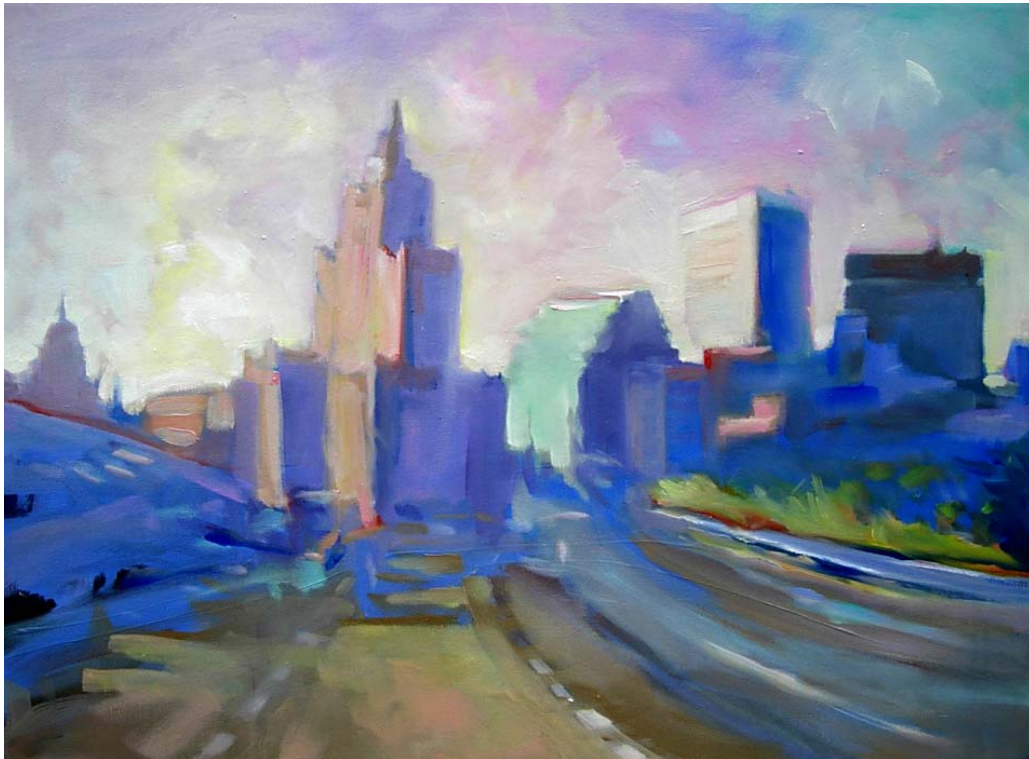


State of Rhode Island and Providence Plantations

Executive Summary



Fiscal Year 2009

Donald L. Carcieri, Governor

Natural Resources

Natural Resources

Summary

The Natural Resources function includes the Department of Environmental Management, the State Water Resources Board and the Coastal Resources Management Council. In FY 2009, the Governor recommends the merger of these three separate entities, resulting in one agency comprising the entire function. The Governor recommends total full-time equivalent positions of 518.0 FTE in FY 2008 and 501.0 in FY 2009 for the natural resource function. Up to 350 temporary positions may also be utilized for seasonal support at state parks and beaches. Certain debt service for general obligation bonds issued to finance capital projects of the Narragansett Bay Commission and the Rhode Island Clean Water Finance Agency are appropriated in the Department of Administration, though the agencies themselves are not part of the state budget.

The Department of Environmental Management manages and protects Rhode Island's public and common natural assets, including land, air and water resources. It manages state-owned lands, including state parks and beaches, forests, port facilities, and fish and wildlife management areas. The department administers a capital management program financed by general obligation bonds, Rhode Island Capital Plan funds, federal funds, restricted receipts and third-party sources (for land acquisition). Capital program activities include: acquisition and development of recreational, open space and agricultural lands; municipal and non-profit grant programs for land acquisition and development; improvements to state-owned ports and recreation facilities; Superfund federal mandates; construction of new state environmental facilities; municipal wastewater facility construction grant programs; and, grants to non-governmental entities for specified water quality improvement projects. The department also monitors the use and quality of state groundwater; regulates discharges and uses of surface fresh and salt water; enforces game, fishing and boating regulations; coordinates a statewide forest fire protection plan; regulates air quality; and monitors the disposal of solid and hazardous wastes.

