recognized the vital role that wild native oysters and oyster aquaculture play in the continued revitalization and restoration of the Chesapeake Bay but were concerned that the effect of aquaculture and oyster leases on shoreline property owners had not been evaluated. Therefore, a report was requested by December 1, 2021, requesting both statewide and county data as follows: the number of active oyster leases in Maryland within 500 feet of a shoreline property; the number of these leases that are water column leases; the number of these leases that are bottom leases; and the number of shoreline properties located within 500 feet of an oyster lease.

The submitted report notes that there are a couple of ways that the public may access shellfish aquaculture lease information. There is an online mapping tool called the Aquaculture Siting Tool. In addition, there is also a lease application tracking tool and an email notification service. As shown in **Exhibit 11**, there appears to be a fairly strong correlation between oyster lease acres and oyster lease counts with the exception of St. Mary's and Talbot counties, which appear to reflect a number of small oyster leases. As shown in **Exhibit 12**, St. Mary's and Talbot counties also reflect the highest number of instances where shoreline properties and shellfish aquaculture leases are within 500 feet of each other.

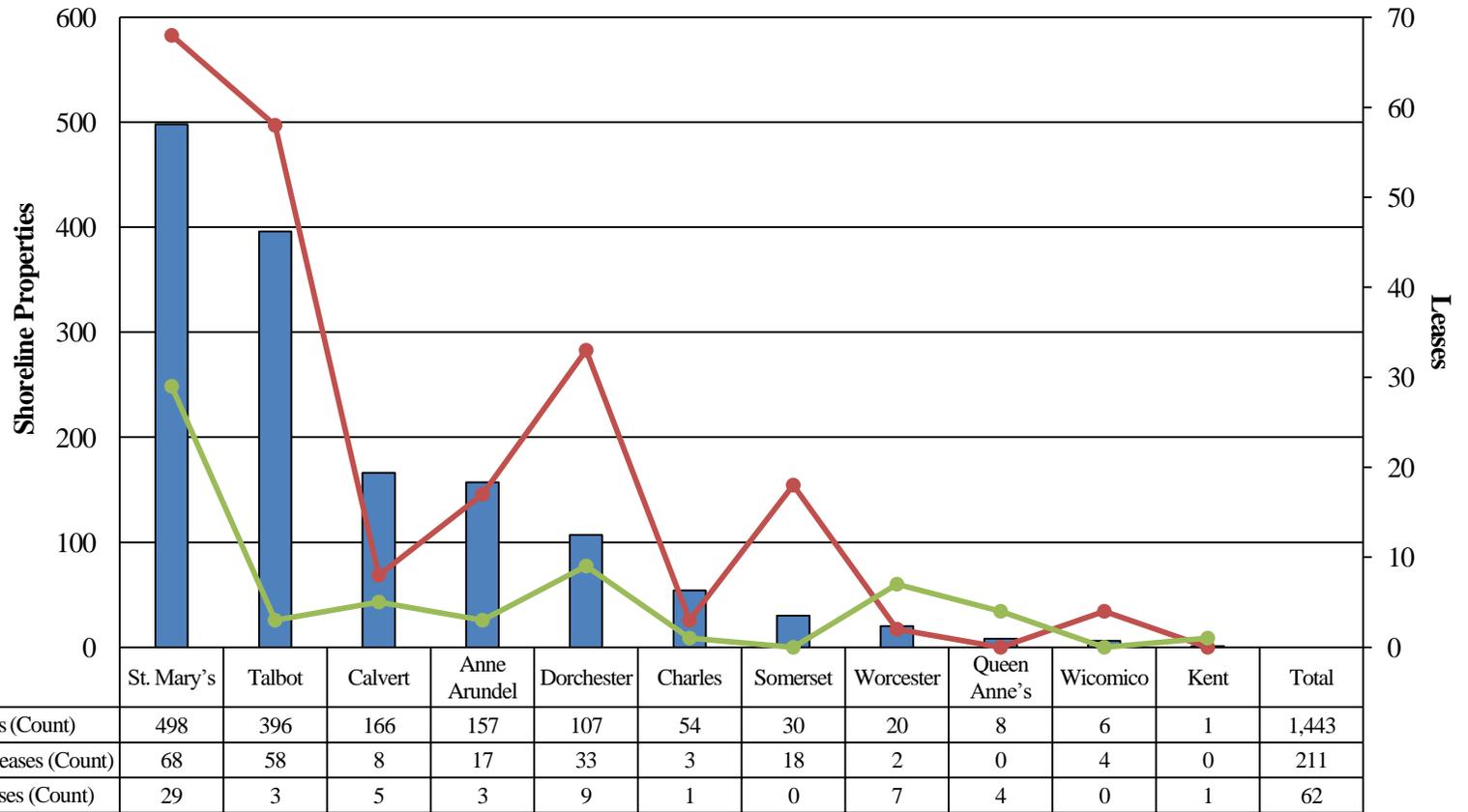
Exhibit 11
Oyster Lease Acres and Counts by County
February 2022



