

**FISCAL YEAR 2014 BUDGET STATEMENT**

**OF**

**COMMISSIONER BOB MARTIN  
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**BEFORE THE**

**SENATE BUDGET & APPROPRIATIONS COMMITTEE**

**APRIL 15, 2013**



**STATE OF NEW JERSEY  
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

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 2014 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 2014. Furthermore, this budget provides the framework and resources for the DEP to do its part in dealing with the aftermath of perhaps the most devastating storm event ever to hit New Jersey: Superstorm Sandy. As such, the bulk of my remarks today will necessarily be related to Sandy.

### **Budget Overview**

The DEP's Fiscal Year 2014 budget is set at \$346.9 million, which is a decrease of 3% from the Fiscal Year 2013 budget of \$358.2 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 FY2013 and FY2014.) However, the real operational changes for the DEP is a \$11.9 million decrease in Corporate Business Tax (CBT) dollars. The 3% number reflects dedicated Corporate Business Tax (CBT) dollars, capital projects, debt service and grants-in-aid. The two largest components of that are a \$11.9 million decrease in CBT money and a \$2.18 million increase for debt service.

The CBT funding helps 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. Even with the Net Reduction of \$11.9 million, the CBT appropriation level for DEP is still over \$100 million and continues to support the Department's major capital programs:

- \$16.0 million for State Parks capital projects
- \$20.3 million for the Site Remediation Program
- \$20.3 million for grants to municipalities for brownfields projects and grants to homeowners for underground storage tank cleanups and replacements
- \$16.0 million for the watershed program
- \$18.1 million for the Diesel Retrofit Program

Additionally, \$32.5 million is dedicated for our State Parks and \$8.7 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 and park police 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 and more than 50 historic sites and recreation 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.

The very positive news is that the DEP's overall staffing will remain at the FY13 level of 2,812 Full Time Employees (FTEs) in FY14. 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 well as meeting the needs of post-Sandy recovery and rebuilding.

The General Fund comprises only 25.4% of the DEP's operational 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.

### **Superstorm Sandy Recovery & Rebuilding**

As you can imagine, DEP has been consumed with our efforts to respond to and recover from Superstorm Sandy. In fact, a primary focus of the DEP's activities in FY 2014 will be recovery and rebuilding from Superstorm Sandy.

Like many of you, I've witnessed Sandy's devastation firsthand. Thousands of individuals have had their homes, businesses, communities and everyday lives impacted in severe ways, even months after the storm hit. At least 346,000 homes were damaged, or in many cases, destroyed. In Mantoloking alone, 58 buildings and 8 cars were washed into Barnegat Bay. In addition, about 1,400 vessels sunk or were abandoned.

There have been enormous environmental challenges as well. Our entire coastline of beaches experienced significant erosion, leaving many of our shore areas vulnerable to future storms.

During the storm, DEP reached out to 369 wastewater treatment facilities to determine impact and offer assistance. 94 Wastewater Treatment Plants in all 21 counties reported impacts due to Sandy. In some cases the damage was very severe. Similarly, more than 400 water systems, 70 of which are larger scale community water systems, were affected by power loss and damages.

As the Department learned of the impact at various wastewater treatment plants, staff was dispatched to conduct on-site assessments and provide assistance. Impacts included:

- Inadequate treatment
- Need for fuel or generators due to power outages
- Broken sewer mains or other operational issues

In many instances, impacts extended beyond the treatment facility to pump stations and wastewater collection systems. Our most significant impacts were at Passaic Valley Sewerage Commission Treatment Facility and Middlesex County Utilities Authority's Sayreville Pump Station.

While progress has been made in making these systems fully functional, issues remain in 11 municipalities and in specific systems, mostly with damage to infrastructure

While the storm and its aftermath pose significant challenges for all State agencies, DEP's historic mission has placed the Department in a key role to support the State's response to this devastating storm.

The DEP has overseen the removal of over 8 million cubic yards of household and vegetative debris, sand and boats from the land and waters of the state, which is 85% of FEMA's total estimate of 9.6 million cubic yards of Sandy debris in New Jersey.

