FISCAL YEAR 2013 BUDGET STATEMENT

OF

COMMISSIONER BOB MARTIN
DEPARTMENT OF ENVIRONMENTAL PROTECTION

BEFORE THE

ASSEMBLY BUDGET COMMITTEE

MAY 7, 2012
Good afternoon, Mr. Chairman and Members of the Committee. I welcome the opportunity to come before you today to discuss Governor Christie’s proposed Fiscal Year 2013 budget for the Department of Environmental Protection.

Governor Christie’s budget for the DEP not only continues to protect New Jersey’s air, land, water, and natural and historic resources, but also meets the State’s fiscal needs for Fiscal Year 2013. This budget ensures that the DEP can perform all of the core functions necessary to meet our mission while keeping us on course for the New Jersey Comeback and a strong economic future.

**Budget Overview**

The DEP’s Fiscal Year 2013 budget is set at $363.3 million, which is an increase of 9.4% over the Fiscal Year 2012 budget of $331.9 million. (These figures do not include the budget appropriation for the in-but-not-of Palisades Interstate Park Commission, which was funded at $2.7 million in both FY2012 and FY2013.) However, the real operational increase, which is called Direct State Service (DSS), is only about a 3.2% increase for DEP. The 9.4% number reflects dedicated Corporate Business Tax (CBT) dollars, capital projects, debt service and grants-in-aid. The two largest components of that are a $13 million increase in CBT money and a $12 million increase for debt service.

The increased CBT funding, resulting from projected growth in the State’s business tax revenues, is just one example of the New Jersey Comeback. The boost in CBT funding will help to support the DEP’s key goals and priorities, such as projects in the Barnegat Bay watershed, capital projects for State Parks, diesel retrofits, and cleanups of contaminated sites and brownfields.

Specifically, the CBT increases include:

- An additional $2 million for Parks capital projects;
- $3.7 million for the Site Remediation Program, which will mean more publicly funded cleanups;
• $3.3 million for grants to municipalities for brownfields and Hazardous Discharge Site Remediation Fund (HDSRF) projects, and for grants to homeowners for underground storage tank cleanups and replacements;
• $2.0 million for the Watershed program, for projects that can help restore Barnegat Bay and water resources around the state;
• $2.25 million for the Diesel Program, which will enable us to do more diesel retrofits.

For DEP, another component of the New Jersey Comeback is the restoration of $4.4 million for our State Parks and $2 million for Forestry Management from the General Fund. Parks and Forestry funding will enable the DEP to continue to maintain public access to parks and to provide core services like forest firefighters while we build a more sustainable funding system. In addition, the DEP is implementing the Sustainable Funding Strategy for New Jersey State Parks that Governor Christie announced in November 2011, furthering the Governor’s commitment to keeping our 39 State Parks, more than 50 historic sites and recreation areas, and 121 Wildlife Management Areas open, accessible and sustainable.

Funding for the Pinelands Commission ($2.3 million), the Highlands Commission ($2.3 million) and the Palisades Interstate Park Commission ($2.7 million) will continue at the same level as last year.

Based on attrition and operational efficiencies, the DEP’s overall staffing is decreasing from 2,877 Full Time Employees (FTEs) in FY12 to 2,782 FTEs in FY13. At the same time, we continue to backfill critical roles like forest firefighters, Park police, conservation officers, and other essential openings across DEP such as radiation safety and Fish & Wildlife personnel. We are continuing to prioritize programs and staffing to meet our goals and our commitment to protect the State’s environment and public health and safety.

As part of our transformation, which is described in greater detail below, we have identified over $1 million in savings through operational efficiencies and leveraging technology that will not impact programs.
The General Fund comprises only 27.7% of the DEP budget. These funds support numerous broad-based public functions including Parks operations, forestry management, dam safety and shellfish regulation.

Governor Christie’s budget demonstrates his continued commitment to protect New Jersey’s natural resources and his recognition of DEP’s ongoing transformation efforts and achievements.