The Coastal Resource Management Council seeks to preserve, protect and restore the coastal resources of the state. The council is administered by sixteen appointed representatives from the public and from state and local government, and is staffed with professional engineers, biologists, environmental scientists and marine resource specialists. The council issues permits regarding proposed changes in coastal facilities within an area from three miles offshore to two hundred feet inland from coastal features, including all freshwater wetlands within the coastal zone. The council formulates, amends, and enforces violations of the Rhode Island Coastal Resources Management Plan and Special Area Management plans. The council: develops guidelines and advises communities on harbor management plans; develops a Submerged Lands Management licensing program for public trust areas; designates public rights-of-way to the shore; and serves as the aquaculture coordinator for permitting and planning actions. The council is the lead agency for all dredging and implements an extensive habitat restoration effort. It also conducts public outreach and public communication campaigns on its programs and activities, and coordinates its programs with other government agencies. The agency will be merged with the Department of Environmental Management in FY 2009, with the core functions of the agency and the Council remaining intact.

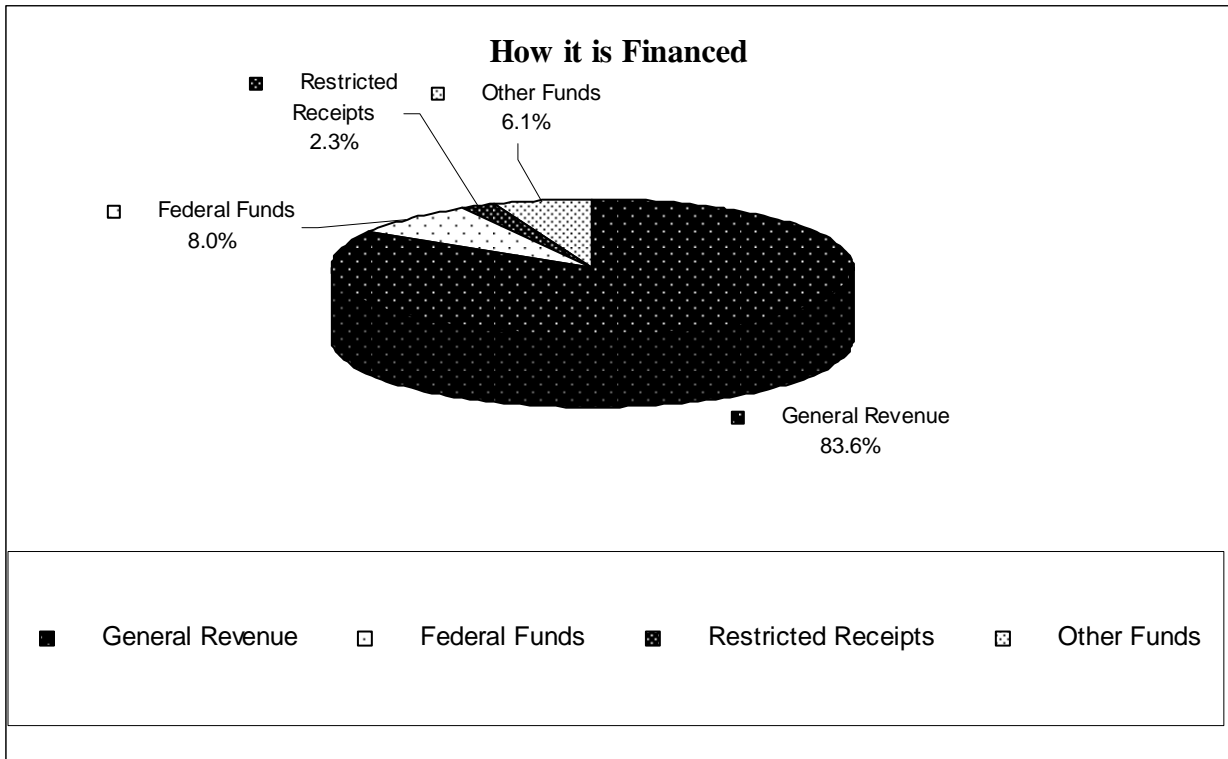
The State Water Resources Board is a water supply planning and development agency responsible for promoting the protection of developed and undeveloped drinking water supplies for the thirty-nine municipal water supply systems located in the state. The board regulates water supply distribution lines connecting water supply systems and is creating a computerized database for drought alert communication. The board also manages the Big River Management Area, a water supply reservation. The board is composed of thirteen appointed representatives from the public and from state and local government. The agency will be merged with the Department of