K00A – Department of Natural Resources

Source: Department of Legislative Services

Exhibit 12
Active Shellfish Leases and Shoreline Properties within 500 Feet of Each Other
February 2022



Source: Department of Legislative Services

5. Audit Review

DNR’s April 2021 audit included seven findings, of which one was a repeat audit finding. The audit covered the January 6, 2016, to August 5, 2019 time period. The findings are reflected in Appendix 2 of this analysis. At JAEC’s August 25, 2021 meeting, OLA recommended that JAEC send a letter of concern about three findings from DNR’s audit. DNR responded by letter on October 22, 2021, to JAEC’s letter. More recently, DNR noted that all audit findings have been appropriately addressed.

Appendix 1 2021 Joint Chairmen’s Report Responses from Agency

The 2021 *Joint Chairmen’s Report* (JCR) requested that DNR prepare seven reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- **Montgomery County Enhanced Deer Management Strategy:** The budget committees requested that DNR, in cooperation with and approval by Montgomery County officials, develop an enhanced deer management strategy to reduce the Montgomery County deer population by a measurable amount. DNR recommended that specified lethal and nonlethal options be used to enhance Montgomery County’s deer management strategy in addition to the methods already being used.
- **Impact Assessment Study of Maryland’s Coyote Population:** The budget committees requested that DNR, in cooperation with stakeholder groups, conduct an impact assessment study of Maryland’s coyote population and report on the findings. Further discussion of this data can be found in Update 1 of this analysis.
- **Patapsco Valley State Park Access Improvements:** The budget committees requested that DNR develop a plan for Patapsco Valley State Park access improvements in the Daniels Area and Orange Grove Area and provide a report detailing that plan, including an evaluation of existing parking options, the need for additional parking options on existing park land, and the need for additional park land to be purchased on which parking may be developed for safe parking and easy access. Further discussion of this data can be found in Update 2 of this analysis.
- **Coal Combustion By-product Storage, Use, and Disposal:** The budget committees requested that DNR’s PPRP, in cooperation with FSU, contract with a vendor to begin work at coal combustion by-product storage, fill, and disposal sites in Maryland that were determined to have some potential for coal combustion by-product recovery and beneficial use by the *Coal Combustion By-Product Storage, Use, and Disposal Sites in Maryland* report by PPRP published in August 2019. The budget committees also requested that PPRP, in cooperation with FSU, report on the status of vendor work at coal combustion by-product storage, fill, and disposal sites. Further discussion of this data can be found in Update 3 of this analysis.
- **Summary of Chesapeake Bay Restoration Spending:** The budget committees requested that DBM, DNR, and MDE provide a report on Chesapeake Bay restoration spending. Further discussion of this data can be found in the Chesapeake Bay Overview analysis.
- **Data on Oyster Lease Locations in Maryland:** The budget committees requested that DNR submit a report on oyster lease locations data in Maryland. Further discussion of this data can be found in Update 4 of this analysis.
- **Historical and Projected Chesapeake Bay Restoration:** Section 21 of the fiscal 2022 Budget Bill requested the submission of a report on historical and projected Chesapeake Bay restoration spending and associated impacts and the overall framework to meet the calendar 2025 requirement of having all best management practices in place to meet water quality standards for restoring the Chesapeake Bay. Further discussion of this data can be found in the Chesapeake Bay Overview analysis.