**DEP Transformation**

The DEP has come a long way over the past two years. Transformation and culture change are well underway, and I am very proud of the way my team of professionals at the DEP have adapted to change.

Leveraging technology has enabled us to process permits more quickly and with fewer staff. By accepting electronic submittals, providing instant decisions for simple, low-impact General Permits, and supplying improved mapping tools to assist applicants and the Department, we have cut down on paperwork for everyone, made applications easier to track, and cut down turnaround time. We have already made 66 e-permits available for Waterfront Development and Freshwater Wetlands General Permits. We will have additional land use and stormwater e-permits online during the next fiscal year, as well as electronic renewal of Tidelands Licenses by the end of this calendar year.

Through process improvements and leveraging technology, including carrying out many more functions online, the DEP has reduced staff requirements in many areas while improving services to the public. This has allowed us to redirect staff to other areas where they can best serve our mission.

You have heard me emphasize customer service in each of my previous appearances before this committee. Recognition of the fundamental value of providing excellent customer service is a key facet of DEP’s culture change, and our customers are every New Jersey taxpayer. From part-
time seasonal help all the way up to and including myself, we have been trained on customer service skills.

We are committed to transparency and predictability in all of the decisions we make and the actions we take. It is crucial that all involved parties—the regulated community, stakeholders, elected officials, the general public—know how we arrive at the decisions we make. They may not always agree with us, but they cannot complain that they are not invited to participate in the process or that we are unclear about the factors in our decision making.

We have improved our stakeholder involvement process to get more meaningful input as early as possible. We are constantly expanding and improving internal and external communications.

We are systematically reviewing our rules and regulations on a priority basis. For example, we are working to better align rules regulating Water Quality Management Plans, Flood Hazards, CAFRA, Freshwater Wetlands, threatened and endangered species and public access. I am sure each of you has heard stories where a project has moved through the permit review process but at the eleventh hour the applicant is advised of an additional requirement or permit. This should not happen. It is our responsibility to provide transparency and predictability to applicants and the public.

We are streamlining the administrative processes of all of our rules. We are developing additional Permits-By-Rule and creating new General Permits for more categories of activities. This will not only help applicants with simpler, smaller projects, but also will free up DEP staff to focus their attention on higher priority reviews of more complex, larger projects.

It has often been the case that complex projects involve multiple programs at the DEP. A project may need to get a variety of Land Use permits and may also have some contamination that needs to be cleaned up as well as having natural and historic resource implications. The DEP has revitalized the Office of Permit Coordination to guide complex projects through the various programs and requirements. Applicants with environmentally unviable projects are told right away that they will not get permits, and applicants with workable projects are advised how they
can amend their plans to ensure they meet environmental regulations and minimize environmental impacts. Complex projects typically represent numerous jobs that might otherwise be lost to New Jersey if the DEP does not act in a timely and responsible manner.

We will continue to make policy decisions at the highest level. These decisions will be based on facts, science and data, not on politics or on who complains the loudest.

**Environmental Accomplishments**

The DEP has also come a long way over the past two years. We not only are transforming how we operate and how we deal with our customers and constituencies, but also are achieving tangible environmental results as well. Here are just a few examples of those accomplishments.

**Air**

- The Christie Administration has taken legal and administrative actions to reduce air pollution from out-of-state, coal-fired power plants that are significant polluters of New Jersey air. This includes the GenOn-operated coal plant across the river in Portland, PA, which must reduce its emissions by 60% by the end of this year, and has recently announced that it will close by 2015. This is a huge win for New Jersey air quality and puts New Jersey power plants and businesses on a level playing field in the region. We’ve held New Jersey power plants and business accountable, and now we’re holding other states accountable.