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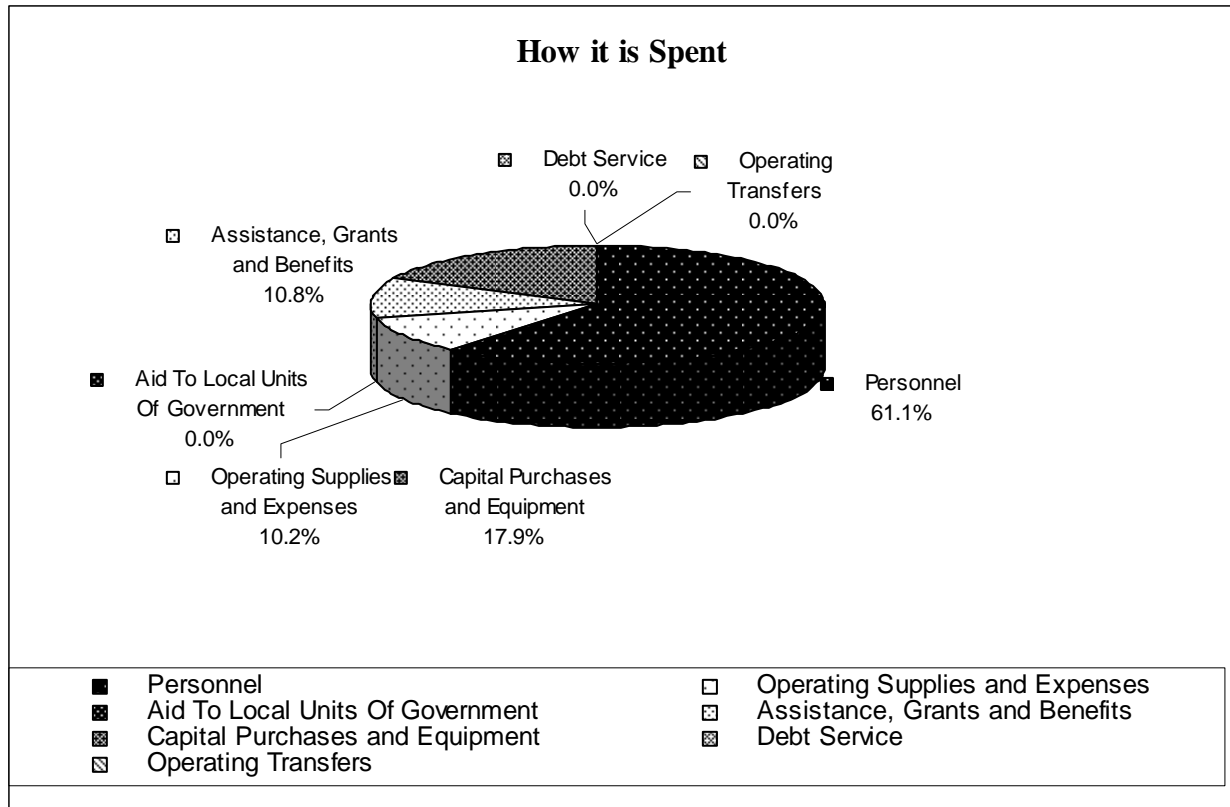
Environmental Management in FY 2009, with the core functions of the agency and the Board remaining intact.

The FY 2008 revised recommendation from all funds for natural resource agencies is \$94.8 million, or \$2.4 million above enacted appropriations of \$92.3 million. General revenues decrease by \$2.4 million, or 6.0 percent to a total allotment of \$37.8 million. Federal funds increase by \$2.8 million, or 9.4 percent, to \$32.6 million, attributable to carryover and new awards. Restricted receipts decrease by \$1.5 million to \$16.9 million, a decrease of 8.2 percent from the enacted. Other funds increase by \$3.5 million to \$7.5 million, an increase of 88.7 percent over the enacted level.

The Governor recommends total expenditures of \$95.2 million for the natural resource function in FY 2009, an increase of \$2.9 million, or 3.1 percent from the FY 2008 enacted level. Fiscal year 2009 financing consists of \$38.3 million in general revenue, \$34.8 million in federal grants, \$16.7 million in restricted receipts, and \$5.3 million in other funds.