**Appendix 2
Audit Findings**

Audit Period for Last Audit:	January 6, 2016 – August 5, 2019
Issue Date:	April 2021
Number of Findings:	7
Number of Repeat Findings:	1
% of Repeat Findings:	14%
Rating: (if applicable)	n/a

Finding 1: DNR overpaid for Conservation Reserve Enhancement Program easements and did not ensure that landowners complied with the terms of the easements.

Finding 2: DNR did not obtain required documentation needed to effectively monitor the State Forest Conservation Act program. In addition, DNR did not use \$3.5 million collected for reforestation projects within the time required.

Finding 3: DNR did not effectively monitor local Forest Conservation Act programs to ensure that local jurisdictions complied with the terms of the program and did not properly account for the related funds.

Finding 4: DNR did not perform periodic reviews to determine the propriety of user access to its COMPASS web-based licensing and registration system. As a result, several users were identified who had improper access or could process critical transactions without adequate supervisory review, and certain transactions were not properly supported.

Finding 5: **Collections at DNR’s headquarters complex and the Annapolis Regional Service Center were not always safeguarded and independently verified to subsequent deposit, and certain collection functions were not separated as required.**

Finding 6: DNR did not always comply with State procurement regulations including documenting bid openings, retaining proposals, executing contracts, and publishing contract awards on eMaryland Marketplace.

Finding 7: DNR did not ensure that it received technology enterprise services during fiscal 2020 valued at \$5 million from DoIT.

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 3
DNR Modernization and OneStop Integration Project
Major Information Technology Project
Department of Natural Resources

New/Ongoing: Ongoing								
Start Date: July 2020					Est. Completion Date: June 2023			
Implementation Strategy: Agile								
(\$ in Millions)	Prior Year	2022	2023	2024	2025	2026	Remainder	Total
GF	\$5.500	\$3.500	\$5.500	\$5.180	\$1.320	\$0.000	\$0.000	\$21.000
Total	\$5.500	\$3.500	\$5.500	\$5.180	\$1.320	\$0.000	\$0.000	\$21.000

- Project Summary:** The project would replace the current COMPASS web-based licensing and registration system. The goals for the project are to integrate with the Maryland OneStop platform, reduce inefficiencies and redundancies, create a return on investment to ensure increased revenue, decrease monthly and annual operational costs, and increase customer satisfaction.
- Need:** COMPASS can no longer meet current reporting requirements and is anticipated to become even less functional; the COMPASS contract expired in August 2020. For instance, COMPASS cannot integrate with MPS’ parks reservation system or shop DNR’s point of sale system. A new system could increase the retention of fishing and hunting license holders through autorenewal, which is not available with COMPASS.
- Observations and Milestones:** The project is 50% through phase 2 of 5 phases. Phase 2 includes the architectural development of the e-commerce store and recreational hunting/fishing licensing products. Phase 1 was completed in fall 2021.
- Changes:** The overall funding noted in the Governor’s Budget Highlights has increased from \$15.5 million to \$21.0 million. This cost increase reflects the inclusion of a phase 4 and phase 5 for maintenance. This shifts the project schedule back to fiscal 2024 for the completion of phase 4, although DNR expects the replacement of COMPASS to still occur at the end of phase 3 or June 2023.
- Concerns:** Funding is a concern because of the increase in the cost from \$15.5 million to \$21.0 million. This appears to reflect the inclusion of elements that were previously removed due to cost constraints. The addition of phase 4 is also a concern, although DNR notes that phase 3 should still be completed by June 2023. Another concern is the interoperability with other systems such as those operated by the State Board of Elections, the Interstate Wildlife Violator Compact, the Maryland Child Support Administration, the Maryland Department of Transportation, the Maryland State Police, the Federal Duck Stamp, and NRP. A final concern is the need for a scope change so early in the project.