291 Temporary Disposal Management Areas (TDMAs) were set up around the State. The DEP controlled and regulated where the TDMAs were sited and how they operated. More than half of these TDMAs (171) performed their intended function and have since been closed. The DEP also oversees the closure of the TDMAs, ensuring that no contamination problems are left behind. The majority of still-operating TDMAs contain vegetative debris.

The debris removal activities will continue to address the debris from homes that were damaged or destroyed.

The DEP will continue to work with local governments and public utilities to ensure that water systems and wastewater treatment plants damaged by Sandy are fully restored and made more resilient to future storm and flood events. In addition to securing federal dollars for this effort, the DEP is working closely with the Environmental Infrastructure Trust to ensure that low-cost financing is readily available to these entities as they plan and design their rebuilding efforts.

As the reconstruction and repair of damaged homes and buildings continues, DEP permitting programs will administer the implementation of new minimum elevation and construction standards that provide greater resiliency and protection from future storm events.

Given the significant levels of coastal erosion resulting from Superstorm Sandy, the DEP has been working to protect tidal communities from future storms. Through the Department's permitting functions, we are assisting in the timely rebuilding of the public infrastructure in the Shore region that supports the state's tourism industry. The DEP is also working in cooperation with the U.S. Army Corps of Engineers to build a shore protection system along the entire coast.

In the coming year, we will devote significant resources to continue repairing damage at parks, historic sites, wildlife management areas, marinas and recreation areas. In particular, our most popular state parks—Liberty State Park and Island Beach State Park—sustained severe damage in Superstorm Sandy. The restoration of these facilities is essential to ensuring that New Jerseyans continue to have access to these significant recreational resources.

Recovery and rebuilding of our state is Governor Christie's highest priority, and we're working to restore the shore as much as possible for the summer season. We will not rest until we have exhausted every effort to return communities, businesses and families back to normalcy. DEP will continue to work with the Governor's Office of Recovery and Rebuilding, other State agencies and our Federal partners to support the rebuilding of the State.

The billions of federal dollars that Governor Christie secured for New Jersey will go a long way toward speeding recovery and toward hardening our infrastructure and armoring our coast to protect from future storms.

So, where are we in our recovery efforts?

Our water quality is good. All shellfish beds in the state are open. We've gotten 8 million cubic yards of household debris, trees and sand off the streets. Now that the land-based debris is largely addressed, the State has competitively bid and awarded three contracts to remove all of the debris from our waterways.

As I mentioned earlier, approximately 1,400 vessels were sunken or abandoned. The vast majority of these vessels were claimed by private parties and have been removed from our waters and wetlands. Of the approximately 120 sunken or abandoned vessels that the State has the responsibility to remove, over half have been removed from the water, and that effort continues.

The US Army Corps of Engineers is dredging inlets to remove shoaling that occurred in federal navigation channels.

One of the biggest challenges facing us in regards to our dredging operations involves finding suitable—and permittable—sites to dewater and dispose of our dredge spoils, also known as Confined Disposal Facilities or CDFs. Local opposition to CDFs continues to be a problem. We thank you for your continued support as we move forward and dredge our waterways.

Boardwalks that were damaged or destroyed are being rebuilt, and beaches are being made ready for summer use. We will have a boating and fishing season. We anticipate all beaches along our coast will have some level of access by Memorial Day but, given the degree of damage we experienced, not everything can be completed by then. Governor Christie is committed to having a New Jersey Shore fully ready to enjoy after the Fourth of July.

All of our State Parks have reopened, though some areas within parks are still being made safe for the public.

A large part of our focus in the coming fiscal year will be to work to ensure that New Jersey never again experiences such widespread devastation. We're looking at how to strengthen our infrastructure to better protect it from future severe storm events, to limit any environmental damage and to limit the disruption to people's lives from being without water or power.

