

Natural Resources

The Governor's proposed amendments for the Natural Resources secretariat include \$41.1 million in additional general fund dollars and \$1.7 million in additional nongeneral fund dollars for the biennium. When compared to current appropriations, these additional amounts would result in an increase of 9.7 percent in general fund support and less than 1 percent in nongeneral fund support for the secretariat.

Proposed general fund spending includes \$19.7 million in the first year and \$250,960 in the second year for land conservation, \$7.5 million in the first year to address water quality impairments created by agricultural and land development activities, \$3.1 million in the first year and \$6.0 million in the second year for combined sewer overflow projects in the cities of Lynchburg and Richmond, and \$1.6 million in the first year to address water quality problems caused by wastewater treatment plants. Of the amounts designated above for addressing water quality impairments, \$5.4 million represents the remaining amounts required for deposit to the Water Quality Improvement Fund due to the FY 2006 year-end revenue surplus and unreserved balances.

- **Department of Conservation and Recreation**

- *Funding for Land Conservation.* Includes \$19.7 million and two positions in the first year and \$250,960 in the second year and one additional position in the second year from the general fund, and \$99,040 from nongeneral funds and one position in the second year for the preservation of open space. The amendment includes \$13.7 million for use by the Virginia Land Conservation Foundation; \$5 million for use by the Office of Farmland Preservation to support agricultural purchase of development rights programs; and \$950,000 in operating support for the Virginia Outdoors Foundation. In addition \$151,000 and one position in the second year will be transferred to the Department of Historic Resources to assist that agency with the administration of its easement program.

- Funding provided to the Virginia Land Conservation Foundation is distributed in the form of matching grants.
- The nongeneral fund revenue included in this proposed amendment is generated by a 2 percent fee assessed on persons who sell portions of their land conservation tax credits as specified in Chapter 4, Special Session I, 2006 Acts of Assembly.

- *Funding for Nonpoint Source Pollution Prevention.* Provides \$7.5 million from the general fund in the first year to address water quality impairments caused by agricultural and land development activities. Included in this sum is \$3.8 million representing the remaining portion of the deposit required under the Virginia Water Quality Improvement Act.

- The majority of the FY 2006 revenue surplus (\$12.8 million) was deposited into the Water Quality Improvement Fund to support wastewater treatment plant improvements outside the Chesapeake Bay watershed in Chapter 3, Special Session I, 2006 Acts of Assembly.
 - Of the remaining \$3.8 million provided to satisfy this statutory deposit, \$199,605 has been set aside in the Water Quality Improvement Fund reserve created by the General Assembly in 2004.
- ***Repair of Soil and Water Conservation District Dams.*** Includes \$616,000 from the general fund in the first year to match federal funds appropriated for the renovation of four soil and water conservation district dams located in Augusta County along the South River.
 - ***Identifying and Certifying the Safety Status of Dams.*** Provides \$352,377 from the general fund in the second year to hire three engineers for the Division of Dam Safety. The division’s engineers are responsible for providing technical assistance and guidance to dam owners in order to ensure compliance with the agency’s dam safety regulations. Currently, the division has three engineers who are each responsible for the inspection of 200 dams. The new engineers would be responsible for inspecting the 850 dams brought under regulation by changes in the Dam Safety Act that took effect in 2002. About 124 of these new dams are classified as high hazard dams.
 - ***Provide Funding for State Park Equipment Needs.*** Includes \$198,039 from the general fund in the second year for the purchase of maintenance equipment for new park facilities and to replace vehicles and equipment throughout the park system that are in excess of 10 years old or that otherwise incur high maintenance costs.
- **Department of Environmental Quality**
 - ***Funding for Combined Sewer Overflow Projects.*** Includes \$3.1 million in the first year and \$6.0 million in the second year from the general fund to support the City of Lynchburg and the City of Richmond’s combined sewer overflow projects.
 - The \$3.1 million provided in the first year is designated solely for the City of Lynchburg’s combined sewer overflow project. To ensure that the city receives an amount identical to the \$3.75 million contained in the current Appropriation Act for the City of Richmond, \$650,000 in interest from the Combined Sewer Overflow Matching Fund has been slated for administrative approval to the City of Lynchburg.
 - In the second year, the \$6.0 million proposed for combined sewer overflow projects will be divided equally between the two cities.

- ***Funding for Point Source Pollution Prevention.*** Provides \$1.6 million from the general fund in the first year to address water quality impairments caused by the nutrients discharged from wastewater treatment plants. This sum represents the remaining portion of the statutory deposit required because of unreserved general fund balances from FY 2006.
 - Of the amount, \$85,545 has been set aside in the Water Quality Improvement Fund reserve created by the General Assembly in 2004.
 - Additionally, it should be noted that the Governor has proposed the issuance of \$250 million in tax-supported debt to improve the nutrient reduction capabilities of 89 publicly owned wastewater treatment plants through separate legislation. This legislation would provide for the issuance of Virginia Public Building Authority bonds, beginning no earlier than July 1, 2008, for use in providing local governments Water Quality Improvement Grants for the installation of nutrient removal technology. The Water Quality Improvement Grants would continue to be subject to the terms and conditions established in the Code of Virginia and the Appropriation Act.