Appendix 4
Modernizing Maryland Park Reservation and Revenue Management System
Major Information Technology Project
Department of Natural Resources

New/Ongoing: New								
Start Date: July 1, 2022					Est. Completion Date: June 30, 2025			
Implementation Strategy: To be determined by DoIT.								
(\$ in Millions)	Prior Year	2022	2023	2024	2025	2026	Remainder	Total
GF	\$0.000	\$0.000	\$0.925	\$3.000	\$3.000	\$1.575	\$0.000	\$8.500
SF	0.000	0.000	0.500	0.000	0.000	0.000	0.000	0.500
Total	\$0.000	\$0.000	\$1.425	\$3.000	\$3.000	\$1.575	\$0.000	\$9.000

- Project Summary:** The project will provide DNR with a modern, reliable, mobile-enabled, web-based Park Reservation and Revenue Management System with a customer call center to take registrations and reservations and facilitate retail transactions, inventory control, revenue tracking, and reporting. Stakeholders include the users of the system: the public; park employees; and Central Call Center staff.
- Need:** The current vendor contract ends March 31, 2022. Therefore, DNR sought and received approval from the Board of Public Works to extend its current vendor contract for two years and to initiate a new procurement as soon as possible. In addition, there have been advancements in the park reservation system field over the past five years – the period in which the current park reservation system has been in use.
- Observations and Milestones:** DNR is proposing a two-step process for the new system procurement. First, DNR intends to procure a system needs assessment to inform a new reservation system procurement. Second, DNR will use the knowledge gained by the system needs assessment to go forward with a separate procurement.
- Concerns:** The current vendor contract ending on March 31, 2022, and the need to extend this contract as well as the two-step procurement suggests that DNR is not certain what it needs in a park reservation management system.

**Appendix 5
Fiscal Summary
Department of Natural Resources**

<u>Program/Unit</u>	<u>FY 21 Actual</u>	<u>FY 22 Wrk Approp</u>	<u>FY 23 Allowance</u>	<u>Change</u>	<u>FY 22 - FY 23 % Change</u>
01 Office of the Secretary	\$ 20,646,091	\$ 20,713,581	\$ 22,704,462	\$ 1,990,881	9.6%
02 Forestry Service	15,627,073	14,956,666	16,584,829	1,628,163	10.9%
03 Wildlife and Heritage Service	11,168,214	12,989,115	15,083,801	2,094,686	16.1%
04 Maryland Park Service	56,035,614	59,334,571	71,402,146	12,067,575	20.3%
05 Capital Grants and Loan Administration	5,877,682	5,085,554	7,199,636	2,114,082	41.6%
06 Licensing and Registration Service	3,529,692	4,066,848	4,153,638	86,790	2.1%
07 Natural Resources Police	54,224,181	55,054,901	58,152,997	3,098,096	5.6%
09 Engineering and Construction	5,971,922	14,911,992	12,599,047	-2,312,945	-15.5%
10 Chesapeake Bay Critical Area Commission	2,057,658	2,124,499	2,395,883	271,384	12.8%
12 Resource Assessment Service	19,586,285	23,827,895	22,377,083	-1,450,812	-6.1%
13 Maryland Environmental Trust	912,729	1,308,812	961,093	-347,719	-26.6%
14 Watershed Services	65,858,096	64,916,252	64,157,254	-758,998	-1.2%
17 Fisheries Service	30,926,603	27,952,866	30,483,690	2,530,824	9.1%
Total Expenditures	\$ 292,421,840	\$ 307,243,552	\$ 328,255,559	\$ 21,012,007	6.8%
General Fund	\$ 61,916,537	\$ 83,555,674	\$ 89,311,945	\$ 5,756,271	6.9%
Special Fund	159,513,138	173,455,728	186,217,401	12,761,673	7.4%
Federal Fund	33,602,072	32,225,427	36,293,992	4,068,565	12.6%
Total Appropriations	\$ 255,031,747	\$ 289,236,829	\$ 311,823,338	\$ 22,586,509	7.8%
Reimbursable Fund	\$ 37,390,093	\$ 18,006,723	\$ 16,432,221	-\$ 1,574,502	-8.7%
Total Funds	\$ 292,421,840	\$ 307,243,552	\$ 328,255,559	\$ 21,012,007	6.8%

Note: The fiscal 2022 working appropriation includes deficiencies. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.