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Of the \$95.2 million recommended for natural resources for FY 2009, personnel is budgeted at \$58.1 million; or 61.1 percent; operating at \$9.7 million, or 10.2 percent; capital improvements at \$17.0 million, or 17.9 percent; and assistance, grants, and benefits at \$10.3 million, or 10.8 percent.

Environmental Management

The Governor’s revised FY 2008 budget for the Department of Environmental Management is \$86.9 million, including \$34.2 million in general revenue, \$30.8 million in federal funds, \$16.1 million in restricted receipts and \$5.8 million in other funds. The recommendation includes a decrease of \$2.2 million to general revenue appropriations, reflecting the following statewide adjustments: savings from lower than anticipated employee health benefit claims experience, \$357,058; savings from six uncompensated personal leave days for all state employees, \$476,803; and, statewide operating, contracts and grants reductions of 2.7 percent from revised levels, \$121,534. Additional general revenue changes result in a savings of \$1.2 million as compared to the enacted budget and include:

- \$2,212,532 less for the Rose Hill Landfill, of which \$1,275,000 is shifted to Rhode Island Capital Plan funds and \$937,532 is savings achieved through project management;
- \$449,297 less resulting from offsets to restricted receipt accounts, including \$299,297 to the indirect cost recovery restricted account and \$150,000 to the Bays, Rivers, and Watershed restricted account;
- \$283,822 less due to turnover savings from layoffs achieved through program reductions;

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- \$600,000 more due to unachieved offsets related to the \$1 per ton commercial solid waste disposal surcharge that has not materialized from the Resource Recovery Corporation;
- \$315,908 more for the salaries and benefits of 3.0 Information Technology positions that are transferred from the Department of Administration;
- \$657,378 more for salaries and benefits, including \$37,905 more for other personnel in the Office of the Director, \$60,703 less for the Bureau of Natural Resources, and \$680,176 more for personnel in the Bureau of Environmental Protection;
- \$198,000 more for legal services related to the Tiverton soil contamination lawsuit;
- \$31,125 more for utilities and rent at the Promenade Street headquarters;
- \$50,813 more for overtime in the Bureau of Natural Resources, primarily in the Enforcement Division; and
- \$70,553 more for payments to beach host communities.

The Governor's recommendation for federal funds totals \$30.8 million in FY 2008, which is \$2.6 million more than enacted. A decrease of \$133,858 in the Office of the Director is primarily attributable to a reduction in financing for the Blackstone Valley Watershed project. In the Bureau of Natural Resources, the Governor's recommendation is \$750,541 more than enacted. Major changes include a reduction of \$2.1 million in the Division of Agriculture, primarily for the Specialty Crops Block grant; \$454,061 more in the Enforcement Division; \$1.3 million more in the Division of Fish and Wildlife including \$866,731 more for the Comprehensive Wildlife Management Plan grant and \$400,000 more for Boating Infrastructure; and \$975,666 more for the Division of Forestry. Federal funds in the Bureau of Environmental Protection increase \$2.0 million, \$1.8 million of which is for the Office of Waste Management. This increase includes \$767,098 more for the Leaking Underground Storage Tanks program and \$871,726 more for the Rosehill Landfill Superfunds Site.

For restricted receipts, the Governor recommends expenditures totaling \$16.1 million, a decrease of \$873,569 as compared to the enacted level. This includes reductions of \$577,977 in the Bureau of Environmental Protection as a result of the unachieved \$1 per ton surcharge discussed above and \$299,322 in the Bureau of Natural Resources of which \$104,946 is due to the Shellfish and Marine License receipt account and \$102,116 is in the Boating Registrations Account.

The Governor recommends expenditures of \$5.8 million from other funds, an increase of \$1.9 million over the enacted budget. Changes to the enacted budget include \$1.3 more for the Rosehill Landfill Superfund Site, which was previously financed with general revenues and \$713,894 due to carry forward of unexpended Rhode Island Capital funds from FY 2007.

The Governor recommends FY 2009 expenditures for the Department of Environmental Management totaling \$86.9 million, including \$38.3 million in general revenue, \$34.8 million in federal funds, \$16.7 million in restricted receipts and \$5.3 million in other funds. The Governor recommends merging the Coastal Resources Management Council and the Water Resources Board into the Department in FY 2009 in order to reduce overhead costs and duplication of effort. When adjusting for the merger, Departmental expenditures increase \$4.1 million compared to the

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enacted budget, including \$333,882 less from general revenues, \$5.3 million more federal funds, \$533,566 less from restricted receipts, and \$324,431 less from other funds.