In addition, the Governor recently announced stricter standards for rebuilding—higher elevations and more resilient construction methods—so that if the State ever faces another storm like Sandy, the damage won't be so severe

### **Rebuilding our Beaches**

I want to come back to beaches for a moment because the shore is so important to New Jersey's economy and identity.

Up and down the coast, we saw that engineered and maintained beaches—especially the ones that had dunes that were well-maintained—withstood the force of Sandy significantly better than beaches that were not so protected. In turn, the communities behind them were better protected.

It is New Jersey's expectation that the U.S. Army Corps of Engineers will construct all of our beaches to what is called "design template". This means the beaches would be upgraded by the Army Corps to a more protective standard versus returning them to pre-Sandy condition. This will create a uniform coastal protection system, which is what we want.

The first priority would be to rebuild previously constructed projects, because the State already has all of the necessary property easements.

However, other needed projects may be significantly delayed because of the lack of easements. Obtaining private property easements is a significant issue that must be addressed if we're going to protect the coast.

The Army Corps cannot move sand around on land that is not publicly controlled, and we still need to obtain about 2,000 private property easements. DEP is working with each town to secure those easements.

### **Buyouts**

The State, through the Blue Acres program, will be pursuing a buyout program for those properties where purchasing the property makes the most sense. We are already in conversations with several coastal municipalities that have expressed an interest in establishing a buyout program within their respective jurisdictions. We expect to spend at least \$250 million in federal hazard mitigation funding to buy out Sandy-damaged properties.

### **DEP Transformation Update**

Over the past three years I have come before you touting the progress we have steadily made in transforming the DEP. Sandy has provided us with a perfect laboratory in which to test whether our transformation and culture change efforts have been successful.

I am pleased to advise you that they have in fact been shown to be very effective.



Because of the steps we took—enhanced use of technology to process permits more quickly and with fewer staff, a customer service focus, stakeholder involvement, systematically reviewing our rules and regulations, streamlining our administrative processes, cross-training of staff—we were able to react to the disaster and to address the aftermath of Sandy without significant harm to our ongoing programs.

Through our transformation, we were able to free up DEP staff to focus their attention on higher priority reviews of more complex, larger projects. Transformation has allowed us the ability to devote significant segments of our Department exclusively to Sandy rebuilding efforts without losing environmental protection benefits in other non-Sandy related programs.

Furthermore, our transformation efforts allow us not only to reallocate significant resources to Sandy and to continue in delivering the day-to-day services our residents demand and deserve, it also allows us to handle other emergencies as they arise.

### **Environmental Accomplishments**

Despite the reallocation of resources to address Sandy recovery, the DEP still continues to achieve tangible environmental results in all areas. Here are just a few examples of those accomplishments.

#### **Air**

- As a result of our enforcement efforts and our petition to the USEPA, there has been a 60% reduction in sulfur dioxide emissions from the Portland Power Plant in Pennsylvania (which will go up to 81% in 2015). This was the direct result of the Christie Administration efforts to put an end to the public health standard violations caused by this power plant. Consistent with the NJ Energy Master Plan, the shutdown of some old coal fired power plants, both in New Jersey and other states, is being accompanied by the permitting and construction of new, very clean, very efficient, gas fired power plants. In the last fiscal year, DEP approved two major new gas fired power plants, one in Newark (Hess) and the other in Woodbridge (CPV) and several other power plant projects are undergoing review.

- In December 2012, I submitted documentation to EPA that New Jersey is now in attainment of all national ambient air quality standards for fine particles. Over the last 5 years, the air in NJ has gotten substantially cleaner, going from over the health standards, to well below the health standards.
- More than 750 publicly-owned diesel utility vehicles and off-road equipment have recently been retrofitted with emission control devices that reduce harmful soot. Nearly 4,000 more public vehicles are in line to be retrofitted over the next several years. This is equivalent to taking 1,500 trucks off the road. When implementation of the Diesel Retrofit Law is complete, the total benefit of all retrofitting activity will exceed 100 tons per year of particulate emissions reduced, 1,000 asthma attacks avoided, and 75 premature deaths prevented.