- To reduce diesel emissions, the State has already retrofitted more than 10,000 school buses and municipal garbage trucks, and is nearly done with diesel emissions retrofits on NJ Transit buses. In addition, Governor Christie’s Executive Order #60 targets air pollution caused by diesel engines used on major transportation construction projects in New Jersey. This EO creates a diesel emission retrofit Pilot Program for construction equipment with the ultimate goal of improving air quality for those living near urban construction sites.
• In the past five years, all but one of New Jersey’s coal- and oil-burning power plants have been converted to cleaner-burning natural gas or retrofitted with better emissions control technology. DEP is negotiating with that remaining plant.

• All High Energy Demand Day (HEDD) “peaker plants” will be required to upgrade their emissions controls significantly by 2015 or close.

• DEP adopted rules requiring significant reductions in sulfur content for home heating oil and other types of fuel oil used in the state to improve air quality and protect public health in New Jersey.

Water

• We have made enormous progress implementing Governor Christie’s comprehensive 10-point action plan to restore and protect Barnegat Bay, a crucial piece of our $38 billion tourism industry. Much of the deterioration of Barnegat Bay can be traced to nutrient pollution that runs off from lawns and streets. In FY12, we provided $18.5 million for 23 stormwater management projects in the watershed. We anticipate making additional funding available FY13. There are 10 research projects going on to fill in the data gaps. With multiple public and private partners, we’ve established a volunteer water quality monitoring network to collect samples and data.

• The Christie Administration continues to battle to force the cleanup of major dioxin pollution in the Lower Passaic River to provide some relief to that overburdened community. Phase 1 of a long-term project has begun, but it’s only a small portion of the work to be done, and we will not relent.

• The Governor and I remain committed to protecting the ocean water off the coast of New Jersey. Last year, New Jersey’s beaches were open 99.8% of the time. We continue to say “no” to oil or gas drilling offshore New Jersey and “no” to offshore liquefied natural gas (LNG) facilities and projects.
Land

- The Licensed Site Remediation Professionals (LSRP) Board is overseeing effective, faster and more efficient cleanups of thousands of contaminated sites in New Jersey to protect public health and the environment and to return those sites to beneficial reuse. Since 2009, the number of contaminated sites has gone from about 20,000 to only about 15,000 as of April 2012, many of them overseen by LSRPs.

- The DEP and EDA continue to facilitate the revitalization of formerly unused and unusable contaminated areas to promote redevelopment and job creation. The redevelopment of Paulsboro Port is an excellent example of the transformation of a brownfield site into a revitalized economic engine. $65 million in investment has been committed and we expect to generate more than 2,000 jobs and $12 million a year in tax revenues.

Natural Resources

- Through difficult economic times, we have managed to keep all 39 State Parks open for the almost 19 million visitors who come to them each year. As Governor Christie announced in November 2011, we are developing a new sustainable funding strategy for New Jersey’s State Parks not only to ensure that they remain open, affordable and accessible, but also to expand the amenities offered and to enhance the experiences for families.

Clean and Renewable Energy

- The DEP is playing its part in continuing and strengthening the Governor’s commitment to clean and renewable energy. New Jersey is first in the nation in commercial solar installations, and second only to California in residential and utility installations. As of February 2012, New Jersey has more than 14,500 solar photovoltaic projects totaling 689 MW statewide. And we have another 500 MW in the project pipeline today. This represents nearly 150% higher than the legislative target in the Renewable Portfolio Standard. And, crucially, it means another 3,000+ local jobs in installation.
New Jersey is also leading the nation in efforts to develop offshore wind-to-energy. Offshore wind would help improve the environment, provide needed energy, and provide New Jersey with a great economic boost. By fall, we expect the federal Department of Interior to have the offshore lease process well under way. The BPU continues to develop the regulations for the State OREC process, which we expect in the near future. Offshore wind can be a tremendous economic driver for New Jersey, creating a supply chain of jobs from manufacturing, assembly and construction to the shipping industry necessary to support it.