Personnel costs include no cost of living adjustment for state employees, but do include a 9.9 percent trend growth in employee medical benefit costs and also include funding for retiree health benefits on an actuarial basis beginning in FY 2009, recognizing reduced health benefits for new retirees. Major general revenue changes to the enacted budget (excluding the Water Resources Board and the Coastal Resources Management Council merger) include:

- \$1,812,532 less for the Rose Hill Landfill due to completion of the construction phase of the project;
- \$472,548 less resulting from offsets to restricted receipt accounts, including \$277,174 to the indirect cost recovery restricted account and \$195,374 to the Bays, Rivers, and Watershed restricted account;
- \$671,038 less due to program reductions including elimination of 4.0 FTE's in the Director's Office, 1.0 FTE in the Bureau of Natural Resources, and 4.0 in the Bureau of Environmental Protection for a total savings of \$828,367, including \$671,038 from general revenues;
- \$600,000 more due to unachieved offsets related to the \$1 per ton commercial solid waste disposal surcharge that has not materialized from the Resource Recovery Corporation;
- \$198,775 more for overtime in the Bureau of Natural Resources, primarily in the Enforcement Division;
- \$320,323 more for the salaries and benefits of 3.0 Information Technology positions that are transferred from the Department of Administration;
- \$1.5 million more for salaries and benefits to finance current staffing levels;
- \$31,125 more for utilities and rent at the Promenade Street headquarters; and
- \$126,968 less for legislative grants due to a 50 percent statewide adjustment to all legislative grants.

Excluding the Coastal Resources Management Council and the Water Resources Board, the Governor's recommendation for federal funds totals \$33.4 million in FY 2009, \$5.3 million more than enacted. A decrease of \$19,584 in the Office of the Director is primarily attributable to the exhaustion of funding for the Pay-As-You-Throw program. In the Bureau of Natural Resources, the Governor's recommendation is \$4.4 million more than enacted. Major changes include increases of \$2.3 million in the Division of Forestry, primarily related to the Forest Legacy program, \$1.3 million in the Division of Fish and Wildlife, \$1.3 million more in the Office of the Associate Director for the Coastal Zone Management grant, and \$539,471 less in the Division of Agriculture for the Specialty Crops Block grant and the Pesticide Enforcement grant. Federal funds in the Bureau of Environmental Protection increase \$879,555, which includes an increase of \$1.0 million in the Office of Water Resources.

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For restricted receipts, the Governor recommends expenditures totaling \$16.4 million, a decrease of \$533,566 compared to the enacted level. This includes reductions of \$423,179 in the Bureau of Environmental Protection primarily as a result of the unachieved \$1 per ton surcharge noted above, and \$287,649 in the Bureau of Natural Resources, of which \$112,425 is due to the Shellfish and Marine License receipt account. These reductions are offset by an increase of \$177,262 in the Office of the Director due to an increase in the Indirect Cost Recovery account.

The Governor recommends expenditures of \$3.6 million from other funds, which is an increase of \$1.9 million from the enacted budget. Changes to the enacted budget include reductions of \$300,000 for dam repairs and \$700,000 less for upgrades at the Newport Pier offset by an increase of \$600,000 for repairs at the Port of Galilee.

For FY 2009, the Governor also recommends merging the Coastal Resources Management Council and the Water Resources Board into the Department of Environmental Management in order to reduce overhead costs and duplication of effort. The Coastal Resources Management Council will be merged into the Department as a separate program, resulting in a net addition to the Department of \$4.5 million from all sources of funds. The FY 2008 enacted budget for the Coastal Resources Management Council totaled \$4.5 million, including \$1.9 million from general revenues, \$1.6 million from federal funds, and \$1.0 million from restricted receipts. This agency will be merged into the Department, saving \$701,856 from general revenues compared to the enacted budget. The savings will be realized by eliminating 9.0 FTE positions and replacing contract legal services with a state employee, thereby reducing the number of FTEs required to perform the functions of the Council from 30.0 positions to 22.0 positions. Federal funds decrease by \$248,715 compared to the enacted budget, restricted receipts decrease by \$772,100 due to the elimination of financing for the South Coast and Brushneck Cove restoration projects, and other funds increase by \$1.5 million for the final payment of the Providence River Dredging project.