## **Water**

- The DEP expects to have updated sewer service area mapping adopted for the entire State in the near future. We already have adopted updated sewer service area mapping in Essex, Ocean and Somerset counties. The updated sewer service areas remove the availability of publicly supported wastewater infrastructure from environmentally sensitive areas, including wetlands, habitat for threatened and endangered species, natural heritage priority sites, buffers to sensitive waters and environmentally sensitive coastal planning areas.
- The DEP continues to make progress in advancing the Governor's Action Plan for Barnegat Bay. We are currently making plans for our fourth Barnegat Blitz. Our previous three Blitzes engaged 10,800 volunteers who filled 65 dumpsters with 4,380 bags of trash and recyclables. 20 schools participated in all three blitzes and we have 47 business and NGO partners. We are reaching the end of year one data collections to fill in our gaps on research. Over three years, the DEP and the New Jersey Environmental Infrastructure Trust (NJEIT) have made available \$37 million in grants and zero-interest or low-interest loans for stormwater upgrades and other prioritized projects in the Barnegat Bay watershed.

- In 2012, there were only 3 ocean beaches and 13 bay or river beaches closed due to bacteria levels exceeding the health standard. This correlates to New Jersey's beaches being open 99.72% of the time. Post-Sandy, the results have also been very positive. From March 13<sup>th</sup> through March 21<sup>st</sup>, 114 water quality samples were collected and analyzed for enterococcus bacteria from Sandy Hook to Cape May Point. Every sample was within the standard for recreational bathing and most are below the method detection limit for the analyses.

## **Land**

- As a result of the widespread damage caused by Hurricane Sandy, in early November I signed an Administrative Order allowing approvals of DEP permit requirements for in-kind repairs or replacement of critical public infrastructure such as roads, bridges, bulkheads and culverts. Cities and towns will have six months to provide needed documentation of storm damage for retroactive DEP approval for public infrastructures projects. That documentation is key to getting federal reimbursement for the emergency work.
- The Site Remediation Professional Licensing (SRPL) 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 14,300 as of April 2013, 9,800 of which are overseen by LSRPs. Additionally, the SRPL Board has successfully administered four permanent licensing exams; there are 514 permanently licensed LSRPs (all temporary licenses have been phased out).

## **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. We are implementing our sustainable funding strategy for New Jersey's State Parks to ensure that they remain

open, affordable and accessible, but also to expand the amenities offered and to enhance the experiences for families.

- As a result of the five-year Comprehensive Black Bear Management Policy (CBBMP) initiated by the DEP in 2010, reported bear sightings were down 34 percent, black bear damage and nuisance complaints were down 26 percent, and Category One calls (dangerous bear incidents) were down 43 percent in 2012 compared to 2011.
- After years of negotiations, the Christie Administration developed a compromise between recreational and commercial fishing interests regarding access to artificial reefs off the coast of New Jersey. The plan will allow commercial interests to have continued access to portions of two reefs in state waters and calls for the construction of a new reef exclusively for recreational fishing, also in state waters.
- This spring, more than 180,000 trout will be placed in 88 streams and 90 ponds and lakes throughout New Jersey. Those trout will be in addition to some of the 26,000 big trout still in the water from stockings last fall and winter.

### **Renewable Energy**

- The DEP, along with BPU, is playing its part in continuing and strengthening the Governor's commitment to solar energy. New Jersey's solar industry has hit a significant milestone in surpassing one gigawatt (GW) of installed solar energy. As of the end of February 2013, a total of 1,008.4 MW of solar capacity has been installed statewide through 20,340 of solar projects. Approximately 881 MWs of the state's 1,008.4 MW of total installed solar capacity, or 87.4%, has been installed under the Christie Administration.

### **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. It also allows us to play a significant role in the State's post-Sandy rebuilding and recovery efforts.

We have a full agenda for this year as we continue to protect New Jersey's air, land, water, and natural and historic resources, while returning the State to where economic growth and prosperity can take place. 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.