Goals for the Future

As part of DEP’s transformation, we have developed five goals to ensure that the DEP takes a holistic approach and looks across all media when assessing challenges and developing responses. We are focused on outcomes that will improve the quality of life for all New Jersey residents and visitors.

Goal One: Comprehensive Regional Environmental Management Strategy
The first goal is to align planning, regulatory, enforcement, and property acquisition programs to ensure the Department successfully implements a more comprehensive regional environmental management approach. We aim to protect public health, support open space preservation, improve quality of life and support our environmental mission. Our approach supports the State Strategic Plan and, where appropriate, the infrastructure necessary for economic growth.

Goal Two: Barnegat Bay Restoration
Our second goal is to continue to aggressively implement Governor Christie’s 10-point plan to restore and protect Barnegat Bay, and to build on our early successes and make that cross-programmatic approach a model for how we approach environmental issues throughout the State. Our approach looks at improving stormwater systems, cuts nitrates from fertilizer, acquires land to filter the water, and does extensive research to assess water quality and fill in the data gaps. We have also enhanced our community education and engagement, making it possible for the ordinary citizen, civic and environmental organizations, local and county governments, elected
officials, businesses and others to become directly involved and participate in the restoration process. Our first Barnegat Bay Blitz, last October, was an unqualified success; the second Barnegat Bay Blitz, planned for May 9, will be even bigger.

**Goal Three: Enhance Protection and Restoration in Overburdened Communities**

Our third goal is to enhance protection and restoration in overburdened communities. Many of our citizens are subjected to multiple environmental problems that can affect their health, whether through the air they breathe, the water they drink or the land they live on. We have recruited liaisons from among DEP staff to get out into the community to work with the local residents. We are working to develop a cumulative impacts method. No one has ever done it before and there are a lot of pieces to the puzzle, but we have a moral responsibility to overburdened communities. One piece of that puzzle will be to focus on cleanup of contaminated sites in urban centers. This in turn will help to make them available for economic redevelopment and regeneration of these areas.

**Goal Four: Sustainable Parks**

Our State parks, forests and historic sites are among New Jersey’s most treasured assets, providing recreational activities for families and playing a critical role in our open space preservation efforts around the state. Our fourth goal is to keep them open and affordable for New Jersey families today and for future generations by enabling them to generate self-sustaining revenue.

For this reason, in November 2011, Governor Christie announced the Sustainable Funding Strategy for New Jersey State Parks. The DEP is pursuing that strategy to ensure the fiscal and environmental health of our parks and to enhance the offerings at our parks by expanding services and amenities and enhancing visitor experience. Under the plan, we are partnering with others for things like events, concessions and boat rentals, which will enable our expert staff to focus on stewardship and conservation.
Goal Five: Strategy for Clean and Renewable Energy Opportunities

Our fifth goal is to accelerate the transition to a clean energy economy by developing and implementing a clean and renewable energy strategy. We will continue our commitment to solar, and we are working hard to make New Jersey first in the nation with wind turbines in the water. Offshore wind can be a tremendous economic driver for New Jersey, creating a supply chain of jobs from manufacturing, assembly and construction to the shipping industry necessary to support it. We will promote a diverse portfolio of new, clean, in-state generation. We will capitalize on emerging technologies for transportation and power production and encourage the creation and expansion of clean energy solutions.

Closing

In closing, the budget put forward by Governor Christie will enable the DEP to continue in meeting its core mission of protecting the environment and serving the citizens of the State of New Jersey. The DEP continues to meet the goals of Governor Christie’s environmental agenda and to play a significant role in the New Jersey Comeback.

We have a full agenda for this year as we continue to transform ourselves into an efficient, effective organization. Governor Christie and I are committed to protecting New Jersey’s air, land, water, and natural and historic resources, while allowing for economic growth and prosperity. I thank you for your support and cooperation over the past year and look forward working with the Legislature as we move forward.

Again, I thank you for the opportunity to come before you. I am available to answer any questions you may have.