The Water Resources Board will be merged into the Office of Water Resources, resulting in a net addition to the Department of \$1.5 million from all sources of funds. The FY 2008 enacted budget for the Water Resources Board totaled \$2.4 million, including \$1.9 million from general revenues, \$400,000 from restricted receipts, and \$92,000 from other funds. This agency will be merged into the Department, saving \$492,636 from general revenues compared to the enacted budget. The savings will be realized by eliminating 5.0 FTE positions and adding an accountant position and a chairperson position, thereby reducing the number of FTEs required to perform the functions of the Board from 9.0 positions to 6.0 positions. An additional general revenue savings of \$22,443 occurs as a result of a statewide reduction in legislative grants. Restricted receipts decrease by \$400,000 due to the elimination of financing for the Supplemental Water Supplies projects, and other funds increase by \$8,000 for the Big River Management Area. The Water Resources Board Corporate will remain intact as a quasi-public agency.

The Governor recommends 482.0 positions in FY 2008, 3.0 more than enacted, due to the transfer of 3.0 Information Technology positions from the Department of Administration to the Department. The Governor recommends 501.0 positions for FY 2009, 19.0 more than enacted due to a withdrawal of 9.0 FTEs resulting from program reductions offset by the addition of 22.0 FTEs from the consolidation of the Coastal Resources Management Council and 6.0 FTEs from the consolidation of the Water Resources Board.

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Coastal Resources Management Council

The Governor's revised FY 2008 budget for the Coastal Resources Management Council is \$5.7 million. This includes \$1.9 million of general revenue, \$1.7 million of federal funds, and \$395,000 in restricted receipts. General revenue personnel and operating expenditures increase by \$61,086, reflecting both current service items and the following statewide adjustments: savings from lower than anticipated employee health benefit claims experience \$20,728; savings from six uncompensated personal leave days for all state employees, \$35,951; and statewide operating, contracts and grants reductions of 2.7 percent from revised levels, \$4,024. The FTE position ceiling for the council is unchanged at 30.0 for FY 2008. In addition to salary and benefit adjustments to reflect current services, the Governor recommends the following:

- Final payment of \$36,310 on a 27-foot marine survey vessel to provide for more frequent and more detailed inspection of marine resources.
- \$395,000 in restricted receipt expenditures for the Coastal and Estuary Habitat Restoration Program and Trust fund from the Oil Spill Prevention, Administration and Response Fund, consisting of unspent FY 2007 balances plus the annual \$250,000 appropriation, to be spent on specific projects to rehabilitate coastal habitats.
- \$1.59 million in Rhode Island Capital Plan funds for the state cost-share responsibilities for the Providence River Dredging project, as determined in a final closing and reconciliation process with the Army Corps of Engineers. The additional funding requirement arises due to federal formulas for calculating cost-share based on construction costs. An additional \$1.655 million is recommended for FY 2009.

In the FY 2009 budget, the Governor recommends the merger of the Agency with the Department of Environmental Management.

State Water Resources Board

The Governor's revised FY 2008 budget for the Water Resources Board is \$2.1 million, including \$1.6 million in general revenue, \$400,000 in restricted receipts and \$101,835 in other funds. General revenue personnel and operating expenditures decrease by \$264,111 from the FY 2008 enacted budget, reflecting adjustments for 3.0 vacant positions, increased funding for road maintenance and plowing within the Big River Management area, and increased operating and maintenance costs for stream gauges, and the following statewide adjustments: savings from lower than anticipated employee health benefit claims experience \$7,673; savings from six uncompensated personal leave days for all state employees, \$15,496; and statewide operating, contracts and grants reductions of 2.7 percent from revised levels, \$24,984. Restricted receipts are recommended at the enacted level of \$400,000, to accommodate adjunct financing made available by the Department of Health for the Supplemental Water Supplies project. Other funds increase by \$9,835 or 10.9 percent over the enacted level, for improvements to the Big River Management area projects financed from the Rhode Island Capital Plan Fund. The Governor recommends 6.0 FTE positions in FY 2008, 3.0 less than the enacted level.

In the FY 2009 budget, the Governor recommends the merger of the Agency with the Department of Environmental Management.