- ***Provide Additional Funding for Wetlands and Water Protection Program.*** Includes \$574,566 and six positions from the general fund in the second year for the Wetlands and Water Protection Program. The proposed amendment would provide a full-time wetlands enforcement position and an additional permit writer for the agency's Northern Virginia office, which has experienced a large volume of permit applications due to development and roadway projects. In addition, the proposed amendment would create four positions to develop and maintain a geographic information system for tracking wetlands impacts and mitigation, to provide training to agency staff and the regulated community, and to coordinate the review of impacts to historic resources and threatened and endangered species.
 - The proposed amendment also assists the agency in potentially pursuing the U.S. Army Corps of Engineers' approval of a more comprehensive State Programmatic General Permit. A more comprehensive permit would allow the Commonwealth to assume greater control over the issuance of wetlands and water protection permits. Currently, any project affecting wetlands must obtain both state and federal approval.
 - If a decision is made to assume full state control of the wetlands and water protection permits, the agency has projected that an additional 24 positions would be needed.

- ***Provide Additional Funding for Solid Waste Management Program.*** Provides \$511,218 and five positions from the general fund in the second year to provide continued funding for an initiative approved by the General Assembly only for

the first year. The initiative provided five positions to develop guidance for inspectors, permit staff, and the regulated community, to improve landfill inspections, and to ensure the proper closure of old permitted and un-permitted landfills.

- **Department of Game and Inland Fisheries**

- *Increase Watercraft Sales and Use Tax Deposit.* Proposes to transfer \$400,000 in the first year and \$2.4 million in the second year in additional general fund resources to support the agency’s Game Protection Fund. The additional general fund dollars are derived from a reduction in the amount of watercraft sales and use taxes deposited to the general fund.
 - The proposed amendment would increase the amount of general fund support for the department to \$16.9 million, or 34 percent, in the first year and \$19.0 million, or 39 percent, in the second year.
 - The proposed budget, however, does not increase the department’s appropriation to account for these additional general fund dollars.

- **Department of Historic Resources**

- *Fund Virginia Indian Heritage Program.* Provides \$250,000 in the first year from the general fund to develop a database about research on Virginia Indian sites, to sponsor K-12 teacher institutes and similar higher education summits, and to establish a grant program for public sites with interpretative content on Virginia Indians. A similar initiative was proposed prior to the 2006 Session of the General Assembly and was not adopted.
- *Provide Funding for Montpelier Restoration Matching Grant.* Includes \$109,518 from the general fund in the second year to provide a grant to the Montpelier Foundation required by § 10.1-2213.1 of the Code of Virginia. This statute requires the Commonwealth to provide the foundation with a payment of \$0.20 for each \$1 in charitable contributions the foundation expends on the restoration of Montpelier, the former home of James Madison.
 - Currently, grants are paid to the Montpelier Foundation in six installments based on restoration expenditures certified by the Department of Historic Resources by January 1. Language is included in the proposed amendment changing the certification date to September 30 to correspond more closely to the development of the Governor’s introduced budget.
 - The amount included in the proposed amendment reflects certified restoration expenditures between January 1, 2006 and September 30, 2006.
- *Provide an Additional Position for Mandated Reviews.* Includes \$75,028 and one position in the second year from the general fund to assist the agency in

completing environmental reviews for federal and state actions required to be completed within 30 days. These projects include reviews of projects on military installations and state and federal highway projects. A similar position was provided to the department by the General Assembly in the current Appropriation Act.

- ***Annual Rent Increase.*** Provides \$33,000 in the first year and \$37,000 in the second year from the general fund to offset rent increases for the office, library, laboratory, and curation space the department leases from the Virginia Historical Society.
- ***Offset Nongeneral Fund Position Salary Increases with General Fund Dollars.*** Includes \$23,957 in the first year and \$27,282 in the second year from the general fund to provide the salary increases approved by the General Assembly for two positions supported by the Transportation Trust Fund. These two positions are responsible for reviewing the impact of transportation projects on historic sites and other natural resources.
- ***Establish Line of Credit for Federal Grant Awards.*** Language is included within § 3-2.03 of the Budget Bill to establish a \$600,000 line of credit to support the department’s Historic Preservation Grant expenditures until it receives federal funds for these activities.
 - The Historic Preservation Grant is administered by the National Park Service. Because the federal fiscal year does not begin until October, the department often does not receive its federal funding until March.
 - Currently, the agency uses treasury loans to bridge this federal funds gap. The Department of Accounts has recommended the use of this line of credit to simplify financing agency activities until federal funds are collected.

- **Marine Resources Commission**

- ***Increase Appropriation for Nongeneral Fund Grants.*** Provides \$750,000 in nongeneral funds in the second year primarily from federal and private oyster replenishment grants.
- ***Provide Additional Oversight for Marine Habitat and Waterways Improvement Fund.*** Includes \$500,000 in nongeneral funds and one position in the second year. The majority of the additional nongeneral fund revenue, generated by royalties paid for the use of state-owned bottomlands, will be used to fund various habitat improvement projects. The additional position will be responsible for the coordination and oversight of the agency’s marine habitat and waterways improvement program.

- Currently, the Marine Habitat and Waterways Improvement Fund supports the costs of two positions. The proposed amendment would add an additional position's costs to that fund. There is some concern about the ability of the fund's revenues to sustain the support of these positions in the out-years.

- **Virginia Museum of Natural History**

- *Provide Additional Research, Education, and Visitor Services Staff.* Includes \$125,272 from the general fund, \$315,884 from nongeneral funds, and nine positions to provide additional staffing for the museum prior to the opening of its new facility. Of the nine positions created, three would be laboratory technician positions and two positions would support the museum's educational programs. Fifty percent of the cost of these five positions would be supported by general fund dollars. The other four positions would support visitor services and membership development. These four positions would be entirely supported by nongeneral fund dollars. The nongeneral fund revenue to support all nine positions will come from admissions income and monies raised by the Virginia Museum of Natural History Foundation.